

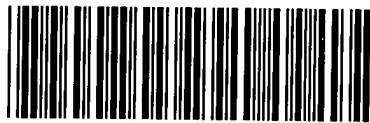
Amey LG Limited

Report and Financial Statements

Year ended

31 December 2014

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Company no. 03612746

Amey LG Limited

Annual report and financial statements for the year ended 31 December 2014

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Directors

M Ewell
N M Gregg
A L Milner
A L Nelson

Company Secretary and registered office

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

Company number

03612746

Auditor

Deloitte LLP, Chartered Accountants and Statutory Auditor, 2 New Street Square, London, EC4A 3BZ

The Directors present their Strategic report for the year ended 31 December 2014.

Principal activities

The Company is engaged in highways management and maintenance. There have been no changes in the Company's activities in the year under review.

Review of business and future developments

The profit and loss account for the year is set out on page 6 and shows turnover of £495,321,000 (2013 - £463,222,000) and a loss after tax of £8,610,000 (2013 - £4,139,000 loss).

Turnover has increased by 7% year-on-year. New contracts for highways maintenance for Gloucestershire Council, Staffordshire Council and the M8 in Scotland, together with the full year impact of a previous contract win at Liverpool, drove this increase. This is offset by the natural conclusion of contracts for Scottish Trunk Roads and Transport for London in the previous year.

Continuing business has seen capital expenditure volumes on the Sheffield Highways PFI contract increase, though this has been offset by reduced volumes of similar work on the Birmingham Highways PFI contract. Turnover is expected to reduce on these contracts during 2015 as capital works are completed. The Area 9 MAC highways contract in the West Midlands area completed in 2014 with residual duties continuing through to 2015, but at noticeably lower levels.

The operating loss increased from £3,700,000 in 2013 to £9,299,000 in 2014. The additional contribution from new work was eroded by significant costs arising on meeting our obligations on the Birmingham Highways PFI contract.

There have been no events since the balance sheet date which materially affect the position of the Company.

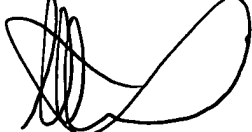
Key performance indicators

The Company's principal key performance indicators are turnover and profit before tax, which are shown in the profit and loss account for the year set out on page 6.

Principal risks and uncertainties

The Company's risks and other key performance indicators are reported and managed on a Divisional basis. To gain a further understanding of this business, details of the Divisional reviews are contained in the Report and Financial Statements of the intermediate parent undertaking, Amey UK plc ("the Group"), for the year ended 31 December 2014. The Company is a member of the Government Division and of the Consulting, Rail and Strategic Highways Division of the Group.

On behalf of the Board



Mel Ewell
Director

10 March 2015

Report of the Directors for the year ended 31 December 2014

The Directors present their report together with the audited financial statements for the year ended 31 December 2014.

Directors

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

M Ewell
N M Gregg
A L Milner
A L Nelson

Going Concern

After making enquiries, and based on the assumptions outlined in note 1 to the financial statements, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Dividends

No dividends were paid by the Company during the year (2013 – £nil). The Directors do not recommend the payment of a final dividend.

Auditor

Deloitte LLP has been appointed as Auditor and has expressed their willingness to continue in office as auditor. In accordance with s487 of the Companies Act 2006 Deloitte LLP will be re-appointed as Auditor to the Company for the year to 31 December 2015.

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of the audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the Board



Mel Ewell
Director

10 March 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Report of the Directors 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions 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 auditor's report to the members of Amey LG Limited

We have audited the financial statements of Amey LG Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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.

Report of the independent auditor (*continued*)

Independent auditor's report to the members of Amey LG Limited (*continued*)

Opinion on other matter prescribed by the Companies Act 2006

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

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.



