

**Amey Construction Limited**

Report and Financial Statements

Year ended

31 December 2005



Company no. 2379472



**BDO Stoy Hayward**  
Chartered Accountants

# **Amey Construction Limited**

## **Annual report and financial statements for the year ended 31 December 2005**

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Directors

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### **Directors**

M Ewell  
J Leo  
R G Bradbury

### **Secretary and registered office**

Sherard Secretariat Services Limited, The Sherard Building, Edmund Halley Road, Oxford,  
OX4 4DQ

### **Company number**

2379472

### **Auditors**

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

## **Amey Construction Limited**

### **Report of the Directors for the year ended 31 December 2005**

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The Directors present their report together with the audited financial statements for the year ended 31 December 2005.

#### **Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year after taxation amounting to £2,104,000 (2004 – £937,000).

The Directors do not recommend payment of a dividend (2004 – £Nil).

#### **Principal activities, trading review and future developments**

The Company is principally engaged in the activity of civil engineering and building works.

The Directors consider that the results of the business for the year were satisfactory. The Company will continue in its principal activity for the foreseeable future.

#### **Post balance sheet event**

The post balance sheet event affecting this Company is disclosed in note 18.

#### **Directors**

The Directors of the Company during the year were:

M Ewell  
J Leo  
R G Bradbury  
R W Entwistle (resigned 30 June 2005)

No Director had any interest in the share capital of the Company.

#### **Payment policy and practice**

The Company recognises the importance of good relationships with its suppliers and subcontractors. Although the Company does not follow a particular code or standard on payment practice, its payment policy is to:

- Agree payment terms in advance of any commitment being entered into
- Ensure suppliers are made aware of these terms by inclusion of the terms of payment on the order or contract
- Make payments in accordance with the terms, wherever possible, providing that the documentation presented is complete and accurate.

Trade creditors at the year-end amounted to 140 days (2004 – 59 days) of average supplies for the year.

#### **Auditors**

The Company has filed an elective resolution not to hold an annual general meeting and has therefore dispensed with the requirement to reappoint auditors annually.

## **Amey Construction Limited**

### **Report of the Directors for the year ended 31 December 2005 (*Continued*)**

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#### **Directors' responsibilities for the financial statements**

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year that 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 year. In preparing those financial statements, the Directors are required to:

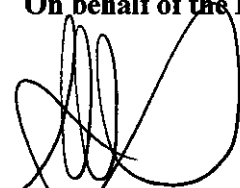
- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that these accounts comply with the above requirements.

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. The Directors also have a general responsibility in law for taking such steps that are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for ensuring that the Report of the Directors is prepared in accordance with company law in the United Kingdom.

**On behalf of the Board**



**M Ewell**  
**Director**

31 March 2006

## **Amey Construction Limited**

### **Report of the independent auditors**

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#### **To the shareholders of Amey Construction Limited**

We have audited the financial statements of Amey Construction Limited for the year ended 31 December 2005 which comprise the Company profit and loss account, the Company balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the 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 is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

**Amey Construction Limited**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*  
London

26 April 2006

# Amey Construction Limited

## Profit and loss account for the year ended 31 December 2005

		<b>Total</b>	Pre Exceptional	Exceptional	
		<b>2005</b>	items	items	<b>Total</b>
			2004	(note 5)	2004
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	2	<b>14,438</b>	26	-	26
Cost of sales		<b>(12,358)</b>	(40)	-	(40)
<b>Gross profit (loss)</b>		<b>2,080</b>	(14)	-	(14)
Administrative expenses		<b>(55)</b>	(59)	1,000	941
<b>Operating profit (loss)</b>	5	<b>2,025</b>	(73)	1,000	927
Net interest receivable	6	<b>79</b>	10	-	10
<b>Profit (loss) on ordinary activities before taxation</b>		<b>2,104</b>	(63)	1,000	937
Tax on profit on ordinary activities	7	-	-	-	-
<b>Profit transferred to reserves</b>		<b>2,104</b>	(63)	1,000	937

All transactions related to continuing operations.

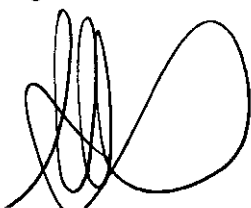
There were no recognised gains or losses other than the profit for the financial year.

The notes on pages 7 to 13 form part of these financial statements.

