Company registration number: 05779755

Ferrovial Agroman (UK) Limited

Annual report and financial statements

For the year ended 31 December 2019

Ferrovial Agroman (UK) Limited

Annual report and financial statements for the year ended 31 December 2019

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Officers and professional advisers

Directors:

Mario Mostoles Nieto
Maria del Sol Toribio Garcia *(appointed 2 September 2019)*
Mario Manuel Menendez Montoya *(appointed 2 September 2019)*
Ignacio Clopes Estela *(resigned 2 September 2019)*
Miguel Angel Sagaz Quesada *(resigned 2 September 2019)*
Andres Blanco Diez *(resigned 2 September 2019)*

Registered office:

10th floor BSI Building,
389 Chiswick High Road
London
W4 4AL
United Kingdom

Company registration number:

05779755

Auditor:

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3BZ
United Kingdom

Bank:

NatWest
City of London office
1 Princes Street
London
EC2R 8BP
United Kingdom

Ferrovial Agroman (UK) Limited

Strategic report

Principal activity

Ferrovial Agroman (UK) Limited ('the Company') is a private limited company limited by shares, which is a wholly owned subsidiary of Ferrovial Agroman Limited. It is part of the group headed by Ferrovial S.A., a company listed on the Spanish stock exchange.

The principal activity of the Company is the design and construction of infrastructure for public and private clients in the United Kingdom and Ireland, including aviation, highways, rail, and water.

Business review

The results for the year are shown on page 13 in the Statement of comprehensive income.

Revenue has increased to £345m (2018: £296m). This is largely due to additional scope being added to existing projects – including both new work packages on framework agreements and agreed variations on other contracts. Additionally, work started on a new contract, to build the Silvertown Tunnel in East London, in 2019.

Operating losses have increased to £31m (2018: £13m), and the total comprehensive losses for the year have increased from £11m in 2018 to £31m in 2019. The losses are primarily a result of the performance of specific highways and water projects. Additionally, it was necessary to recognise a provision for forecasted losses to cover the remaining warranty period of a legacy commercial buildings project. Aviation and rail projects have performed to expectations generating the positive margins anticipated at their respective stages of completion.

The net cash balance has increased to £121m (2018: £94m). This was due to the receipt of a mobilisation payment for the Silvertown Tunnel contract.

At year-end, the Company's order book had increased to £893m (2018: £691m). The increase was due to the RiverLinx joint operation, in which the Company has a 40% share, winning the £1bn contract to build the Silvertown Tunnel in East London, as well as additional works instructed on existing contracts.

Business outlook

The Company's financial goals for 2020 and beyond continue to be to: grow their order book and net cash balance; increase revenue; and improve operating margin. The Company continues to actively track and pursue a range of contracts in line with its corporate strategy.

Key performance indicators

In order to drive high performance and to mitigate the risks and uncertainties that the Company (and industry as a whole) faces, the Company monitors actual performance against forecast performance across a range of indicators.

The directors consider that the following financial and non-financial key performance indicators are the most effective measures for monitoring its objectives.

Financial key performance indicators

Operating Margin: The margin in 2019 was a loss of 9% (2018: loss margin of 4%). As discussed above, the decline is due to specific highways, water and legacy projects, whose performance was notably worse than what had been predicted in the previous year. In particular, the forecast for one water project deteriorated from showing an overall profit to a loss - resulting in the requirement to reverse the profits recognised over the last three years.

Revenue: The total revenue reflects the volume of business being generated by the Company, i.e. the number and size of contracts currently being fulfilled. It is therefore a key metric in measuring the growth of the business. However, while the Company is looking to increase revenue, it aims to be selective in the projects it undertakes so that any growth is also profitable. The total revenue for the Company increased during the year to £345m (2018: £296m). This was in line with forecasts, and as a result of: additional scope being added to existing contracts (including both new work packages on framework agreements and agreed variations on other contracts); and the start of work on the Silvertown Tunnel contract.

Key performance indicators (continued)

Financial key performance indicators (continued)
Net cash balance: Generating positive cash flows and optimising cash reserves provide resources with which the Company can pursue new opportunities and ensures that the Company's financial position is sufficiently robust. The Company's cash balance increased to £121m in 2019 (2018: £94m). This was due to the receipt of a mobilisation payment received at the start of a new project. Even excluding the mobilisation payment, there would have been a £6m increase. Increasing the cash balance against the background of a negative operating margin was a positive result for the Company.

Order Book: The order book of the Company at any time indicates the level of future activity secured. The Company's aim is to grow its guaranteed order book every year. This goal was achieved in 2019 as the secured order book increased to £893m (2018: £691m), due to winning the contract to build the Silvertown Tunnel in East London.

Non-financial key performance indicators
Accident Frequency Rate (AFR): The most common way of measuring health and safety performance in the construction sector is the AFR, which measures the number of reportable incidents (RIDDOR) per 100,000 hours worked. The Company includes all incidents occurring in their joint operations as well as their joint operation's subcontractors in their data.

The Company's AFR at 31 December 2019 was 0.01 (2018: 0.18) based on a total of 8,365,785 (2018: 7,447,712) hours worked. This significant improvement on the previous year, which has exceeded the Company's target, is due to a number of proactive measures instigated following the underperformance in 2018. Among these was the directors' commitment to incorporate health and safety as a non-negotiable value across all projects, placing health and safety at the centre of all decisions.

A number of projects have received client recognition for their health and safety performance during 2019, and the Company was awarded an International Safety Award (Merit) from the British Safety Council for demonstrating a strong commitment to good health and safety management.

The Company remains committed to: the health, safety and wellbeing of all its employees; and striving to attain the highest standards of health, safety and wellbeing.

Employee turnover: Experienced and qualified staff improve the quality of the service delivered to our customers. Being able to retain experienced and qualified staff is therefore a core objective for the Company. The Company measures this objective by calculating the number of unplanned leavers as a percentage of the total number of employees. Just as the previous year, 2019 was a year largely driven by political uncertainty as well as a competitive labour market within the London area where the majority of the Company's projects are located. The political uncertainty has impacted on the decision of a number of our European employees to return either to their home country or another country within the European Union. The overall impact is that employee turnover increased to 19% (2018: 18%). The Company's target was to reduce the 2018 figure by at least two percentage points, so the 2019 figure was below expectations.

Principal risks and uncertainties

In common with the rest of the Ferrovial Group, the Company faces a combination of strategic, operational, financial and compliance risks. A more comprehensive review of the risks faced by the Ferrovial Group is contained in the annual report of the ultimate parent company, Ferrovial S.A.

The Ferrovial Group identifies and evaluates appropriate control measures to mitigate the likelihood of the occurrence of these risks and/or their potential impact, implementing the measures proactively in accordance with the strategic objectives it has set forth. In addition, the effective and efficient management of certain risks allows the Group to detect new business opportunities.

The main risks specifically facing the Company and the mitigation measures it has taken to address them are as follows.

Strategic report (continued)

Principal risks and uncertainties (continued)

External risks

The Company's business is affected by the general risks associated with the construction industry in the U.K. including general economic and political changes, such as taxation, and governmental policy and legislation.

