REGISTERED NUMBER: 02379479 (England and Wales)

Annual Report and

Financial Statements for the Year Ended 31 December 2018

for

Amey plc

Amey plc

Contents of the Financial Statements for the Year Ended 31 December 2018

Amey plc

Company Information
for the Year Ended 31 December 2018

Directors	A Camacho Donezar A Garcia F Gonzalez De Canales Moyano F Lopez Soria A C Lovell A L Milner A L Nelson I P Tyler
Company Secretary	J S Bowie
Registered Office	The Sherard Building Edmund Halley Road Oxford Oxfordshire OX4 4DQ
Auditor	Deloitte LLP Statutory Auditor 4 Brindleyplace Birmingham B1 2HZ

The Directors present their strategic report for the year ended 31 December 2018.

Principal activity

Amey plc is a subsidiary undertaking of Amey UK plc, which is owned by Ferrovial Servicios, S.A., a wholly owned subsidiary undertaking of Ferrovial, S.A., which is a leading construction and services group based in Spain. Amey plc acts as an intermediate holding company and its income is derived from interest on intercompany loans. There have been no changes in the Company's activities during the year.

Review of business and future developments

The income statement for the year is set out on page 10 and shows revenue of £nil (2017 - £nil) and a loss after tax amounting to £706,495,000 (2017 - £137,017,000), all of which arose from continuing activities.

Charges for provisions against impairments to investments in subsidiary undertakings of £153,625,000 arose in the year (2017 - £128,006,000). In addition, the Company recorded an impairment provision against intercompany balances and loan receivables of £554,534,000 (2017 - £8,722,000). These provisions reflect the difficult trading conditions being experienced by some of the Company's principal operating subsidiaries.

In 2018, the Company received a pre-dissolution dividend of £355,000 from a joint venture investment (2017 - £nil).

On 31 May 2018, the Company granted a subordinated loan facility of £152.0 million to Amey LG Limited, and £5.0 million to Enterprise plc. These are considered to be long-term equity investments.

On 25 July 2018 Amey Holdings Limited, the Company's immediate parent, granted a subordinated loan facility to the Company for an amount of £60.0 million. It is a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points. The loan has no specified maturity date but can be redeemed by the Company at any time. The Company also has the power to delay timing of the interest payment at its sole discretion which cannot be claimed by the lender. As it is at the Company's discretion to decide both the repayment of the principal and the possibility of deferring the payment of interest, the loan does not satisfy the condition to be accounted for as a financial liability since it does not include a contractual obligation to pay cash or other financial assets to discharge the liability. Accordingly, it will be classified as an equity instrument and will be recognised as "Other equity instrument". The accrued interest will be recognised in reserves and treated in the same way as dividends.

Post balance sheet events

On 8 July 2019, £200.0 million of the Company's existing subordinated loans from Landmille Limited were converted into a new Other Equity Instrument with Ferrofin, SL. This is a perpetual loan that is initially interest free but with interest that rises to 12-month LIBOR plus 700 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold.

The proceeds of this loan were used to reduce the existing loans of £369.0 million from Landmille Limited. The remaining loans of £169.0 million were consolidated into a new sterling revolver facility with Landmille Limited which bears interest at 1-month LIBOR plus between 372 and 472 basis points dependent on the drawn amount. This new sterling revolver facility is available until 31 July 2020.

These loans have been fully subordinated in favour of any amounts due to the Amey Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Amey Group's balance sheet.

On 30 July 2019, Enterprise plc, a fellow group undertaking, granted a loan facility to the Company for an amount of £461.0 million. This is a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points.

Key performance indicators

The Company's principal key performance indicators are revenue and profit before tax which are shown in the income statement for the year set out on page 10.

Principal risks and uncertainties

The Company's risks and other key performance indicators are only reported and managed on a Divisional basis. To gain a further understanding of this business, details of the principal risks and uncertainties and other key performance indicators are contained in the Annual Report and Financial Statements of the intermediate parent undertaking, Amey UK plc ('the Group'), for the year ended 31 December 2018. The Company is a member of the Central Services division of the Group.

Approved by the Board on 31 July 2019 and signed on its behalf by:

....

A L Nelson
Director

The Directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2018.

Strategic Report

Details of future developments and financial risk management can be found in the Strategic Report on page 2 and form part of this report by cross reference.

Dividends

No dividends were paid by the Company during the year (2017 - £nil).

Directors of the Company

The Directors who held office during the year and up to the date of this Report were as follows:

A Camacho Donezar
A Garcia
F Gonzalez De Canales Moyano
C Hui (resigned 28 March 2019)
F Lopez Soria (appointed 6 June 2018)
A L Milner
A L Nelson
S Olivares (resigned 1 June 2018)
I P Tyler (appointed 1 January 2018)

The following Director was appointed after the year end:

A C Lovell (appointed 29 April 2019)

Going concern

After making enquiries, and based on the assumptions outlined in note 2 to the financial statements, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Policy on slavery and human trafficking

In accordance with the Modern Slavery Act 2015, the Group is committed to ensuring that there is no modern slavery or human trafficking in our supply chains, or in any part of our business, with a zero tolerance for non-compliance. A full statement reflecting that commitment can be found on the Amey website www.amey.co.uk and an abridged statement is included in the financial statements of the Company's intermediate parent company, Amey UK plc.

Statement as to disclosure of information to the auditor

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditor

Deloitte LLP has been appointed as Auditor and has expressed their 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.

Approved by the Board on 31 July 2019 and signed on its behalf by:

....

A L Nelson
Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Amey plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern - Proposed plans to sell the Amey Group of Companies (the Group)

We draw attention to note 2 of the financial statements concerning the proposed plans to sell the Group and the impact this will have on the Group's ability to continue as a going concern, which is dependent on the loans the Group has from its ultimate parent undertaking, Ferrovial, S.A., together with the provision of external facilities which may be withdrawn on a change of control. Whilst the Directors of the Group consider that the Group is a going concern, the intentions of future management are uncertain, including the amount of support, if any, the Group will receive in the form of guarantees or loans from its new parent. As stated in note 2, these events or conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern as it is not practicable to determine or quantify them. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

PG
....