**Amey Construction Limited****Balance sheet at 31 December 2005**

	<b>Note</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
<b>Current assets</b>			
Debtors	8	19,535	12,129
<b>Creditors: amounts falling due within one year</b>	9	(21,835)	(16,533)
<b>Net current liabilities</b>		<u>(2,300)</u>	<u>(4,404)</u>
<b>Capital and reserves</b>			
Called up share capital	10	57,452	57,452
Profit and loss account	11	(59,752)	(61,856)
<b>Equity shareholders' deficit</b>	12	<u>(2,300)</u>	<u>(4,404)</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 31 March 2006 and signed on its behalf by:



M Ewell  
**Director**

The notes on pages 7 to 13 form part of these financial statements.



## 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom Accounting Standards.

In accordance with their responsibilities as Directors, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

The Company's balance sheet shows net liabilities at 31 December 2005 and in these circumstances the Company's trading activities are supported by the Company's intermediate parent undertaking, Amey UK plc. The Directors have no reason to believe that this support will not continue and have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of one year from the date of approval of the financial statements.

The following principal accounting policies have been applied consistently:

### *Turnover*

Turnover represents the value of work done during the year calculated by reference to the value of contracts closed and the movement in work in progress during the year, excluding VAT.

### *Amounts recoverable on contracts*

Amounts recoverable on contracts represent the excess of work done including attributable profit over cumulative payments on account received. Payments on account in excess of work done are included within creditors. Full provision is made for estimated losses to completion of contracts.

### *Deferred taxation*

Deferred tax is recognised on all timing differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### *Pension costs*

#### Defined contribution scheme

The pension costs charged against profit represent the amount of the contributions payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the Company in an independently administered fund.

#### Defined benefit scheme

The Company participates in a defined benefit scheme but is unable to identify its share of the underlying assets and liabilities. It has therefore taken advantage of the provision in FRS 17 (Retirement benefits), which allows the Company to account for it as a defined contribution scheme. As a result the pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting period. Any deficits or surpluses in the schemes in which the Company participates, are disclosed in note 13 to the financial statements. The Company may be required to make contributions to, or receive the benefit of, any deficits or surpluses that may arise in these schemes over time.

## Amey Construction Limited

### Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

#### 1 Accounting policies (Continued)

##### *Pre-contract and certain other costs arising on contracts*

The Company expenses all pre-contract costs and other costs where recovery is not specifically provided for in accordance with the contract terms. The Company recognises on the balance sheet bid costs where it is virtually certain that a contract will be obtained and the contract is expected to result in future net cash inflows with a present value greater than the amount recognised as an asset. Costs are not subsequently reinstated when a contract award is achieved.

#### 2 Turnover

The turnover and profit on ordinary activities before taxation are attributable to the continuing operations and principal activity of civil engineering and surfacing. All turnover arises solely in the UK.

#### 3 Employees

	2005	2004
	£'000	£'000
Staff costs consist of:		
Wages and salaries	2,148	-
Social security costs	178	-
Other pension costs	82	-
	<hr/>	<hr/>
	2,408	-
	<hr/>	<hr/>

The Company had no direct employees in either of the above years. The above represents employees of Amey Services Limited, whose costs were recharged to the Company in direct support of its trade.

	2005	2004
	Number	Number
The average number of employees during the year was as follows:		
Contract based employees	10	-
Management and administration	-	-
	<hr/>	<hr/>
	10	-
	<hr/>	<hr/>

## Amey Construction Limited

### Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

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#### 4 Directors

Details of the remuneration of Directors who are also Directors of the intermediate parent undertaking Amey UK plc and Amey Programme Management Limited are disclosed in those companies' financial statements.

No directors were remunerated through the Company in 2005 or 2004.

#### 5 Operating profit

	2005 £'000	2004 £'000
The operating profit is stated after:		
<i>Exceptional items</i>		
- current asset write-backs	-	1,000

The auditors' remuneration is borne by the Company's intermediate parent undertaking, Amey plc.

#### 6 Net interest receivable

	2005 £'000	2004 £'000
Other interest receivable and similar income	79	10

**Amey Construction Limited**

**Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)**

**7 Taxation on profit from ordinary activities**

	2005 £'000	2004 £'000
<i>Current tax</i>		
UK corporation tax at 30% (2004 – 30%)	-	-
Total current tax	-	-

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	2,104	937
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 – 30%)	631	281
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3	2
Movement in other timing differences	67	(296)
Group relief	(24)	13
Brought forward losses utilised	(677)	-
Current tax charge for year	-	-

The estimated value of the potential deferred tax asset not recognised of £2,545,000 (2004 – £3,212,000) was in respect of unutilised tax losses of £8,483,000 (2004 – £10,706,000), measured at the standard tax rate of 30%.

