

InspirED Education Services Limited

Directors' report and accounts

31 December 2005

Registered number 5368838



InspirED Education Services Limited

Directors

C L Fidler
P J Holland

Secretary

C L Fidler

Registered Office

Sandiway House
Hartford
Northwich
Cheshire
CW8 2YA

Auditors

KPMG Audit Plc
Chartered Accountants
St James' Square
Manchester
M2 6DS

InspirED Education Services Limited

Directors' report

Business review

The company was incorporated on 17 February 2005. These accounts have been prepared for the period from incorporation to 31 December 2005.

The company did not trade during the period under review.

Directors

The current directors are listed on page 1.

The directors who served during the period were as follows:

CL Fidler (appointed 17 February 2005)

PJ Holland (appointed 17 February 2005)

The number of options in the ordinary share capital of AMEC plc, the ultimate parent company, held by directors under the Executive and Savings Related Share Option Schemes were as follows:

	As at 17 February 2005**	Exercised during the year	Granted during the year	As at 31 December 2005	Option price (pence)
PJ Holland	13,651	-	-	13,651	219.75
PJ Holland	40,849	-	-	40,849	219.75
PJ Holland	30,000	-	-	30,000	276.25
PJ Holland	26,000	-	-	26,000	320.00
CL Fidler	*3,385	-	-	3,385	218.00
CL Fidler	-	-	*680	680	278.50

* *savings related share scheme*

** *or on date of appointment*

The Performance Share Plan 2002 (the 'PSP') was approved by shareholders in 2002. The PSP replaced the Long-Term Incentive Plan (the 'Plan') which was introduced in 1998. The design of the PSP took account of the provisions of Schedule 'A' to the Combined Code.

In 2005, further shares were purchased in the market at 326.60p and 343.50p each and awards were made to directors on 8 April 2005 and 2 September 2005 respectively, as determined by the remuneration committee.

The awards made under the Plan in April 2002 failed to meet the relevant performance criteria and, therefore, the awards lapsed in April 2005.

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The number of restricted shares held by the directors to whom awards have been made under the PSP and the Plan were as follows:

	As at 17 February 2005**	Awarded 8 April 2005	Awarded 2 September 2005	Lapsed 8 April 2005	As at 31 December 2005
PJ Holland	82,854	27,552	10,771	19,645	101,532

Notes:

- i) The additional awards made in September 2005 were to give effect to the policy approved by the 2005 annual general meeting to increase performance share awards and to cease annual option awards. The timing of the awards was delayed due to close period restrictions.
- ii) The award of restricted shares will vest only if pre-determined performance conditions are met. These performance conditions, which are measured over three years, require the total return to ordinary shareholders (share price growth plus re-invested dividends) to be ranked in the top quartile of a group of engineering, construction and building material comparator companies for an award to vest in full. If the company's performance is at the median, 25% of the award will vest. Between those two levels, the award will vest on a sliding scale. No awards will vest if the company's performance is below the median at the end of the measured period.
- iii) The total value of awards cannot exceed 75% of a participant's base annual salary in any year.
- iv) Participants in the long-term incentive plan will not receive further grants of options under the Executive Share Option Scheme.

The closing price of the ordinary shares at 31 December 2005 was 343.50 pence (2004: 297.75 pence).

The range of the closing prices for the shares during the year was 300.00 pence to 372.00 pence.

The register of directors' interests, which is open to inspection at the company's registered office, contains full details of directors' shareholdings, share options and awards under the long-term incentive plan.

Ordinary shares in AMEC plc held by directors were as follows:

	As at 17 February 2005**	As at 31 December 2005
PJ Holland	11,438	11,438
CL Fidler	2,460	1,460

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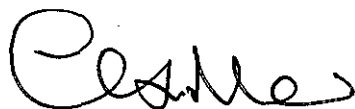
Third party indemnity provisions

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Auditors

KPMG Audit Plc were appointed as auditors of the company during the period. A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc.

By Order of the board



C L FIDLER
Secretary

Sandiway House
Hartford
Northwich
Cheshire
CW8 2YA

InspirED Education Services Limited

Profit and loss account for the period ended 31 December 2005

The company did not trade during the period from incorporation to 31 December 2005, received no income and incurred no expenditure. Consequently, during that time the company made neither a profit nor a loss.

Balance sheet as at 31 December 2005

	Note	2005 £
DEBTORS: amounts due from group undertakings		<u>1</u>
CAPITAL AND RESERVES		
Share capital	2	<u>1</u>

These accounts were approved by the board of directors on 19 October 2006
and were signed on its behalf by:



CL FIDLER
DIRECTOR

The notes on page 6 form part of these accounts.

InspirED Education Services Limited

Notes to the accounts

1 ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

Basis of preparation of the accounts

The directors have taken advantage of the exemption in FRS 8 "Related party transactions", paragraph 3(c) and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

In the period the company has adopted FRS 17 "Retirement benefits", FRS 21 "Events after the balance sheet date", the presentation requirements of FRS 25 "Financial instruments: disclosure and presentation" and FRS 28 "Corresponding amounts".

Cash flow statement

The company is exempt from the requirement of FRS 1 "Cash flow statements" to prepare a cash flow statement as it is entitled to the filing exemption as a small company under Sections 246 and 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

2 SHARE CAPITAL

	Authorised	Allotted called up and fully paid
	2005 Number	2005 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>

On incorporation the company issued one £1 ordinary share.

3 ULTIMATE PARENT COMPANY

The company regarded by the directors as the ultimate parent company is AMEC plc which is incorporated in England. Copies of the group accounts can be obtained from AMEC plc, Sandiway House, Hartford, Northwich, Cheshire, CW8 2YA.

InspirED Education Services Limited

Statement of directors' responsibilities in respect of the directors' report and the accounts

The directors are responsible for preparing the directors' report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with UK accounting standards.

The accounts are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that year.

In preparing those accounts, 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law, the directors are also responsible for preparing a directors' report that complies with that law.

InspirED Education Services Limited

Independent Auditor's report to the members of InspirED Education Services Limited

We have audited the accounts of InspirED Education Services Limited for the period ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These accounts 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 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 auditors

As described in the statement of directors' responsibilities on page 7, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts 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 accounts 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 accounts, 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 other transactions is not disclosed.

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

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

InspirED Education Services Limited

Opinion

In our opinion the accounts:

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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

31 OCTOBER 2006