

**Company Registration No. 215402**

**Haden Young Limited**

**Report and Financial Statements**

**31 December 2003**



# **Haden Young Limited**

## **Report and financial statements 2003**

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# Haden Young Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

### Principal activity

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

The directors are determined to maintain sound disciplines when identifying, evaluating and managing risk and have implemented a Risk Management Framework within the company's procedures. We seek to accept only those risks that can be successfully managed and are reasonable in the context of the scope and nature of the contracts undertaken by the company.

The directors continue to avoid unduly onerous contract conditions and to use our technical and management skills to develop partnerships with clients across selected market segments in the public and private sectors. We have been able to consolidate our position as one of the leading companies within the building and engineering industry in the United Kingdom.

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 2003 and beyond.

Details of significant events since the balance sheet date are contained in note 25 to the financial statements.

### Results and dividends

The audited accounts for the year ended 31 December 2003 are set out on pages 7 to 18. The profit for the year after taxation was £7,352,000 (2002: £7,892,000). Ordinary dividends proposed at 31 December 2003 amounted to £3,675,000 (2002: £3,864,000).

### Directors

The following were directors of the company throughout the year:

P J Barnes

D G Beck

L Elliot

S J Chapman (resigned 7 May 2004)

A G Currie

E W Greenhalgh

G J Bryce

# Haden Young Limited

## Directors' report

### Directors' interests

The interests of the directors in the share and loan capital of Balfour Beatty plc, the ultimate parent company were:

	At 1 January 2003	Options exercised in year	Options granted in year	At 31 December 2003
P J Barnes				
<i>Executive Share Options</i>	87,431	-	15,000	102,431
D G Beck				
<i>Executive Share Options</i>	167,839	120,000	-	38,635
L Elliot				
<i>Executive Share Options</i>	58,000	25,683	15,000	47,317
<i>Savings – Related Options</i>	6,088	3,795	1,234	3,527
S J Chapman				
<i>Executive Share Options</i>	78,000	40,000	15,000	53,000
A G Currie				
<i>Executive Share Options</i>	78,000	40,000	15,000	53,000
E W Greenhalgh				
<i>Executive Share Options</i>	65,000	20,000	15,000	60,000
<i>Savings – Related Options</i>	3,902	287	-	-
G J Bryce				
<i>Executive Share Options</i>	35,000	-	10,000	45,000
<i>Savings – Related Options</i>	6,589	3,008	-	1,538

During the year the 9,204 options granted to Mr D G Beck, under the executive share option scheme 1993, lapsed unexercised. 2,043 options granted to Mr G J Bryce under the savings-related share option scheme 1999, lapsed unexercised. 3,615 options granted to Mr E W Greenhalgh under the savings-related share option scheme 1997 lapsed unexercised.

Conditional awards have been made to Mr D G Beck under the 2001, 2002 and 2003 cycles of the Performance Share Plan 2001 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 award. The shares for each award will vest and be transferred to the Director if, and only to the extent that, an earnings per share growth target is met over the three year performance period. The performance period for the 2001 cycle was completed on 31 December 2003 and as a result, Mr D G Beck will become entitled to 59,197 ordinary shares in Balfour Beatty plc respectively. Further details of the Plan are disclosed in the annual report and accounts of Balfour Beatty plc.

All interests shown are beneficial and are in respect of numbers of 50p ordinary shares of Balfour Beatty plc.

None of the above directors had any interest (including options) in the company or fellow subsidiary undertakings at the relevant dates.

# Haden Young Limited

## Directors' report

### Employment of disabled persons

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 when an employee becomes disabled whilst in the company's employment, all practical efforts are made to identify suitable alternative opportunities.

### Employee consultation

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.

### Supplier payment policy

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 2003, the year end creditors days of the company were 38 days (2002: 38 days).

### Research and development

Research and development costs of £42,000 (2002: £65,000) were incurred in the year.

### Safety and environmental policy

The health and safety of its employees and of the public is of fundamental importance to the company. Continued improvements were achieved during 2003 in safety management using the safety audit system of the Royal Society for the Prevention of Accidents (RoSPA).

