

REGISTERED NUMBER: 02379479 (England and Wales)

**Annual Report and
Financial Statements for the Year Ended 31 December 2017
for
Amey plc**



Amey plc

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for the Year Ended 31 December 2017**

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Amey plc

**Company Information
for the Year Ended 31 December 2017**

Directors A Camacho Donezar
 A Garcia
 F Gonzalez De Canales Moyano
 C Hui
 A L Milner
 A L Nelson
 S Olivares
 I P Tyler

Company Secretary J S Bowie

Registered Office The Sherard Building
 Edmund Halley Road
 Oxford
 Oxfordshire
 OX4 4DQ

Auditor Deloitte LLP
 Statutory Auditor
 4 Brindleyplace
 Birmingham
 B1 2HZ

Amey plc

Strategic Report for the Year Ended 31 December 2017

The Directors present their strategic report for the year ended 31 December 2017.

Principal activity

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

Review of business and future developments

The income statement for the year is set out on page 8 and shows revenue of £nil (2016 - £nil) and a loss after tax amounting to £137,017,000 (2016 - a loss of £93,496,000), all of which arose from continuing activities.

Charges for provisions against impairments to investments in subsidiary undertakings of £128,006,000 arose in the year (2016 - £93,500,000). In 2016, the Company also made a loss of £438,000 on the dissolution of a subsidiary undertaking.

On 29 June 2017, the Company increased its authorised share capital by 200,000,000 ordinary shares of £1 each. The proceeds from the share issue of £200,000,000 were used to repay intercompany debt from a fellow Ferrovial, S.A., group undertaking; Landmille Limited.

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

Key performance indicators

The Company's principal key performance indicators are revenue and profit before tax which are shown in the income statement for the year set out on page 8.

Principal risks and uncertainties

The Company's risks and other key performance indicators are only reported and managed on a Divisional basis. To gain a further understanding of this business, details of the principal risks and uncertainties and other key performance indicators are contained in the Annual Report and Financial Statements of the intermediate parent undertaking, Amey UK plc ('the Group'), for the year ended 31 December 2017. The Company is a member of the Central Services division of the Group.

Approved by the Board on 30 May 2018 and signed on its behalf by:



.....
A L Nelson
Director

30 May 2018

Amey plc

Report of the Directors for the Year Ended 31 December 2017

The Directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2017.

Dividends

No dividends were paid by the Company during the year (2016 - £nil).

Directors of the Company

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

A Camacho Donezar

A Garcia

F Gonzalez De Canales Moyano

C Hui (appointed 26 January 2017)

A L Milner

Sir R C Mottram (resigned 31 December 2017)

A L Nelson

S Olivares

The following Director was appointed after the year end:

I P Tyler (appointed 1 January 2018)

Going concern

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

Policy on slavery and human trafficking

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

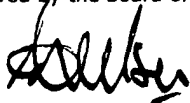
Statement as to disclosure of information to the auditor

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

Reappointment of auditor

Deloitte LLP has been appointed as Auditor and has expressed their willingness to continue in office as Auditor. In accordance with s487 of the Companies Act 2006, Deloitte LLP will be re-appointed as Auditor to the Company.

Approved by the Board on 30 May 2018 and signed on its behalf by:



.....
A L Nelson
Director

30 May 2018

Amey plc

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Amey plc

Independent auditor's report to the members of Amey plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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 of Amey plc (the 'Company') which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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 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.

Amey plc

Independent auditor's report to the members of Amey plc (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Amey plc

Independent auditor's report to the members of Amey plc (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

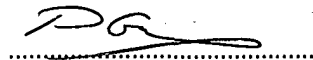
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



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

30 May 2018

Amey plc**Income Statement for the Year Ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
Revenue		-	-
Administrative expenses		<u>(8,722)</u>	<u>(158)</u>
Operating loss		(8,722)	(158)
Provision for investment in subsidiary undertakings	6	(128,006)	(93,500)
Loss on disposal of fixed assets		<u>-</u>	<u>(438)</u>
Loss before interest and taxation		(136,728)	(94,096)
Interest receivable and similar income	5	<u>25,882</u>	<u>29,100</u>
		(110,846)	(64,996)
Finance expense	7	<u>(26,163)</u>	<u>(29,388)</u>
Loss before taxation	8	(137,009)	(94,384)
Tax on loss	9	<u>(8)</u>	<u>888</u>
Loss for the year		<u><u>(137,017)</u></u>	<u><u>(93,496)</u></u>

The notes on pages 12 to 28 form part of these financial statements.