In the construction industry, companies are required to compete to win new contracts, which are determined through a process of competitive tendering or bilateral negotiation. Failing to compete effectively in the market could reduce the Company's future sustainability and profitability.

The Company's success also relies on attracting, developing and retaining a highly skilled and motivated workforce. Failing to achieve this could have an adverse effect on the Company's objectives.

The full impact of Brexit on the Company still remains to be seen. There is a risk that it could reduce the Company's access to labour as well as the pipeline of large-scale infrastructure projects in which the Company specialises. Additionally, if Brexit causes Pound Sterling to weaken this would increase the cost of imported materials billed in foreign currencies. However, there are certain mitigation measures in place in relation to this Brexit risk. For example, existing employees from non-U.K. countries have been provided with employment guidance. Additionally, the Company's existing pipeline guarantees £893m of future work; and the majority of the Company's contracts are target cost where any additional costs arising from foreign exchange would likely be shared with the client. Furthermore, significant purchases in foreign currencies will continue to be hedged through foreign exchange forwards.

Internal risks

Like most companies in the construction industry, the main internal risk for the Company is pricing, which is the risk of forecasting/costing long-term contracts. Usually, contracts are based on cost estimates that are subject to many assumptions. The Company has multiple controls in place to mitigate pricing risk, including benchmarking forecast costs against actual costs incurred in similar projects. However, if the Company fails to estimate the overall risk accurately, revenue or costs for a contract could substantially differ from expectations. As a result, a lower than expected profit may be achieved or a loss may be incurred on such a contract.

The construction industry is also highly schedule driven. Many contracts are subject to specific completion schedule requirements with liquidated damages charged in the event of construction schedules not being achieved. The Company mitigates this risk by only taking on projects where the directors believe that its employees' technical expertise will generate value engineering opportunities to save time.

Additionally, by tendering for projects that are to be delivered under different types of contract (such as lump sum or target cost) as well as working in a diverse range of sectors with a variety of clients (as described in the Principal activity section of the Strategic report), the Company blends its risk profile. In turn, this provides some degree of pricing and schedule risk mitigation.

The Company also faces financial risks. These risks are discussed in note 27 (Financial risk management).

Employee engagement

A combination of talent and dedication from the Company's employees is the cornerstone of the Company's business. Operational excellence and innovation, as pillars of the Company's strategy, would not be possible without a team that is characterised by their professionalism and commitment to these goals.

Thus, the Company's strategic priorities include promoting the professional development of all people making up the Company, together with providing employees with opportunities to work internationally. This provides a framework capable of guaranteeing equal opportunities based on merit. This applies to appropriate training, career development and promotion for all employees, regardless of physical ability, gender, sexual orientation, religion, age or ethnic origin or any other unfair discriminatory reason. The services of any existing employee disabled during their period of employment are retained wherever possible.

Strategic report (continued)

Employee engagement (continued)

The human resources policies are a key element within the Company's commitments in the area of corporate responsibility. Human resources' activities are orientated to guaranteeing sustained growth of the organisation and developing the potential of its employees with the aim of increasing the Company's competitive level in the market.

The number of hours invested in training employees is recorded and monitored annually. This includes half-yearly briefings for the entire Company where employees are updated on developments within the business and the Company's financial performance.

Employee performance is measured through an annual performance review, with personal goals linked to those of the Company as a whole. Bonuses are paid annually and linked to achievement of both the individual's and Company's goals.

Employee satisfaction is tracked and managed through a biennial staff satisfaction survey.

Health and safety

The Company's Behavioural Safety Programme (LIFE) lies at the heart of the business. It is a holistic approach to implementing health, safety & well-being practices throughout our business – not only at work, but also at home. It empowers employees and promotes leadership at all levels of our organisation.

Safety is a key factor in achieving operational excellence. The Company works every day to create environments that are risk free for everyone, including users of infrastructure and services. There are two principles that govern the actions in this area: the aspirational target of zero accidents and that any accident can be avoided. To this end the Company, and the Ferrovial Group as a whole, has established a number of safety requirements for all its projects. The Accident Frequency Rate (AFR) is the most common way of measuring safety performance in the construction sector. See Non-financial key performance indicators section above for details of the Company's AFR for the current year.

The directors understand that a happy and healthy workforce is in everyone's interests. To ensure all employees have access to any services they need to maintain a healthy mental outlook, the Company has implemented a number of measures to give employees the resources and support they need across our business, including: the Employee Assistance Programme; the Mental Health First Aid Programme; and a number of events throughout the year to promote well-being.

Innovation

Innovation is one of the Company's corporate values and a key enabler to meet challenges in society and the needs of customers. It is central to the Company's commitment to operational efficiency and its search for competitive, differentiating solutions.

The Company, and the Ferrovial Group as a whole, is at the cutting edge in applying the most advanced techniques in the construction sector in order to enhance productivity and quality at work sites, as well as to improve personal health and safety, and reduce environmental impact.

In 2019, the Company was able to claim Research and Development tax credits of £0.7m from HMRC (2018: £0.4m) in relation to expenditure in 2018 on innovative practices that have advanced knowledge and capability in the construction sector.

Strategic report (continued)

Section 172(1) statement

As required by section 172(1) of the Companies Act 2006, the directors of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

1. the likely consequences of any decision in the long term;
2. the interests of the company's employees;
3. the need to foster the company's business relationships with suppliers, customers and others;
4. the impact of the company's operations on the community and the environment;
5. the desirability of the company maintaining a reputation for high standards of business conduct; and
6. the need to act fairly as between members of the company.

The directors believe the following issues are relevant in complying with section 172(1) of the Companies Act 2006.

The Company is a subsidiary of the Ferrovial Group, which is listed on the Spanish stock exchange. As a subsidiary of a listed entity it operates under the umbrella of the values and corporate governance required by the Ferrovial Group.

1. The likely consequences of any decision in the long term

The Company's goals are described in the Business outlook section of the Strategic report. Due to the long-term nature of the type of contracts that the Company is interested in, there is no significant variance between the Company's short and long-term targets.

Both the Company, and the Ferrovial Group as a whole, have a long-term commitment to the U.K. The Company has been operating in the U.K. since 2006, and in the Ferrovial Group's recently announced 5-year plan, the United Kingdom was included as one of the key markets for the Ferrovial Group.

2. The interests of the company's employees

See Employee engagement section in Strategic report for a description of how the directors engage with the Company's employees, and have regard for their interests.

The Company is fully committed to ensuring diversity and inclusion are part of its culture and has signed up to the EW Group's Inclusive Culture pledge.

The Company's commitment to the health and safety and general well-being of its employees is discussed further in the Health and safety and Non-financial key performance indicators sections of the Strategic report.

3. The need to foster the company's business relationships with suppliers, customers and others

Fostering positive long-term relationships with its clients, suppliers, joint operation partners and other stakeholders in its projects has been key to the Company's success in the U.K., and the Company recognises the need to continue to develop and maintain such relationships. The Ferrovial Group's recent announcement that the Company should be seen as a leading local contractor in the U.K. market underlines this.