Peter Gallimore FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

31 July 2019

Amey plc

Income Statement for the Year Ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Revenue		-	-
Cost of sales		393	-
Gross profit		393	-
Administrative expenses	8	(554,534)	(8,722)
Operating loss		(554,141)	(8,722)
Provision for investment in subsidiary undertakings	6	(153,625)	(128,006)
Income from fixed asset investments		355	-
Loss before interest and taxation		(707,411)	(136,728)
Interest receivable and similar income	5	37,156	25,882
		(670,255)	(110,846)
Finance expense	7	(26,573)	(26,163)
Loss before taxation	8	(696,828)	(137,009)
Tax on loss	9	(9,667)	(8)
Loss for the year		(706,495)	(137,017)

The notes on pages 15 to 39 form part of these financial statements.

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018 £'000	2017 £'000
Loss for the year	(706,495)	(137,017)
Total comprehensive loss for the year	(706,495)	(137,017)

The notes on pages 15 to 39 form part of these financial statements.

Amey plc (Registered number: 02379479)

Balance Sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	10	391,226	387,851
Current assets			
Debtors: amounts falling due within one year	11	395,724	395,246
Debtors: amounts falling due after more than one year	11	1,815	494,414
Cash at bank and in hand		6,725	30,698
		404,264	920,358
Creditors:			
Amounts falling due within one year	12	(976,324)	(762,406)
Net current (liabilities)/assets		(572,060)	157,952
Total assets less current liabilities		(180,834)	545,803
Creditors:			
Amounts falling due after more than one year	13	(289,031)	(369,173)
Net (liabilities)/assets		(469,865)	176,630
Capital and reserves			
Share capital	15	233,878	233,878
Other reserves		120,182	120,182
Other equity instruments	16	60,777	-
Retained earnings		(884,702)	(177,430)
Shareholders' (deficit)/funds		(469,865)	176,630

The financial statements were approved by the Board of Directors on 31 July 2019 and signed on its behalf by:

....

A L Nelson

Director

The notes on pages 15 to 39 form part of these financial statements.

Amey plc

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £'000	Other reserves £'000	Other equity instruments £'000	Retained earnings £'000	Total £'000
At 1 January 2017	33,878	120,182	-	(40,413)	113,647
Loss for the year	-	-	-	(137,017)	(137,017)
Total comprehensive loss	-	-	-	(137,017)	(137,017)
New share capital subscribed	200,000	-	-	-	200,000
At 31 December 2017	233,878	120,182	-	(177,430)	176,630

	Share capital £'000	Other reserves £'000	Other equity instruments £'000	Retained earnings £'000	Total £'000
At 1 January 2018	233,878	120,182	-	(177,430)	176,630
Loss for the year	-	-	-	(706,495)	(706,495)
Total comprehensive loss	-	-	-	(706,495)	(706,495)
First issue of Other Equity Instrument	-	-	60,000	-	60,000
Dividends on Other Equity Instruments	-	-	777	(777)	-
At 31 December 2018	233,878	120,182	60,777	(884,702)	(469,865)

The Other reserves represent a capital contribution of £110,856,000 from Amey UK plc made in 2013 and £9,326,000 in respect of the accumulated surplus on issue of Ordinary shares subject to merger relief.

On 8 July 2019, £200.0 million of the Company's existing subordinated loans from Landmille Limited were converted into a new Other Equity Instrument with Ferrofin, SL. This is a perpetual loan that is initially interest free but with interest that rises to 12-month LIBOR plus 700 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold.

The proceeds of this loan were used to reduce the existing loans of £369.0 million from Landmille Limited. The remaining loans of £169.0 million were consolidated into a new sterling revolver facility with Landmille Limited which bears interest at 1-month LIBOR plus between 372 and 472 basis points dependent on the drawn amount. This new sterling revolver facility is available until 31 July 2020.

These loans have been fully subordinated in favour of any amounts due to the Amey Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Amey Group's balance sheet.

On 30 July 2019, Enterprise plc, a fellow group undertaking, granted a loan facility to the Company for an amount of £461.0 million and which is classed as Other equity instrument (see note 19). This is a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points.

These transactions result in the following unaudited proforma statement of shareholders' equity at 31 December 2018:

	Share capital £'000	Other reserves £'000	Other equity instruments £'000	Retained earnings £'000	Total £'000
Actual balance at 31 December 2018	233,878	120,182	60,777	(884,702)	(469,865)
Issue of other equity instruments (see note 19)	-	-	661,000	-	661,000
Unaudited proforma balance at 31 December 2018	233,878	120,182	721,777	(884,702)	191,135

The notes on pages 15 to 39 form part of these financial statements.

1 General information

The principal activity of Amey plc (the Company) is intermediate holding company and it operates principally within the UK. The Company is a private company limited by share capital, incorporated and domiciled in the UK and registered in England and Wales.

The Company Secretary and address of the registered office is as follows:

J S Bowie

The Sherard Building
Edmund Halley Road
Oxford
Oxfordshire
OX4 4DQ

2 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

On 1 January 2018, the following standards which might have an impact on the financial statements came into force in the European Union: IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments, IFRIC Interpretation 22, Amendments to IFRS 2, IFRS 4 and IAS 40, and Annual Improvements to IFRS 2014-2016 cycle. No significant impact on the Company financial statements has been identified because of these amendments.

New standards or interpretations applicable to the Company for accounting periods commencing on or after 1 January 2019 are not expected to have a material impact on the Company.

Basis of consolidation

The Company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006 on the grounds that it is itself a wholly owned subsidiary undertaking of a company registered in England and Wales. These financial statements therefore, present information about the individual undertaking and not about its group. These financial statements are separate financial statements.

2 Accounting policies (continued)

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 'Reduced Disclosure Framework':

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

2 Accounting policies (continued)

Going concern

The Company is a subsidiary of Amey UK plc (the Group) and its financial resources are managed on a group basis. The ultimate parent of the Group is Ferrovial, S.A. (Ferrovial). The Group is financed through a mixture of shareholder equity, other equity instruments issued to Ferrovial companies, intercompany debt from Ferrovial companies, finance leases, non-recourse project-related bank term loans, other bank loans and overdrafts.

The Group's key external banking facilities are through five five-year bilateral facility agreements of £32 million with each of HSBC Bank plc, Lloyds Bank plc, Royal Bank of Canada, The Royal Bank of Scotland plc and Santander (Abbey National Treasury Services plc). These agreements total £160 million with £32 million maturing in July 2021, £96 million maturing in July 2022 and £32 million maturing in November 2022. At 31 December 2018, these facilities were undrawn and the Group also held £118.4 million of unrestricted cash on the Group balance sheet.