Emma Cox BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

12 March 2015

Amey LG Limited**Profit and loss account for the year ended 31 December 2014**

	Note	2014 £'000	2013 £'000
Turnover	2	495,321	463,222
Cost of sales		<u>(472,108)</u>	<u>(436,536)</u>
Gross profit		23,213	26,686
Administrative expenses		<u>(32,512)</u>	<u>(30,386)</u>
Operating loss	5	(9,299)	(3,700)
Income from fixed asset investments		<u>-</u>	<u>500</u>
Loss on ordinary activities before interest	5	(9,299)	(3,200)
Net interest payable and similar charges	6	<u>(4,291)</u>	<u>(2,324)</u>
Loss on ordinary activities before tax		(13,590)	(5,524)
Tax on loss on ordinary activities	7	<u>4,980</u>	<u>1,385</u>
Loss after tax and retained for the financial year	17	<u>(8,610)</u>	<u>(4,139)</u>

All transactions relate to continuing operations.

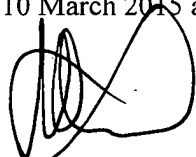
There were no recognised gains and losses other than the loss for the current and preceding financial year. Accordingly, a statement of total recognised gains and losses has not been presented.

The notes on pages 8 to 19 form part of these financial statements.

Balance sheet at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Goodwill	8	2,811	-
Tangible fixed assets	9	783	525
Investment in subsidiary undertakings	10	4,651	4,651
Total fixed assets		8,245	5,176
Current assets			
Stocks	11	8,124	9,604
Debtors			
- amounts falling due within one year	12	229,946	211,020
- amounts falling due after more than one year	12	9	-
Cash at bank and in hand		4,508	14,958
Total current assets		242,587	235,582
Creditors: amounts falling due within one year	14	(240,408)	(221,356)
Net current assets		2,179	14,226
Total assets less current liabilities		10,424	19,402
Creditors: amounts falling due after more than one year	15	(1,132)	(1,500)
Net assets		9,292	17,902
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	9,292	17,902
Equity shareholders' funds	17	9,292	17,902

The financial statements on pages 6 to 19 were approved and authorised for issue by the Board of Directors on 10 March 2015 and signed on its behalf by:



Mel Ewell
Director

The notes on pages 8 to 19 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.

The following principal accounting policies have been applied consistently in the current and prior year:

Basis of consolidation

The Company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006 on the grounds that it is itself a wholly owned subsidiary undertaking of a company registered in England and Wales. These financial statements therefore, present information about the individual undertaking and not about its group.

Going concern

The Company is a subsidiary of Amey UK plc and its financial resources are managed on a Group basis. In 2014, the Group generated strong cash flows and maintained a high degree of liquidity. Group cash balances at 31 December 2014 were £203.1 million and, in addition, the Group held £100 million of undrawn bank loan facilities at that date, which expire in July 2019.

The Directors have prepared forecasts for the purpose of their going concern review which show that the Amey Group of companies operates comfortably within its available cash balances and credit facilities. The Directors have also considered reasonably possible sensitivities in the forecasts which principally reflect the impact of continued economic uncertainty and unforeseen adverse working capital movements. The Directors have also considered various mitigating actions available to the Group including reducing discretionary spend and further active management of working capital.

In drawing their conclusions on going concern, the Directors have reviewed the forecasts, sensitivities and mitigating actions noted above. They have considered the impact of being part of the wider Ferrovial Group. As a result of their considerations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of signing these financial statements. The Directors therefore continue to adopt the going concern basis in preparing these financial statements.

Goodwill

Goodwill is included in the balance sheet at cost and it is amortised over its useful economic finite life. The Company has no goodwill with an indefinite life.

The Company reviews the carrying value of goodwill in the light of developments in its business and makes provision for any impairment in value as the need arises.

Turnover

Turnover from long-term project contract activities represents the fair value of work done during the year calculated by reference to total sales value and the stage of completion of these contracts including the movement in work in progress during the year. Estimates are included in respect of amounts not invoiced at the balance sheet date. All turnover excludes VAT.

