

Company Registration No. 215402

**Balfour Beatty Engineering Services
(HY) Limited (formerly Haden Young
Limited)**

Report and Financial Statements

31 December 2009



**Balfour Beatty Engineering Services (HY) Limited (formerly
Haden Young Limited)**

Report and financial statements 2009

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Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities and business review

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited) is a wholly owned subsidiary of Haden Building Services Limited, its immediate parent, registered in England and Wales. Its ultimate holding company is Balfour Beatty plc, incorporated in Great Britain and listed on the London Stock Exchange.

The principal activities of the company are the design, construction and commissioning of mechanical, electrical, public health and fire protection engineering in the UK.

The directors are not aware, at the date of this report, of any likely major changes in the Company's principal activities in the next year.

Turnover for the year under review was £261,965,000 (2008 £296,302,000). The loss before tax for the year under review was £4,299,000 (2008 loss £12,309,000). During the year under review the Company continued to secure quality work including Fife Hospital (£58.8m) and Cambridge Bioscience (£13m).

The directors strive to develop repeat business relationships with clients and to maintain a leading position in the Private Finance Initiative/Public Private Partnerships Market, particularly in the field of healthcare, education and infrastructure services. This strategy will continue for 2010 and beyond.

As part of a strategic review of mechanical and electrical services within the Balfour Beatty Group, it became apparent that there were synergies and economies of scale in combining the skills and experience of the Company with those of sister company Balfour Kilpatrick Ltd in order to provide customers with a single focus for the breadth and range of services designed to meet their total needs.

Accordingly on the 29 June 2009 Balfour Beatty Engineering Services was created and the Company changed its name to Balfour Beatty Engineering Services (HY) Ltd on the 30 June 2009.

The one-off restructuring costs are expected to be offset by future synergies and economies of scale.

Following the merger with Balfour Kilpatrick, new contracts will be tendered in the name of Balfour Beatty Engineering Services Limited and the entity formerly known as Haden Young Limited will ultimately become dormant as existing contracts come to an end.

On 1 August 2009, the employment contracts with employees in relation to the Company's activities were transferred to Balfour Beatty Engineering Services, an agency company of Balfour Beatty Group Limited. From this date, Balfour Beatty Engineering Services Limited has payroll and pension responsibility for the Company's employees, and the employees and employment and pension costs will be recorded in Balfour Beatty Group Limited's financial statements for the following year.

Employment

The company recognises the importance of good communication with its employees and places considerable value on involving them, on a regular basis, in understanding the performance of the company and the contribution, which it makes to that of the Balfour Beatty Group. An abbreviated financial report of the Balfour Beatty Group is circulated annually to all employees. Subject to certain age and service qualifications, employees are entitled to participate in the Balfour Beatty plc Savings Related Share Option Scheme.

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Directors' report (continued)

Employment (continued)

Employment with the company and progression within the company is determined solely by the application of objective criteria and merit. The policy of the company is to give full and fair consideration to disabled persons who have the necessary aptitude and abilities to perform the duties of the job. It is also the policy of the company that disabled people should receive equal consideration for career development and promotion opportunities, to provide appropriate training and to ensure that if an employee becomes disabled whilst in the company's employment, all practical efforts are made to identify suitable alternative opportunities.

Principal risks and uncertainties

The identification, assessment, pursuit and management of opportunities and associated risks are an integral element of activity in all aspects of the Company's business.

As stated in the Balfour Beatty plc's Annual Report and Accounts for the year ended 31 December 2009, in the pursuit of opportunities the Group is particularly sensitive to the potential for importing risks whether in winning new contracts, forming joint ventures, acquiring businesses or investment. The Group has rigorous processes in place for managing the exposure within a specified opportunity and risk management framework that apply to all activities of the Company, including

Bidding risk The Company bids selectively for a large number of contracts each year. Tenders are developed in accordance with thorough processes for estimating and risk identification and assessment, with particular attention to new or unique characteristics. They are subject to formal review and approval by tender committees established at an appropriate level depending upon the value and nature of the contract tendered for.

Delivery risk The delivery of contracts is controlled and managed through the Company's operating structure. The Company's procedures embrace regular and frequent reviews, with an agenda centred on health and safety performance, issues affecting delivery, the impact on costs to completion and forecast revenue. This approach is underpinned by a continuing focus on assurance as to the effectiveness of the relevant controls.

Joint venture risk Joint ventures are formed for contracts where the Group believes that to do so will strengthen the quality of the bid and prospects of delivering a contract successfully. Procedures are in place to ensure that the joint venture partners bring skills, experience and resources that complement and add to those provided from within the Group.

Changing government policies and funding priorities A significant proportion of the Company's revenue flows from contracts founded upon Government policy and/or public funding. The Company seeks to mitigate the exposure to an adverse change in national policy or funding by broadening the portfolio of dependency and by diversifying on a measured and controlled basis into other areas of activity.

Customer requirements The Company has seen a continuing and increasing demand from customers for the provision of professional services, in the form of a contract or as component in a contract. The Group has focused such skills in one operating company and is developing further the capabilities in selected operating companies.

In addressing the pursuit and delivery of opportunities the Company also relies on a series of clear policies, along with associated expectations or controls, which provide a basic operating fabric and culture which are fundamental to managing risks such as staffing, HS&E matters and financial controls.

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Directors' report (continued)

Risk management

The importance of risk management has been recognised by the Company for many years. Central to the Company's systems of internal control are its processes and framework for risk management which have been adopted by the Parent Company. These accord with the Turnbull Guidance on internal controls and were in place throughout the year and up to the date of the signing of this report. The framework is applied to all functions in the Company, whether operational, financial or support. Under it, key risks facing each part of the Company are regularly reviewed and assessed, together with the steps to avoid or mitigate those risks. The results of those reviews are placed on risk registers and, where necessary, specific action plans developed. The registers are required to be updated on a regular basis, and the reporting procedures laid down ensure a continuing flow of risk information to the Audit Committee of the Parent Company.

