

**Amey LUL 2 Limited**

**Report and Financial Statements**

**Year ended**

**31 December 2008**



Company no. 04602504



**BDO Stoy Hayward**  
Chartered Accountants

## **Amey LUL 2 Limited**

### **Annual report and financial statements for the year ended 31 December 2008**

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#### **Contents**

Directors

#### **Page:**

1	Report of the Directors
5	Report of the independent auditors
7	Profit and loss account
8	Balance sheet
9 - 15	Notes forming part of the financial statements

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#### **Directors**

K Cottrell  
M Ewell  
C V Fenton  
A L Nelson

#### **Secretary and registered office**

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

#### **Company number**

04602504

#### **Auditors**

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

## **Amey LUL 2 Limited**

### **Report of the Directors for the year ended 31 December 2008**

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The Directors present their report together with the audited financial statements for the year ended 31 December 2008.

#### **Principal activities**

The Company is 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. There have been no changes in the Company's activities in the year under review.

#### **Business review and future developments**

The profit and loss account for the year is set out on page 7 and shows turnover of £30,892,000 (2007 - £35,281,000) and profit after tax of £4,659,000 (2007 - £9,756,000). Turnover has decreased by 12% which in the most part is due to a reduction in management fees from the performance of the Amey seconding party within the Tube Lines Group.

The profit in 2008 was down on 2007 and this was in part attributable to reduced requirements for secondees in The Tube Lines Group and an increase in Amey Group management fees. Based on the results to date in the 2008 financial year, the Directors believe that there will be a further reduction in turnover in 2009 as a result of reducing requirements with respect to management services in The Tube Lines Group.

No dividend was paid during the year (2007 – £nil).

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

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

The Company's profitability is in the most part driven by the performance of The Tube Lines Group and the quantity of management services required. The Company seeks to manage the risk of adverse performance by ensuring that the management secondees provided to The Tube Lines Group have the appropriate skills required by The Tube Lines Group and that the directors and management secondees gain appropriate understanding of the ongoing operational and financial performance of The Tube Lines Group.

The Company's credit risk is primarily attributable to The Tube Lines Group. Credit risk is managed by ensuring that the directors' have a thorough understanding of The Tube Lines Group financial performance and position.

The Company monitors cash flow as part of its day-to-day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

#### **Going concern**

The Company is a subsidiary of Amey UK plc and its financial resources are managed on a Group basis. Amey UK plc renewed its banking facilities and has a revolving committed syndicated credit facility of £92 million maturing in April 2012 and other committed credit facilities of £46 million maturing between October 2009 and April 2011.

**Going concern (*continued*)**

The current arrangements are forecast to be sufficient to finance the Amey UK plc Group's operations for a period of at least twelve months from the date of approval of these financial statements. The Group has no reason to believe that amounts remaining to be drawn down under the bank loan facilities will not be forthcoming. The Directors believe that the Group is well placed to manage its business risks successfully despite the current macro-economic market conditions.

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

**Directors**

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

K Cottrell  
M Ewell  
A L Nelson  
C V Fenton (appointed 12 May 2008)

**Employment policy**

*Diversity*

Our aim is to ensure that no job applicant, employee or former employee receives less favourable treatment on the grounds of colour, race, nationality, ethnic or national origin, religious belief, sex, sexual orientation, marital status, age or as a consequence of unlawful discrimination relating to disability.

*Disabled employees*

The Company gives consideration to applications for employment from disabled persons where the disabled person may adequately cover the requirements of the job.

Disabled persons are employed under the normal contract terms and conditions. Career development and promotion is provided wherever appropriate.

*Employee involvement*

It is the Amey Group ("Group") policy to communicate with and involve all employees, subject to commercial and practical limitation, in matters affecting their interests at work and to inform them of the performance of their Group. Employees are provided with information about the Group, which is supplemented by frequent emails from the Group Chief Executive when there is urgent and important news to be communicated. "The Hub", the Group's newsletter, is sent in hard copy and by email and provides useful business updates across the Group. The Group makes full use of its intranet to provide current information to its employees. Members of the Amey pension schemes also receive regular reports on matters relating to their pensions.

**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 in the Company at the year end amounted to 14 days (2007 – 34 days) of average supplies for the financial year.

**Auditors**

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

**Directors' responsibilities for the financial statements**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 financial statements 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.

**Amey LUL 2 Limited**

**Report of the Directors for the year ended 31 December 2008 *(continued)***

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**Directors' responsibilities for the financial statements *(continued)***

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 auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

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 handwritten signature in black ink, appearing to be 'Mel Ewell', written in a cursive style.

**Mel Ewell  
Director**

28 April 2009

## **Amey LUL 2 Limited**

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

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#### **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 2008 which comprise the profit and loss account, the 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*

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the Directors is consistent with those financial statements. We also report to you if, in our opinion, 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 Report of the Directors 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*

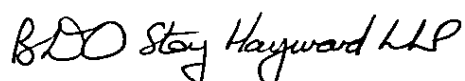
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

*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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



**BDO STOY HAYWARD LLP**  
*Chartered Accountants*  
*and Registered Auditors*  
London

29 April 2009



**Amey LUL 2 Limited****Profit and loss account for the year ended 31 December 2008**

	<b>Note</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Turnover</b>	2	30,892	35,281
Cost of sales		<u>(11,591)</u>	<u>(13,051)</u>
<b>Gross profit</b>		19,301	22,230
Administrative expenses		<u>(12,092)</u>	<u>(8,867)</u>
<b>Operating profit</b>	5	7,209	13,363
Net interest payable	6	<u>(2,550)</u>	<u>(3,607)</u>
<b>Profit on ordinary activities before tax</b>		4,659	9,756
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
<b>Profit after tax and retained for the financial year</b>	12	<u>4,659</u>	<u>9,756</u>

All transactions related to continuing operations.