Subsequent to the year-end, the following matters that have an impact on the Group's going concern assessment occurred:

- On 29 June 2019, the Group concluded an agreement with Amey Birmingham Highways Limited (ABHL) to exit from the contract to provide highways maintenance services to Birmingham City Council. Under the settlement arrangements, the Group is obliged to pay £215 million in total to ABHL over a six-year period (£100 million on 29 June 2019, two further instalments of £30 million each at the end of September and December 2019, £10 million each year from 2020 to 2024 and £5 million in 2025), for a full release of the Group's liability in respect of the Birmingham project from all key stakeholders.

- On 29 June 2019, the Group received a new intercompany loan of £75.0 million from Ferrofin, SL which was received in cash. This loan bears interest at 1-month LIBOR plus 227 basis points and is due to repaid by 31 July 2020. This loan has been fully subordinated in favour of any amounts due to the Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Group's balance sheet; and

- On 8 July 2019, the terms and conditions of part of the Group's existing subordinated loans to Landmille Limited, which were held by this Company, were amended and £200.0 million of these loans replaced with a new Other Equity Instrument with Landmille Limited which will be classed as part of equity on the Group and Company balance sheet. This loan instrument has no specified maturity date but can be redeemed by the Group and Company at any time. The Group and Company also has the power to delay timing of the interest payments at its sole discretion which cannot be claimed by the lender. The proceeds of this loan were used to reduce the existing loans of £369.0 million from Landmille Limited. The remaining loans of £169.0 million with Landmille Limited were consolidated into a new sterling revolver facility which bears interest at 1-month LIBOR plus between 372 and 472 basis points dependent on the drawn amount. This new sterling revolver facility is available until 31 July 2020. These loans have been fully subordinated in favour of any amounts due to the Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Group's balance sheet.

The impact of these transactions has been a net £85 million cash outflow together with an improved Group net asset position. This together with the impact of the timing of supplier payments, which have in certain cases been brought forward to comply with the requirements outlined in the Procurement Policy Note issue by Cabinet Office, have reduced the level of cash headroom since the year-end.

2 Accounting policies (continued)

Going concern (continued)

In light of this reduced headroom, the Directors of the Group have reviewed a number of factors including: the future business plans of the Group (comprising the budget for 2019 and the strategic plan for 2019-2023); the availability of core and ancillary financing facilities; the compliance with the related net debt/EBITDA covenant; the projected drawn positions and headroom available on the core committed financing facilities; and the projected future cash flows of the Group comprising a Base Case forecast (which includes the settlement payments agreed as a result from exiting from the Birmingham City Council Highways PFI contract and the funding structure described in the previous paragraphs) and a Reasonable Worse Case ('RWC') forecast (which applies sensitivities against the base case for reasonably possible adverse variations in performance, reflecting the ongoing volatility in UK trading performance and sector dynamics). The RWC forecast looks at the following key sensitivities: compliance with the requirements outlined in the Procurement Policy Note issue by Cabinet Office which aims to take into account a supplier's approach to payment in the procurement of major contracts; short-term timing delays in collections from customers; and longer-term reductions in performance and growth when compared to those set out in the Group's strategic plan. Even after assuming that the sensitivities outlined above will materialise the Group's cash flow forecasts show that there is sufficient liquidity to enable it to continue trading.

As noted in the Group Annual Report and Accounts, in October 2018, Ferrovial, S.A., the ultimate parent company, announced a strategic review of the markets it operates in. This review concluded in February 2019 that Ferrovial would divest their wider Services portfolio, which includes the Group. This decision does not impact day-to-day operations and, in any event, as the Group does not rely on Ferrovial contractual guarantees there are no implications to the ongoing trading operations of the Group. The impact on financing on a change of control would be as follows:

- The external facilities may become due for repayment subject to the detailed change of control requirements which are primarily dependent on the credit worthiness of the purchaser. The Directors of the Group believe that the Group would be able to renew or replace these facilities, if necessary;

- Any consideration still outstanding to Amey Birmingham Highways Limited would be immediately payable under the terms of the settlement agreement; and

- The facilities due to the parent totalling £274 million would be due for repayment in the event that this debt was not transferred to a new shareholder.

Whilst the Directors consider that the Group is a going concern, in the circumstances of any sale of the Group by the existing shareholder, the intentions of any future parent as regards shareholder financing is uncertain, including the amount of support, if any, the Group would receive from any new parent. However, as would be usual in the context of a third-party sale arrangement, the Directors would expect the existing shareholder debt to be managed in an appropriate manner as part of the sale process.

These events or conditions indicate, only in the event of a sale, the existence of a material uncertainty which may cast significant doubt about the Group's, and therefore the Company's, ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them. Notwithstanding this, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements.

2 Accounting policies (continued)

Other principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currency transactions and balances

The functional currency is the currency of the primary economic environment in which the Company operates (Pound Sterling). Foreign currency denominated transactions and balances are translated using the exchange rate ruling at the date of the transaction or balance. Gains or losses arising are included in the income statement as they arise.

Investment in subsidiary undertakings

Investments by the Company in the shares of subsidiary undertakings are stated at cost less accumulated impairment losses.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment..

Financial instruments

Recognition and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component, and which are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for applicable transaction costs. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: amortised cost; fair value through profit or loss (FVTPL); or fair value through other comprehensive income (FVOCI). The classification is determined by both the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

2 Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement of financial assets

(a) Financial assets at amortised cost - financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL): they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest.

(b) Financial assets at FVTPL - financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

(c) Financial assets at FVOCI - the Group accounts for financial assets at FVOCI if the assets meet the following conditions: they are held under a business model whose objective it is 'hold to collect' the associated cash flows and the contractual terms of financial assets give rise to cash flows that are solely payments of principal and interest. Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon de-recognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between: Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk; Stage 2 - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low; and Stage 3 - financial assets that have objective evidence of impairment at the reporting date. Twelve-month expected credit losses are recognised for the first category while lifetime expected credit losses are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(a) Trade and other receivables - trade receivables are initially recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is remote. The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Group assesses impairment of trade receivables on a collective basis. Where they possess shared credit risk characteristics, they have been grouped based on industry sector global default rates.

(b) Intercompany loans receivable - intercompany advances to other Group companies are all held to maturity, neither parties have an option to call or prepay the loan before the contracted maturity date. Such assets are held under a business model to hold and collect contractual cash flows and therefore meet the 'solely payments of principal and interest' test. No embedded derivatives are currently recognised in these advances, and the amortised cost classification is not impacted. All intercompany advances are assessed for impairment under the ECL model.

2 Accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that provides a residual interest in the assets of a business after deducting all other liabilities.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate (EIR) method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

(a) Borrowings - borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they form part of a fair value hedge relationship. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the EIR method. Borrowings being novated or cancelled and re-issued, with a substantial modification of the terms, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any resulting gain or loss recognised in the income statement.