Further details of these risk management processes are given in the Parent Company's Annual Report and Accounts 2009.

Financial risk management objectives and policies

The Company monitors its exposure to price risk, credit risk and liquidity risk on an ongoing basis. The Company has not used financial instruments to change its exposure to these risks. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risks the Directors consider relevant to the Company are credit risk and liquidity risk.

Credit risk The Company's principal financial assets are cash and cash equivalents, trade debtors and intra-group balances. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by an international credit rating. In order to manage the risk the Company has implemented policies to ensure that the credit sales are made to customers who have an appropriate credit history before transactions are entered into, and monitored thereafter.

Liquidity risk The objective of the Company is to maintain a balance between the continuity of funding and the flexibility through the use of bank loans and advances from group companies. In addition, banking facilities have been put in place to secure general funding.

Going concern

In reviewing the future prospects of the Company, the Directors have considered the fact that the Company has a strong order book and balance sheet, and holds significant cash balances. The Company has notable long-term contracts in numerous markets including those extending beyond 2010 in the Private Finance Initiative/Private Public Partnership market.

As a result, and having made appropriate enquiries and reviewed medium-term cash forecasts, 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 accounts.

Payment of creditors

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction or a series of transactions, to seek to ensure that suppliers are made aware of the terms of payment, and to abide by the terms of payment as and when satisfied that the supplier has provided the goods or services in accordance with agreed terms. At 31 December 2009, the year end creditors days of the company were 34 days (2008: 43 days).

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Directors' report (continued)

Financial statements and dividends

The audited accounts for the year ended 31 December 2009 are set out on pages 9 to 30. The loss for the year after taxation was £1,766,000 (2008 loss £10,320,000). No interim dividend on ordinary shares was paid during the year (2008 £nil).

Directors

The following were directors of the company throughout the year (except as shown)

P J Barnes	(resigned 31 December 2009)
A G Currie	
R C Wymes	(resigned 9 April 2009)
B K Hyam	(resigned 7 August 2009)
J Smith	(resigned 18 November 2009)
J Watson	(resigned 12 February 2010)
M Harris	(resigned 12 February 2010)
R M Griffiths	(appointed 18 November 2009)
C Morgan	(appointed 27 August 2010)

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Corporate responsibility

The health and safety of its employees and of the public is of fundamental importance to the company. Continued improvements were achieved during 2009 in safety management using the safety audit system of OHSAS 18001.

The company has a responsible attitude to the health, safety and the environment with which it is concerned. It seeks always to act in accordance with good practice, preserving and where possible, enhancing the quality of the environment.

The company's systems for environmental monitoring and reporting, which are linked with existing safety systems, include formal procedures for the evaluation of safety and environmental risk at the tender stage. Training on environmental issues continues to form a significant part of these systems. The Company also has achieved continued accreditation to ISO 14001.

Key performance indicators

The Company, as a UK subsidiary of Balfour Beatty plc, has participated in the review of Key Performance Indicators relevant for external consideration of the Company's performance and prospects as referred to in Balfour Beatty plc's Annual Report and Accounts for the year ended 31 December 2009. It is intended that the recommendations from this study will in future be incorporated in the Company's management and financial reports.

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Directors' report (continued)

Disclosure of information to 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 the 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 418 of the Companies Act 2006

Auditors

Deloitte 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

Approved by the Board of Directors
and signed on behalf of the Board



A Currie
Director

19 October 2010

86 Station Road
Redhill
Surrey
RH1 1PQ

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

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 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, 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 and 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. 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.

Independent auditors' report to the members of Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

We have audited the financial statements of Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited) for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 25. 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 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

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB'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.

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 2009 and of its loss 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 auditors' report to the members of Balfour Beatty Engineering Services (HY) Limited (continued)

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



Makhan Chahal (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

28 October 2010

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

**Profit and loss account
Year ended 31 December 2009**

	Notes	2009 £'000	2008 £'000
Turnover	1, 2	261,965	296,302
Operating costs	3	(266,157)	(311,651)
Operating loss		(4,192)	(15,349)
Net interest (payable)/receivable	8	(107)	2,767
Other finance income	23	-	273
Loss on ordinary activities before taxation	4	(4,299)	(12,309)
Tax credit on loss on ordinary activities	9	2,533	1,989
Retained loss on ordinary activities after taxation		(1,766)	(10,320)

All activities are from continuing operations in the United Kingdom

**Statement of total recognised gains and losses
Year ended 31 December 2009**

	Notes	2009 £'000	2008 £'000
Retained loss for the year		(1,766)	(10,320)
Actuarial loss on retirement obligations	23	-	(2,293)
Deferred tax on pension deficit	13	-	642
Total recognised loss since last annual report and financial statements		(1,766)	(11,971)

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

**Balance sheet
31 December 2009**

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	10	1,265	2,327
Investments	11	13	13
		<u>1,278</u>	<u>2,340</u>
Current assets			
Stocks	12	281	345
Debtors			
- due within one year	13	114,460	86,493
- due after one year	13	587	1,608
Cash at bank and in hand	14	10,523	29,903
		<u>125,851</u>	<u>118,349</u>
Creditors: amounts falling due within one year	15	<u>(107,256)</u>	<u>(90,528)</u>
Net current assets		<u>18,595</u>	<u>27,821</u>
Total assets less current liabilities		<u>19,873</u>	<u>30,161</u>
Creditors: amounts falling due after more than one year	16	(2,643)	(1,784)
Retirement benefit obligations	23	-	(9,579)
Net assets		<u>17,230</u>	<u>18,798</u>
Share capital and reserves			
Called up share capital	17	15,000	15,000
Profit and loss account	18	2,230	3,798
Shareholders' funds	19	<u>17,230</u>	<u>18,798</u>

