

Company Registration No. 2995436

**Southern Track Renewals Company
Limited**

Annual Report and Financial Statements

For the year ended 31 December 2013



Southern Track Renewals Company Limited

Report and financial statements 2013

Officers and professional advisers

Directors

I K Morgan
M Bullock

Secretary

B Noms Limited

Registered Office

130 Wilton Road
London
SW1V 1LQ

Auditor

Deloitte LLP
Chartered Accountants
London

Southern Track Renewals Company Limited

Directors' report

For the year ended 31 December 2013

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 December 2013. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption: The company is exempt from presenting a strategic report based on its classification as small as per the Companies Act 2006.

Principal activities and business review

The Company holds the legal title to a portfolio of properties rented to companies within the Balfour Beatty Group.

Results

The results for the year are set out in the profit and loss account on page 6. The profit after taxation for the year ended 31 December 2013 was £4,720,000 (2012: £505,000).

No dividend payment was proposed by the Directors or paid during the year (2012: nil).

Future prospects

The Directors consider that the year-end financial position was satisfactory and that the company is well placed to develop its activities in the foreseeable future.

Directors

The Directors of the Company, who served during the year and up to the date of this report were:

I K Morgan

M Bullock

Financial instruments

The Company's activities do not expose it to price risk, liquidity risk and cash flow risk. The Company's financial assets are amounts owed by Balfour Beatty Group undertakings, for which the credit risk is limited. The Company has not used financial instruments to change its exposure to any of the above risk.

Going Concern

Having made appropriate enquiries, the Directors consider it reasonable to assume that the Company has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

Southern Track Renewals Company Limited

Directors' report (continued)

For the year ended 31 December 2013

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). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- show and explain the Company's transactions;
- 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 2006.

The Directors 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 auditor

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 auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

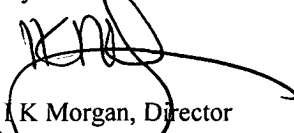
Auditor

Deloitte LLP has indicated its willingness to continue as auditor to the Company and, in accordance with Section 487 of the Companies Act 2006, it will be deemed to be re-appointed unless the deemed re-appointment is prevented by the members under Section 488 of the Companies Act 2006.

Registered office:

130 Wilton Road
London
SW1V 1LQ

By order of the Board:


K Morgan, Director
25 June 2014

Independent auditor's report to the members of Southern Track Renewals Company Limited

We have audited the financial statements of Southern Track Renewals Company Limited for the year ended 31 December 2013, which comprise the Profit and Loss account, Balance Sheet and the related Notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Southern Track Renewals Company Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.

Andrew Clark FCA

Andrew Clark (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 June 2014

Southern Track Renewals Company Limited

Profit and loss account

Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover		392	718
Cost of Sales		(36)	(37)
Operating profit/(loss) before exceptional items	2	<u>356</u>	<u>681</u>
Profit on Sale of tangible fixed assets		4,455	-
Profit on ordinary activities before taxation		<u>4,811</u>	<u>681</u>
Tax on profit on ordinary activities	3	(91)	(176)
Profit for the financial year	8	<u><u>4,720</u></u>	<u><u>505</u></u>

All of the above results derive from continuing operations.

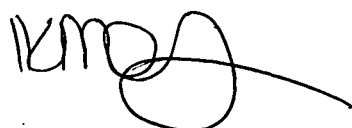
There were no recognised gains or losses in the year other than those disclosed above. Accordingly no statement of total recognised gains and losses is presented.

Southern Track Renewals Company Limited

Balance sheet 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	4	<u>503</u>	<u>784</u>
Current assets			
Debtors: amounts falling due within one year	5	18,032	13,108
Creditors: amounts falling due within one year	6	<u>(193)</u>	<u>(270)</u>
Net current assets		<u>17,839</u>	<u>12,838</u>
Net assets		<u>18,342</u>	<u>13,622</u>
Capital and reserves			
Called up share capital	7	5,898	5,898
Profit and loss account	8	<u>12,444</u>	<u>7,724</u>
Shareholders' funds	9	<u>18,342</u>	<u>13,622</u>

These financial statements of Southern Track Renewals Company Limited (registered number 2995436) were approved by the Board of Directors on 25 June 2014 and signed on its behalf by



I K Morgan, Director

Southern Track Renewals Company Limited

Notes to the accounts

Year ended 31 December 2013

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Practice. These policies have been applied consistently throughout the year, and the preceding year. The financial statements have been prepared on a going concern basis as discussed in the Directors' Report on page 2.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land and buildings

Lower of 40 years and lease term

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents rental income from properties rented by the company and is recognised on accrual basis in the UK in the normal course of business, excluding VAT.