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.

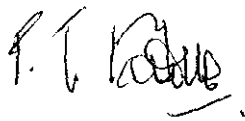
# Haden Young Limited

## Directors' report

### 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.

Approved by the Board of Directors and signed on behalf of the Board on the 15 October 2004.



P J Barnes  
Director

42-44 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DR

## Haden Young Limited

### Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 Haden Young Limited**

We have audited the financial statements of Haden Young Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 26. 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**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

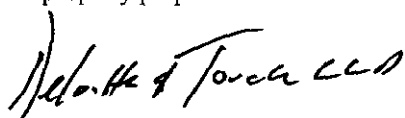
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

15 October 2004



## Haden Young Limited

### Profit and loss account Year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover	1, 2	218,169	196,987
Operating costs	3	(210,400)	(188,563)
<b>Operating profit</b>		<u>7,769</u>	<u>8,424</u>
(Loss)/profit on disposal of fixed asset investment	4	(10)	190
Interest receivable and similar income	8	2,850	2,708
<b>Profit on ordinary activities before taxation</b>	5	<u>10,609</u>	<u>11,322</u>
Tax on profit on ordinary activities	9	(3,257)	(3,430)
<b>Profit on ordinary activities after taxation</b>		<u>7,352</u>	<u>7,892</u>
Dividends proposed	10	(3,675)	(3,864)
<b>Retained profit for the year</b>	19	<u><u>3,677</u></u>	<u><u>4,028</u></u>

There are no recognised gains or losses other than the profit on ordinary activities after taxation of £7,352,000 in the year ended 31 December 2003 (2002: £7,892,000), and hence no separate statement of total recognised gains and losses is presented.

# Haden Young Limited

## Balance sheet 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Tangible assets	11	1,095	1,290
Investments	12	13	23
		<u>1,108</u>	<u>1,313</u>
<b>Current assets</b>			
Stocks	13	355	482
Debtors			
- due within one year	14	40,376	28,135
- due after one year	14	2,395	3,016
Cash at bank and in hand	15	77,487	77,094
		<u>120,613</u>	<u>108,727</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(85,005)</u>	<u>(76,556)</u>
<b>Net current assets</b>		<u>35,608</u>	<u>32,171</u>
<b>Total assets less current liabilities</b>		36,716	33,484
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(531)</u>	<u>(976)</u>
<b>Net assets</b>		<u><u>36,185</u></u>	<u><u>32,508</u></u>
<b>Share capital and reserves</b>			
Called-up share capital	18	15,000	15,000
Profit and loss account	19	21,185	17,508
<b>Equity shareholders' funds</b>	20	<u><u>36,185</u></u>	<u><u>32,508</u></u>

These financial statements were approved by the Board of Directors on 15 October 2004.

Signed on behalf of the Board of Directors



D G Beck  
Director



L Elliot  
Director

# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom 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 228 of the Companies Act 1985, 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.

#### **Investments**

Investments are stated at cost less provision for impairment.

#### **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. Profit 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.

#### **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.

#### **Tangible fixed assets**

Tangible fixed 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.

# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 1. Accounting policies (continued)

#### 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.

#### Pension costs

The ultimate parent company operates a defined benefit and contribution schemes. Contributions to defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of providing pensions over employees' working lives with the company. Variations in pension costs are allocated over the remaining service lives of employees as an adjustment to the regular pension cost. Differences between contributions paid and amounts charged to the profit and loss account are included as a prepayment or liability in the balance sheet. Contributions to defined-contribution pension schemes are charged to the profit and loss account as they fall due.

#### 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.

### 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.

## Haden Young Limited

### Notes to the accounts Year ended 31 December 2003

#### 3. Operating costs

	2003 £'000	2002 £'000
Materials and subcontractors	142,326	125,207
Staff costs (see note 6)	55,608	51,220
Other operating charges	12,466	12,136
	<u>210,400</u>	<u>188,563</u>

#### 4. (Loss)/profit on disposal of fixed asset investment

The investment of Barlow and Young Limited was disposed of during the year. The loss on disposal was £10,000.