The financial statements of Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited), Company Number 215402 were approved by the Board of Directors on 19 October 2010

Signed on behalf of the Board of Directors



A Currie
Director



M Griffiths
Director

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards, all of which have been applied consistently throughout the current and prior year

Basis of accounting

The accounts have been prepared under the historical cost convention. Consolidated accounts have not been prepared as afforded by section 400 of the Companies Act 2006, since the company is a wholly owned subsidiary undertaking of Balfour Beatty plc, a company registered in England and Wales, which has prepared consolidated accounts which include the company and its subsidiary undertakings

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position and the Company's objectives and policies regarding financial risk management and exposure to liquidity risk and credit risk are set out in the Directors' Report

In reviewing the future prospects of the Company, the Directors have considered the fact that the Company has a strong order book and balance sheet, and holds significant cash balances. The Company has notable long-term contracts in numerous markets including those extending beyond 2010 in the Private Finance Initiative/Private Public Partnership market. The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above, and having made appropriate enquiries and reviewed medium-term cash forecasts, 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 accounts.

Investments

Investments are stated at cost less provision for impairment. The carrying values of these investments are reviewed annually by the directors to determine whether there has been any impairment to their values.

Long-term contract work-in-progress

Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty, based on the lower of the percentage margin earned to date and that prudently forecast at completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts, taking a prudent view of future claims income, immediately as such losses are foreseen. Loss for the year includes the benefit of claims settled on contracts in prior years.

Unbilled contract work in progress is valued at the lower of cost and estimated sales value. Applications for progress payments are deducted from cost with any excess included in other creditors as advance progress payments on account.

Pre-contract costs are expensed as incurred until it is virtually certain that a contract will be awarded, from which time further pre-contract costs are recognised as an asset and charged as an expense over the period of the contract. Amounts recovered in respect of costs that have been written-off are deferred and amortised over the life of the contract.

In assessing the performance and establishing the valuation of amounts recoverable on contracts, the amounts recorded are dependent upon negotiations with its customers, which sometimes are complex and unlikely to be resolved in the short-term. Accordingly, management have made the best estimate of the likely future outcomes based on the information currently available to them.

Turnover

Turnover represents amounts invoiced to outside customers, net of trade discounts, value added and other similar sales based taxes, except in respect of contracting activities where turnover represents the value of work carried out during the year including amounts not invoiced.

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provisions for impairment

Depreciation is calculated on the cost of tangible fixed assets and is charged on the straight-line basis so as to write down each asset over its expected useful life. Periodic reviews of the working lives of assets are carried out to take into account greater than normal usage and obsolescence, and further depreciation is charged as necessary

Depreciation is charged at appropriate annual rates as follows

Short term leasehold land and buildings	-	10%
Plant and equipment	-	from 10% to 33%

Operating leases

The rental costs arising from operating leases are charged against operating profit on a straight-line basis over the lease term

Stocks

Stocks are valued at the lower of cost and net realisable value. Loose plant and tools are valued at cost less depreciation. Provision is made for obsolete or defective items where appropriate

Pensions

For defined benefit pension schemes, the cost of providing benefits recognised in the profit and loss account and the defined benefit obligation is determined at the balance sheet date using the projected unit credit method by independent actuaries. The liability recognised in the balance sheet comprises the present value of the defined benefit pension obligation, determined by discounting the estimated future cash flows using the rate of interest on a high quality corporate bond, less the fair value of the plan assets. Actuarial gains and losses are recognised in full outside the profit and loss account in the period in which they occur in the statement of total recognised gains and losses. Contributions to defined contribution pension schemes are charged to the profit and loss account as they fall due

Research and development costs

Research and development costs are written off as incurred

Taxation

Current tax, including United Kingdom 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 the 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 for 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 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 period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

1. Accounting policies (continued)

Cash flow statement

Under the provisions of Financial Reporting Standard No 1 "Cash Flow Statements" (Revised), the company has not prepared a cash flow statement because its ultimate holding company, Balfour Beatty plc, which is registered in England and Wales, has prepared consolidated accounts and which contain a cash flow statement

Share-based payments

The Company has applied the requirements of FRS 20 "Share-based Payment" In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006

Employee services received in exchange for the grant of share options, performance share plan awards and deferred bonus plan awards by the Parent Company since 7 November 2002 are charged to the profit and loss account over the vesting period, based on the fair values of the options or awards at the date of grant and the numbers expected to become exercisable. The credits in respect of the amounts charged are included within separate reserves in equity until such time as the options or awards are exercised

2. Turnover and profit

Turnover and profit on ordinary activities before taxation relate to the company's principal activities of design, management, construction and commissioning of mechanical, electrical, plumbing and fire protection engineering services. All turnover relates to sales within the United Kingdom

3. Operating costs

	2009 £'000	2008 £'000
Materials and subcontractors	190,724	225,948
Staff costs (see note 5)	60,666	69,074
Other operating charges	14,767	16,629
	<u>272,157</u>	<u>311,651</u>

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2009 £'000	2008 £'000
Depreciation of owned assets	1,010	811
Operating lease rentals		
- plant and equipment	2,590	3,547
- other	1,728	1,786
Auditors' remuneration in respect of the audit of the Company's annual accounts	83	83
Other Audit fees	-	6
Exceptional gain arising on curtailment of pension scheme	-	4,186
	<u>-</u>	<u>4,186</u>

There were no non-audit fees incurred in the year (2008 £nil)