**8 Debtors**

	2005 £'000	2004 £'000
Amounts due within one year:		
Trade debtors	6	-
Amounts owed by group undertakings	12,669	12,057
Amounts recoverable under contracts	1,690	72
Other debtors	5,168	-
VAT	2	-
	19,535	12,129

## Amey Construction Limited

### Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

#### 9 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Bank overdraft	7,871	4,069
Payments received on account	-	-
Trade creditors	283	179
Amounts due to group undertakings	5,711	5,956
VAT	-	42
Other creditors	2	97
Accruals and deferred income	7,968	6,190
	<u>21,835</u>	<u>16,533</u>

#### 10 Share capital

	2005 £'000	2004 £'000
<i>Authorised</i>		
57,452,100 Ordinary shares of £1 each	57,452	57,452
<i>Allotted, called up and fully paid</i>		
57,452,002 Ordinary shares of £1 each	57,452	57,452

On 31 March 2006, the Ordinary share capital of the Company was increased to £60,452,000 by the creation and allotment of an additional 3,000,000 Ordinary shares of £1 each, all of which are identical and rank pari passu with the existing £1 Ordinary shares of the Company.

#### 11 Profit and loss account

	£'000
At 1 January 2005	(61,856)
Profit for the financial year	2,104
<b>At 31 December 2005</b>	<u><b>(59,752)</b></u>

## Amey Construction Limited

### Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

#### 12 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	2,104	937
Shareholders' deficit at 1 January 2005	(4,404)	(5,341)
<b>Shareholders' deficit at 31 December 2005</b>	<b>(2,300)</b>	<b>(4,404)</b>

#### 13 Pensions

##### *Defined Benefit Scheme*

The Company operates defined benefit pension schemes for the benefit of the employees. The assets of these schemes are administered by trustees in funds independent from the assets of the Company. The Company also provides post-retirement benefits other than pensions to the employees.

The Company pays contributions to defined benefit pension schemes where more than one employer participates and is therefore unable to identify its share of the underlying assets and liabilities of those schemes. Taking advantage of the provision in FRS 17 (Retirement benefits), which allows the Company to account for it as a defined contribution scheme, the pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting period.

The net deficit in the schemes in which the Amey Group participates amounted to £109,316,000 at the balance sheet date (2004 – £83,458,000). The Company may be required to make proportionate contributions to, or receive the proportionate benefit of, any deficits or surpluses that may arise in these schemes over time. Full details of Amey Group pension schemes are disclosed in the financial statements of Amey UK plc.

#### 14 Financial and capital commitments

The Company had no financial or capital commitments at 31 December 2005 or 31 December 2004.

#### 15 Contingent liabilities

The Company has guaranteed performance bonds in the normal course of business.

Losses for which no provision has been made in these accounts which might arise from litigation in the normal course of business are not expected to be material in the context of these accounts.

Claims have been made against construction joint ventures of which Amey Construction Limited is a member. The claims are being defended vigorously.

**16 Related party transactions**

The Company has taken advantage of the exemption conferred by FRS 8 (Related party disclosures) not to disclose transactions with members of the group headed by Grupo Ferrovial, S.A. on the grounds that at least 90% of the voting rights in the Company are controlled within that group and the Company is included in those consolidated financial statements.

**17 Cashflow statement**

The Company has taken advantage of the exemption conferred by FRS 1 (Cashflow Statements) not to prepare a group cashflow statement on the basis that the Company's results are included in the consolidated financial statements of Grupo Ferrovial, S.A, the Company's ultimate parent company, whose financial statements are publicly available.

**18 Post balance sheet event**

On 31 March 2006, the Ordinary share capital of the Company was increased to £60,452,000 by the creation and allotment of an additional 3,000,000 Ordinary shares of £1 each, all of which are identical and rank pari passu with the existing £1 Ordinary shares of the Company.

**19 Ultimate parent undertaking**

The ultimate parent company and controlling party is Grupo Ferrovial, S.A., a company incorporated in Spain.

Copies of the group financial statements of Grupo Ferrovial, S.A., which is the parent of the largest group of which the Company is a member, can be obtained from:

Grupo Ferrovial, S.A.  
Principe de Vergara, 135  
28002 Madrid  
Spain

Copies of the group financial statements of Amey UK plc, the ultimate holding company in the UK and the parent of the smallest group for which group financial statements are prepared and of which the Company is a member, can be obtained from:

Head Office  
The Sherard Building  
Edmund Halley Road  
Oxford  
OX4 4DQ