Amey plc

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017	2016
	£'000	£'000
Loss for the year	<u>(137,017)</u>	<u>(93,496)</u>
Total comprehensive loss for the year	<u><u>(137,017)</u></u>	<u><u>(93,496)</u></u>

The notes on pages 12 to 28 form part of these financial statements.

Amey plc (Registered number: 02379479)

Balance Sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	10	387,851	303,857
Current assets			
Debtors: amounts falling due within one year	11	395,246	344,295
Debtors: amounts falling due after more than one year	11	494,414	493,937
Cash in hand		30,698	110,534
		920,358	948,766
Creditors:			
Amounts falling due within one year	12	(762,406)	(591,976)
Net current assets		157,952	356,790
Total assets less current liabilities		545,803	660,647
Creditors:			
Amounts falling due after more than one year	13	(369,173)	(547,000)
Net assets		176,630	113,647
Capital and reserves			
Share capital	15	233,878	33,878
Other reserves		120,182	120,182
Retained earnings		(177,430)	(40,413)
Shareholders' funds		176,630	113,647

The financial statements were approved by the Board of Directors on 30 May 2018 and signed on its behalf by:



.....
A L Nelson
Director
30 May 2018

The notes on pages 12 to 28 form part of these financial statements.

Amey plc**Statement of Changes in Equity for the Year Ended 31 December 2017**

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2016	33,878	120,182	53,083	207,143
Loss for the year	-	-	(93,496)	(93,496)
Total comprehensive loss	-	-	(93,496)	(93,496)
At 31 December 2016	33,878	120,182	(40,413)	113,647

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

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

The notes on pages 12 to 28 form part of these financial statements.

Amey plc

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

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

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

J S Bowie

The Sherard Building
Edmund Halley Road
Oxford
Oxfordshire
OX4 4DQ

2 Accounting policies

Basis of preparation

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

On 1 January 2017, the following standards which might have an impact on the financial statements came into force in the European Union: Amendments to IAS 7, Disclosure Initiative, Annual Improvements to IFRSs, 2014-2016 Cycle and Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses. No significant impact on the Company's financial statements has been identified because of these amendments.

New standards applicable to the Company which have a significant impact and which will be adopted in the accounting period commencing on 1 January 2018:

IFRS 9 - Financial Instruments: IFRS 9 revised accounting for impairment of financial assets and also classification and measurement of financial assets. Under the new standard, the loss allowance for a financial instrument will be calculated at an amount equal to 12-month expected credit losses, or lifetime credit loss, if there has been a significant increase in the credit risk of an instrument. No significant impact is expected to arise from the new classification of financial assets.

There are no other new standards or interpretations that would be expected to have a material impact on the Company.

2 Accounting policies (continued)

Summary of disclosure exemptions

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

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

Basis of consolidation

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

Going concern

The Company is a subsidiary of Amey UK plc (the Group) and its financial resources are managed on a group basis. Available Group cash balances at 31 December 2017 were £162.3 million and, in addition, the Group held £160 million of undrawn bank loan facilities at that date, which expire in July 2021. The Group also has two additional credit facilities of £80 million and £70 million from Landmille Limited (a subsidiary of Ferrovia S.A., the ultimate parent company) both of which automatically renew annually. At the balance sheet date, £150 million was drawn down on these facilities. In addition, the Group's five-year loan from Landmille Limited of £177.5 million was automatically rolled over on an annual basis in March 2018. Ferrovia S.A. group has also provided additional equity to the Group by way of a £60.0 million other equity instrument issued since 31 December 2017, and Ferrovia have also approved additional funds of up to £75 million which will be made available to the Group, if required.

2 Accounting policies (continued)

Going concern (continued)

The Directors have prepared forecasts for the purpose of their going concern review which show that the Group operates within its available cash balances and credit facilities. The Directors have also considered reasonably possible sensitivities in the forecasts which principally reflect the impact of continued economic uncertainty and unforeseen adverse working capital movements. The Directors have also considered various mitigating actions available to the Group including reducing discretionary spend and further active management of working capital.

In drawing their conclusions on going concern, the Directors have reviewed the forecasts, sensitivities and mitigating actions noted above. They have considered the impact of being part of the wider Ferrovial Group of which the Company is a member. As a result of their considerations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of signing these financial statements. The Directors therefore continue to adopt the going concern basis in preparing these financial statements.