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

**Notes to the accounts
Year ended 31 December 2009**

5. Staff costs

Employee costs during the year (including directors) amounted to

	2009	2008
	£'000	£'000
Wages and salaries	52,334	62,640
Social security costs	4,960	6,308
Other pension costs (net of pension curtailment £nil (2008 £4,186,000))	3,305	(241)
Share-based payments (note 7)	67	367
	<u>60,666</u>	<u>69,074</u>
	2009	2008
	No	No.
The average monthly number of employees during the year, including directors, was	<u>1,678</u>	<u>1,928</u>
	2009	2008
Average number of persons employed	No.	No.
Operational	1,502	1,724
Administrative	176	204
	<u>1,678</u>	<u>1,928</u>

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

**Notes to the accounts
Year ended 31 December 2009**

6. Directors' remuneration

The remuneration of the directors was as follows

	2009	2008
	£'000	£'000
Emoluments	<u>947</u>	<u>1,583</u>

The above amounts do not include any gains made on the exercising of share options or the value of any shares or share options received under long-term incentive schemes

Pensions

The number of directors who were members of pension schemes was as follows

	2009	2008
	No.	No.
Defined benefit schemes	<u>2</u>	<u>7</u>

Share options

The number of directors who exercised shares in the year was as follows

	2009	2008
	No.	No.
Exercised shares in Group Company	<u>1</u>	<u>2</u>
Accruals under long-term incentive scheme	<u>-</u>	<u>-</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

	2009	2008
	£'000	£'000
Emoluments	<u>256</u>	<u>295</u>

The above amounts do not include any gains made on the exercising of share options or the value of any shares or share options received under long-term incentive schemes

The accrued annual pension entitlement under the Company's defined benefit scheme of the highest paid director at 31 December 2009 was £62,534 (2008 £57,115) and the accrued lump sum entitlement at 31 December 2009 was £241,773 (2008 £213,339)

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

7. Share based payments

Certain employees of the Company are participants in four equity-settled share-based payment arrangements operated by the Company's ultimate parent, Balfour Beatty plc, namely the savings-related share option scheme, the executive share option scheme, the performance share plan and the deferred bonus plan. The Company recognised total expenses related to equity-settled share-based payment transactions since 7 November 2002 of £67,000 in 2009 (2008 £367,000)

In October 2009, Balfour Beatty plc completed a 3 for 7 rights issue at a subscription price of 180p per new ordinary share. Following the rights issue, adjustments were made to the number of shares under option and the exercise prices in accordance with the HMRC approved standard formula. The adjustment factor was calculated by dividing the share price immediately before the shares were quoted ex-rights (316 0p) with the theoretical ex-rights price (275 2p), giving an adjustment factor of 1.14826. The same adjustment factor was used to adjust the awards under the performance share plan and the deferred bonus plan. Numbers and prices prior to the rights issue have been adjusted onto a comparable basis.

(a) Savings-related share options

Balfour Beatty plc operates an HMRC approved savings-related share option scheme ("SAYE") under which employees are granted an option to purchase ordinary shares in Balfour Beatty plc in either three or five years time, dependent upon their entering into a contract to make monthly contributions to a savings account over the relevant period. These savings are used to fund the option exercise. This scheme is open to all employees based in the UK and performance conditions are not applied to the exercise of SAYE options. Employees normally have a period of six months after completion of the savings contributions during which to exercise the SAYE options, failing which they lapse. On 18 May 2009, options were granted over 2,883,694 (adjusted) ordinary shares at 249 0p (adjusted) per share, and these are normally exercisable in the periods from July 2012 to December 2012 and from July 2014 to December 2014 depending upon the length of savings contract chosen by the participant.

The information in relation to SAYE options granted to employees of the Company since 7 November 2002 was

	2009		2008	
	SAYE options Number (adjusted)	Weighted average exercise price pence (adjusted)	SAYE options Number (adjusted)	Weighted average exercise price pence (adjusted)
Outstanding at 1 January	1,407,628	282.3	1,401,164	247.2
Granted during the year	360,851	249.0	411,680	315.2
Transferred during the year	(1,181,218)	284.1	-	-
Forfeited during the year	(316,185)	293.0	(116,025)	277.5
Exercised during the year	(262,807)	219.5	(287,878)	161.6
Expired during the year	(8,269)	138.1	(1,314)	182.9
Outstanding at 31 December	-	-	1,407,628	282.3
Exercisable at 31 December	-	-	17,707	162.9

The weighted average share price at the date of exercise for those SAYE options exercised during the year by all participants was 272.3p (2008 adjusted 349.4p). Those SAYE options granted to employees of the Company which were outstanding at 31 December 2009 had a weighted average remaining contractual life of 0 years (2008 2.7 years).

The principal assumptions used by the consultants in the stochastic model for the SAYE options granted in 2009, including expected volatility determined from the historic weekly share price movements over the three-year period immediately preceding the invitation date, were

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

7. Share based payments (continued)

(a) Savings-related share options (continued)

Invitation date	Exercise price pence (adjusted)	Closing share price before invitation date pence (adjusted)	Expected dividend yield %	Expected volatility of shares %	Expected term of options years	Risk-free interest rate %	Calculated fair value of an option pence (adjusted)
9 April 2009							
3 year savings contract	249.0	305.7	3.65	33.0	3.25	2.20	77.7
9 April 2009							
5 year savings contract	249.0	305.7	3.65	33.0	5.25	2.73	85.6

(b) Executive share options

Balfour Beatty plc has not granted any executive share options in 2009, but has continued to operate a scheme under which employees were last granted options in 2004 to purchase ordinary shares in Balfour Beatty plc, which are exercisable between three and ten years after the date of grant. Performance conditions have been met for all executive options granted since 7 November 2002, as earnings per share before goodwill amortisation and exceptional items ("eps") for the last year of the minimum three-year performance period have grown from their respective fixed base eps by a total of at least 3% per annum plus the increase in RPI over the relevant period.

