

Amey LUL 2 Limited

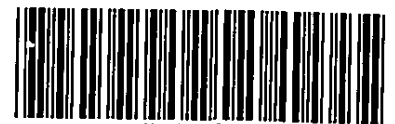
Report and Financial Statements

Year ended

31 December 2011

Company no 04602504

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Amey LUL 2 Limited

Annual report and financial statements for the year ended 31 December 2011

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Directors

K Cottrell
M Ewell
A L Milner
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 LLP, 125 Colmore Row, Birmingham, B3 3SD

Report of the Directors for the year ended 31 December 2011

The Directors present their report together with the audited financial statements for the year ended 31 December 2011

Principal activities

The Company is engaged in the activity of providing management services to Tube Lines Limited ("Tube Lines") which 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 £38,367,000 (2010 - £20,603,000) and profit after tax of £10,448,000 (2010 - £5,129,000 loss).

Turnover has increased by 86% year on year which, in the most part, is due to an increase in management fees arising from the Amey seconding party which provides services.

The profit in 2011 was higher than for 2010 and this was also attributable to the increase in management fee turnover. The Directors expect the current level of activity to continue in 2012.

No dividends were paid by the Company during the year (2010 - £nil). The Directors do not recommend the payment of a final dividend.

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 Tube Lines 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 Tube Lines have the appropriate skills required by Tube Lines and that the directors and management secondees gain appropriate understanding of the ongoing operational and financial performance of Tube Lines.

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

Directors

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

K Cottrell
M Ewell
A L Milner
A L Nelson

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 engagement

It is Amey Group ("Group") policy to communicate with and involve all employees, subject to commercial and practical limitations, in all matters affecting their interests at work and to inform them of the performance of their Group. Employees are provided with information about the Group through 'Hub', the employee magazine, 'Time to Talk', the line managers' monthly cascade briefing process, and email, all of which provide useful business updates across the business. The Group also regularly updates its intranet site, AmeyWorld, which is seen as the primary source of business information and news. Members of the Group pension schemes also receive regular reports and communications 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, and
- make payments in accordance with the terms, wherever possible, providing that the documentation presented is complete and accurate

Trade creditors of the Company at the year end amounted to 1 day (2010 – 2 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

The Directors are responsible for preparing the Directors' report 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.

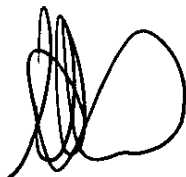
Amey LUL 2 Limited

Report of the Directors for the year ended 31 December 2011 (*continued*)

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.

On behalf of the Board

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Mel Ewell
Director

25 April 2012

Amey LUL 2 Limited

Report of the independent auditors

Independent auditor's report to the members of Amey LUL 2 Limited

We have audited the financial statements of Amey LUL 2 Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. 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 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 explained more fully in the statement of Directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 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 LUL 2 Limited

Report of the independent auditors (*continued*)

Independent auditor's report to the members of Amey LUL 2 Limited (*continued*)


Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in 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



Graham Clayworth (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

26 April 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Amey LUL 2 Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	2	38,367	20,603
Cost of sales		<u>(12,210)</u>	<u>(11,668)</u>
Gross profit		26,157	8,935
Administrative expenses		<u>(10,810)</u>	<u>(12,068)</u>
Operating profit (loss)	5	15,347	(3,133)
Net interest payable	6	<u>(1,131)</u>	<u>(1,996)</u>
Profit (loss) on ordinary activities before tax		14,216	(5,129)
Tax on profit (loss) on ordinary activities	7	<u>(3,768)</u>	<u>-</u>
Profit (loss) after tax and retained for the financial year	12	<u>10,448</u>	<u>(5,129)</u>

All transactions related to continuing operations

There were no recognised gains or losses other than the profit (loss) for the financial years

The notes on pages 9 to 16 form part of these financial statements

Balance sheet at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	8	<u>34,160</u>	<u>39,776</u>
Current assets			
Debtors	9	72,004	37,846
Cash at bank and in hand		<u>6,509</u>	<u>1,406</u>
Total current assets		78,513	39,252
Creditors: amounts falling due within one year	10	<u>(101,092)</u>	<u>(77,895)</u>
Net current liabilities		<u>(22,579)</u>	<u>(38,643)</u>
Total assets less current liabilities		<u>11,581</u>	<u>1,133</u>
Net assets		<u>11,581</u>	<u>1,133</u>
Capital and reserves			
Called up share capital	11	6,000	6,000
Profit and loss account	12	<u>5,581</u>	<u>(4,867)</u>
Equity shareholders' funds	13	<u>11,581</u>	<u>1,133</u>

The financial statements on pages 7 to 16 were approved and authorised for issue by the Board of Directors on 25 April 2012 and signed on its behalf by



Mel Ewell
Director

The notes on pages 9 to 16 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 £20 million maturing between October 2012 and March 2013.