Additionally, the Company requires that its supply chain is aligned with the Company's code of business ethics and corporate responsibility policies, which cover areas such as employee welfare as well as quality, health and safety and the environment.

Section 172(1) statement (continued)

4. The impact of the company's operations on the community and the environment

As an active member of the construction and engineering industry, the Company embraces its responsibility to be active in the resolution of the most pressinq social issues in the environments in which it operates. The Company works hard to ensure it is able to leave behind a worthwhile and meaningful legacy by recruiting local people and collaborating with organisations targeting those societal groups most in need of support everywhere it goes.

In line with the Company's focus on access to employment, employability, school engagement and community engagement activities, it delivers on a number of commitments throughout the year. These commitments include: a work experience programme for local school children or people looking to get back into the work place; a STEM Ambassador network; an employer supported volunteering programme; and robust contributions to important causes in the construction industry and local communities such as International Women in Engineering Day and working with local schools, colleges and prisons.

Sustainability is a key aspect in the Company's activities. It is the reason why it is committed to reducing the environmental impact of its actions, prioritizing the security of persons, contributing to a sustainable development of society, and using innovation as a fundamental instrument for productivity and competitiveness. A number of the Company's projects have been awarded Green Apple prizes in recognition of their environmental innovations.

5. The desirability of the company maintaining a reputation for high standards of business conduct

As discussed above, both the Company and the Ferrovial Group have a long-term commitment to the U.K.

The bidding process for the types of contracts in which the Company specialises is so rigorous and wide-ranging that it is critical that the Company maintains the highest standards of business conduct in order to win further work. Additionally, without this commitment to the highest standards of business conduct, it would not be possible to build lasting relationships with our supply chain and joint operation partners.

6. The need to act fairly as between members of the company

The Company only has one shareholder, Ferrovial Agroman Limited.

Engagement with stakeholders

At a high-level, the Company engages with its stakeholders as part of the broader communications strategy of the Ferrovial Group.

At a more local level, the Company's Directors, and employees at all levels of the business, are in constant communication with their counterparts from clients, suppliers and joint operation partners. Key issues are escalated to the Company's Board of Directors.

The Company's joint operations usually employ a community relations professional (or professionals) to engage with the local community in the locations where projects are being delivered. In this way, the Directors are kept up-to-date with the issues impacting the communities in which the Company's projects are located, and the communities can be updated and involved in the project developments and the benefits that the developments will bring.

Effect of the Company's decisions and strategies during the financial year

The impact and effects of the Director's decisions are described in the Strategic Report, in particular the Business Review section.

Approved by the Board of Directors, and signed on behalf of the board.

María del Sol Toribio Garcia
Finance Director
28 February 2020

Ferrovial Agroman (UK) Limited

Directors' report

Introduction
The directors present the annual report together with the audited financial statements of Ferrovial Agroman (UK) Limited for the year ended 31 December 2019.

Results and dividends
Details of the Company's results are shown in the Statement of comprehensive income on page 11.

The Company's total comprehensive loss for the year was £31m (2018: total comprehensive loss of £11m).

No dividend was paid in 2019 (2018: £nil). No dividends are proposed at the date of these financial statements.

Share capital and share premium
Through a combination of a debt for equity swap and a cash investment, the Company received a total of £35m in equity investments from its parent during 2019 (2018: £5.9m). See notes 23 (Share capital) and 24 (Share premium) for further information.

Financial risks
As stated in the Strategic report, the Company faces the standard range of financial risks typical of similar companies. These risks are discussed in note 27 (Financial risk management).

Events after the reporting period
Details of any significant events since the balance sheet date are contained in note 29 (Events after the reporting period) to the financial statements.

Future developments
An indication of likely future developments in the business of the Company are included in the Business review and Business outlook sections of the Strategic report.

Business relationships
See Section 172(1) statement in Strategic report for a description of how the directors have managed the Company's relationships with their suppliers, customers and other stakeholders.

Directors
The names of the persons who were directors at any time during the year and up to the date of signing the financial statements are listed on the Officers and professional advisers page on section 1.

Directors' interests
None of the directors in office at 31 December 2019 or 31 December 2019, or their spouses and children had any interests in the share capital of the Company at any time during these periods.

Employee engagement
See Employee engagement and Health and safety sections of the Strategic report for further details of: the Company's employment policies; how the directors engage with the Company's employees; and how the Company has regard for its employees' interests.

Research and development activities
Details of research and development activities are included in the Innovation section of the Strategic report.

Political contributions
The Company has not made any political donations during the year (2018: £nil).

Directors' report (continued)

Adoption of the going concern basis

Based on the information available to them, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors consider it is appropriate to adopt the going concern basis in preparing the financial statements.

Refer to note 3 (Significant accounting policies) for further detail of the assessment made by the directors.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the directors are aware there is no relevant audit information of which the Company's independent auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's independent auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Appointment of auditor

In light of requirements of the corporate governance code requirements of entities listed on the Spanish stock exchange, Ferrovial S.A., the ultimate parent company, undertook a competitive tender for external audit services of the Ferrovial Group. The result was that EY were selected as the auditor for the year ending 31 December 2020. Accordingly, Deloitte LLP will resign as auditors of the Company once the year end 31 December 2019 audit has been concluded, and in the absence of an Annual General Meeting it will be deemed EY will be appointed as auditor.

Approved by the Board of Directors, and signed on behalf of the board

Maria del Sol Toribio Garcia
Finance Director

28 February 2020

Ferrovial Agroman (UK) Limited

Directors' responsibilities statement

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 Generally Accepted 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 then apply them consistently;
- make judgments 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.

Independent auditor's report to the members of Ferrovial Agroman (UK) Limited

Opinion

In our opinion the financial statements of Ferrovial Agroman (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 29.

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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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 FRC'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 or 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.

Philip Doherty

Philip Doherty FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 February 2020

Ferrovial Agroman (UK) Limited
Statement of comprehensive income
For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Revenue	5	345,363	295,672
Subcontractor costs and materials consumed	6	(235,727)	(192,438)
		109,636	**103,234**
Personnel expenses	7	(39,557)	(38,573)
Other operating expenses	8	(99,809)	(77,675)
Depreciation	13	(1,669)	-
Operating loss		**(31,399)**	**(13,014)**
Financial income	11	447	242
Financial expenses	11	(579)	(392)
Other financial losses	11	(792)	(297)
Loss before income tax		**(32,323)**	**(13,461)**
Income tax credit	12	1,366	2,492
Loss for the year		**(30,957)**	**(10,969)**
Other comprehensive losses, arising on derivative financial instruments, that may be reclassified subsequently to profit or loss		(237)	(99)
Total comprehensive loss for the year		**(31,194)**	**(11,068)**

The notes on pages 17 to 40 are an integral part of these financial statements.