Other principal accounting policies

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

Foreign currency transactions and balances

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

Leases of property, plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at commencement at the lower of the fair value or the net present value of the minimum lease payments with the corresponding rental obligation included in creditors. The interest element of the finance lease payment is charged to the income statement over the lease period so as to produce a constant period rate of interest.

Investment in subsidiary undertakings

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

Trade and other receivables

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

2 Accounting policies (continued)

Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss (held for trading), and loans and receivables. The classification depends on the purpose for which the financial assets were acquired and is determined at point of initial recognition.

Derivatives are categorised as held for trading unless they are designated as hedges. Where held as hedges, the change in fair value is reflected through other comprehensive income and not through profit and loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity is greater than twelve months when they are included in non-current assets, and comprise receivables and cash.

Recognition and measurement

Financial assets held at fair value through profit and loss are initially recognised at fair value. Subsequent changes in fair value are presented in the income statement within interest income or expense in the period in which they arise, unless designated as part of a hedge. Loans and receivables are carried at amortised cost. Financial assets are de-recognised when the rights to receive cash flows have expired.

Financial liabilities

Classification

The Company classifies its financial liabilities as other financial liabilities measured at amortised cost using the Effective Interest Rate (EIR) method.

Recognition and measurement

Bank borrowings are recognised at the amount advanced net of any directly attributable transaction costs. Finance costs calculated in accordance with this policy are recognised in finance costs in the income statement.

Current and deferred income tax

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

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

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

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

Cash in hand

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

2 Accounting policies (continued)

Creditors

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

3 Critical accounting estimates and judgements

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

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

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

4 Employees and Directors

The Company had no direct employees in either 2017 or 2016. The costs of employees of Amey Services Limited are recharged to this Company in direct support of its trade.

No Directors were remunerated through the Company in either 2017 or 2016.

Details of the remuneration of the other Directors, whose services are of a non-executive nature and who are also directors of the Company's intermediate undertaking, Amey UK plc are disclosed in that company's financial statements. Their remuneration is deemed to be wholly attributable to their services to that company.

5 Interest receivable and similar income

	2017 £'000	2016 £'000
Other interest receivable	85	40
Interest receivable from fellow subsidiaries	25,051	28,827
Interest receivable from Cespa Ventures Limited, a Ferrovia S.A. undertaking	746	233
	<u>25,882</u>	<u>29,100</u>

6 Provision for investments in subsidiary undertakings

	2017 £'000	2016 £'000
(Charge)/release of provision in the year	<u>(128,006)</u>	<u>(93,500)</u>

Amey plc**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****7 Finance expense**

	2017	2016
	£'000	£'000
Foreign exchange losses	1,810	5,476
Other interest payable	763	832
Interest payable to immediate parent undertaking	6,436	1,852
Interest payable to Landmille Limited, a Ferrovia S.A. group undertaking	17,154	21,228
	<u>26,163</u>	<u>29,388</u>

8 Loss before taxation

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

9 Taxation**Analysis of tax income**

	2017	2016
	£'000	£'000
Current tax		
Tax - current year	(14)	(57)
UK corporation tax adjustment to prior periods	<u>57</u>	<u>(746)</u>
	43	(803)
Deferred tax	<u>(35)</u>	<u>(85)</u>
Total tax expense/(income) in income statement	<u>8</u>	<u>(888)</u>

Amey plc**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****9 Taxation (continued)****Factors affecting the tax expense**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)

The differences are reconciled below:

	2017 £'000	2016 £'000
Loss before income tax	<u>(137,009)</u>	<u>(94,384)</u>
Tax on loss calculated at standard rate	(26,374)	(18,877)
Effects of:		
Increase/(decrease) in tax from adjustment for prior periods	57	(746)
Increase/(decrease) from effect of expenses not deductible in determining taxable profit/(tax loss)	26,320	18,820
Increase/(decrease) in current tax from unrecognised temporary difference from a prior period	-	(95)
Deferred tax expense/(credit) relating to changes in tax rates or laws	<u>5</u>	<u>10</u>
Tax charge/(income)	<u><u>8</u></u>	<u><u>(888)</u></u>

The estimated value of the potential deferred tax asset not recognised of £2,603,000 (2016 - £2,603,000) was in respect of unutilised capital losses of £2,603,000 (2015 - £2,603,000).

