

**Amey Construction Limited**

**Report and Financial Statements**

**Year ended**

**31 December 2013**

Company no 02379472

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**Amey Construction Limited**

**Annual report and financial statements for the year ended 31 December 2013**

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**Directors**

M Ewell  
K Holder  
A L Nelson

**Company Secretary and registered office**

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

**Company number**

02379472

**Auditor**

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

## **Amey Construction Limited**

### **Strategic report for the year ended 31 December 2013**

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The Directors present their Strategic report for the year ended 31 December 2013

#### **Principal activities**

The Company is principally engaged in the activity of civil engineering, building works and highways 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 7 and shows turnover of £1,106,000 (2012 – £1,779,000) and a profit after tax of £896,000 (2012 – £347,000).

The M6 Routine, Operation and Maintenance contract continues and has contributed to increase gross profits during 2013. The Directors expect the current level of activity to continue in 2014.

The Company also made an exceptional gain of £389,000 in 2013 following the forgiveness of intercompany debt by former fellow subsidiary undertakings.

No dividend was paid by the Company during the year (2012 – £nil).

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

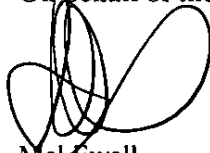
#### **Key performance indicators**

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 7.

#### **Principal risks and uncertainties**

The Company's risks and 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 2013. The Company is a member of the Consulting, Rail and Strategic Highways Division of the Group.

**On behalf of the Board**



**Mel Ewell**  
**Director**

29 April 2014

## **Amey Construction Limited**

### **Report of the Directors for the year ended 31 December 2013**

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The Directors present their report together with the audited financial statements for the year ended 31 December 2013

#### **Directors**

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

M Ewell  
K Holder  
A L Nelson

#### **Employee involvement and employment policies**

##### *Employee engagement*

The Amey Group's ("Group") policy is to have open and regular communication with all Group employees through both formal and informal processes which are regularly reviewed and developed. Employees are provided with information about the Group through Chief Executive Officer briefings, 'Hub', the employee magazine and 'Connect', a monthly newsletter update which has kept all Group employees updated on integration activities following the acquisition of Enterprise. This is in addition to a monthly cascade briefing process for line managers. The Group also regularly reviews and updates its intranet site, AmeyWorld which provides a wealth of information accessible across the Group including news, processes and results. In addition Toolbox Talks provide regular communications to operatives with updates on Health and Safety and contract or site information together with corporate messages. Members of the Group pension schemes also receive regular reports and communications on matters relating to their pensions. The Group also conducted an employee survey during 2013 which has assisted the Directors' understanding of the areas which required action to improve the business.

##### *Diversity and inclusion*

The Group recognises and values the diversity of employees, customers and the general community in which it operates. As an integral part of this philosophy, the principle of valuing diversity and sustaining the inclusive culture is actively promoted. The Group's aim is to ensure that no job applicant, employee or former employee receives less favourable treatment on the grounds of colour, age, race, nationality, responsibility for dependants, ethnic or national origin, gender, marital status, sexual orientation, religion, beliefs or as a consequence of unlawful discrimination relating to disability.

##### *Disabled employees*

The Group encourages the recruitment, training, promotion and career development of disabled people on the basis of their aptitude and abilities and the retention and re-training of employees who become disabled. Disabled persons are employed under normal terms and conditions. Any reasonable adjustments are made that are necessary to assist disabled employees to perform their role. Work locations are assessed continually to ensure disability does not inhibit access or usage for employees, customers or the wider community.

**Amey Construction Limited**

**Report of the Directors for the year ended 31 December 2013 (continued)**

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**Auditor**

During the year BDO LLP resigned as auditor to the Company and has deposited a statement in accordance with s519 of the Companies Act 2006 that there are no circumstances associated with the resignation that need to be brought to the attention of the members or creditors of the Company

Deloitte LLP has been appointed as Auditor and has expressed 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 2014

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**

A handwritten signature in black ink, appearing to be 'Mel Ewell', written over a circular stamp or seal.