Ferrovial Agroman (UK) Limited
Company registration number: 05779755
Balance sheet
As at 31 December 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
Non-current assets			
Long term deposits		92	61
Right-of-use assets	*13*	3,071	-
Deferred tax assets	*12*	6,320	5,562
		9,483	**5,623**
Current assets			
Inventories	*14*	159	980
Trade and other receivables	*15*	35,967	15,564
Income tax receivable		910	562
Intercompany receivables	*17*	2,329	3,120
Cash and cash equivalents	*18*	121,288	94,386
Financial derivatives at fair value	*19*	1	252
		160,654	**114,864**
Total assets		**170,137**	**120,487**
LIABILITIES			
Current liabilities			
Trade and other payables	*20*	146,970	90,521
Intercompany payables	*17*	-	19,921
Financial derivative liabilities at fair value	*19*	18	-
Provisions	*21*	6,329	3,830
Lease liabilities	*22*	2,089	-
		155,406	**114,272**
Net current assets		**5,248**	**592**
Non-current liabilities			
Financial derivative liabilities at fair value	*19*	30	-
Provisions	*21*	7,889	4,226
Lease liabilities	*22*	1,017	-
		8,936	**4,226**
Total liabilities		**164,342**	**118,498**
Net assets		**5,795**	**1,989**
EQUITY			
Share capital	*23*	58,781	23,781
Share premium	*24*	22,770	22,770
Retained losses		(75,741)	(44,784)
Hedging reserve		(15)	222
Total equity		**5,795**	**1,989**

Ferrovial Agroman (UK) Limited
Company registration number: 05779755
Balance sheet
As at 31 December 2019

The notes on pages 17 to 40 are an integral part of these financial statements.

The financial statements of Ferrovial Agroman (UK) Limited, registered number 05779755, were approved by the Board of Directors on 28 February 2020.

Signed on behalf of the board of directors

Maria del Sol Toribio Garcia
Finance Director

Ferrovial Agroman (UK) Limited

Statement of changes in equity
For the year ended 31 December 2019

	Notes	Share capital £'000	Share premium £'000	Retained losses £'000	Hedging reserve £'000	Total £'000
Balance at 1 January 2018		**17,881**	**22,770**	**(33,815)**	**321**	**7,157**
Issue of share capital	*23*	5,900	-	-	-	5,900
Total other comprehensive loss		-	-	(10,969)	(99)	(11,068)
Balance at 31 December 2018		**23,781**	**22,770**	**(44,784)**	**222**	**1,989**
Issue of share capital	*23*	35,000	-	-	-	35,000
Total other comprehensive loss		-	-	(30,957)	(237)	(31,194)
Balance at 31 December 2019		**58,781**	**22,770**	**(75,741)**	**(15)**	**5,795**

The notes on pages 17 to 40 are an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2019

1. General information and basis of preparation

Ferrovial Agroman (UK) Limited is a private limited company, limited by shares, incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given in the Officers and professional advisers page on page 1. The nature of the company's operations and its principal activity are set out in the Strategic report on pages 2 to 5.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the financial year ended 31 December 2017 the Company underwent transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As a qualifying entity, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101:

- presentation of a cash-flow statement;
- disclosure of related party transactions;
- presentation of new and revised standards adopted in the current year;
- financial instrument disclosures required by IFRS 7;
- fair value disclosures required by IFRS 13; and
- share-based payment disclosures required by IFRS 2.

Where relevant, equivalent disclosures have been given in the group accounts of Ferrovial S.A. The group accounts of Ferrovial S.A. are available to the public and can be obtained as set out in note 28 (Ultimate parent undertaking).

The financial statements have been prepared in accordance with the Companies Act 2006.

The financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

2. Adoption of new and revised accounting standards

Impact of application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3 (Significant accounting policies). The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019. The Company has applied IFRS 16 using the modified retrospective approach, taking the practical expedient to measure the right-of-use asset on transition to IFRS 16 as equal to the lease liability at that date. Consequently, no restatement of the comparative information is required.

2. **Adoption of new and revised accounting standards (continued)**

Impact of application of IFRS 16 Leases (continued)

(a) Impact of the new definition of a lease
Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting
IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except for the exemptions as noted below), the Company:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (worth less than £5,000), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in profit or loss.

(c) Impact on Lessor Accounting
The Company does not act as a lessor.

(d) Financial impact of the initial application of IFRS 16
The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised on the balance sheet at the date of initial application of IFRS 16 was 2.5%. The Company's total operating lease commitments disclosed under IAS 17 at 31 December 2018 were £1,578,000. Discounted using the incremental borrowing rate at the date of initial application, the value of the Company's IAS 17 operating lease commitments at 31 December 2018 was £1,519,000. There is no difference between this value and the value of lease liabilities recognised in the balance sheet at the date of initial application of IFRS 16.

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Adoption of new and revised accounting standards (continued)

(d) Financial impact of the initial application of IFRS 16 (continued)

The table below shows the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current year.

Impact on the balance sheet at 1 January 2019

	As previously reported £'000	IFRS 16 adjustments £'000	As restated £'000
Right-of-use assets	-	1,519	1,519
Net impact on total assets		**1,519**	
Lease liabilities	-	(1,519)	(1,519)
Net impact on total liabilities		**(1,519)**	

There was no impact on the income statement because the Company has taken the practical expedient to measure the right-of-use asset as equal to the lease liability on transition to IFRS 16.

The Company holds no finance leases (2018: £nil).

For tax purposes the Company receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

3. Significant accounting policies

The principal accounting policies adopted are set out below. They have all been applied consistently throughout the year and the preceding year, unless otherwise stated.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and Directors' report on pages 2 to 9.

Acknowledging the guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council in October 2009, the Directors have reviewed the future prospects of the Company, and believe the following factors are relevant.

- The Company has a healthy order backlog which covers over two years of future business based on levels of revenue earned in 2019. This order backlog is forecast to generate an overall profit margin and positive cashflow.
- There continues to be underlying demand in the U.K. market in which the Company operates for the type of infrastructure projects in which the Company specialises.
- Noting the receipt of a significant advance payment at the end of 2019, the Company's cash position, both existing and projected, is strong enough to withstand any losses that might occur in the medium-term.

Based on the above, and having made the appropriate enquiries and reviewed medium-term cash forecasts, the Directors consider the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

3. **Significant accounting policies (continued)**

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When the Company entity transacts with a joint operation in which the Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Company's financial statements only to the extent of other parties' interests in the joint operation.

Transactions denominated in foreign currencies

Transactions in currencies other than the Company's functional currency ('foreign currencies') are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses are presented in the Statement of comprehensive income within 'Other financial losses'.

Revenue recognition – construction contracts

IFRS 15 introduced a five-step approach to revenue recognition. This required the Company to identify the performance obligations within its long-term construction contracts. In general, most of the Company's contracts were assessed to be comprise only one performance obligation because they contained no individually distinct promises to transfer services to the client. However, it was concluded that the 'framework' contracts in which the Company is engaged, where work is performed on an 'as instructed by the client' basis over a set time period, generally included multiple performance obligations.

When the outcome of a construction contract (or individual performance obligation) can be estimated reliably, the Company's preferred method of revenue recognition is the output method in which revenue is recognised based on the units of work performed and the price allocated thereto. This method is applied provided that the progress of the work performed can be measured based on the contract and during the contract's performance. Under this output method the units of work completed under each contract are measured monthly and the corresponding output is recognised as revenue.