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

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

**Amey LUL 2 Limited****Balance sheet at 31 December 2008**

	<b>Note</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Fixed assets</b>			
Intangible assets	8	<u>51,008</u>	<u>56,623</u>
<b>Current assets</b>			
Debtors	9	40,415	13,692
Cash at bank and in hand		<u>2,416</u>	<u>17,498</u>
		42,831	31,190
<b>Creditors: amounts falling due within one year</b>	10	<u>(69,137)</u>	<u>(67,770)</u>
<b>Net current liabilities</b>		<u>(26,306)</u>	<u>(36,580)</u>
<b>Total assets less current liabilities</b>		<u>24,702</u>	<u>20,043</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	<u>24,702</u>	<u>20,043</u>
<b>Equity shareholders' funds</b>	13	<u>24,702</u>	<u>20,043</u>

The financial statements on pages 7 to 15 were approved and authorised for issue by the Board of Directors on 28 April 2009 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 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 fee income receivable in respect of services provided during the year, excluding VAT.

### *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 to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

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 14 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.

## 2 Turnover

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

## 3 Employees (including Directors)

	2008 £'000	2007 £'000
Staff costs during the year were as follows:		
Wages and salaries	4,285	4,974
Social security costs	445	537
Other pension costs	293	296
	<u>5,023</u>	<u>5,807</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.

	2008 Number	2007 Number
The average number of employees during the year was as follows:		
Operations	<u>25</u>	<u>35</u>

## 4 Directors

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

No Directors were remunerated through the Company in 2008 or 2007.

## 5 Operating profit

	2008 £'000	2007 £'000
Operating profit is stated after charging:		
Amortisation of intangible fixed assets	<u>5,615</u>	<u>5,615</u>

The auditors' remuneration is borne by Amey Group Services Limited, a fellow subsidiary undertaking of the Company.

# Amey LUL 2 Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (*continued*)

## 6 Net interest payable

	2008 £'000	2007 £'000
Interest payable to Group undertakings	2,392	3,462
Other interest and similar charges	158	145
	<u>2,550</u>	<u>3,607</u>

## 7 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
<i>Current tax</i>		
UK corporation tax at 28.5% (2007 – 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:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	<u>4,659</u>	<u>9,756</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007 – 30%)	1,328	2,927
<i>Effects of:</i>		
Group relief	(1,340)	(2,938)
Expenses not deductible for tax purposes	12	11
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 2008 (*continued*)

### 8 Intangible fixed assets

	2008 £'000	2007 £'000
<i>Cost</i>		
At 1 January 2008 and at 31 December 2008	<u>73,000</u>	<u>73,000</u>
<i>Amortisation</i>		
At 1 January 2008	16,377	10,762
Provided in year	<u>5,615</u>	<u>5,615</u>
At 31 December 2008	<u>21,992</u>	<u>16,377</u>
<i>Net book value</i>		
At 31 December 2008	<u>51,008</u>	<u>56,623</u>

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 life of the contract to which it relates. No other assets or liabilities were acquired.

### 9 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	16,397	2,395
Other debtors	510	704
Amounts owed by group undertakings	21,108	10,583
Prepayments and accrued income	10	10
Amounts recoverable on contracts	<u>2,390</u>	<u>-</u>
	<u>40,415</u>	<u>13,692</u>

**Amey LUL 2 Limited**

**Notes forming part of the financial statements for the year ended 31 December 2008 (*continued*)**

**10 Creditors – amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	42	17
Accruals and deferred income	3,665	3,526
Amounts owed to group undertaking	61,589	59,358
Accruals	1,011	1,033
Other creditors	165	264
Other taxes and social security	2,665	3,572
	<u>69,137</u>	<u>67,770</u>

**11 Share capital**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<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 Profit and loss account**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January 2008	20,043	10,287
Retained profit for the financial year	<u>4,659</u>	<u>9,756</u>
<b>At 31 December 2008</b>	<u>24,702</u>	<u>20,043</u>

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

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Retained profit for the financial year	4,659	9,756
Equity shareholders' funds at 1 January 2008	<u>20,043</u>	<u>10,287</u>
<b>Equity shareholders' funds at 31 December 2008</b>	<u>24,702</u>	<u>20,043</u>

**14 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 £96,556,000 at the balance sheet date (2007 – £47,599,000). 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.

**15 Financial and capital commitments**

The Company had no financial or capital commitments at 31 December 2008 or at 31 December 2007.

**16 Contingent liabilities**

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

**17 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.

**18 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 Grupo Ferrovial, S.A., the Company's ultimate parent company, whose financial statements are publicly available.



**19 Ultimate parent undertaking**

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

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

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

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

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