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

10 Investments

	Shares in group undertakings £'000
Subsidiaries	
Cost or valuation	
At 1 January 2017	632,267
Additions	<u>212,000</u>
At 31 December 2017	<u>844,267</u>
Provision for impairment	
At 1 January 2017	328,410
Provided during the year	<u>128,006</u>
At 31 December 2017	<u>456,416</u>
Net book value	
At 31 December 2017	<u><u>387,851</u></u>
At 31 December 2016	<u><u>303,857</u></u>

Amey plc

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Investments (continued)

At 31 December 2017, the Company held share capital of the following subsidiary undertakings, none of which are publicly traded. All subsidiary undertakings are incorporated in England and Wales and operate principally in the UK (unless otherwise indicated). The Company's voting rights and the interest in their equity shares are 100% (unless otherwise indicated).

Active subsidiary undertaking

Nature

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

10 Investments (continued)

Active subsidiary undertaking

Nature

CFM Building Services Limited (Scotland) *	Buildings maintenance
Enterprise plc	Holding company
Enterprise (AOL) Limited *	Environmental services and highways maintenance
Enterprise (Venture Partner) Limited *	Investment holdings
Enterprise Holding Company No.1 Limited *	Holding company
Enterprise Managed Services Limited *	Utilities network maintenance and environmental services
EnterpriseManchester Partnership Limited (80%) *	Environmental services
Enterprise Public Services Limited *	Holding company
Fleet and Plant Hire Limited *	Specialist fleet support services
Globemile Limited *	Holding company
Heating and Building Maintenance Company Limited *	Facilities management
JJ McGinley Limited *	Building support services
MRS Environmental Services Limited *	Environmental services
Nationwide Distribution Services Limited *	Highways maintenance and other services
Novo Community Limited *	Rehabilitation and offender management services
Sherard Secretariat Services Limited	Company secretarial services
Slough Enterprise Limited *	Environmental services

*Interest held indirectly

10 Investments (continued)**Wholly owned dormant subsidiary undertakings**

A.R.M. Services Group Limited*	Durley Group Holdings Limited*
Access Hire Services Limited *	Enterprise (ERS) Limited*
Accord Asset Management Limited *	Enterprise Building Services Limited *
Accord Consulting Services Limited*	Enterprise Business Solutions 2000 Limited*
Accord Environmental Services Limited*	Enterprise Fleet Limited*
Accord Network Management Limited*	Enterprise Foundation (ETR) Limited *
Allerton Waste Recovery Park Interim SPV Limited*	Enterprise Islington Limited*
Amey Airports Limited	Enterprise Lighting Services Limited *
Amey Building Limited	Enterprise Managed Services (BPS) Limited*
Amey Datel Limited*	Enterprise Utility Services (DCE) Limited**
Amey Equitix Smart Meters 1 Holdings Limited*	Enterprise Utility Services (TBC) Limited* *
Amey Equitix Smart Meters 1 SPV Limited*	Haringey Enterprise Limited *
Amey Facilities Partners Limited*	Hillcrest Developments (Yorkshire) Limited*
Amey IT Services Limited	ICE Developments Limited*
Amey MAP Services Limited*	JDM Accord Limited*
Amey OW Group Limited*	JNP Ventures Limited*
Amey Railways Holding Limited	JNP Ventures 2 Limited*
Amey Technology Services Limited*	MRS St Albans Limited*
Amey Tramlink Limited*	Station Solutions Limited*
Amey Tube Limited*	TPI (Holdings) Limited*
Byzak Contractors (Scotland) Limited* (Scotland)*	Transportation Planning (International) Limited*
Comax Holdings Limited	Trinity Group Holdings Limited*
Countrywide Property Inspections Limited*	Wimco Limited*
CRW Maintenance Limited *	

*Interest held indirectly

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

Joint venture undertaking	Nature of business	2017 %	2016 %
ALC (FMC) Limited	PFI asset management concession for the MOD	50.00	50.00
Amey Birmingham Highways Holdings Limited	PFI Highways concession in Birmingham	33.30	33.30
Amey Birmingham Highways Limited	PFI Highways concession in Birmingham	33.30	33.30
Amey FMP Belfast Strategic Partnership Hold Co Limited	Managing development of schools and libraries in Northern Ireland	70.00	70.00
Amey FMP Belfast Strategic Partnership SP Co Limited	Managing development of schools and libraries in Northern Ireland	70.00	70.00
Amey Hallam Highways Holdings Limited	PFI Highways concession in Sheffield	33.30	33.30
Amey Hallam Highways Limited	PFI Highways concession in Sheffield	33.30	33.30