Where it is not practicable to apply this 'units of production' output method, the 'percentage of completion' input method is used instead. Scenarios where it is considered more appropriate to use the percentage of completion method include cost reimbursable contracts (including those containing a target cost with pain/ gain mechanism).

Notes to the financial statements (continued)
For the year ended 31 December 2019

3. **Significant accounting policies (continued)**

Revenue recognition - construction contracts (continued)

Under this input method, costs are recognised as incurred and revenue is recognised based on the proportion of total costs at the reporting date to the estimated total costs of the contract.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered highly probable.

Where the outcome of a construction contract (or performance obligation) cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is highly probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract (or performance obligation) costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as a provision for forecast losses.

On the majority of projects applications for payment are made to the client on a monthly basis based on works certified as performed (or costs certified as incurred) by the client plus the contractually agreed fee for those works. Sometimes the monthly certification contains an element of forecast too. The value of these certified works is reconciled to revenue recognised. When contract (or performance obligation) costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as part of Trade and other receivables as Amounts due from customers for construction work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as part of Trade and other payables as Amounts billed in advance for construction work. Amounts received before the related work is performed are also presented as part of Trade and other payables as Advances from clients. Amounts billed for work performed but not yet paid by the customer are included on the balance sheet as Trade receivables.

Revenue recognition- services

Revenue from services arises on management and consulting services provided to other Ferrovial Group companies and joint operations.

Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

The Company forms part of a tax group relief group with other U.K.-based Ferrovial Group companies, which allows the profits of one Group company to be offset against the losses of another Group company.

Current tax is payable based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. **Significant accounting policies (continued)**

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, when the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax on a net basis.

Financial instruments

Financial assets

On initial recognition, financial assets are classified and measured at either: amortised cost; fair value through profit or loss ('FVTPL'); or fair value through other comprehensive income ('FVTOCI'), as appropriate. The classification and measurement depend on the purpose for which the financial assets were acquired. All the financial assets that the Company holds are either classified at amortised cost or, in the case of derivative financial instruments, FVTOCI.

Financial assets that have fixed or determinable payments that are not quoted in an active market are classified and measured at amortised cost. Amortised cost is calculated using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Company's amortised cost financial assets comprise: trade, intercompany and other receivables; and cash and cash equivalents as included on the balance sheet.

Fair value through profit and loss category comprises financial assets that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivative financial assets are also classified as held for trading unless they are designated as hedges.

Except for the derivative financial asset, the fair value of the Company's financial assets is not materially different to their value under the historical cost basis.

In relation to the impairment of financial assets, the Company uses an expected credit loss ('ECL') model, as required by IFRS 9. The items on the Company's balance sheet that are subject to impairment are trade, intercompany and other receivables. IFRS 9 requires that these items are impaired using the simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and contract assets.

Financial liabilities

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss.

Fair value through profit and loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivative financial liabilities are also classified as held for trading unless they are designated as hedges.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

The fair value of the Company's financial liabilities is not materially different to their value under the historical cost basis.

3. **Significant accounting policies (continued)**

Derivative financial instruments
The Company enters into a derivative financial instrument to fix the cost of foreign currency transactions in the functional currency of the Company. The derivative financial instruments used for this purpose are classified as cash flow hedges.

Hedge accounting is applied to financial assets and financial liabilities only when the principle of an 'economic relationship' hedge accounting criteria set out in IFRS 9 Financial instruments are met.

The effective part of forward contracts designated as a hedge of the variability in cash flows of foreign currency risk arising from firm commitments are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in other reserves.

Right-of-use assets
As indicated in note 2 (Adoption of new and revised accounting standards), the Company has adopted IFRS 16 Leases in the current year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Inventories
Subsequent to initial recognition, the Raw materials included under Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

As well as Raw materials, Inventories include Capitalised costs of obtaining contracts, which are the incremental expenses incurred in obtaining a contract. These are defined as contract assets under IFRS 15. They are assigned to the income statement over the duration of the contract according to the percentage completion of the project.

To determine whether future economic benefits from contracts are sufficient to recover the contract assets, management has performed an assessment of the costs to complete the contract. In comparing the carrying amount of the asset to the remaining amount of consideration expected to be received less the costs to provide services under the relevant contract, management has determined no impairment is required at 31 December 2019.

Leases
As indicated in note 2 (Adoption of new and revised accounting standards), the Company has adopted IFRS 16 Leases in the current year. This has resulted in the Company making some modifications to its accounting policies for leases.

The Company does not act as a lessor, but it is a lessee.

Policies applicable from 1 January 2019
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the financial statements (continued)
For the year ended 31 December 2019

3. **Significant accounting policies (continued)**

Leases (continued)

Policies applicable from 1 January 2019 (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. Unless, the non-lease component is material the Company takes advantage of this practical expedient.

Policies applicable prior to 1 January 2019

The Company held no finance leases.

Rentals payable under operating leases were charged to income on a straight-line basis over the term of the relevant lease.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2 (Significant accounting policies), the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Provisions for forecasted losses

The Company's revenue recognition and margin recognition policies, which are set out in the 'Revenue Recognition - construction contracts' section of note 3 (Significant accounting policies) are central to how the Company values the work it has carried out in each financial year. These policies require forecasts to be made of the outcomes of the Company's long-term construction contracts. These forecasts require judgements to be made about the probable outcomes of key elements of the contracts. The quantum of the increase to the provision for forecasted losses recognised in 2019 is £5.5m (2018: £2.9m). The director's estimate of the best-case scenario for the outcome of the contracts in question would result in no provision recognised at 31 December 2019, while the worst-case scenario would result in an additional £10m provision. For further information see note 21 (Provisions).

Recognition of revenue arising from milestones or gain share on 'Target cost' contracts

Included in a number of the Company's contracts are payments for achieving certain milestones or targets. Revenue can be recognised from these items of variable consideration before they are achieved, however only when the following conditions are met:

- it is highly probable that the milestones or targets will be achieved; and
- the project or activity is at least 75% complete.

Nonetheless, the recognition of revenue in these scenarios still involves judgements to be made about the probable outcomes of key elements of the contracts. In the current year, judgements relating to the recognition of revenue from milestones have a material impact on one project in particular. If the judgements had been different, up to £6m less revenue would have been recognised.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of costs to complete

In order to determine the profit and loss that the Company is able to recognise on its construction contracts in a specific year, the Company is required to estimate the forecast costs to complete as well as the final contract value.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

The following elements of estimating costs to complete are particularly relevant:

- Assessing the economic value of changes that have been approved in principle by the client but not in value. In cost reimbursable contracts with target cost elements, it is normal to have substantially completed work before the economic value is approved by the client. There are numerous commercial, financial and operational factors that can impact the final economic value agreed with the client.
- Assessing the time impact of changes that have been approved in principle by the client, but for which no formal extension of time has been agreed. The estimation becomes more critical when changes might give rise to delays that will result in liquidated damages payable to the client.
- Estimating the cost of performing works covered by warranties after contract completion. This is based on previous experience of similar projects delivered. But the projects the Company delivers are highly complex and no two projects are the exactly the same.

