

Amey LUL 2 Limited

Report and Financial Statements

Year ended

31 December 2005



Company no. 4602504



BDO Stoy Hayward
Chartered Accountants

Amey LUL 2 Limited

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

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Directors

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Directors

A L Nelson
K Cottrell
M Ewell
J Leo

Secretary and registered office

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

Company number

4602504

Auditors

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

Amey LUL 2 Limited

Report of the Directors for the year ended 31 December 2005

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 after taxation of £513,000 for the period (2004 – £Nil).

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 providing management services to Tube Lines (Holdings) Limited and Tube Lines Limited ("The Tube Lines Group"). The Tube Lines Group is responsible for the maintenance, renewal and upgrade of the infrastructure of the Jubilee, Northern and Piccadilly lines of the London Underground.

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.

Directors

The Directors of the Company during the year were:

A L Nelson	
K Cottrell	(appointed 11 July 2005)
M Ewell	(appointed 11 July 2005)
J Leo	(appointed 11 July 2005)
P M Rees	(resigned 11 July 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 amount to 32 days of average supplies for the year. The Company had no trade creditors at 31 December 2004.

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

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.

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


A.L. Nelson *AL NELSON*
Director

31 March 2006

Amey LUL 2 Limited

Report of the independent auditors

To the shareholders of Amey LUL 2 Limited

We have audited the financial statements of Amey LUL 2 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 Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report 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.

Report of the independent auditors (*Continued*)

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

11 April 2006

Amey LUL 2 Limited

Profit and loss account for the year ended 31 December 2005

		Total 2005 £'000	Total 2004 £'000
	Note		
Turnover	2	30,074	-
Cost of sales		<u>(25,680)</u>	-
Gross profit		4,394	-
Administrative expenses		<u>-</u>	-
Operating profit	5	4,394	-
Net interest payable	6	<u>(3,882)</u>	-
Profit on ordinary activities before taxation		512	-
Tax on profit on ordinary activities	7	<u>-</u>	-
Profit transferred to reserves	12	<u>512</u>	-

All transactions related to continuing operations.

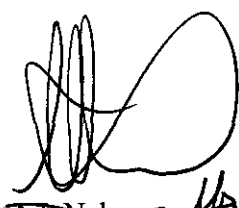
There were no recognised gains or profits other than the result for the financial year.

The notes on pages 7 to 12 form part of these financial statements.

Amey LUL 2 Limited**Balance sheet at 31 December 2005**

	Note	2005 £'000	2004 £'000
Fixed assets			
Intangible assets	8	<u>67,853</u>	-
Current assets			
Debtors	9	4,961	-
Cash at bank and in hand		<u>25</u>	-
		4,986	-
Creditors: amounts falling due within one year	10	<u>(72,327)</u>	-
Net current (liabilities) assets		<u>(67,341)</u>	-
Total assets less current liabilities		<u>512</u>	-
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		<u>512</u>	-
Equity shareholders' funds	12	<u>512</u>	-

The financial statements on pages 5 to 12 were approved by the Board of Directors on 31 March 2006 and signed on its behalf by:


A.L. Nelson
Director

The notes on pages 7 to 12 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 during the period.

Intangible fixed assets

Acquired intangible fixed assets are included in the balance sheet at cost and amortised over their useful economic finite lives. The Company has no intangible fixed assets with indefinite lives.

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

Turnover

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

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- Deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief
- 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 balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Pension costs – 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 15 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 scheme

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

Amey LUL 2 Limited

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

2 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

3 Employees

	2005	2004
	£'000	£'000
Staff costs during the year were as follows:		
Wages and salaries	3,727	-
Social security costs	302	-
Other pension costs	205	-
	<u>4,234</u>	<u>-</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.

	2005	2004
	Number	Number
The average number of employees during the year was as follows:		
Operations	<u>17</u>	<u>-</u>

4 Directors

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

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

5 Operating profit

	2005	2004
	£'000	£'000
Operating profit is stated after charging:		
Amortisation of intangible asset	5,147	-
Lease rentals – land and buildings	469	-
	<u>5,616</u>	<u>-</u>

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

Amey LUL 2 Limited

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

6 Net interest payable

	2005	2004
	£'000	£'000
Interest payable	<u>3,882</u>	<u>-</u>

7 Taxation on profit on ordinary activities

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

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

	2005	2004
	£'000	£'000
Profit on ordinary activities before tax	<u>513</u>	<u>-</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 – 30%)	154	-
<i>Effects of:</i>		
Other timing differences	316	-
Group relief	(470)	-
Current tax charge for year	<u>-</u>	<u>-</u>

Amey LUL 2 Limited

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

8 Intangible fixed assets

	2005	2004
	£'000	£'000
<i>Cost</i>		
At 1 January 2005	-	-
Additions	73,000	-
At 31 December 2005	73,000	-
<i>Amortisation</i>		
At 1 January 2005	-	-
Provided in year	5,147	-
At 31 December 2005	5,147	-
<i>Net book value</i>		
At 31 December 2005	67,853	-

The intangible fixed asset relates to contractual rights acquired with the purchase of the entire business of Jarvis LUL Limited, which provides key operational management and technical staff to Tube Lines Limited under a secondment agreement. The contractual rights have been capitalised at their cost of £73 million and are being amortised over 13 years, the remaining life of the contract to which it relates. No other assets or liabilities were acquired.

9 Debtors

	2005	2004
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	995	-
Other debtors	1,050	-
Prepayments and accrued income	2,916	-
	4,961	-

Amey LUL 2 Limited

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

10 Creditors

	2005	2004
	£'000	£'000
Amounts falling due within one year:		
Trade creditors	245	-
Accruals and deferred income	1,958	-
Amounts owed to group undertaking	70,084	-
Accruals	40	-
	<u>72,327</u>	<u>-</u>

11 Share capital

	2005	2004
	£	£
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Reconciliation of movements in shareholders' funds

	2005	2004
	£'000	£'000
Profit for the financial year	512	-
Shareholders' funds at 1 January 2005	-	-
Shareholders' funds at 31 December 2005	<u>512</u>	<u>-</u>

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 Capital commitments

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

As at 31 December 2005, the Company had amounts payable in the next year for non-cancellable operating lease commitments that expire:

	Land and buildings 2005 £'000	Land and buildings 2004 £'000
Within one year	<u>469</u>	<u>-</u>

15 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.

16 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.

17 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