Amey plc

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Investments (continued)

Joint venture undertaking	Nature of business	2017 %	2016 %
Amey Infrastructure Management (1) Limited	Investment holdings	50.00	Nil
Amey Ventures Investments Limited	Investment holdings	10.00	10.00
AmeyVTOL Limited	Dormant	60.00	Nil
Amey-Webber LLC (USA)	Highways maintenance	51.00	51.00
AmeyCespa (AWRP) Holding Co Limited	PFI waste management concession	16.70	16.70
AmeyCespa (AWRP) SPV Limited	PFI waste management concession	16.70	16.70
AmeyCespa (MK) Holding Co Limited	PFI waste management concession	50.00	50.00
AmeyCespa (MK) SPV Limited	PFI waste management concession	50.00	50.00
CarillionAmey Limited	Facilities management and buildings maintenance	50.00	50.00
CarillionAmey (Housing Prime) Limited	Housing maintenance on behalf of the MOD	33.30	33.30
EduAction (Waltham Forest) Limited	Education support services outsourcing	50.00	50.00
GEO Amey PECS Limited	Prisoner escort and custody services	50.00	50.00
Integrated Bradford Hold Co Two Limited	PFI schools concession in Bradford	3.00	6.00
Integrated Bradford LEP Limited	PFI schools concession in Bradford	20.00	40.00
Integrated Bradford LEP Fin Co One Limited	PFI schools concession in Bradford	20.00	40.00
Integrated Bradford PSP Limited	PFI schools concession in Bradford	25.00	50.00
Integrated Bradford SPV Two Limited	PFI schools concession in Bradford	3.00	6.00
Keolis Amey Docklands Limited	Railways maintenance	30.00	30.00
Keolis Amey Metrolink Limited	Railways maintenance	40.00	Nil
Ventia Boral Amey NSW Pty Limited (Australia)	Highways management and maintenance (Australia)	22.20	22.20
Ventia Boral Amey QLD Pty Limited (Australia)	Highways management and maintenance (Australia)	20.00	20.00
MTCnovo Limited	Rehabilitation and offender management services	50.00	50.00
Scot Roads Partnership Holdings Limited (Scotland)	Highways maintenance	20.00	20.00
Scot Roads Partnership Project Limited (Scotland)	Highways maintenance	20.00	20.00
Scot Roads Partnership Finance Limited (Scotland)	Highways maintenance	20.00	20.00
The London Community Rehabilitation Company Limited	Rehabilitation and offender management services	50.00	50.00
The Thames Valley Community Rehabilitation Company Limited	Rehabilitation and offender management services	50.00	50.00

Amey plc**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****10 Investments (continued)**

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

		2017	2016
Joint venture undertaking	Nature of business	%	%
AHL Holdings (Manchester) Limited	PFI street lighting concession	5.00	5.00
Amey Highways Lighting (Manchester) Limited	PFI street lighting concession	5.00	5.00
AHL Holdings (Wakefield) Limited	PFI street lighting concession	5.00	5.00
Amey Highways Lighting (Wakefield) Limited	PFI street lighting concession	5.00	5.00
ALC (Superholdco) Limited	PFI asset management concession for the MOD	5.00	5.00
ALC (Holdco) Limited	PFI asset management concession for the MOD	5.00	5.00
ALC (SPC) Limited	PFI asset management concession for the MOD	5.00	5.00
Amey Belfast Schools Partnership Hold Co Limited	PFI schools concession	10.00	10.00
Amey Belfast Schools Partnership PFI Co Limited	PFI schools concession	10.00	10.00
Amey Lighting (Norfolk) Holdings Limited	PFI street lighting concession	10.00	10.00
Amey Lighting (Norfolk) Limited	PFI street lighting concession	10.00	10.00
Amey Roads NI Holdings Limited (Northern Ireland)	PFI highways concession in Northern Ireland	5.00	5.00
Amey Roads NI Limited (Northern Ireland)	PFI highways concession in Northern Ireland	5.00	5.00
Amey Roads NI Financial Limited (Northern Ireland)	PFI highways concession in Northern Ireland	5.00	5.00
E4D&G Holdco Limited	PFI schools concession in Dumfries & Galloway	8.50	8.50
E4D&G Project Co Limited	PFI schools concession in Dumfries & Galloway	8.50	8.50
Integrated Bradford Hold Co One Limited	PFI schools concession in Bradford	3.30	3.30
Integrated Bradford SPV One Limited	PFI schools concession in Bradford	3.30	3.30
RSP (Holdings) Limited (Scotland)	PFI schools concession in Renfrewshire	3.50	3.50
The Renfrewshire Schools Partnership Limited (Scotland)	PFI schools concession in Renfrewshire	3.50	3.50
Services Support (Avon and Somerset) Holdings Limited	PFI courts concession in Bristol	2.00	2.00
Services Support (Avon and Somerset) Limited	PFI courts concession in Bristol	2.00	2.00