The range of potential outcomes could result in a materially negative or positive swing to profitability and cash flow.

5. Revenue

An analysis of the Company's revenue is as follows:

	2019 £'000	2018 £'000
Revenue from construction contracts	317,879	269,034
Other income (from claims)	985	5,642
Revenues from services	26,499	20,996
	345,363	**295,672**

An analysis of the proportion of revenue derived from Ferrovial Group companies and associates is as follows:

	2019 £'000	2018 £'000
Revenue from construction contracts received from Ferrovial Group companies and associates	60,584	54,295
Revenue from services received from Ferrovial Group companies and associates	813	2,711
	61,397	**57,006**

The types of the construction contracts in which the Company is engaged are varied, but include: cost plus with (and without) a target cost with pain/ gain share; lump sum; and framework agreements which contain elements of both target cost and lump sum.

Ferrovial Agroman (UK) Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

5. Revenue (continued)

Any analysis of the Company's revenue from construction contracts by sector is as follows:

	2019 £'000	2018 £'000
Rail	122,141	121,112
Water	134,964	93,886
Aviation	55,589	56,223
Highways	4,995	(1,875)
Others	190	(312)
	317,879	**269,034**

The Company's order book by sector at 31 December 2019 and 2018 is shown in the table below. The order book is expected to be recognised in revenue in future years.

	2019 £'000	2018 £'000
Rail	100,000	147,000
Water	349,000	427,000
Aviation	70,000	116,000
Highways	374,000	1,000
Others	-	-
	893,000	**691,000**

6. Subcontractor costs and materials consumed

	2019 £'000	2018 £'000
Subcontracting and work performed by other companies	219,915	178,269
Raw materials and other consumables	7,536	11,615
Work performed by Ferrovial Group companies and associates	2,113	320
Increase in contract-related provisions	6,163	2,234
	235,727	**192,438**

7. Personnel expenses and number of employees

	2019 £'000	2018 £'000
Wages and salaries	34,673	33,692
Social security costs	2,923	2,948
Pension costs	996	927
Other employee expenses	965	1,006
	39,557	**38,573**

7. Personnel expenses and number of employees (continued)

Some key management personnel are enrolled in a long-term incentive plan where they are awarded shares in Ferrovial S.A. if both the employee and the Ferrovial Group achieve certain long-term KPIs. Because the scheme is considered to be run for the benefit of the Ferrovial Group as a whole and because the costs relating to Company are deemed immaterial, no costs of administering the scheme are recharged to or reflected in the accounts of Ferrovial Agroman (UK) Limited.

The average monthly number of people employed by the Company during the year was:

	2019 Number	2018 Number
Project-based	410	421
Head office management and support services	37	35
	447	**456**

8. Other operating expenses

Other operating expenses are principally comprised of: plant and machinery rental costs; engineering consulting expenses; overhead charges from the parent company and general office costs.

9. Directors' remuneration and advances

The Company incurred the following costs in remunerating its directors:

	2019 £'000	2018 £'000
Basic salary, benefits and bonuses	605	547
Long term incentive plan share award	44	53
Defined contribution pension scheme	1	1
Total emoluments	**650**	**601**

No other costs were incurred by the Company in remunerating its directors.

Of the six directors who served during the year, four did not receive any remuneration from the Company for their services. They received remuneration from other companies within the Ferrovial Group. Because they are directors of multiple companies within the Ferrovial Group, it is not practicable to apportion their emoluments or recharge their costs to Ferrovial Agroman (UK) Limited.

The remuneration costs of the other two directors are borne by the Company (at least for the portion of the year for which they were directors of the Company). The table above shows the total emoluments paid to these three directors. The highest paid director received a total remuneration of £571,000 (2018: £601,000). This comprised: basic salary, benefits and bonuses of £527,000 (2018: £547,000); long-term incentive plan share scheme of £44,000 (2018: £53,000); and defined contribution pension scheme of £nil (2018: £1,000).

Notes to the financial statements (continued)
For the year ended 31 December 2019

9. Directors' remuneration and advances (continued)

The Company paid the following advances to its directors:

	2019 £'000	2018 £'000
Opening balance	**137**	126
Advances paid	99	42
Amounts repaid	(213)	(31)
Closing balance	**23**	**137**

Advances are interest free and repayable on demand.

The purpose of the advances is to enable expatriate directors to make personal tax payments to H.M.R.C. on salaries and other benefits received in Spain.

10. Operating loss

Operating loss is stated after charging:

	2019 £'000	2018 £'000
Fees paid to the Company's auditor for audit services	109	96
Fees paid to the Company's auditor for other services	-	-
	109	**96**

11. Net financial expense

	2019 £'000	2018 £'000
Financial income		
Interest received on bank deposits	447	242
	447	**242**
Financial expenses		
Interest on loans from Ferrovial Group companies and associates	(510)	(392)
Interest on lease liabilities	(69)	-
	(579)	**(392)**
Other financial gains and losses		
Net foreign exchange loss	(525)	(192)
Performance bond expenses	(250)	(88)
Other financial expenses	(17)	(17)
	(792)	**(297)**

12. Taxation

Income statement tax credit

	2019 £'000	2018 £'000
Current tax – current year	929	1,417
Current tax – adjustment in respect of prior years	(320)	62
Deferred tax – current year	585	1,138
Deferred tax – adjustments in respect of prior years	172	(125)
Income tax credit	**1,366**	**2,492**

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the corporation tax rate of the United Kingdom where the Company operates, and the difference is set out below:

	2019 £'000	2018 £'000
Loss before income tax	**(32,323)**	**(13,461)**
Tax calculated at U.K. corporation tax rate of 19% (2018: 19%)	6,141	2,558
Adjusted for:		
Losses in the year not recognised as a deferred tax asset	(4,681)	-
Income not taxable	123	131
Adjustment in respect of prior years	(148)	(63)
Effect of changes to tax rates	(69)	(134)
Income tax credit	**1,366**	**2,492**

Balance sheet deferred tax

	2019 £'000	2018 £'000
Deferred tax assets to be realised after more than 12 months	**6,320**	**5,562**

Deferred tax is recognised at 17% (2018: 17%) on all temporary differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date.

Deferred tax assets are recognised only when it is probable that they will be recovered in the foreseeable future.

The Finance Act 2016, enacted on 15 September 2016, included provision for the main rate of corporation tax to reduce from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020.

12. **Taxation (continued)**

Balance sheet deferred tax (continued)

The movements in deferred income tax during the year are as follows:

	Taxable losses £'000	Accelerated accounting depreciation £'000	Other temporary differences £'000	Total £'000
At 1 January 2018	**4,452**	**78**	**20**	**4,549**
Prior year credited/ (charged) to the income statement	(125)	-	-	(125)
Current year (charged)/ credited to the income statement	1,101	(1)	38	1,138
At 31 December 2018	**5,428**	**77**	**58**	**5,562**
Prior year credited/ (charged) to the income statement	172	-	-	172
Current year (charged)/ credited to the income statement	632	(1)	(46)	585
At 31 December 2019	**6,232**	**76**	**12**	**6,320**

As a result of the additional tax losses recognised in the current year, tax losses carried forward exceed the Company's forecasted taxable profits from secured projects. Consequently, tax losses not recognised as deferred tax assets at 2019 are £24.6m (2018: £nil).