Going concern

The Company's ability to continue as a going concern is assessed in conjunction with the ultimate parent, Balfour Beatty plc, as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the company.

The directors are satisfied that after appropriate consultation with the directors of Balfour Beatty plc, the Group is able to operate for the foreseeable future. For this reason the Company continues to adopt the going concern basis.

Southern Track Renewals Company Limited

Notes to the accounts (continued)

Year Ended 31 December 2013

2. Profit on ordinary activities before taxation

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets – owned assets	(36)	(37)

The auditor's remuneration for the audit of the Company's accounts was £3,000 (2012: £3,000) and has been borne by Balfour Beatty Group Limited in both years.

The Company has no employees other than the Directors (2012: nil).

The Directors received no remuneration for their services to the company during the year (2012: £nil).

3. Tax on profit on ordinary activities

	2013 £'000	2012 £'000
The taxation charge for the year comprises:		
<i>Current tax</i>		
UK corporation tax on income for the period	91	176
Total current tax	91	176
Tax on profit on ordinary activities	91	176

The differences between the total current tax as shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax is as follows:

	2013 £'000	2011 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	4,811	681
Current tax at 23.25% (2012: 24.5%)	1,118	167
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	-
Depreciation for period in excess of capital allowances	-	9
Capital gain on disposal transferred to Group	(1,027)	-
Total current tax charge	91	176

The Finance Act 2013 was enacted on 17 July 2013 implementing a reduction in the main UK corporation tax rate from 24% to 23% effective from 1 April 2013, with a further deduction of 2% to 21% from 1 April 2014 and to 20% from 1 April 2015.

Southern Track Renewals Company Limited

Notes to the accounts (continued) Year Ended 31 December 2013

4. Tangible fixed assets

	Land and buildings £'000
Cost	
At 1 January 2013	1,418
Disposals	(450)
At 31 December 2013	<u>968</u>
Accumulated depreciation	
At 1 January 2013	(635)
Charge for the year	(36)
Disposals	206
At 31 December 2013	<u>(466)</u>
Net book value	
At 31 December 2013	<u>503</u>
At 31 December 2012	<u>784</u>

Land and buildings can be further analysed as follows:

	2013 £'000	2012 £'000
Net book value		
Long leasehold over 50 years unexpired	288	556
Short leasehold	215	228
	<u>503</u>	<u>784</u>

In 2013 the company disposed of one of its properties at Dutton Lane, Eastleigh which can be further analysed as follows:

	2013 £000's
Proceeds on Sale	(4,700)
NBV Retired	244
Profit on disposal	<u>(4,455)</u>

5. Debtors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade receivables	-	29
Amounts owed by group undertakings	18,032	13,079
	<u>18,032</u>	<u>13,108</u>

Southern Track Renewals Company Limited

Notes to the accounts (continued) Year Ended 31 December 2013

6. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Corporation tax	91	176
Accruals and deferred income	102	94
	<u>193</u>	<u>270</u>

7. Called up share capital

	2013 £'000	2012 £'000
<i>Allotted, called up and fully paid</i>		
5,898,000 ordinary shares of £1 each	<u>5,898</u>	<u>5,898</u>

8. Profit and loss account

	£'000
At 1 January 2013	7,724
Retained profit for the year	4,720
At 31 December 2013	<u>12,444</u>

9. Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Profit for the year	4,720	505
Opening shareholders' funds	<u>13,622</u>	<u>13,117</u>
Closing shareholders' funds	<u>18,342</u>	<u>13,622</u>

10. 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, whose consolidated accounts are publicly available.

11. Ultimate parent company and controlling party

The Company is a wholly-owned 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