Amey plc**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

10 Investments (continued)

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

Undertaking	Registered office
AHL Holdings (Manchester) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
AHL Holdings (Wakefield) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
Amey Consulting Australia Pty Limited	Level 26, 181 William Street, Melbourne, VIC 3000, Australia
Amey Consulting LLC	Doha, Qatar
Amey Consulting USA, Inc.	1130 Post Oak Boulevard, Suite 1250, Houston, Texas 77056
Amey Highways Lighting (Manchester) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
Amey Highways Lighting (Wakefield) Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
Amey Roads NI Limited	Murray House, Murray Street, Belfast, BT1 6DN
Amey Roads NI Holdings Limited	Murray House, Murray Street, Belfast, BT1 6DN
Amey Roads NI Financial plc	Murray House, Murray Street, Belfast, BT1 6DN
Byzak Contractors (Scotland) Limited	International House, Stanley Boulevard, Hamilton Intl Technology Park, Blantyre, Glasgow, G72 0BN
CarillionAmey Limited	84 Salop Street, Wolverhampton, WV3 0SR
CarillionAmey (Housing Prime) Limited	84 Salop Street, Wolverhampton, WV3 0SR
C.F.M. Building Services Limited	International House, Stanley Boulevard, Hamilton Intl Technology Park, Blantyre, Glasgow, G72 0BN
Enterprise Utility Services (DCE) Limited	West Point, 501 Chester Road, Old Trafford, Manchester, M16 9HU
Enterprise Utility Services (TBC) Limited	West Point, 501 Chester Road, Old Trafford, Manchester, M16 9HU
Fleet and Plant Hire Limited	The Matchworks Pavillions 3 and 4, Garston, Liverpool, L19 2PH
Keolis Amey Docklands Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Keolis Amey Metrolink Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Ventia Boral Amey NSW Pty Limited	Level 4, Tower 1, 495 Victoria Avenue, Chatswood SA, NSW 2067, Australia
Ventia Boral Amey QLD Pty Limited	Level 4, Tower 1, 495 Victoria Avenue, Chatswood SA, NSW 2067, Australia
RSP (Holdings) Limited	Precision House, McNeil Drive, Motherwell, ML1 4UR
Scot Roads Partnership Finance Limited	Hermiston House, Unit B M8 Central Business Park, Greenside Road, Newhouse, Motherwell, ML1 5FL
Scot Roads Partnership Holdings Limited	Hermiston House, Unit B M8 Central Business Park, Greenside Road, Newhouse, Motherwell, ML1 5FL
Scot Roads Partnership Project Limited	Hermiston House, Unit B M8 Central Business Park, Greenside Road, Newhouse, Motherwell, ML1 5FL
Services Support (Avon & Somerset) Limited	Victoria House, Victoria Road, Chelmsford, Essex, CM1 1JR
Services Support (Avon & Somerset) Holdings Limited	Victoria House, Victoria Road, Chelmsford, Essex, CM1 1JR
The Renfrewshire Schools Partnership Limited	Precision House, McNeil Drive, Motherwell, ML1 4UR

Amey plc**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****11 Trade and other receivables**

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	442,708	382,509
Provision against amounts owed by group undertakings	(79,419)	(70,697)
Amounts owed by Ferrovial, S.A. group undertakings	-	17
Other debtors	546	694
Corporation tax	18,484	19,082
Deferred tax asset (see note 14)	121	85
Social security and other tax	<u>12,806</u>	<u>12,605</u>
	<u>395,246</u>	<u>344,295</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	488,123	488,123
Amounts owed by Ferrovial, S.A group undertakings	<u>6,291</u>	<u>5,814</u>
	<u>494,414</u>	<u>493,937</u>
Aggregate amounts	<u>889,660</u>	<u>838,232</u>

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

Of the total amounts due from subsidiary undertakings, £311,494,000 (2016 - £211,091,000) bears interest at a variable rate of 0.5% (2016 - 0.5%), £488,123,000 (2016 - £488,123,000) bears interest at LIBOR plus a margin of 4.17% (2016 - LIBOR plus a margin of 4.17%) and £6,291,000 (2016 - £5,814,000) bears interest at a fixed rate of 12.5% (2016 - 12.5%).