The information in relation to executive options granted to employees of the Company since 7 November 2002 was

	2009		2008	
	Executive options number (adjusted)	Weighted average exercise price pence (adjusted)	Executive options number (adjusted)	Weighted average exercise price pence (adjusted)
Outstanding at 1 January	17,223	227.3	17,223	227.3
Granted during the year	-	-	-	-
Transferred during the year	-	-	-	-
Forfeited during the year	(17,223)	227.3	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	-	-	17,223	227.3
Exercisable at 31 December	-	-	17,223	227.3

The weighted average share price at the date of exercise for those executive options exercised during the year by all participants was 286.1p (2008 adjusted 370.4p). Those executive options granted to employees of the Company which were outstanding at 31 December 2009 had a weighted average remaining contractual life of 0 years (2008 5.3 years).

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

7 Share based payments (continued)

(c) Performance share plan awards

Balfour Beatty plc operates a performance share plan under which key senior employees are granted conditional awards of ordinary shares in Balfour Beatty plc, which are exercisable on the third anniversary of the date of award. These awards will only vest to the extent that performance targets are met over a three-year performance period. On 15 April 2009 a maximum of 2,999,265 (adjusted) conditional shares were awarded which are normally exercisable in April 2012.

50% of the 2009 award is based on an eps growth target. The maximum award of shares is made only where Balfour Beatty plc's eps increases by at least RPI + 39% in the relevant performance period, 25% of this element of the award is made where Balfour Beatty plc's eps increases by RPI + 9% over the period, if growth in eps is between RPI + 9% and RPI + 39%, the number of shares will be awarded pro rata to the growth in eps, and no shares from this element of the award can be awarded if growth in eps is less than RPI + 9% over the period.

The other 50% of that 2009 award is based on total shareholder return (TSR) performance measured against a group of UK listed companies operating in comparable markets to Balfour Beatty plc. The maximum award of shares is made only where Balfour Beatty plc's TSR is in the upper quartile, 25% of this element of the award is made where Balfour Beatty plc's TSR is at the median, if Balfour Beatty plc's TSR is between the median and the upper quartile, the number of shares will be awarded pro rata, and no shares can be awarded if Balfour Beatty plc's TSR is below median.

The information in relation to performance share awards granted to employees of the Company was

	Conditional awards	
	2009	2008
	Number	Number
	(adjusted)	(adjusted)
Outstanding at 1 January	73,623	150,837
Granted during the year	20,492	17,254
Transferred during the year	(52,506)	-
Forfeited during the year	-	(39,200)
Exercised during the year	(28,960)	(45,268)
Expired during the year	(12,649)	(9,999)
Outstanding at 31 December	-	73,623
Exercisable at 31 December	-	-

The weighted average share price at the date of exercise for those performance share awards exercised during the year by all participants was 283.4p (2008 adjusted 390.2p). Those performance share awards to employees of the Company outstanding at 31 December 2008 had a weighted average remaining contractual life of 0 years (2008 1.3 years).

The awards are satisfied by the transfer of shares for no consideration. For the 50% of the 2009 award which is subject to a performance test based on eps, the fair value of the award is the closing share price before the award date (309.2p). For the 50% of that 2009 award which is subject to a market condition based on TSR, the consultants have used a stochastic model, including expected volatility determined from the historic weekly share price movements over the three-year period preceding the award date, with the following assumptions used:

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

7. Share based payments (continued)

(c) Performance share plan awards (continued)

Award date	Closing share price before award pence (adjusted)	Expected volatility of shares %	Expected term of awards years	Risk-free interest rate %	Calculated fair value of an award pence (adjusted)
15 April 2009	309.2	33.0	3.0	2.14	223.6

(d) Deferred bonus plan awards

Balfour Beatty plc operates a deferred bonus plan under which one-third of the annual bonus of key senior employees is deferred in the form of ordinary shares in Balfour Beatty plc, which will normally be released after three years, providing the individual is still in the Balfour Beatty Group's employment at that time. On 31 March 2009 a maximum of 887,240 conditional shares were awarded which will normally be released on 31 March 2012. On 6 July 2009 a further 47,633 conditional shares were awarded in lieu of entitlements to the final 2008 dividend and on 4 December 2009 a further 34,727 conditional shares were awarded in lieu of entitlements to the interim 2009 dividend.

The information in relation to deferred bonus plan awards granted to employees of the Company was

	Conditional awards	
	2009	2008
	Number (adjusted)	Number (adjusted)
Outstanding at 1 January	47,526	42,370
Granted during the year	915	16,071
Granted in lieu of dividends	523	1,852
Forfeited during the year	(29,957)	-
Exercised during the year	(5,508)	(12,765)
Expired during the year	(17,499)	-
Outstanding at 31 December	-	47,526
Exercisable at 31 December	-	-

The weighted average share price at the date of exercise for those deferred bonus plan awards exercised during the year by all participants was 285.6p (2008: n/a). Those deferred bonus plan awards to employees of the Company which were outstanding at 31 December 2009 had a weighted average remaining contractual life of 0 years (2008: 1.1 years).

As the awards are satisfied by the transfer of shares for no consideration, the fair values of the awards are the closing share price before award date, which was 281.95p, 261.48p and 263.5p for the awards made on 31 March 2009, 6 July 2009 and 4 December 2009 respectively.