The investment of Haden Robertson Limited was disposed of during 2002. The profit on disposal was £190,000.

#### 5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2003 £'000	2002 £'000
Depreciation of owned assets	432	425
Operating lease rentals		
- plant and equipment	2,014	2,020
- other	1,412	1,402
Auditors' remuneration (audit fees)	65	58
Research and development cost	42	65
	<u>4,365</u>	<u>4,370</u>

There were no non-audit fees incurred in the year (2002: £nil).

# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 6. Staff costs

Employee costs during the year (including directors) amounted to:

	2003 £'000	2002 £'000
Wages and salaries	49,165	45,719
Social security costs	4,071	3,566
Other pension costs	2,372	1,935
	<u>55,608</u>	<u>51,220</u>
	2003 No.	2002 No.
The average monthly number of employees during the year, including directors, was:	<u>1,654</u>	<u>1,589</u>

### 7. Directors' remuneration

The remuneration of the directors was as follows:

	2003 £'000	2002 £'000
Emoluments	<u>876</u>	<u>769</u>

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes. Details of directors who exercised share options in the year are disclosed on page 2. During 2002 no directors exercised share options.

#### Pensions

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

	2003 No.	2002 No.
Defined benefit schemes	<u>7</u>	<u>7</u>

#### Highest paid director

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

	2003 £'000	2002 £'000
Emoluments	<u>208</u>	<u>190</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2003 was £139,650 (2002 - £130,200) and the accrued lump sum entitlement at 31 December 2003 was £231,919 (2002 - £216,225).

# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 8. Interest receivable and similar income

	2003 £'000	2002 £'000
Interest receivable and similar income	2,850	2,708

### 9. Tax on profit on ordinary activities

	2003 £'000	2002 £'000
The tax charge is based on the profit for the year and comprises:		
UK corporation tax		
Current tax on income for the year	3,244	3,368
Adjustments in respect of prior years	19	39
Total current tax	3,263	3,407
Deferred tax (see note 14)	(6)	23
Tax on profit on ordinary activities	3,257	3,430

The current tax charge for the year is higher than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2003 £'000	2002 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	10,609	11,322
Tax on ordinary activities at 30% (2002 – 30%)	3,183	3,397
<i>Effects of:</i>		
Expenses not deductible for tax purposes	80	40
Capital allowances in excess of depreciation	(60)	(72)
Other short term timing differences	41	3
Adjustments to tax charge in respect of previous periods	19	39
	3,263	3,407

### 10. Dividends

	2003 £'000	2002 £'000
Final proposed of 25p (2002: 26p) per ordinary share	3,675	3,864

# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 11. Tangible fixed assets

	Short-term leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2003	506	3,616	4,122
Additions	-	240	240
Disposals	(30)	(416)	(446)
At 31 December 2003	476	3,440	3,916
<b>Depreciation</b>			
At 1 January 2003	382	2,450	2,832
Charge for the year	25	407	432
Disposals	(30)	(413)	(443)
At 31 December 2003	377	2,444	2,821
<b>Net book value</b>			
At 31 December 2003	99	996	1,095
At 31 December 2002	124	1,166	1,290

### 12. Fixed asset investments

	2003 £'000	2002 £'000
Subsidiary undertakings:		
<b>Cost and net book value</b>		
At 1 January	23	48
Disposals	(10)	(25)
At 31 December	13	23

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



# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 13. Stocks

	2003 £'000	2002 £'000
Raw materials and consumables	355	482

### 14. Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Trade debtors	25,354	17,378
Amounts recoverable on contracts	10,366	9,065
Amounts due from other group undertakings	3,378	292
Other debtors	345	129
Prepayments and accrued income	620	964
Deferred tax asset	313	307
	<u>40,376</u>	<u>28,135</u>

	2003 £'000	2002 £'000
The deferred tax asset recognised comprises:		
Timing differences relating to capital allowances	228	263
Other timing differences	85	44
	<u>313</u>	<u>307</u>

The movement on the deferred tax asset during the year was:

	2003 £'000	2002 £'000
At 1 January	307	330
Credit/(charge) to the profit and loss account	6	(26)
Other timing differences	-	3
At 31 December	<u>313</u>	<u>307</u>

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

	2003 £'000	2002 £'000
Amounts falling due after more than one year:		
Contracts retentions	<u>2,395</u>	<u>3,016</u>

# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 15. 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 £15,715,078 (2002: £16,878,000).