13. **Right-of-use assets**

	Buildings £'000	Motor vehicles £'000	Plant and equipment £'000	Other £'000	Total £'000
Cost					
At 1 January 2019	**1,067**	**452**	**-**	**-**	**1,519**
Additions	2,629	294	265	33	3,221
At 31 December 2019	**3,696**	**746**	**265**	**33**	**4,740**
Accumulated depreciation					
At 1 January 2019	-	-	-	-	-
Charge for the year	(1,290)	(267)	(97)	(15)	(1,669)
At 31 December 2019	**(1,290)**	**(267)**	**(97)**	**(15)**	**(1,669)**
Carrying amount					
At 1 January 2019	**1,067**	**452**	**-**	**-**	**1,519**
At 31 December 2019	**2,406**	**480**	**167**	**18**	**3,071**

Notes to the financial statements (continued)
For the year ended 31 December 2019

13. *Right-of-use assets (continued)*

The Company leases the following categories of assets for the following purposes:

- Office space for the Company and its joint operations' head offices. These are leased on non-cancellable operating leases for periods of up to 5 years.
- Construction plant and machinery for delivering construction contracts. These are usually leased on one-month operating leases, with the option for the Company to extend the lease and the option for either the Company or the lessor to cancel the lease at one weeks' notice.
- Motor vehicles for use on construction sites and provided to employees as part of their remuneration package. These are leased on non-cancellable operating leases, lasting between 12 and 36 months.

None of the leases for offices expired in the current financial year.

Of the plant and equipment leases not falling under one of the IFRS 16 exemptions, approximately half expired in the current financial year. Generally, plant and equipment are leased for as long as it is required, so very few of these leases were replaced.

Approximately one third of the leases for motor vehicles expired in the current financial year, and the majority were replaced by new leases for similar underlying assets.

The maturity analysis of lease liabilities is presented in note 22 (Lease liabilities).

Amounts recognised in profit and loss

	2019
	£'000
Depreciation expense on right-of-use assets	1,669
Interest expense on lease liabilities	69
Expense relating to short-term leases	26,872
Expense relating to leases of low value assets	403

At 31 December 2019, the Group is committed to £nil (2018: £nil) for short-term leases.

None of the Company's leases contain variable payments. The Company has no finance leases. The Company expects this situation to remain constant in future years.

The Company does not act as a lessor.

The majority of the Company's leases are for plant and machinery. Most of these plant and machinery leases are under terms where initial lease period is one month or less. Subsequent to the initial lease period, both the lessor and the lessee typically have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. Consequently, the Company has been able to take the recognition exemption permitted by IFRS 16 for short-term leases for these plant and machinery leases.

Notes to the financial statements (continued)
For the year ended 31 December 2019

14. Inventories

	2019 £'000	2018 £'000
Raw materials	-	-
Capitalised costs of obtaining contracts	159	980
	159	**980**

15. Trade and other receivables

Amounts falling due within one year:

	2019 £'000	2018 £'000
Trade receivables	20,339	7,132
Trade receivables due from Ferrovial Group companies and associates	-	168
Amounts due from customers for construction work	2,679	-
Withholdings by customers	8,510	3,983
Advances to suppliers	731	1,978
Prepayments	1,331	-
VAT receivable	1,007	1,138
Other receivables	1,370	1,165
	35,967	**15,564**

No specific provision for doubtful debts has been recognised (2018: £nil). A total IFRS 9 Expected Credit Losses provision of £9,000 (2018: £9,000) has been recognised in Trade receivables (including Trade receivables due from Ferrovial Group companies and associates).

Trade sales of goods and services to Ferrovial Group companies and associates are on an arm's length basis.

Amounts due from customers for construction work represent 'underbillings' and occur when the Company (or its joint operations) has completed more work than the contract permits to be invoiced to the client. Once the work has invoiced to the client, the amount is reclassified as a trade receivable.

Notes to the financial statements (continued)
For the year ended 31 December 2019

16. Construction contracts

Contracts in progress at the balance sheet date:

	2019 £'000	2018 £'000
Amounts due from contract customers included in trade and other receivables	2,679	-
Amounts due to contract customers included in trade and other payables	(58,763)	(27,821)
	(56,084)	**(27,821)**
Contract costs incurred plus recognised profits less recognised losses to date for all projects that have not reached practical completion	1,250,356	1,199,684
Less: progress billings	(1,306,440)	(1,227,505)
	(56,084)	**(27,821)**

The Amounts due from contract customers included in trade and other receivables at 31 December 2019 were comprised of Rail contracts (2018: nil).

The Amounts due to contract customers included in trade and other payables at 31 December 2019 is primarily comprised of £25m in Water contracts, £21m on Highways contracts, £6m in Aviation contracts and £4m on Rail contracts (2018: £15m in Aviation contracts, £8m in Water contracts and £5m in Rail contracts).

At 31 December 2019, retentions held by customers for contract work amounted to £8.5m (2018: £4.0m).

At 31 December 2019, advances received from customers for contract work amounted to £21.3m (2018: £15.0m).

At 31 December 2019, no amounts (2018: £nil) included in trade receivables and arising from construction contracts are due for settlement after more than 12 months.

17. Intercompany balances

Intercompany balances are held with other companies within the Ferrovial Group, and arise in the course of the companies providing services to each other. However, they do not include balances arising specifically from the delivery of contracted construction services to and from other Ferrovial Group companies and associates. These balances are included within trade and other receivables and trade and other payables on the balance sheet, because they relate to the Company's core trade of construction.

The standard terms of intercompany balances are unsecured and repayable within thirty days. Interest is payable based on the rates applicable on intercompany balances between Ferrovial Group companies. These rates are benchmarked against external rates and updated quarterly by the Ferrovial Group treasury function.

Included in Intercompany receivables, there is a total IFRS 9 Expected Credit Losses provision of £nil (2018: £nil).

18. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	120,945	93,228
Short-term bank deposits of three months or less	343	1,158
	121,288	**94,386**

19. Financial derivatives at fair value

The Company has entered into foreign exchange swaps to hedge the price fluctuation of highly expected purchases denominated in Euros. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

At 31 December 2019, the Company held 14 foreign exchange forwards which mature between January 2020 and March 2022. At 31 December 2018, the Company held 4 foreign exchange forwards which matured in January 2019.

As at 31 December 2019, the fair value of the foreign exchange swaps was less than £0.1m liability (2018: £0.3m asset), measured based on level 2 input factors. The foreign exchange swaps are designated as cash flow hedges and consequently their fair value movements have been recognised within equity.

20. Trade and other payables

Amounts falling due within one year:

	2019 £'000	2018 £'000
Trade payables	13,218	7,348
Trade and other payables to Ferrovial group companies and associates	-	563
Accruals	59,751	46,468
Withholdings to suppliers	6,411	5,732
Amounts billed in advance for construction work	37,471	12,821
Advances from clients	21,293	15,000
VAT payable	6,793	1,237
Other payables	2,033	1,352
	146,970	**90,521**

Trade purchases made from Ferrovial group companies and associates on an arm's length basis.