**Mel Ewell**  
**Director**

29 April 2014

## **Amey Construction Limited**

### **Statement of Directors' responsibilities**

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The Directors are responsible for preparing the Strategic report, the Report of 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.

## **Amey Construction Limited**

### **Report of the independent auditor**

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#### **Independent auditor's report to the members of Amey Construction Limited**

We have audited the financial statements of Amey Construction Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 2013 and of its profit 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

**Amey Construction Limited**

**Report of the independent auditor (continued)**

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**Independent auditor's report to the members of Amey Construction 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

30 April 2014



**Amey Construction Limited**

**Profit and loss account for the year ended 31 December 2013**

	Note	2013 £'000	2012 £'000
<b>Turnover</b>	2	<b>1,106</b>	1,779
Cost of sales		<u>(602)</u>	<u>(1,433)</u>
<b>Gross profit</b>		<b>504</b>	346
Exceptional income	5	<u>389</u>	-
<b>Operating profit</b>	5	<b>893</b>	346
Net interest receivable	6	<u>3</u>	<u>2</u>
<b>Profit on ordinary activities before tax</b>		<b>896</b>	348
Tax on profit on ordinary activities	7	<u>-</u>	<u>(1)</u>
<b>Profit after tax and retained for the financial year</b>	11	<b><u>896</u></b>	<b><u>347</u></b>

All transactions relate to continuing operations

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

The notes on pages 9 to 15 form part of these financial statements

## Balance sheet at 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Current assets</b>			
Debtors	8	14,985	32,101
Cash at bank and in hand		<u>649</u>	<u>-</u>
Total current assets		15,634	32,101
<b>Creditors: amounts falling due within one year</b>	9	<u>(9,832)</u>	<u>(27,195)</u>
<b>Net current assets</b>		<u>5,802</u>	<u>4,906</u>
<b>Net assets</b>		<u>5,802</u>	<u>4,906</u>
<b>Capital and reserves</b>			
Called up share capital	10	60,452	60,452
Profit and loss account	11	<u>(54,650)</u>	<u>(55,546)</u>
<b>Equity shareholders' funds</b>	12	<u>5,802</u>	<u>4,906</u>

The financial statements on pages 7 to 15 were approved and authorised for issue by the Board of Directors on 29 April 2014 and signed on its behalf by



Mel Ewell  
Director

The notes on pages 9 to 15 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

### *Going concern*

The Company is a subsidiary of Amey UK plc and its financial resources are managed on a Group basis. Amey UK plc has a revolving committed syndicated credit facility of £135 million maturing on 5 August 2015 and other committed credit facilities of £10 million which matured in March 2014.

After making enquiries, the Directors have no reason to believe that amounts remaining to be drawn down under the existing bank loan facilities will not be forthcoming and are confident that the Group will be able to renew these medium term facilities in advance of their expiry. The Directors believe that the Group is well placed to manage its business risks successfully despite the current macro-economic market conditions.

Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing these financial statements.

### *Turnover*

Turnover represents the value of work done during the year calculated by reference to the total sales value and the stage of completion of these contracts including 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.

### *Deferred tax*

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. Deferred tax balances are not discounted.

### *Loss making contracts*

In the event that a contract is expected to be loss making, the Company recognises a provision for the estimated future losses in full and utilises the provision as losses arise.

## Amey Construction Limited

### Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

#### 1 Accounting policies (*continued*)

##### *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), which 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 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.

##### *Pension costs - defined contribution schemes*

The pension costs charged against profit represent the amount of the contributions payable to the schemes in respect of the accounting period.

#### 2 Turnover

Turnover and profit on ordinary activities before tax are attributable to the principal activity of civil engineering, building works and highways maintenance. All turnover arises solely within the UK.