### 16. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Advance payments from customers	13,540	14,746
Trade creditors	50,484	44,449
Amounts owed to other group undertakings	504	239
Taxation, social security and other taxes:		
- corporation tax payable	1,718	1,841
- social security and other taxes	3,026	4,488
Other creditors	1,102	866
Accruals and deferred income	10,956	6,063
Proposed dividends	3,675	3,864
	<u>85,005</u>	<u>76,556</u>

### 17. Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Advance payments from customers	<u>531</u>	<u>976</u>

### 18. Called-up share capital

	2003 £'000	2002 £'000
<b>Authorised</b>		
20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
<b>Allotted, called up and fully paid</b>		
15,000,000 ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>

### 19. Profit and loss account

	2003 £'000	2002 £'000
At 1 January	17,508	13,480
Retained profit for the year	3,677	4,028
	<u>21,185</u>	<u>17,508</u>
At 31 December		

# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 20. Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	7,352	7,892
Dividends proposed on ordinary shares	(3,675)	(3,864)
Retained profit for the year	3,677	4,028
Opening shareholders' funds	32,508	28,480
Closing shareholders' funds	<u>36,185</u>	<u>32,508</u>

### 21. 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.

### 22. Capital commitments

There were £49,000 capital commitments at 31 December 2003 (2002: £57,000).

### 23. Leasing commitments

	2003		2002	
	Short term leasehold land and buildings £'000	Other £'000	Short term leasehold land and buildings £'000	Other £'000
Date of expiry:				
Within one year	-	622	-	651
Between two and five years	501	1,478	791	1,453
After five years	814	4	429	5
	<u>1,315</u>	<u>2,104</u>	<u>1,220</u>	<u>2,109</u>

# Haden Young Limited

## Notes to the accounts Year ended 31 December 2003

### 24. Pension funds

Qualifying employees joining Haden Young Limited after 31 December 2002 may join Balfour Beatty Pension Trust Limited's defined contribution scheme. Employees who joined after September 1986 to 31 December 2002 had the option of joining the Balfour Beatty Pension Trust Limited's defined benefit scheme. Members of the Haden Group plc pension schemes transferred to the BICC Group upon the acquisition of Haden Building Services Limited by BICC plc in 1986. They became members of the BICC Haden Pension scheme which from May 1983 merged with the Balfour Beatty Pension Trust Limited (formerly BICC Group Pension Fund), a defined benefit scheme.

The latest actuarial valuation of the Balfour Beatty Pension Fund have been updated by the actuaries to 31 December 2003 using the projected unit method and disclosed a surplus of assets over past service liabilities of 9%.

The total cost of pension schemes to the company was £2,372,000 (2002: £1,935,000).

*Additional disclosures regarding the Balfour Beatty Pension Fund defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits". In accordance with FRS 17, the company will account for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the company's share of the assets and liabilities in the scheme on a consistent and reasonable basis. The latest actuarial valuation of the scheme, prepared for the purposes of making the transitional disclosures in accordance with FRS 17 in the consolidated financial statements of Balfour Beatty plc, shows a deficit of £138m. Further details of this valuation can be found in note 23 of the Balfour Beatty plc 2003 Annual Report and Accounts.*

### 25. Subsequent events

On 27 May 2004 an ordinary dividend of £20,000,000 was declared and paid.

### 26. Ultimate holding company and controlling party

The company is a wholly owned subsidiary undertaking of Haden Building Services Limited, its immediate parent, which is 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 Haden Young 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.

The company has taken advantage of the exemption under the rules of the Financial Reporting Standard No. 8 "Related Party Transactions" from disclosing further details of related party transactions with other members of the Balfour Beatty plc group.