(b) Trade and other payables - trade and other payables are non-interest bearing and are stated at their fair value and subsequently measured at amortised cost using the EIR method.

(c) Derivative financial instruments and hedging activities - derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet the following requirements: there is an economic relationship between the hedged item and the hedging instrument; and the effect of credit risk does not dominate the value changes that result from that economic relationship. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives either as fair value hedges, where they hedge exposure to changes in the fair value of the hedged asset or liability or as cash flow hedges, where they hedge exposure to variability in cash flows that are attributable to a risk associated with any changes in the fair value of the hedged asset, liability or forecasted transaction. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents, both at hedge inception and on an ongoing basis, its assessment of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair value of a derivatives is classified as a non-current asset or liability when the remaining maturity is more than 12 months and as a current asset or liability where it is less than 12 months.

(d) Fair value hedge - all hedging relationships that were hedging relationships under IAS 39 at the 31 December 2017 reporting date meet the IFRS 9's criteria for hedge accounting at 1 January 2018 and are therefore regarded as continuing hedging relationships. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value gains and losses on any underlying hedged items that are part of a fair value hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the EIR method is used is amortised in the income statement over the period to maturity.

2 Accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

(e) Cash flow hedge - the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in OCI and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When or if a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(f) Derivatives at fair value through profit and loss - certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the income statement. When derivatives are designated in a hedge relationship, the net interest payable or receivable on those derivatives is recorded net of the interest on the underlying hedged item in the income statement. When derivatives are not in a hedge relationship, the fair value changes on these derivatives are recognised within fair value gains or losses on financial instruments in the income statement. The interest payable and receivable on those derivatives are recorded at their net amount in finance costs in the income statement.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Cash at bank and in hand

Cash at bank and in hand includes cash and deposits with banks. Bank overdrafts are shown within borrowings in current liabilities.

Creditors

Obligations to pay for goods and services are recognised initially at fair value and subsequently measured at amortised cost.

3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's existing accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Impairments of investment in subsidiary undertakings and amounts due from fellow group undertakings:

Management have assessed the carrying value of investments in subsidiary undertakings and the amounts due from fellow group undertakings for any change in the level of impairment provision against carrying value. For operating companies, the assessment considers whether the carrying value of the investment or receivable exceeds its recoverable amount which is the higher of the fair value of the investment or receivable and its value in use. The value in use is calculated using the present value of the future cash flows incorporating variations in the amount and timing of cash flows, time value of money, price for bearing the inherent uncertainty in the asset and other factors such as illiquidity. For non-operating companies the impairment provision reflects the net asset position of the related subsidiary undertaking.

Other Equity Instrument

Significant judgement has been applied in respect of the recognition of the subordinated loan facility as an Other Equity Instrument (see note16).

4 Employees and Directors

The Company had no direct employees in either 2018 or 2017. The costs of employees of Amey Services Limited are recharged to this Company in direct support of its trade.

No Directors were remunerated through the Company in either 2018 or 2017.

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 undertaking, Amey UK plc are disclosed in that company's financial statements. Their remuneration is deemed to be wholly attributable to their services to that company.

5 Interest receivable and similar income

	2018 £'000	2017 £'000
Other interest receivable	5,124	85
Interest receivable from fellow subsidiaries	30,637	25,051
Interest receivable from Cespa Ventures Limited, a Ferrovial S.A. undertaking	1,395	746
	37,156	25,882

6 Provision for investments in subsidiary undertakings

	2018 £'000	2017 £'000
Charge of provision in the year	153,625	128,006

7 Finance expense

	2018 £'000	2017 £'000
Foreign exchange losses	576	1,810
Other interest payable	237	763
Interest payable to fellow group undertakings	11,153	6,436
Interest payable to Landmille Limited, a Ferrovial S.A. group undertaking	14,607	17,154
	26,573	26,163

8 Loss before taxation

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

The loss for the year includes a charge of £554,860,000 (2017 - £8,722,000) in respect of the ultimate recoverability of amounts due from fellow group undertakings.

9 Taxation

Analysis of tax expense

	2018 £'000	2017 £'000
Current tax		
Tax - current year	4,606	(14)
UK corporation tax adjustment to prior periods	5,073	57
Total current tax	9,679	43
Deferred tax - current year charge	(2,533)	(35)
Deferred tax - adjustment in respect of prior period	2,521	-
Total deferred tax	(12)	(35)
Total tax expense in income statement	9,667	8

9 Taxation (continued)

Factors affecting the tax expense

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)

The differences are reconciled below:

	2018 £'000	2017 £'000
Loss before income tax	(696,828)	(137,009)
Tax on loss calculated at standard rate	(132,397)	(26,374)
Effects of:		
Increase in tax from adjustment for prior periods	7,594	57
Increase from effect of expenses not deductible in determining taxable profit	134,482	26,320
Deferred tax credit from unrecognised temporary difference from a prior period	(12)	-
Deferred tax expense relating to changes in tax rates or laws	-	5
Tax charge	9,667	8

The UK Finance Act 2016 included provision for the main rate of corporation tax to reduce from 19% to 17% from 1 April 2020. This will reduce the Company's future tax charge accordingly.

10 Investments

Subsidiaries	Shares in group undertakings £'000	Equity loans to group undertakings £'000	Total £'000
Cost			
At 1 January 2018	844,267	-	844,267
Additions	-	157,000	157,000
At 31 December 2018	844,267	157,000	1,001,267
Provision for impairment			
At 1 January 2018	456,416	-	456,416
Provided/ (released) during the year	(3,375)	157,000	153,625
At 31 December 2018	453,041	157,000	610,041
Carrying amount			
At 31 December 2018	391,226	-	391,226
At 31 December 2017	387,851	-	387,851

On 31 May 2018, the Company granted a subordinated loan facility of £152.0 million to Amey LG Limited, and £5.0 million to Enterprise plc. These are considered to be long-term equity investments.

10 Investments (continued)

At 31 December 2018, the Company held share capital of the following subsidiary undertakings, none of which are publicly traded. All subsidiary undertakings are incorporated in England and Wales and operate principally in the UK (unless otherwise indicated). The Company's voting rights and the interest in their equity shares are 100% (unless otherwise indicated).