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 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.

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 by the Company 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 is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

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.

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 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 schemes

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

2 Turnover

Turnover and profit (loss) on ordinary activities before tax are attributable to the principal activity of providing management services to Tube Lines. All turnover arises solely within the UK.

3 Employees (including Directors)

	2011	2010
	£'000	£'000
Staff costs during the year were as follows		
Wages and salaries	3,052	3,619
Social security costs	377	421
Pension costs		
- in respect of defined benefit schemes	159	210
- in respect of defined contribution schemes	122	73
Total staff costs	<u>3,710</u>	<u>4,323</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.

	2011	2010
	Number	Number
The average number of employees during the year was as follows		
Operations	<u>21</u>	<u>26</u>

Amey LUL 2 Limited

Notes forming part of the financial statements for the year ended 31 December 2011 *(continued)*

4 Directors

Details of the remuneration of the Directors, whose services are of a non-executive nature and who are also directors of Amey UK plc or of Amey Ventures Limited or Amey OW Limited, are disclosed in those companies' financial statements

No Directors were remunerated through the Company in 2011 or 2010

5 Operating profit (loss)

	2011 £'000	2010 £'000
Operating profit (loss) is stated after charging		
Amortisation of intangible fixed assets	<u>5,616</u>	<u>5,617</u>

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

6 Net interest payable

	2011 £'000	2010 £'000
Interest payable to Group undertakings	1,073	1,902
Other interest and similar charges	<u>58</u>	<u>94</u>
Net interest payable	<u>1,131</u>	<u>1,996</u>

Amey LUL 2 Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

7 Tax on profit (loss) on ordinary activities

	2011	2010
	£'000	£'000
<i>Current tax</i>		
UK corporation tax at 26.5% (2010 – 28%)		
- current year	<u>3,768</u>	<u>-</u>
Total tax charge for the year	<u>3,768</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:

	2011	2010
	£'000	£'000
Profit (loss) on ordinary activities before tax	<u>14,216</u>	<u>(5,129)</u>
Profit (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	3,767	(1,436)
<i>Effects of</i>		
Expenses not deductible for tax purposes	1	-
Group relief surrendered	<u>-</u>	<u>1,436</u>
Current tax charge for year	<u>3,768</u>	<u>-</u>

The estimated value of the potential deferred tax asset not recognised of £600,000 (2010 – £648,000) was in respect of deferred capital allowances of £2,400,000 (2010 – £2,400,000) measured at an expected tax rate of 25% (2010 – 27%).

Amey LUL 2 Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

8 Intangible fixed assets

	2011 £'000	2010 £'000
<i>Cost</i>		
At 1 January and at 31 December 2011	<u>73,000</u>	<u>73,000</u>
<i>Amortisation</i>		
At 1 January 2011	33,224	27,607
Provided in year	<u>5,616</u>	<u>5,617</u>
At 31 December 2011	<u>38,840</u>	<u>33,224</u>
<i>Net book value</i>		
At 31 December 2011	<u>34,160</u>	<u>39,776</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

	2011 £'000	2010 £'000
<i>Amounts falling due within one year</i>		
Trade debtors	565	173
Amounts recoverable on contracts	425	138
Amounts owed by group undertakings	70,884	37,532
Other debtors	123	-
Prepayments and accrued income	<u>7</u>	<u>3</u>
Total debtors	<u>72,004</u>	<u>37,846</u>

Amey LUL 2 Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

10 Creditors – amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	11	12
Amounts owed to group undertakings	60,834	60,503
Corporation tax	3,768	-
Other taxes and social security	8,715	3,569
Other creditors	90	224
Accruals and deferred income	27,674	13,587
Total creditors	<u>101,092</u>	<u>77,895</u>

11 Share capital

	2011	2010
	£	£
<i>Issued, called up and fully paid</i>		
6,000,002 (2010 – 6,000,002) Ordinary shares of £1 each	<u>6,000,002</u>	<u>6,000,002</u>

12 Profit and loss account (deficit)

	£'000
Deficit as at 1 January 2011	(4,867)
Retained profit for the financial year	<u>10,448</u>
Retained profit as at 31 December 2011	<u>5,581</u>

13 Reconciliation of movements in equity shareholders' funds

	2011 £'000	2010 £'000
Retained profit (loss) for the financial year	10,448	(5,129)
Shares issued during the year	-	6,000
Net movement in equity shareholders' funds	10,448	871
Equity shareholders' funds at 1 January	1,133	262
Equity shareholders' funds at 31 December	11,581	1,133

14 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 £89,235,000 at the balance sheet date (2010 – £63,786,000). 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 2011 or at 31 December 2010.

16 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 2011 or at 31 December 2010.

17 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

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 Ferrovial, S A , the Company's ultimate parent undertaking, whose financial statements are publicly available

19 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

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The Sherard Building
Edmund Halley Road
Oxford
OX4 4DQ