1 Accounting policies (*continued*)

Turnover (continued)

Turnover from other contract activities represents fee income receivable in respect of services provided during the year. Estimates are included of amounts not yet invoiced. The Company manages customer expenditure and charges customers for goods purchased from suppliers and services performed by contractors. These amounts are included in revenue and costs of sales when the Company is acting as a principal, but where the Company is acting as an agent, transactions are recognised on a net basis. The Company defers other fees receivable and brings these fees into revenue in line with the degree of completion of the service delivery.

Tangible assets and depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Plant and equipment: 33%

Income from fixed asset investments

Investment income comprises dividends received during the accounting period and interest receivable on listed and unlisted investments.

Investment in subsidiary undertakings

Investments by the Company in the shares of subsidiary undertakings are stated at cost less any provision, where in the opinion of the Directors, there has been an impairment in the value of any such investment.

Investment in joint venture undertakings

Investments by the Company in the shares of, and loans to, joint venture undertakings are stated at cost less any provision, where in the opinion of the Directors, there has been an impairment in the value of any such investment.

Joint Arrangement that is Not an Entity ('JANE')

Where the Company has an interest in a joint venture that amounts to a JANE, the Company accounts directly for its part of the results, assets and liabilities held within the structure.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value.

Contract work in progress is stated at cost, which includes appropriate overheads but not interest, or at net realisable value, whichever is lower. Full provision is made for estimated losses to the completion of contracts.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

1 Accounting policies (*continued*)

Foreign currency

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Group income statement.

Pension costs- defined benefit schemes

The Company participates in defined benefit schemes 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) that allows the Company to account for them as defined contribution schemes. As a result the pension costs charged against operating profit are the contributions payable to the schemes in respect of the accounting period. Any deficits or surpluses in the schemes in which the Company participates, are disclosed in note 18 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.

Pension costs - defined contribution schemes

The amount recognised in the profit and loss account is equal to the contributions payable to the schemes during the year.

Leasing and hire purchase commitments

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the length of the lease.

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.

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

Turnover and loss on ordinary activities before tax are attributable to the principal activity of highways management and maintenance. Turnover arising in the UK totalled £484,782,000 (2013 – £454,790,000) and turnover arising in the Middle East totalled £10,539,000 (2013 – £8,432,000).

3 Employees (including Directors)

The Company had no direct employees in either 2014 or 2013. The costs of employees of Amey Services Limited are recharged to this Company in direct support of its trade.

In previous years, the Company has included information, on a voluntary disclosure basis, of the employees of Amey Services Limited, whose costs were recharged to the Company in direct support of its trade. This information is now disclosed in Amey Services Limited and relates to all of the companies in the Amey Group where Amey Services Limited is the employing company.

4 Directors

Remuneration of the Directors paid by Amey Services Limited in respect of services to this Company was as follows:

	2014 £'000	2013 £'000
Emoluments	793	537
Contributions to money purchase pension schemes	<u>5</u>	<u>48</u>

The amounts set out below include remuneration in respect of the highest paid Director, as follows:

Emoluments	793	427
Contributions to money purchase pension schemes	<u>5</u>	<u>38</u>

In addition to the emoluments shown above, compensation for loss of office totaling £nil (2013 – £121,000) was paid during the year.

In respect of the Directors included above, no Director (2013 – none) participated in a defined benefit pension scheme and one Director (2013 – two) participated in a money purchase pension scheme.

Details of the remuneration of the other Directors, whose services are of a non-executive nature and who are also directors of the Company's intermediate parent undertaking, Amey UK plc, or of its fellow group undertaking, Amey OW Limited, are disclosed in those companies' financial statements.

5 Loss on ordinary activities before interest

	2014	2013
	£'000	£'000
The operating loss is stated after charging:		
Amortisation of goodwill	289	-
Depreciation – owned tangible assets	284	134
Lease rentals – land and buildings	4,156	5,118
– hire of plant and machinery	26,247	21,736
Loss on disposal of tangible assets	<u>-</u>	<u>43</u>

The auditor's remuneration is borne by Amey Group Services Limited, a fellow subsidiary undertaking of the Company, and is not recharged.