Active subsidiary undertaking	Nature
Accord Limited *	Holding company
Amey Community Limited *	Building support services
Amey Construction Limited	Highway management and maintenance
Amey Consulting Australia Pty Limited (Australia) *	Highway management and maintenance (Australia)
Amey Consulting LLC (Qatar) (49%) *	Highway management and maintenance (Qatar)
Amey Consulting USA, Inc. (USA) *	Highway management and maintenance (USA)
Amey Finance Services Limited	Group insurance activities
Amey Fleet Services Limited	Specialist fleet support services
Amey Group Information Services Limited	Group IT services
Amey Group Services Limited	Group central services
Amey Highways Limited	Highway management and maintenance
Amey Investments Limited	Investment holdings
Amey LG Limited	Highway management and maintenance
Amey LUL 2 Limited *	Sub-surface rail management services
Amey Mechanical and Electrical Services Limited *	Building support services
Amey Metering Limited *	Metering services
Amey OW Limited *	Professional services to highways market
Amey OWR Limited *	Professional services to rail market
Amey Power Services Limited	Power network maintenance
Amey Programme Management Limited	Building support services
Amey Public Services LLP (67%) *	Highway management and maintenance
Amey Rail Limited	Rail services, management and maintenance
Amey Roads (North Lanarkshire) Limited (67%) *	Highway management and maintenance
Amey Services Limited	Payroll services
Amey TPT Limited *	Professional services to rail market
Amey Utility Services Limited *	Utilities network maintenance
Amey Ventures Limited	Bid management
Amey Ventures Asset Holdings Limited *	Investment holdings
Amey Ventures Management Services Limited *	Investment management
Amey Wye Valley Limited (80%) *	Highways maintenance and other services
AmeyCespa Limited (50%) *	Waste management
AmeyCespa (AWRP) ODC Limited (50%) *	Waste management
AmeyCespa (East) Limited (50%) *	Waste management
AmeyCespa (East) Holdings Limited (50%) *	Holding company
Amey (IOW) SPV Limited *	Waste management
AmeyCespa (MK) ODC Limited (50%) *	Waste management
AmeyCespa Services (East) Limited (50%) *	Waste management
AmeyCespa WM (East) Limited (50%) *	Waste management
Brophy Grounds Maintenance Limited *	Environmental services
Byzak Limited *	Water systems maintenance

10 Investments (continued)

Active subsidiary undertaking	**Nature**
C.F.M. Building Services Limited (Scotland) *	Buildings maintenance
Enterprise plc	Holding company
Enterprise (AOL) Limited *	Environmental services and highways maintenance
Enterprise (Venture Partner) Limited *	Investment holdings
Enterprise Holding Company No.1 Limited *	Holding company
Enterprise Managed Services Limited *	Utilities network maintenance and environmental services
EnterpriseManchester Partnership Limited (80%) *	Environmental services
Enterprise Public Services Limited *	Holding company
Fleet and Plant Hire Limited *	Specialist fleet support services
Globemile Limited *	Holding company
Heating and Building Maintenance Company Limited *	Facilities management
MRS Environmental Services Limited *	Environmental services
Nationwide Distribution Services Limited *	Highways maintenance and other services
Novo Community Limited *	Rehabilitation and offender management services
Sherard Secretariat Services Limited	Company secretarial services
Slough Enterprise Limited *	Environmental services
Amey Defence Services Limited (formerly CarillionAmey Limited) *	Facilities management and buildings maintenance
Amey Defence Sevices (Housing) Limited (formerly CarillionAmey (Housing Prime) Limited) *	Housing maintenance of behalf of the MOD
Amey Keolis Infrastructure / Seilwaith Amey Keolis Limited (90%) *	Rail services, management and maintenance
A.R.M. Services Group Limited *	Holding company
Amey Environmental Services Limited (formerly Amey Airports Limited)	Waste management

*Interest held indirectly

Wholly owned dormant subsidiary undertakings

Access Hire Services Limited *
Accord Asset Management Limited *
Accord Consulting Services Limited*
Accord Environmental Services Limited*
Accord Network Management Limited*
Allerton Waste Recovery Park Interim SPV Limited*
Amey Building Limited
Amey Datel Limited*
Amey Equitix Smart Meters 1 Holdings Limited*
Amey Equitix Smart Meters 1 SPV Limited*
Amey Facilities Partners Limited*
Amey IT Services Limited
Amey MAP Services Limited*

10 Investments (continued)

Wholly owned dormant subsidiary undertakings

Amey OW Group Limited*
Amey Railways Holding Limited
Amey Technology Services Limited*
Amey Tramlink Limited*
Amey Tube Limited*
Byzak Contractors (Scotland) Limited* (Scotland)*
Comax Holdings Limited
Countrywide Property Inspections Limited*
CRW Maintenance Limited *
Durley Group Holdings Limited*
Enterprise (ERS) Limited*
Enterprise Building Services Limited *
Enterprise Business Solutions 2000 Limited*
Enterprise Fleet Limited*
Enterprise Foundation (ETR) Limited *
Enterprise Islington Limited*
Enterprise Lighting Services Limited *
Enterprise Managed Services (BPS) Limited*
Enterprise Utility Services (DCE) Limited**
Enterprise Utility Services (TBC) Limited* *
Haringey Enterprise Limited *
Hillcrest Developments (Yorkshire) Limited*
ICE Developments Limited*
JDM Accord Limited*
JNP Ventures Limited*
JNP Ventures 2 Limited*
MRS St Albans Limited*
TPI (Holdings) Limited*
Transportation Planning (International) Limited*
Trinity Group Holdings Limited*
Wimco Limited*
JJ McGinley Limited*
*Interest held indirectly

10 Investments (continued)

The Company's joint venture undertakings, which are registered in England and Wales (unless otherwise indicated) and the proportion of equity held indirectly are as follows:

Joint venture undertaking	Nature of business	2018 %	2017 %
ALC (FMC) Limited	PFI asset management concession for the MOD	50.00	50.00
Amey Birmingham Highways Holdings Limited	PFI Highways concession in Birmingham	33.30	33.30
Amey Birmingham Highways Limited	PFI Highways concession in Birmingham	33.30	33.30
Amey FMP Belfast Strategic Partnership Hold Co Limited	Managing development of schools and libraries in Northern Ireland	70.00	70.00
Amey FMP Belfast Strategic Partnership SP Co Limited	Managing development of schools and libraries in Northern Ireland	70.00	70.00
Amey Hallam Highways Holdings Limited	PFI Highways concession in Sheffield	3.30	33.30
Amey Hallam Highways Limited	PFI Highways concession in Sheffield	3.30	33.30
Amey Infrastructure Management (1) Limited	Investment holdings	10.00	10.00
Amey Ventures Investments Limited	Investment holdings	5.00	10.00
AmeyVTOL Limited	Dormant	60.00	60.00
Amey-Webber LLC (USA)	Highways maintenance	51.00	51.00
AmeyCespa (AWRP) Holding Co Limited	PFI waste management concession	3.33	16.70
AmeyCespa (AWRP) SPV Limited	PFI waste management concession	3.33	16.70
AmeyCespa (MK) Holding Co Limited	PFI waste management concession	50.00	50.00
AmeyCespa (MK) SPV Limited	PFI waste management concession	50.00	50.00
Amey Defence Services Limited (formerly CarillionAmey Limited)	Facilities management and buildings maintenance	Nil	50.00
Amey Defence Services (Housing) Limited (formerly CarillionAmey (Housing Prime) Limited)	Housing maintenance on behalf of the MOD	Nil	33.30
EduAction (Waltham Forest) Limited	Education support services outsourcing	50.00	50.00
GEO Amey PECS Limited	Prisoner escort and custody services	50.00	50.00
Integrated Bradford Hold Co Two Limited	PFI schools concession in Bradford	0.60	0.60
Integrated Bradford LEP Limited	PFI schools concession in Bradford	4.00	4.00
Integrated Bradford LEP Fin Co One Limited	PFI schools concession in Bradford	4.00	4.00
Integrated Bradford PSP Limited	PFI schools concession in Bradford	5.00	5.00
Integrated Bradford SPV Two Limited	PFI schools concession in Bradford	0.60	0.60
Keolis Amey Docklands Limited	Railways maintenance	30.00	30.00
Keolis Amey Metrolink Limited	Railways maintenance	40.00	40.00
Ventia Boral Amey NSW Pty Limited (Australia)	Highways management and maintenance (Australia)	22.20	22.20

10 Investments (continued)

Joint venture undertaking	Nature of business	2018 %	2017 %
Ventia Boral Amey QLD Pty Limited (Australia)	Highways management and maintenance (Australia)	20.00	20.00
Management & Training Corporation Limited (formerly MTCnovo Limited)	Rehabilitation and offender management services	50.00	50.00
Scot Roads Partnership Holdings Limited (Scotland)	Highways maintenance	20.00	20.00
Scot Roads Partnership Project Limited (Scotland)	Highways maintenance	20.00	20.00
Scot Roads Partnership Finance Limited (Scotland)	Highways maintenance	20.00	20.00
The London Community Rehabilitation Company Limited	Rehabilitation and offender management services	50.00	50.00
The Thames Valley Community Rehabilitation Company Limited	Rehabilitation and offender management services	50.00	50.00
Keolis Amey Operations / Gweithrediadau Amey Keolis Limited	Railways maintenance	36.00	Nil
Keolis Amey Wales Cymru Limited	Railways maintenance	40.00	Nil

10 Investments (continued)

The following joint venture undertakings, and the Group proportion of equity held, are held directly through Amey Ventures Investments Limited:

Joint venture undertaking	Nature of business	2018 %	2017 %
AHL Holdings (Manchester) Limited	PFI street lighting concession	2.50	5.00
Amey Highways Lighting (Manchester) Limited	PFI street lighting concession	2.50	5.00
AHL Holdings (Wakefield) Limited	PFI street lighting concession	2.50	5.00
Amey Highways Lighting (Wakefield) Limited	PFI street lighting concession	2.50	5.00
ALC (Superholdco) Limited	PFI asset management concession for the MOD	2.50	5.00
ALC (Holdco) Limited	PFI asset management concession for the MOD	2.50	5.00
ALC (SPC) Limited	PFI asset management concession for the MOD	2.50	5.00
Amey Belfast Schools Partnership Hold Co Limited	PFI schools concession	5.00	10.00
Amey Belfast Schools Partnership PFI Co Limited	PFI schools concession	5.00	10.00
Amey Lighting (Norfolk) Holdings Limited	PFI street lighting concession	5.00	10.00
Amey Lighting (Norfolk) Limited	PFI street lighting concession	5.00	10.00
Amey Roads NI Holdings Limited (Northern Ireland)	PFI highways concession in Northern Ireland	2.50	5.00
Amey Roads NI Limited (Northern Ireland)	PFI highways concession in Northern Ireland	2.50	5.00
Amey Roads NI Financial Limited (Northern Ireland)	PFI highways concession in Northern Ireland	2.50	5.00
E4D&G Holdco Limited	PFI schools concession in Dumfries & Galloway	4.25	8.50
E4D&G Project Co Limited	PFI schools concession in Dumfries & Galloway	4.25	8.50
Integrated Bradford Hold Co One Limited	PFI schools concession in Bradford	1.70	2.90
Integrated Bradford SPV One Limited	PFI schools concession in Bradford	1.70	2.90
RSP (Holdings) Limited (Scotland)	PFI schools concession in Renfrewshire	1.80	3.50
The Renfrewshire Schools Partnership Limited (Scotland)	PFI schools concession in Renfrewshire	1.80	3.50
Services Support (Avon and Somerset) Holdings Limited	PFI courts concession in Bristol	1.00	2.00
Services Support (Avon and Somerset) Limited	PFI courts concession in Bristol	1.00	2.00

10 Investments (continued)

The registered office of subsidiary and joint venture undertakings is The Sherard Building, Edmund Halley Road, Oxford, OX4 4DQ, United Kingdom. The exceptions to this are set out in the table below:

Undertaking	Registered office
AHL Holdings (Manchester) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
AHL Holdings (Wakefield) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
Amey Birmingham Highways Holdings Limited	Ernst & Young LLP, One Colmore Square, Birmingham, B4 6HQ
Amey Consulting Australia Pty Limited	Level 26, 181 William Street, Melbourne, VIC 3000, Australia
Amey Consulting LLC	Doha, Qatar
Amey Consulting USA, Inc.	1130 Post Oak Boulevard, Suite 1250, Houston, Texas 77056
Amey Highways Lighting (Manchester) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
Amey Highways Lighting (Wakefield) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
Amey Roads NI Limited	Murray House, Murray Street, Belfast, BT1 6DN
Amey Roads NI Holdings Limited	Murray House, Murray Street, Belfast, BT1 6DN
Amey Roads NI Financial plc	Murray House, Murray Street, Belfast, BT1 6DN
Byzak Contractors (Scotland) Limited	International House, Stanley Boulevard, Hamilton Intnl Technology Park, Blantyre, Glasgow, G72 0BN
C.F.M. Building Services Limited	International House, Stanley Boulevard, Hamilton Intnl Technology Park, Blantyre, Glasgow, G72 0BN
Enterprise Utility Services (DCE) Limited	West Point, 501 Chester Road, Old Trafford, Manchester, M16 9HU
Enterprise Utility Services (TBC) Limited	West Point, 501 Chester Road, Old Trafford, Manchester, M16 9HU
Fleet and Plant Hire Limited	The Matchworks Pavillions 3 and 4, Garston, Liverpool, L19 2PH
Keolis Amey Docklands Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Keolis Amey Metrolink Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Keolis Amey Operations/Gweithrediadau Kelos Amey Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Keolis Amey Wales Cymru Limited	Amey Rail Maindee Depot, off Caerleon Road, Newport, NP19 9DZ
Management & Training Corporation Limited (formerly MTCnovo Limited)	Fifth Floor, Capital Tower, 91 Waterloo Road, London, SE1 8RT
RSP (Holdings) Limited	Precision House, McNeil Drive, Motherwell, ML1 4UR
Scot Roads Partnership Finance Limited	Hermiston House, Unit B M8 Central Business Park, Greenside Road, Newhouse, Motherwell, ML1 5FL
Scot Roads Partnership Holdings Limited	Hermiston House, Unit B M8 Central Business Park, Greenside Road, Newhouse, Motherwell, ML1 5FL
Scot Roads Partnership Project Limited	Hermiston House, Unit B M8 Central Business Park, Greenside Road, Newhouse, Motherwell, ML1 5FL
Services Support (Avon & Somerset) Limited	Victoria House, Victoria Road, Chelmsford, Essex, CM1 1JR
Services Support (Avon & Somerset) Holdings Limited	Victoria House, Victoria Road, Chelmsford, Essex, CM1 1JR
The London Community Rehabilitation Company Limited	Fifth Floor, Capital Tower, 91 Waterloo Road, London, SE1 8RT
The Renfrewshire Schools Partnership Limited	Precision House, McNeil Drive, Motherwell, ML1 4UR

10 Investments (continued)

Undertaking	Registered office
The Thames Valley Community Rehabilitation Company Limited	Fifth Floor, Capital Tower, 91 Waterloo Road, London, SE1 8RT
Ventia Boral Amey NSW Pty Limited	Level 4, Tower 1, 495 Victoria Avenue, Chatswood SA, NSW 2067, Australia
Ventia Boral Amey QLD Pty Limited	Level 4, Tower 1, 495 Victoria Avenue, Chatswood SA, NSW 2067, Australia

11 Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	520,117	442,708
Provision against amounts owed by group undertakings	(145,830)	(79,419)
Amounts owed by Ferrovial, S.A. group undertakings	1,890	-
Other debtors	158	546
Corporation tax	8,846	18,484
Deferred tax asset (see note 14)	-	121
Social security and other tax	10,543	12,806
	395,724	395,246
Amounts falling due after more than one year:		
Deferred tax asset (see note 14)	133	-
Amounts owed by group undertakings	488,123	488,123
Provision against amounts owed by group undertakings	(488,123)	-
Amounts owed by Ferrovial, S.A group undertakings	1,682	6,291
	1,815	494,414
Aggregate amounts	397,539	889,660

Amounts owed by group undertakings are unsecured and are repayable on demand. There is no difference between the book value and the fair value of amounts owed by group undertakings.

Of the total amounts due from subsidiary undertakings, £263,434,000 (2017 - £311,494,000) bears interest at a variable rate of 0.5% (2017 - 0.5%), £488,123,000 (2017 - £488,123,000) bears interest at LIBOR plus a margin of 4.17% (2017 - LIBOR plus a margin of 4.17%) and £1,682,000 (2017 - £6,291,000) bears interest at a fixed rate of 12.5% (2017 - 12.5%).

12 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Social security and other taxes	-	720
Amounts owed to subsidiary undertakings	895,431	760,396
Accruals and deferred income	159	-
Amounts owed to other Ferrovial group undertaking	80,725	567
Other creditors	9	723
	976,324	762,406

Amounts due to fellow group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. There is no difference between the book value and the fair value of amounts owed to group undertakings.

In 2016, Landmille Limited provided a further sterling credit facility of £80.0 million to the Company, which was £80.0 million utilised at the end of the year (2017 amounts falling due in more than one year - £80.0 million utilised). This facility bore interest at three-month LIBOR plus 1.91% and was due to be repaid on 23 September 2019 (see note 13 for subsequent amendment to Landmille Limited loan terms).

Of the total amounts due to subsidiary undertakings, £746,320,000 (2017 - £516,586,000) bears interest at 3.75% (2017 - 3.75%).

13 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Owed to Ferrovial group undertaking (Landmille Limited)	289,031	369,173
	289,031	369,173

Included above was an amount due to Landmille Limited of £177.5 million (2017: £177.5 million) which was designated in sterling, which bore interest at LIBOR plus 4.2% (2017: 4.2%) and was due to be repaid on 30 March 2020. A further amount due to Landmille Limited of £41.5 million (2017: £41.1 million) was designated in euros, was charged interest at the rate of six-month EURIBOR plus 3.5% (2017: six-month EURIBOR plus 3.5%) and was due to be repaid on 31 December 2020.

13 Creditors: amounts falling due after more than one year (continued)

In 2016, Landmille Limited provided an additional sterling credit facility of £70.0 million to the Company, which was £70.0 million utilised at the end of the year (2017 - £70.0 million utilised). This facility bore interest at one-month LIBOR plus 2.47% to 3.47%, depending on the level of drawdown and was due to be repaid by 17 February 2021. Also, in 2016, Landmille Limited provided a further sterling credit facility of £80.0 million to the Company, which was £80.0 million utilised at the end of the year (2017 - £80.0 million utilised). This facility bore interest at three-month LIBOR plus 1.91% and as this was due to be repaid on 23 September 2019, has now been included in Creditors: amounts falling due within one year.

On 8 July 2019, £200.0 million of the Company's existing subordinated loans from Landmille Limited were converted into a new Other Equity Instrument with Ferrofin, SL. This is a perpetual loan that is initially interest free but with interest that rises to 12-month LIBOR plus 700 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold.

The proceeds of this loan were used to reduce the existing loans of £369.0 million from Landmille Limited. The remaining loans of £169.0 million were consolidated into a new sterling revolver facility with Landmille Limited which bears interest at 1-month LIBOR plus between 372 and 472 basis points dependent on the drawn amount. This new sterling revolver facility is available until 31 July 2020.

These loans have been fully subordinated in favour of any amounts due to the Amey Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Amey Group's balance sheet.