Amounts billed in advance for construction work tend to arise on cost plus and target cost contracts when the overall margin recognised is less than the fee applied to works certified by the client.. As such, they are defined as contract liabilities under IFRS 15. Amounts billed in advance for construction work in 2018 that have been recognised in revenue in 2019 are £1,090,000 (2018: £2,107,000).

Notes to the financial statements (continued)
For the year ended 31 December 2019

21. Provisions

	Provisions for defects and warranties £'000	Provisions for forecasted losses £'000	Other provisions £'000	Total £'000
At 1 January 2018	**3,106**	**2,385**	**333**	**5,824**
Additions	1,613	2,876	333	4,822
Utilised during the year	(275)	(1,764)	(333)	(2,372)
Unused amounts reversed	(218)	-	-	(218)
At 31 December 2018	**4,226**	**3,497**	**333**	**8,056**
Additions	1,083	5,537	-	6,620
Utilised during the year	-	(125)	-	(125)
Unused amounts reversed	-	-	(333)	(333)
At 31 December 2019	**5,309**	**8,909**	-	**14,218**

The provision for defects and warranties represents management's best estimate of the Company's liabilities under warranties provided for construction services rendered, based on the characteristics of the specific project, past experience and industry averages for defects. Defect and warranty periods vary from one project to another, but can last up to ten years.

A provision for forecasted losses is recognised immediately where it is probable that the total costs of a contract will exceed total contract revenue. The resulting outflows of economic benefits a realised over the remaining life of the contract.

Analysis of total provisions:

	2019 £'000	2018 £'000
Current	6,329	3,830
Non-current	7,889	4,226
	14,218	**8,056**

22. Lease liabilities

Disclosure required by IFRS 16

Maturity analysis
The maturity profile of lease liabilities is presented below:

	2019 £'000
Year 1	2,089
Year 2	967
Year 3	50
Year 4	-
Year 5	-
Onwards	-
	3,106

Analysis of total lease liabilities

	2019 £'000
Current	2,089
Non-current	1,017
	3,106

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

Disclosure required by IAS 17

The Company has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows at the balance sheet date:

	2018 £'000
No later than one year	721
Later than one year and no later than five years	856
Later than five years	-
	1,577

The Company had no operating lease commitments as a lessor.

23. **Share capital**

	Number of shares	Value £'000
At 1 January 2018	**17,881,322**	**17,881**
Shares issued	5,900,000	5,900
At 31 December 2018	**23,781,322**	**23,781**
Shares issued	35,000,000	35,000
At 31 December 2019	**58,781,322**	**58,781**

All share capital is ordinary shares with a nominal value of £1.00 per share. All shares are authorised, issued and fully paid.

In December 2019, 35,000,000 shares were issued to the Company's parent for £1.00 per share. £4.8m cash was received, and the remaining £30.2m consideration was received as part of a debt for equity swap.

The shares issued by the Company in 2018 were issued for £1.00 per share as part of a debt for equity swap with the Company's parent.

24. **Share premium**

	Value £'000
At 1 January 2018	-
Share premium arising on the issue of share capital	**22,770**
At 31 December 2018	22,770
At 31 December 2019	**22,770**

25. **Contingent liabilities**

The Company and its joint operations have contingent liabilities in respect of warranties and guarantees entered into in the normal course of business. At the balance sheet date, the directors are not aware of any circumstances that may give rise to a liability under these guarantees, except otherwise provided for – see note 18 (Provisions).

Furthermore, the Company is party to disputes from which legal actions tend to arise in the ordinary course of business. When the outcome of these disputes is uncertain, the directors believe that, unless provided for in these financial statements, no material loss to the Company will occur.

In forming these opinions, the directors have taken the relevant legal advice.

26. **Retirement benefits**

The Company has no defined benefit pension scheme, but it does operate a defined contribution scheme. The assets of the scheme are held separately from those of the Company in funds under the control of trustees.

The total costs charged to the income statement of £0.9m (2018: £0.9m) represent contributions payable to the defined contribution pension scheme by the Company. As at 31 December 2019, £0.1m (2018: £0.1m) due in respect of the current reporting period has not been paid over to the scheme.

Notes to the financial statements (continued)
For the year ended 31 December 2019

27. Financial risk management

The key financial risks affecting the Company, and the policies in place to mitigate them, are set out below:

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Management monitors a rolling forecast of the Company's liquidity reserve based on expected cash flow in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows considering the level of liquid assets necessary to meet these.

The Company has adopted a proactive approach to liquidity management based on the constant evaluation of factors that could help to resolve liquidity crises by giving special attention to monetary assets. Cash surpluses are only invested in financial institutions with a credit ratings of 'A' or higher. Specific authorisation levels are required for placement of investments with a term of greater than three months.

Credit risk
Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial asset fails to meet its contractual obligations. Credit risk arises from deposits with banks as well as from the Company's clients.

The main financial assets exposed to credit risk are cash and cash equivalents and trade and other receivables. The overall exposure to credit risk is equal to the balance of the above-mentioned items, as the Company has not granted any credit lines to third parties.

Regarding the risk incurred by investing in financial products, the Company has implemented internal criteria to minimise the risk, for banks and financial institutions. Only independently rated institutions, with a minimum rating of 'A' are accepted. The Company also imposes maximum limits on amounts invested or contracted, which are periodically reviewed.

Credit risk for the Company through its trade and other receivables is mitigated by only working with clients and joint operation partners with strong credit histories, and by monitoring the credit ratings of these entities.

Market risk
The Company is exposed to other market risks in respect of labour, materials and equipment prices. Mitigation measures, such as fixed price contracts and cash flow hedging, are put in place to manage the potential impact of these risks on the Company when they are considered material.

Capital risk management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and provide returns to its shareholder.

The capital structure of the Company consists of shareholders' equity as set out in the Statement of changes in equity. All working capital requirements are financed from existing cash resources, with equity investments from the Company's shareholder requested if required.

Notes to the financial statements (continued)
For the year ended 31 December 2019

28. Ultimate parent undertaking

The Company's immediate parent undertaking is Ferrovial Agroman Limited, which is incorporated in the United Kingdom.

The parent company of the smallest group in to which Ferrovial Agroman (UK) Limited is consolidated is Ferrovial Agroman International S.E., a company incorporated in the Netherlands. Ferrovial Agroman International S.E.'s registered office:

Kingsfordweg 151
1043GR Amsterdam
Netherlands

The ultimate parent undertaking and controlling party of Ferrovial Agroman (UK) Limited is Ferrovial S.A., which is incorporated in Spain. Ferrovial S.A. is the largest company into which Ferrovial Agroman (UK) Limited is consolidated.

Copies of the Ferrovial S.A. consolidated financial statements can be obtained from their registered office:

The company secretary
Ferrovial S.A.
Principe de Vergara 135
28002 Madrid
Spain

29. Events after the reporting period

At the date on which these financial statements were approved, there had been no event that had occurred since 31 December 2019 that would have a material impact on the financial statements.