6 Net interest payable and similar charges

	2014	2013
	£'000	£'000
Interest payable to group undertakings	(4,147)	(1,590)
Loss on foreign exchange	(25)	(437)
Other interest receivable and similar income	3	60
Other interest payable and similar charges	<u>(122)</u>	<u>(357)</u>
Net interest payable and similar charges	<u>(4,291)</u>	<u>(2,324)</u>

7 Tax on loss on ordinary activities

	2014	2013
	£'000	£'000
<i>Current tax</i>		
UK corporation tax at 21.5% (2013 – 23.25%)		
- current year	3,519	2,606
- adjustments in respect of prior years	1,730	(227)
Overseas tax		
- current year	(288)	(212)
- adjustments in respect of prior years	37	(9)
Total current tax credit for the year	4,998	2,158
<i>Deferred tax</i>		
Transferred from deferred tax asset (note 13)	(18)	(773)
Total tax credit for the year	4,980	1,385

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

	2014	2013
	£'000	£'000
Loss on ordinary activities before tax	(13,590)	(5,524)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	(2,922)	(1,284)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	106	191
Depreciation in deficit of capital allowances	(84)	(136)
Foreign permanent establishment exemption	(619)	(492)
Effect of tax rate in foreign jurisdictions	288	212
Other timing differences	-	(769)
Non-taxable income	-	(116)
Adjustments in respect of prior years	(1,767)	236
Total current tax credit for the year	(4,998)	(2,158)

The UK Finance Act 2013, enacted on 17 July 2013, included provision for the main rate of corporation tax to reduce from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. This will reduce the Company's future tax charge accordingly.

8 Goodwill

	£'000
<i>Cost</i>	
Additions	3,100
At 31 December 2014	3,100
<i>Amortisation</i>	
Provided in year	289
At 31 December 2014	289
<i>Carrying amount</i>	
At 31 December 2014	2,811
At 31 December 2013	-

The additions to goodwill arose in respect of rights to third party revenue forming part of a 25-year contract and is being amortised over the remaining term.

9 Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>			
At 1 January 2014	-	2,014	2,014
Additions	150	410	560
Disposals	-	(27)	(27)
At 31 December 2014	150	2,397	2,547
<i>Depreciation</i>			
At 1 January 2014	-	1,489	1,489
Provided in year	-	284	284
Disposals	-	(9)	(9)
At 31 December 2014	-	1,764	1764
<i>Net book value</i>			
At 31 December 2014	150	633	783
At 31 December 2013	-	525	525

10 Investment in subsidiary undertakings**£'000***Cost and net book value*

At 1 January 2014 and at 31 December 2014

4,651

At 31 December 2014, the Company held more than 20% of the allotted share capital of the following subsidiary undertakings, all of which are registered in England and Wales.

Undertaking	Class of share capital held	Proportion held	Nature of business
Amey Public Services LLP	Limited liability partnership	66.7%	Highways management
Amey Roads (North Lanarkshire) Limited	'A' ordinary shares	66.7%	Highways management
Amey Wye Valley Limited	Ordinary shares	80%	Highways maintenance
AmeyCespa Limited	Ordinary shares	50%	Waste management
Nationwide Distribution Services Limited	Ordinary shares	100%	Highways maintenance

11 Stocks

	2014	2013
	£'000	£'000
Raw materials and consumable stores	<u>8,124</u>	<u>9,604</u>

12 Debtors

	2014 £'000	2013 £'000 <i>restated</i>
<i>Amounts falling due within one year:</i>		
Trade debtors	20,737	24,021
Amounts recoverable under contracts	137,151	126,258
Amounts owed by group undertakings	48,294	52,681
Amounts owed by joint venture undertakings	16,840	1,422
Amounts owed by Ferrovial S.A. group undertakings	35	32
Other debtors	203	169
Deferred tax asset (note 13)	97	115
Prepayments and accrued income	6,589	6,322
Total current debtors	<u>229,946</u>	<u>211,020</u>
 <i>Amounts falling due after more than one year:</i>		
Amounts recoverable under contracts	<u>9</u>	<u>-</u>
Total long term debtors	<u>9</u>	<u>-</u>
Total debtors	<u>229,955</u>	<u>211,020</u>

Comparative information for 2013 has been restated to reclassify balances previously included as prepayments and accrued income of £89,128 arising on contracts as amounts recoverable under contracts.