14 Deferred tax asset

	£'000
Balance at 1 January 2018	121
Credited to Income Statement during year	12
Balance at 31 December 2018	133

	2018 £'000	2017 £'000
Deferred tax asset comprises:		
Other timing differences	85	85
Trading losses	48	36
Balance at 31 December	133	121

	2018	2017
Falling due within one year	-	121
Falling due after more than one year	133	-
Aggregate amount	133	121

The Company has recognised deferred tax assets in full in respect of and other timing differences as the reversal of those items is foreseeable in future periods. Deferred tax assets on trading losses held by the Company have been recognised dependent on the availability of trading profits of the Amey Group that are expected to arise in the foreseeable future and which can be accessed by the Company.

	2018 £'000	2017 £'000
Unrecognised deferred tax comprises:		
Capital losses	2,603	2,603

14 Deferred tax asset (continued)

All deferred tax assets have been measured at a rate of 17% (2017 - 17%).

15 Share capital

Ordinary shares of £1 each	Number	£'000
Authorised, issued and fully paid at 31 December 2016	33,878,283	33,878
Additional ordinary shares authorised and issued during the year	200,000,000	200,000
Authorised, issued and fully paid at 31 December 2017	233,878,283	233,878
Authorised, issued and fully paid at 31 December 2018	233,878,283	233,878

16 Other equity instruments

On 25 July 2018, Amey Holdings Limited, the Company's immediate parent granted a subordinated loan facility to the Company for an amount of £60.0 million. It is a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points.

On 8 July 2019, £200.0 million of the Company's existing subordinated loans from Landmille Limited were converted into a new Other Equity Instrument with Ferrofin, SL. This is a perpetual loan that is initially interest free but with interest that rises to 12-month LIBOR plus 700 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold.

The proceeds of this second loan were used to reduce the existing loans of £369.0 million from Landmille Limited.

These loans have no specified maturity date but can be redeemed by the Company at any time. The Company also has the power to delay timing of the interest payment at its sole discretion which cannot be claimed by the lender.

As it is at the Company's discretion to decide both the repayment of the principal and the possibility of deferring the payment of interest, these loans do not satisfy the condition to be accounted for as a financial liability since they do not include a contractual obligation to pay cash or other financial assets to discharge the liability. Accordingly, they will be classified as equity instruments and will be recognised as "Other equity instruments". The accrued interest will be recognised in reserves and treated in the same way as dividends.

These loans have been fully subordinated in favour of any amounts due to the Amey Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Amey Group's balance sheet.

On 30 July 2019, Enterprise plc, a fellow group undertaking, granted a loan facility to the Company for an amount of £461.0 million. This is a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points.

17 Contingent liabilities

As a member of the Amey UK plc Group of Companies, the Company is a participating guarantor in respect of certain Group borrowings, bank account pooling arrangements, Group VAT registrations and HMRC UK Corporation Tax Group Payment arrangement and is jointly and severally liable with other group companies for the total Group balances outstanding. At 31 December 2018, the only net liability arising across the Amey Group was £27,937,000 (2017 - £43,311,000) in respect of VAT.

Under the terms of the Group's settlement arrangements on the Birmingham City Council Highways PFI contract, the Company is party to Group guarantees in respect of the payment of the settlement accounts. The full amount of deferred consideration can be accelerated upon the occurrence of either a change of control or flotation of the Group; the sale of all or substantially all of the assets of the Group; abandonment by the Group of the original services agreement; material breach of certain business continuity covenants where such breach has a material adverse effect on the services provided by the Group; non-payment of amounts due under the settlement agreement; breach of payment security provisions in the settlement agreement; commencement of an insolvency process in relation to Amey companies party to the agreement; or acceleration of repayment of the Group's corporate banking facilities. Until the full amount of the deferred consideration is paid, subject to certain exceptions, there are restrictions on the disposal of assets which Amey UK plc and the Amey Group can make. Upon certain material disposals, Amey LG Limited is required to pay a proportion towards any payment of any deferred consideration. Until the first £160 million has been paid (due by 31 December 2019), the Group is prohibited from paying dividends or payment on intra-company debt to affiliates, save that the Group can pay Ferrovial group recharges of up to £8.0 million during that period.

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 at 31 December 2018 or at 31 December 2017.

18 Capital commitments

The Company had no capital commitments at 31 December 2018 or at 31 December 2017.

19 Post balance sheet events

Other equity instrument

On 8 July 2019, £200.0 million of the Company's existing subordinated loans from Landmille Limited were converted into a new Other Equity Instrument with Ferrofin, SL. This is a perpetual loan that is initially interest free but with interest that rises to 12-month LIBOR plus 700 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold.

The loan has no specified maturity date but can be redeemed by the Company at any time. The Company also has the power to delay timing of the interest payment at its sole discretion which cannot be claimed by the lender.

As it is at the Company's discretion to decide both the repayment of the principal and the possibility of deferring the payment of interest, the loan does not satisfy the condition to be accounted for as a financial liability since it does not include a contractual obligation to pay cash or other financial assets to discharge the liability. Accordingly, it will be classified as an equity instrument and will be recognised as "Other equity instrument". The accrued interest will be recognised in reserves and treated in the same way as dividends.

The proceeds of this loan were used to reduce the existing loans of £369.0 million from Landmille Limited. The remaining loans of £169.0 million were consolidated into a new sterling revolver facility with Landmille Limited which bears interest at 1-month LIBOR plus between 372 and 472 basis points dependent on the drawn amount. This new sterling revolver facility is available until 31 July 2020.

These loans have been fully subordinated in favour of any amounts due to the Amey Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Amey Group's balance sheet.

On 30 July 2019, Enterprise plc, a fellow group undertaking, granted a loan facility to the Company for an amount of £461.0 million. This is a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points.

20 Controlling parties

The immediate parent undertaking is Amey Holdings Limited.

The ultimate parent undertaking and the largest group to consolidate these financial statements is Ferrovial, S.A., a company incorporated in Spain.

Copies of the Ferrovial, S.A. consolidated financial statements can be obtained from:

Ferrovial, S.A.
Principe de Vegara, 135
28002 Madrid
Spain

or from the Ferrovial, S.A. website: www.ferrovial.com

The parent of the smallest group in which these financial statements are consolidated is Amey UK plc, incorporated in England and Wales.

Copies of those consolidated financial statements can be obtained from the registered office of Amey UK plc:

The Company Secretary
Amey UK plc
The Sherard Building
Edmund Halley Road
Oxford, OX4 4DQ
United Kingdom