#### 3 Employees (including Directors)

	2013 £'000	2012 £'000
Staff costs consist of		
Wages and salaries	330	440
Social security costs	33	45
Other pension costs – defined contribution schemes	7	10
Total staff costs	<u>370</u>	<u>495</u>
	2013 Number	2012 Number
The average number of employees during the year was as follows		
Contract based employees	<u>3</u>	<u>3</u>

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.

## Amey Construction Limited

### Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

#### 4 Directors

Remuneration of Directors in respect of services to the Company, and of the highest paid Director, was as follows

	2013 £'000	2012 £'000
Emoluments	308	280
Contributions to money purchase pension schemes	3	-
Accrued pension entitlement at 31 December	<u>64</u>	<u>64</u>

In respect of the Directors included above, one Director (2012 – one) participated in a defined benefit pension scheme (which has been closed to future accrual) and that Director (2012 – none) also now participates 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, are disclosed in that company's financial statements

#### 5 Profit before interest and tax

	2013 £'000	2012 £'000
The operating profit is stated after charging		
Hire of plant and machinery	<u>137</u>	<u>262</u>

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

The Company also made an exceptional gain of £389,000 in 2013 following the forgiveness of intercompany debt by former fellow subsidiary undertakings

#### 6 Net interest receivable

	2013 £'000	2012 £'000
Other interest receivable and similar income	<u>3</u>	<u>2</u>

**Amey Construction Limited****Notes forming part of the financial statements for the year ended 31 December 2013 (continued)****7 Tax on profit on ordinary activities**

	2013 £'000	2012 £'000
<i>Current tax</i>		
UK corporation tax at 23.25% (2012 – 24.5%)	<u>-</u>	<u>1</u>

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

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>896</u>	<u>348</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	208	85
<i>Effects of</i>		
Utilisation of previously unrecognised assets	(117)	(84)
Non-taxable income	<u>(91)</u>	<u>-</u>
Current tax charge for year	<u>-</u>	<u>1</u>

The estimated value of the potential deferred tax asset not recognised of £703,000 (2012 – £925,000) was in respect of unutilised tax losses of £2,665,000 (2012 – £3,470,000) and other timing differences of £851,000 (2012 – £551,000), measured at an expected standard tax rate of 20% (2012 – 23%). A deferred tax asset has not been recognised as the Company does not anticipate paying tax in the foreseeable future.

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 Debtors**

	2013 £'000	2012 £'000
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	14,985	32,100
Other debtors	<u>-</u>	<u>1</u>
Total debtors	<u>14,985</u>	<u>32,101</u>

**Amey Construction Limited**

**Notes forming part of the financial statements for the year ended 31 December 2013 (continued)**

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

	2013 £'000	2012 £'000
Bank overdraft	-	16,820
Trade creditors	106	106
Amounts due to fellow group undertakings	8,878	9,338
Accruals and deferred income	848	931
<b>Total creditors</b>	<b>9,832</b>	<b>27,195</b>

**10 Share capital**

	2013 £'000	2012 £'000
<i>Issued, called up and fully paid</i>		
60,452,002 (2012 – 60,452,002) Ordinary shares of £1 each	<b>60,452</b>	<b>60,452</b>

**11 Profit and loss account (deficit)**

	£'000
Deficit as at 1 January	(55,546)
Profit retained for the financial year	896
<b>Deficit as at 31 December</b>	<b>(54,650)</b>

**12 Reconciliation of movements in equity shareholders' funds**

	2013 £'000	2012 £'000
Profit retained for the financial year	896	347
Net movement in equity shareholders' funds	896	347
Equity shareholders' funds at 1 January	4,906	4,559
<b>Equity shareholders' funds at 31 December</b>	<b>5,802</b>	<b>4,906</b>

**13 Pensions**

*Defined Benefit Schemes*

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 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 £87,793,000 at the balance sheet date (2012 – £84,175,000). 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 2013 or at 31 December 2012.

**15 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 2013 or at 31 December 2012.

**16 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.



## **Amey Construction Limited**

**Notes forming part of the financial statements for the year ended 31 December 2013 *(continued)***

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### **17 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

### **18 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