13 Deferred tax asset

	£'000
At 1 January 2014	115
Credit to the profit and loss account	<u>(18)</u>
At 31 December 2014	<u>97</u>

A deferred tax asset of £97,000 (2013 – £115,000) has been recognised in respect of deferred capital allowances £97,000 (2013 – £115,000) which are expected to reverse in the foreseeable future and as the Company is anticipated to return to profit.

The estimated value of the potential deferred tax asset not recognised of £516,000 (2013 – £918,000) was in respect of deferred capital allowances of £2,200,000 (2013 – £2,881,000) and other timing differences of £382,000 (2013 – £2,282,000) measured at an expected standard tax rate of 20% (2013 – 20%).

14 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Payments received on account	3,638	2,216
Trade creditors	16,535	39,676
Amounts owed to group undertakings	151,818	110,203
Amounts owed to parent undertakings	274	-
Corporation tax	288	208
Other taxes and social security	8,695	10,770
Other creditors	1,170	1,775
Accruals and deferred income	57,990	56,508
Total creditors due within one year	240,408	221,356

15 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Other creditors		
- due between one and two years	500	500
- due between two and five years	500	1,000
Deferred income		
- due between one and two years	132	-
Total creditors due after more than one year	1,132	1,500

16 Share capital

	2014 £	2013 £
<i>Issued, called up and fully paid</i>		
1 (2013 – 1) Ordinary share of £1 each	1	1

17 Profit and loss account and movement on equity shareholders' funds

	2014 £'000	2013 £'000
At 1 January	17,902	22,041
Loss for the financial year	(8,610)	(4,139)
At 31 December	9,292	17,902

18 Pensions*Defined Benefit Schemes*

The Company participates in defined benefit pension schemes for the benefit of the employees of the Amey Group. The assets of these schemes are administered by trustees in funds independent from the assets of the Company. The Amey Group 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 them as defined contribution schemes, the pension costs charged against operating profit are the contributions payable to the schemes in respect of the accounting period.

The net deficit in the schemes in which the Amey Group participates amounted to £77,204,000 at the balance sheet date (2013 – £87,793,000). 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.

19 Financial and capital commitments

At 31 December 2014, the Company had annual amounts payable for non-cancellable operating leases commitments that expire:

	Land and Buildings 2014 £'000	Other 2014 £'000	Total 2014 £'000	Land and buildings 2013 £'000	Other 2013 £'000	Total 2013 £'000
Within one year	558	3	561	37	4	41
In second to fifth year	1,883	10	1,893	1,930	18	1,948
After five years	383	-	383	907	-	907
Total lease commitments	<u>2,824</u>	<u>13</u>	<u>2,837</u>	<u>2,874</u>	<u>22</u>	<u>2,896</u>

The Company had no capital commitments at 31 December 2014 or at 31 December 2013.

20 Contingent liabilities

The Company has guaranteed certain performance bonds and borrowings of certain group undertakings.

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

There were no other contingent liabilities as at 31 December 2014 or at 31 December 2013.

21 Related party transactions

The Company is a wholly owned subsidiary undertaking of the group headed by Ferrovial, S.A. and has taken advantage of the exemption conferred by FRS 8 (Related Party Disclosures) not to disclose transactions with Ferrovial, S.A. or other wholly owned subsidiary undertakings within the Ferrovial, S.A. group.

22 Cash Flow statement

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

23 Ultimate parent undertaking

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

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

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