

Company Registration No. 2311350

## Balfour Beatty Rail Track Systems Limited

Annual report and financial statements  
For the year ended 31 December 2006



# Balfour Beatty Rail Track Systems Limited

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# Balfour Beatty Rail Track Systems Limited

## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2006

### Principal activities and business review

The Company acts as an agent of Balfour Beatty Group Limited in the business of the manufacture of railway trackwork and associated products. The transactions in respect of the activities performed by Balfour Beatty Rail Track Systems Limited in its capacity as agent are dealt with in the financial statements of Balfour Beatty Group Limited.

### Results

The Company has not traded on its own account during the current or prior year and has made neither a profit nor a loss, nor any other recognised gain or loss, and accordingly no profit and loss account or statement of total recognised gains and losses is presented within the financial statements. The Directors expect there to be no changes in the future activities or prospects of the Company.

### Enhanced Business Review

The company is exempt from the requirement to provide an enhanced business review in accordance with special provisions relating to small companies under section 246 (4)(a) of the Companies Act 1985.

### Financial Risk Management

The company is exempt from the requirement to provide financial risk management disclosures as it qualifies as a small company under the Companies Act 1985.

### Directors

The following were Directors of the Company during the year and up to the date of this report:

A P Hutchinson (Resigned 27 January 2006)  
I K Morgan (Appointed 27 January 2006)  
K H Churm  
K Ravenscroft

### Directors' interests

The interests of the Directors who held office at 31 December 2006 in the share and loan capital of Balfour Beatty plc, the ultimate parent company, were:

	<u>1 January 2006</u>			<u>31 December 2006</u>		
	<u>Holdings</u>	<u>Options</u>	<u>DBP awards</u>	<u>Holdings</u>	<u>Options</u>	<u>DBP awards</u>
I K Morgan	-	-	-	-	-	-
K H Churm	2,417	51,523	-	3,182	38,472	1,173
K Ravenscroft	1,460	10,742	-	1,772	5,430	-

# Balfour Beatty Rail Track Systems Limited

## Directors' report (continued)

### Directors' interests (continued)

During the year, there were the following movements in the Directors' rights to subscribe for shares in Balfour Beatty plc, and in their conditional awards of shares in Balfour Beatty plc under the Deferred Bonus Plan (DBP)

	<u>Options granted</u>	<u>Options exercised</u>	<u>Options lapsed</u>	<u>DBP awards granted</u>	<u>DBP awards exercised</u>	<u>DBP awards lapsed</u>
I K Morgan	-	-	-	-	-	-
K H Churm	159	13,210	-	1,173	-	-
K Ravenscroft	-	5,312	-	-	-	-

The options were granted under the Balfour Beatty plc employees' share option schemes. Conditional awards have been made to K H Churm under the 2006 cycle of the Performance Share Plan 2006 established by Balfour Beatty plc. For each award under this Plan, the Director may receive ordinary shares in Balfour Beatty plc up to a maximum number equivalent in market value to his basic salary at the date of the award. Under the performance Share Plan 2006, the shares for each award will vest and be transferred to the Director if, and only to the extent that, targets are met over the three year performance period, with 50% of each award based on an earnings per share growth target and the other 50% of each award on a total shareholder return target in relation to a comparator group. Further details of the Plans are disclosed in the annual report and accounts of Balfour Beatty plc.

All interests at the dates shown are beneficial and are in respect of numbers of ordinary shares of Balfour Beatty plc.

Other than as stated above, no Director had any interest in the share or loan capital of the Company or of any other subsidiary undertaking of Balfour Beatty plc at the relevant dates.

### Financial instruments

The Company has not used financial instruments to change its exposure to price risk, credit risk and liquidity risk.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# Balfour Beatty Rail Track Systems Limited

## Directors' report (continued)

### Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of Information to the auditors

Each of the Directors at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware and
- the Director has taken all necessary steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

### Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Registered office  
86 Station Road  
Redhill  
Surrey  
RH1 1PQ

By order of the Board

I K Morgan  
Director

10 October 2007



## Independent auditors' report to the members of Balfour Beatty Rail Track Systems Limited

We have audited the financial statements of Balfour Beatty Rail Track Systems Limited for the year ended 31 December 2006, which comprise the balance sheet and the related notes numbered 1 to 7. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs at 31 December 2006 and of the Company's result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

10 October 2007

# Balfour Beatty Rail Track Systems Limited

## Balance sheet

As at 31 December 2006

	Notes	2006 £	2005 £
<b>Current assets</b>			
Debtors Amounts falling due within one year	4	100	100
<b>Net assets</b>		<u>100</u>	<u>100</u>
<b>Capital and reserves</b>			
Called-up share capital	5	100	100
Profit and loss account		-	-
<b>Shareholders' funds</b>		<u>100</u>	<u>100</u>

The Company has made neither a profit nor a loss, nor any other recognised gain or loss. Consequently, no profit and loss account or statement of total recognised gains and losses is presented. No reconciliation of movements in shareholders' funds is presented as there were no such movements.

These financial statements were approved by the Board of Directors on 10 October 2007 and signed on its behalf by



I K Morgan

Director

# Balfour Beatty Rail Track Systems Limited

## Notes to the financial statements

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. This policy has been applied consistently throughout the year, and the preceding year.

In accordance with the provisions of Financial Reporting Standard 1 "Cash Flow Statements", the Company has not prepared a cash flow statement because its ultimate parent undertaking, Balfour Beatty plc, prepares consolidated financial statements which include the Company and are publicly available.

### 2 Trading results

All transactions were entered into as agent of Balfour Beatty Group Limited in whose financial statements such transactions were recorded. The Company has not traded on its own account during the year or the preceding year and accordingly has made neither a profit nor a loss. No profit and loss account is therefore presented, and the Company has no recognised gains or losses in either year. The auditors' remuneration of £1,000 (2006: £1,000), has been borne by Balfour Beatty Group Limited.

### 3 Employees and Directors

The Company has entered into employment contracts with employees in relation to its activities as agent of Balfour Beatty Group Limited. Balfour Beatty Group Limited has payroll and pension responsibility for the Company's employees and all employees and employment and pension costs are recorded in Balfour Beatty Group Limited's financial statements for the year and the preceding year.

The remuneration for the services to the Company of the three Directors (2005: three) is recorded within the financial statements of Balfour Beatty Group Limited.

### 4 Debtors: Amounts falling due within one year

	2006 £	2005 £
Amounts owed by other group undertakings	<u>100</u>	<u>100</u>

Amounts owed by other group undertakings are interest free and repayable on demand.

### 5 Called-up share capital

	2006 £	2005 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully-paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>



# Balfour Beatty Rail Track Systems Limited

## Notes to the financial statements (continued)

### **6 Related party transactions**

As a subsidiary of Balfour Beatty plc, the Company has taken advantage of the exemption in Financial Reporting Standard 8 “Related Party Transactions” not to disclose transactions with other members of the group headed by Balfour Beatty plc

### **7 Ultimate parent company and controlling party**

The Company is a subsidiary undertaking of Balfour Beatty Group Limited, registered in England and Wales, which does not prepare consolidated financial statements

The Company’s ultimate parent company and controlling party is Balfour Beatty plc, which is registered in England and Wales. The only group in which the results of the Company are consolidated is that headed by Balfour Beatty plc. The consolidated financial statements of Balfour Beatty plc are available to the public and may be obtained from Balfour Beatty plc, 130 Wilton Road, London SW1V 1LQ, and on the Balfour Beatty website [www.balfourbeatty.com](http://www.balfourbeatty.com)