Amey plc**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****12 Creditors: amounts falling due within one year**

	2017	2016
	£'000	£'000
Social security and other taxes	720	-
Amounts owed to subsidiary undertakings	760,396	590,284
Amounts owed to other Ferrovial group undertaking	567	965
Other creditors	723	727
	<u>762,406</u>	<u>591,976</u>

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

The total amounts due to parent undertaking bears interest at a variable rate of 3.20% (2016 - 3.2%). Of the total amounts due to subsidiary undertakings, £516,586,000 (2016 - £333,840,000) bears interest at 3.75% (2016 - 3.75%).

Landmille Limited interest is charged at EURIBOR plus 3.5% (2016 - EURIBOR plus 3.5%) on amounts due of £nil (2016 - £nil). Of the amounts due to Ferrovial, S.A. group undertakings, £nil (2016 - £nil) bears interest at EURIBOR plus 3.5% (2016 - EURIBOR plus 3.5%).

13 Creditors: amounts falling due after more than one year

	2017	2016
	£'000	£'000
Owed to Ferrovial group undertaking	369,173	547,000
	<u>369,173</u>	<u>547,000</u>

Included within the non-current liabilities - Owed to parent undertakings is an amount due to Landmille Limited of £177.5 million (2016: £377.5 million) which is designated in sterling and which bears interest at LIBOR plus 4.2% (2016: 4.2%). A further amount due to Landmille Limited of £39.5 million (2016: £34.1 million) is designated in euros and is charged interest at the rate of six-month EURIBOR plus 3.5% (2016: six-month EURIBOR plus 3.5%).

In 2016, Landmille Limited provided an additional sterling credit facility of £70.0 million, which was fully drawn down at the year end. This facility bears interest at one-month LIBOR plus 2.47% to 3.47%, depending on the level of drawdown. Also in 2016, Landmille Limited provided a further sterling credit facility of £80.0 million, which was fully drawn down at the end of the year. This facility bears interest at three-month LIBOR plus 1.91%.

Amey plc**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****14 Deferred tax asset**

	£'000
Balance at 1 January 2017	85
Credit to Income Statement during year	<u>36</u>
Balance at 31 December 2017	<u>121</u>

	2017 £'000	2016 £'000
Unrecognised deferred tax asset comprises:		
Other timing differences	85	85
Trading losses	<u>36</u>	<u>-</u>
Balance at 31 December	<u>121</u>	<u>85</u>

	2017 £'000
Unrecognised deferred tax comprises:	
Capital losses	<u>2,603</u>

Following the amendment to group relief tax rules effective from 1 April 2017, the Company is able to recognise a deferred tax asset on trading losses in the year.

All deferred tax assets have been measured at a rate of 17% (2016 - 17%).

15 Share capital

Ordinary shares of £1 each	Number	£'000
Authorised, issued and fully paid at 31 December 2016	33,878,283	33,878
Additional ordinary shares authorised and issued during the year	<u>2,000,000</u>	<u>200,000</u>
Authorised, issued and fully paid at 31 December 2017	<u>35,878,283</u>	<u>233,878</u>

On 29 June 2017, the Company increased its authorised share capital by 200,000,000 ordinary shares of £1 each. The proceeds from the share issue of £200,000,000 were used to repay intercompany debt from a fellow Ferrovial, S.A., group undertaking; Landmille Limited.

Amey plc

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

16 Contingent liabilities

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

Losses, for which no provision has been made in these financial statements, which might arise from litigation in the normal course of business are not expected to be material in the context of these financial statements.

There were no other contingent liabilities at 31 December 2017 or at 31 December 2016.

17 Capital commitments

The Company had no capital commitments at 31 December 2017 or at 31 December 2016.

18 Controlling parties

The immediate parent undertaking is Amey Holdings Limited.

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

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

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

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

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

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

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