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

8 Net interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest payable	(246)	-
Bank interest receivable	7	1,677
Group interest receivable	132	1,090
	<u>(107)</u>	<u>2,767</u>

9 Tax on loss on ordinary activities

	2009 £'000	2008 £'000
The tax charge is based on the loss for the year and comprises		
UK corporation tax		
Current tax on income for the year	(1,050)	(3,368)
Adjustments in respect of prior years	(1,135)	-
Total current tax	<u>(2,185)</u>	<u>(3,368)</u>
Deferred tax	(348)	-
Deferred tax credit on retirement obligations	-	973
Deferred tax on share based payment (note 15)	-	(9)
Adjustment in respect of prior years	-	-
Capital allowances in excess of depreciation	-	414
Other short-term allowances	-	1
Total deferred tax	<u>(348)</u>	<u>1,379</u>
Tax on loss on ordinary activities	<u>(2,533)</u>	<u>(1,989)</u>

The differences are explained below

	2009 £'000	2008 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(4,299)	(12,309)
Tax on ordinary activities at 28% (2008 – 28.5%)	<u>(1,204)</u>	<u>(3,508)</u>
<i>Effects of</i>		
Expenses not deductible for tax purposes	206	74
Capital allowances in excess of depreciation	21	58
Adjustments to tax charge in respect of previous periods	(1,135)	-
Deferred tax obligations on pensions	-	(97)
Deferred tax on share based payments	-	105
Statutory deduction for share options exercised	-	(194)
Other	(73)	-
	<u>(2,185)</u>	<u>(3,368)</u>

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

**Notes to the accounts
Year ended 31 December 2009**

10. Tangible fixed assets

	Short-term leasehold land and buildings £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 January 2009	2,010	3,573	5,583
Additions	-	147	147
Disposals	(137)	(402)	(539)
At 31 December 2009	<u>1,873</u>	<u>3,318</u>	<u>5,191</u>
Depreciation			
At 1 January 2009	841	2,415	3,256
Charge for the year	548	462	1,010
Disposals	(91)	(249)	(340)
At 31 December 2009	<u>1,298</u>	<u>2,628</u>	<u>3,926</u>
Net book value			
At 31 December 2009	<u>575</u>	<u>690</u>	<u>1,265</u>
At 31 December 2008	<u>1,169</u>	<u>1,158</u>	<u>2,327</u>

11. Fixed asset investments

	2009 £'000	2008 £'000
Subsidiary undertakings		
Cost and net book value		
At 31 December	<u>13</u>	<u>13</u>

The principal subsidiary undertakings of the company are

	Shareholding	Class of shares held	Country of registration	Principal activity
Haden Airflow Limited	100%	Ordinary	England and Wales	Dormant
GN Haden Limited	100%	Ordinary	England and Wales	Dormant

12. Stocks

	2009 £'000	2008 £'000
Raw materials and consumables	<u>281</u>	<u>345</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

**Notes to the accounts
Year ended 31 December 2009**

13. Debtors

	2009	2008
	£'000	£'000
Amounts falling due within one year		
Trade debtors	21,524	22,796
Amounts recoverable on contracts	17,689	13,699
Amounts due from other group undertakings	4,621	1,836
Loan to group undertaking	62,037	45,000
Other debtors	992	667
Prepayments and accrued income	1,264	927
Corporation tax receivable	5,940	1,523
Deferred tax asset	393	45
	<u>114,460</u>	<u>86,493</u>
	2009	2008
	£'000	£'000
Amounts falling due after more than one year:		
Contract retentions	<u>587</u>	<u>1,608</u>

The provision for deferred tax (excluding the pension asset) is based on a corporation tax rate of 28% (2008 28%)

	2009	2008
	£'000	£'000
The deferred tax recognised comprises		
Timing differences relating to capital allowances	303	(222)
Other timing differences	90	15
Deferred tax relating to share based payment	-	252
	<u>393</u>	<u>45</u>
Deferred tax excluding that relating to pension asset	-	-
Pension asset (see note 23)	-	3,725
	<u>393</u>	<u>3,770</u>
		£'000
At start of year		3,770
Credit to the profit and loss account		348
Charge to the statement of recognised gains and losses		-
Transfer to Group company		(3,725)
		<u>393</u>
At end of year		<u>393</u>

In the opinion of the directors the timing differences giving rise to the deferred tax assets will reverse in the foreseeable future

14. Cash at bank and in hand

Cash at bank and in hand includes the company's share of amounts held by contracting joint arrangements of £26,871,821 (2008 £26,106,452)

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

**Notes to the accounts
Year ended 31 December 2009**

15. Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Advance payments from customers	13,555	20,363
Trade creditors	74,793	61,562
Amounts owed to other group undertakings	12,915	2,190
Taxation, social security and other taxes		
- social security and other taxes	971	368
Other creditors	1,704	2,491
Accruals and deferred income	3,318	3,554
	<u>107,256</u>	<u>90,528</u>

16. Creditors: amounts falling due after more than one year

	2009	2008
	£'000	£'000
Advance payments from customers	<u>2,643</u>	<u>1,784</u>

17. Called up share capital

	2009	2008
	£'000	£'000
Authorised:		
20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid:		
15,000,000 ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>

18. Profit and loss account

	2009	2008
	£'000	£'000
At 1 January		3,798
Retained loss for the year		(1,766)
Other recognised gains for the year		
- movements relating to share based payments (net of taxation)		<u>198</u>
At 31 December		<u>2,230</u>
	2009	2008
	£'000	£'000
Pension reserve		
Profit and loss reserve excluding pension deficit	13,066	13,669
Amount relating to defined benefit pension scheme liability, net of related deferred tax (note 23)	<u>(10,836)</u>	<u>(8,606)</u>
Profit and loss reserve	<u>2,230</u>	<u>5,063</u>

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

19. Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Retained loss for the financial year	(1,766)	(10,320)
Other gains and losses for the year		
- actuarial losses on retirement benefit obligations (net of taxation)	-	(1,651)
	(1,766)	(11,971)
Movements relating to share based payments	198	367
Net addition/(reduction) to shareholders' funds	(1,568)	(11,604)
Opening equity shareholders' funds	18,798	30,402
Closing equity shareholders' funds	17,230	18,798

20. Contingent liabilities

The company has, in the normal course of business, entered into counter-indemnities in respect of bonds relating to its own contracts, which, in the directors' opinion, will not give rise to any material loss. Provision is made for the Directors' best estimate of known legal claims, investigations and legal actions in progress. The Company takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

21. Capital commitments

There were capital commitments of £nil at 31 December 2009 (2008 £nil)

22. Leasing commitments

Date of expiry	2009		2008	
	Short-term leasehold land and buildings £'000	Other £'000	Short-term leasehold land and buildings £'000	Other £'000
Within one year	53	216	-	2,031
Between two and five years	1,209	861	1,337	1,487
After five years	196	3	449	27
	1,458	1,080	1,786	3,545

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

23. Pensions

Certain employees of the Company are members of the Balfour Beatty Pension Fund which includes defined benefit and defined contribution sections and is managed by the Parent Company. Defined benefit schemes provide benefits based on employees' pensionable service and their pensionable salary. Defined contribution schemes are those where the Company's obligation is limited to the amount that it contributes to the scheme and the scheme members bear the investment and actuarial risks.

The investment strategy of the principal BBPF scheme is to hold assets of appropriate liquidity and marketability to generate income and capital growth to meet, together with any new contributions from the Group, the cost of current and future benefits. The BBPF invests in equities in anticipation that, over the longer term, they will grow in value faster than the liabilities. The majority of the BBPF equities are in the form of pooled funds. The BBPF invests in fixed and index-linked bonds and inflation swaps in order to match the duration and inflation exposure of a portion of the liabilities. The BBPF invests in corporate fixed-interest bonds in anticipation that, over the longer term, they will outperform equivalent government bonds. A portion of the corporate bonds are overlaid with inflation swaps in order to create a better match between the assets and the inflation-linked characteristics of the liabilities. The performance of equities and bonds is measured against market indices. Where the BBPF invests in funds of hedge funds this is in order to improve diversification. The allocation to fund of hedge funds is between three managers to further improve diversification. The performance of the fund of hedge fund managers is measured against three month LIBOR.

The defined benefit section is closed to new members with the exception of certain employees transferring under TUPE. During 2008 and 2009 the Parent Company implemented measures to limit the increase in pensionable pay of certain groups of in-service defined benefit members, giving rise to a reduction in past service liabilities which was classified as an exceptional item in the profit and loss account.

Defined benefit obligations are calculated using the projected unit credit method and discounted to a net present value using the rate of return on high quality corporate bonds. Contributions are determined in accordance with independent actuarial advice and are based on pension costs across the Parent Company and its subsidiaries as a whole.

Allocation of the Balfour Beatty Pension Fund

The policy of the Balfour Beatty Group is that the assets, liabilities, income and expenditure relating to the Balfour Beatty Pension Fund should be allocated to each of the participating companies in the scheme in proportion to pensionable payroll for the year. The Balfour Beatty Pension Fund includes a defined contribution section. Employer contributions paid and charged in the profit and loss account have been separately identified and the defined contribution section assets and liabilities have been excluded from the tables below. The disclosures shown below reflect the Company's proportion of the total Balfour Beatty Pension Fund.

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

23.1 FRS 17 accounting valuation

The Company has adopted the amendments to FRS 17 Retirement Benefits, which align the required disclosures with IAS 19 Employee Benefits. Prior year comparatives have been presented on this basis.

The principal actuarial assumptions for the FRS 17 accounting valuations of Balfour Beatty Pension Fund are as follows:

	Balfour Beatty Pension Fund 2009 %	Balfour Beatty Pension Fund 2008 %
Discount rate on obligations	5.65	6.45
Expected return on plan assets	5.93	6.27
Inflation rate	3.50	2.80
Future increases in pensionable salary		
– certain members of the Balfour Beatty Pension Fund	-	2.80
– other members	5.00	4.30
Rate of increase in pensions in payment (or such other rate as is guaranteed)	3.50	2.80

The mortality tables adopted for the 2009 and 2008 valuations are the 1992 series calendar year 2007 tables, with future improvements applicable to each member's year of birth under the medium cohort effect from 2007.

	2009 Average life expectancy at 65 years of age	2008 Average life expectancy at 65 years of age
Members in receipt of pension		
– Male	20.4	20.3
– Female	23.4	23.4
Members not yet in receipt of pension (current age 50)		
– Male	21.4	21.3
– Female	24.3	24.3

The Balfour Beatty Pension Fund actuary undertakes regular mortality investigations based on the experience exhibited by pensioners of the BBPF and due to the size of the membership of the BBPF (45,667 members at 31 December 2009) is able to make comparisons of this experience with the mortality rates set out in the various published mortality tables. The actuary is also able to monitor changes in the exhibited mortality over time. As a result of these reviews the Parent Company is able to adopt with a measure of confidence consistent mortality assumptions across its various defined benefit schemes.

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

23. Pensions (continued)

During 2009 all employees of Balfour Beatty Engineering Services (HY) were transferred under a TUPE arrangement to Balfour Beatty Group Ltd. All assets/liabilities associated with the Balfour Beatty Pension fund were transferred accordingly. The 2009 Balfour Beatty Engineering Services (HY) accounts include an intercompany creditor of £10,836,000 net of deferred tax.

The amounts recognised in the balance sheet are as follows

	Balfour Beatty Pension Fund 2009 £m	Balfour Beatty Pension Fund 2008 £m
Present value of funded obligations	-	(119,536)
Fair value of plan assets	-	106,232
	<hr/>	<hr/>
Pension Fund liability	-	(13,304)
Related deferred tax	-	3,725
	<hr/>	<hr/>
	-	(9,579)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the profit and loss account are as follows

	2009 £m	2008 £m
Balfour Beatty Pension Fund		
Current service cost	-	(2,660)
Defined contribution charge	-	(913)
Expected return on plan assets	-	8,183
Interest cost	-	(7,910)
Exceptional reduction in pension past service liabilities	-	4,186
	<hr/>	<hr/>
Total credited/(charged) to profit and loss account	-	886
	<hr/> <hr/>	<hr/> <hr/>

Of the credit for the year, £nil million (2008 £3,573,000) has been included in cost of sales and £nil million (2008 £273,000) has been included in other finance income.

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

23. Pensions (continued)

The amounts recognised in the Statement of total recognised gains and losses are as follows

	2009 £m	2008 £m
Balfour Beatty Pension Fund		
Actuarial gains on pension scheme obligations	-	23,720
Actuarial losses on pension scheme assets	-	(26,013)
	<hr/>	<hr/>
Total actuarial (losses)/gains recognised in the Statement of total recognised gains and losses	-	(2,293)
	<hr/>	<hr/>
Cumulative losses recognised in reserves	-	(5,847)
	<hr/> <hr/>	<hr/> <hr/>

The actual return on plan assets was a loss of £nil (2008 loss of £17,830,000)

The movement in the present value of obligations is as follows

	2009 £m	2008 £m
Balfour Beatty Pension Fund		
At 1 January	(119,536)	(142,485)
Transfer of pension scheme to Group Company	119,536	-
Service cost	-	(2,660)
Exceptional past service gain	-	4,186
Interest cost	-	(7,910)
Actuarial gains	-	23,720
Contributions from members	-	(686)
Benefits paid	-	6,299
	<hr/>	<hr/>
At 31 December	-	(119,536)
	<hr/> <hr/>	<hr/> <hr/>

The movement in the fair value of plan assets is as follows

	2009 £m	2008 £m
Balfour Beatty Pension Fund		
At 1 January	106,232	125,706
Transfer of pension scheme to Group Company	(106,232)	-
Expected return on plan assets	-	8,183
Actuarial losses	-	(26,013)
Contributions from employer – regular funding	-	2,047
Contributions from employer – deficit funding	-	1,922
Contributions from members	-	686
Benefits paid	-	(6,299)
	<hr/>	<hr/>
At 31 December	-	106,232
	<hr/> <hr/>	<hr/> <hr/>

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

**Notes to the accounts
Year ended 31 December 2009**

23. Pensions (continued)

The fair value and expected rates of return on the assets held by the schemes at 31 December are as follows

	Expected rate of return 2009 %	Value 2009 £m	Expected rate of return 2008 %	Value 2008 £m
Balfour Beatty Pension Fund				
Equities	-	-	8.35	30,712
Bonds	-	-		
- index linked gilts	-	-	3.80	24,205
- fixed rate gilts	-	-	4.00	7,556
- corporate and other bonds	-	-	6.70	37,377
Funds of hedge funds	-	-	6.30	4,843
Cash and other net assets	-	-	3.60	1,539
		<hr/>		<hr/>
Rate of return/total	-	-	6.27	106,232
		<hr/> <hr/>		<hr/> <hr/>

The expected rates of return on scheme assets were determined as the average of the expected returns on the assets held by the scheme on 31 December. The rates of return for each class were determined as follows:

- equities and funds of hedge funds: the rate adopted is consistent with the median assumption used in the actuary's asset modelling work as at 31 December,
- bonds: the rate has been set to reflect the yields available on the gilts and corporate bond holdings held at 31 December,
- cash and other net assets: this class principally comprises inflation rate swaps and cash holdings and the rate adopted reflects current short-term returns on cash deposits.

The estimated amounts of contributions expected to be paid to the principal defined benefit schemes during 2010 are as follows:

	2010 £m
Balfour Beatty Pension Fund	
Regular funding	-
Deficit funding	-
	<hr/>
Total	-
	<hr/> <hr/>

Balfour Beatty Engineering Services (HY) Limited (formerly Haden Young Limited)

Notes to the accounts Year ended 31 December 2009

23. Pensions (continued)

Year end historic information for the Company share of the BBPF post-retirement benefit plan is as follows

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Defined benefit obligation at end of year	-	(119,536)	(142,485)	(163,186)	(162,738)
Fair value of assets at end of year	-	106,232	125,706	146,960	146,976
Funded status at end of year	-	(13,304)	(16,779)	(16,226)	(15,762)
Experience adjustment for liabilities	(922)	(719)	3,857	1,133	(21,744)
Experience adjustment for assets	-	(26,013)	(27,097)	(4,588)	30,472

23.2 Funding valuations

The last formal funding valuation is as detailed below

Balfour Beatty Pension Fund	£m
Last formal funding valuation	31/03/2007
Scheme surplus/(deficit)	
Market value of assets	1,693
Present value of scheme liabilities	(1,770)
Deficit in defined benefit scheme	(77)
Funding level	95.6%

24. Related party transactions

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

25. Ultimate holding company and controlling party

The company is a wholly owned subsidiary undertaking of Haden Building Services Limited, its immediate parent, which is incorporated in Great Britain and registered in England and Wales. Its ultimate holding company is Balfour Beatty plc, incorporated in Great Britain.

The largest group in which the results of Balfour Beatty Engineering Services (HY) Limited are consolidated is that headed by Balfour Beatty plc. The smallest group in which they are consolidated is that headed by Haden Building Services Limited. The consolidated accounts of Balfour Beatty plc are available to the public and may be obtained from 130 Wilton Road, Victoria SW1V 1LQ.