

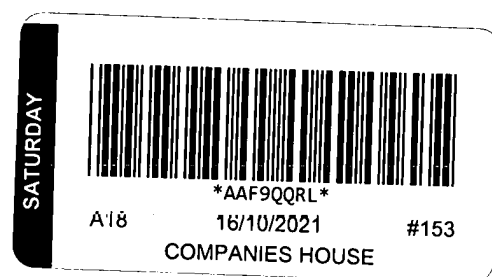
Amey Public Services LLP

LLP number: OC359192

Annual Report and Financial Statements

For the year ended

31 December 2020



Amey Public Services LLP

Annual Report and Financial Statements for the year ended 31 December 2020

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LLP number

OC359192

Members

Amey LG Limited
North Lanarkshire Council

Management Committee

K J Jarvey
M McPake
R Steenson

Registered Office

Chancery Exchange
10 Furnival Street
London, EC4A 1AB
United Kingdom

Auditor

Deloitte LLP
Statutory auditor
Four Brindleyplace
Birmingham
B1 2HZ
United Kingdom

Amey Public Services LLP

Strategic Report for the year ended 31 December 2020

The Members present their Strategic Report for the year ended 31 December 2020.

Principal activities

Amey Public Services Limited Liability Partnership (the LLP) holds a contract with North Lanarkshire Council for highways management. There have been no changes to the LLP's activities during the year.

Review of business and future developments

The income statement for the year is set out on page 9 and shows revenue of £15,960,000 (2019 – £18,577,000) and a profit for the financial year amounting to £367,000 (2019 – profit of £1,042,000), all of which arose on continuing activities.

The LLP saw reduced levels of activity in 2020 with revenue down by 14%. The 2019 results included the release of £0.61 million (2020 – £nil) of provision for future contract losses previously made in respect of uncertainty over meeting future contractual obligations. Overall margins were slightly improved once the impact of the provision release is taken into account. The Directors remain confident that this overall level of activity will be maintained for the foreseeable future.

Key performance indicators

The LLP's principal key performance indicators are turnover and profit for the financial year which are shown in the income statement for the year set out on page 9.

Principal risks and uncertainties

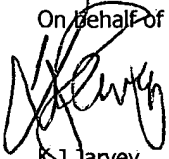
The LLP's risks and other key performance indicators are reported and managed on a Divisional basis. To gain a further understanding of this business, details of the principal risks and uncertainties are contained in the Annual Report and Financial Statements of the intermediate parent undertaking, Amey UK plc ('the Group'), for the year ended 31 December 2020. The LLP is a member of the Highways division of the Group.

Financial risk management

A discussion of the objectives and policies employed in managing risk and the LLP's use of financial instruments can be found in the Amey UK plc Annual Report and Financial Statements for the year ended 31 December 2020 as the LLP is subject to the application of Group-wide policies and practices when assessing financial risk.

The LLP does not hold any derivative financial instruments. There is no material financial risk arising on the assets and liabilities held by the LLP.

On behalf of the Members



K.J. Jarvey
Management Committee Member
14 October 2021

Amey Public Services LLP

Report of the Members for the year ended 31 December 2020

The Members present their Report together with the audited financial statements of the LLP for the year ended 31 December 2020.

Strategic Report

Details of future developments, post balance sheet events (if any) and financial risk management can be found in the Strategic Report on page 1 and form part of this report by cross reference.

Designated Members

The Designated Members (together 'the Members') during the year, and up to the date of this report, were:

Amey LG Limited
North Lanarkshire Council

The Members have delegated their powers of managing and coordinating the affairs of the LLP to the Management Committee.

Energy and Carbon Performance

The LLP has taken exemption from reporting on Energy and Carbon Performance as this information is included in the consolidated group Financial Statements of Amey UK plc, of which this Company is a member. Full disclosure can be found in the Amey UK plc Annual Report and Financial Statements for 2020.

Management Committee

The Members of the Management Committee of the LLP during the year, and up to the date of this report, were:

K J Jarvey (appointed 15 March 2020)
J S Haluch (resigned 21 February 2021)
M McPake
R Steenson

Transactions with Members

The Members participate fully in the LLP's profits and losses, share the risks, and subscribe to the LLP's capital.

The LLP's drawings policy allows Members to draw down the profits credited to it in the Member current account immediately after such profits have been credited, subject to such reasonable and proper reserve being retained for working capital requirements and other liabilities of the LLP as the Management Committee may consider reasonable.

Going Concern

After making enquiries and based on the assumptions outlined in note 2 to the financial statements, the Members have concluded that the LLP 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.

The Members have considered the implications behind the Ferrovial, S.A. Group's strategic decision to divest the Amey UK plc Group. This decision does not impact the LLP's day to day operations. Ferrovial has confirmed to Amey that, if it is unable to find a buyer that can demonstrate that it has plans to ensure that the LLP will continue to be able to meet its liabilities as they fall due during the period of 12 months from the date of approval of these financial statements, Ferrovial will maintain its shareholding in the LLP for that period.

Policy on slavery and human trafficking

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

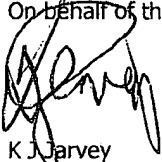
Amey Public Services LLP

Report of the Members for the year ended 31 December 2020 (continued)

Statement as to disclosure of information to the auditor

All of the current Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the LLP's Auditor for the purposes of the audit and to establish that the Auditor is aware of that information. The Members are not aware of any relevant audit information of which the Auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of the Limited Liability Partnership (Financial Statements and Audit) (Application of Companies Act 2006) Regulations 2008.

On behalf of the Members



K J Jarvey
Management Committee Member
14 October 2021

Amey Public Services LLP

Members' Responsibilities Statement

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

The Limited Liability Partnerships (Financial Statements and Audit) (Application of the Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under these regulations, the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under these regulations, the Members 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 LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions, disclose with reasonable accuracy at any time the financial position of the LLP, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Financial Statements and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Amey Public Services LLP

Independent Auditor's Report to the Members of Amey Public Services LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Amey Public Services LLP:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2020 and of its profit 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 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in members' interests;
- the cash flow statement; and
- the related notes 1 to 23.

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 Limited Liability Partnership 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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Limited Liability Partnership's members with respect to going concern are described in the relevant sections of this report.

Amey Public Services LLP

Independent Auditor's Report to the Members of Amey Public Services LLP (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Members are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Responsibilities of Members

As explained more fully in the Members' responsibilities statement, the Members 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 Members 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 Members are responsible for assessing the Limited Liability Partnership'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 Members either intend to liquidate the Limited Liability Partnership 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.

Amey Public Services LLP**Independent Auditor's Report to the Members of Amey Public Services LLP (continued)**

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the LLP's industry and its control environment and reviewed the LLP's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the LLP operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation and COVID-19 UK Government relief; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the LLP's ability to operate or to avoid a material penalty. These included the Bribery Act, General Data Protection Regulation and health and safety laws and regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Risk of fraud in revenue recognition in construction and other long term contracts including the risk in the valuation of accrued income and also that of the completeness of onerous contract provisions - We have isolated the significant risk within revenue recognition to be in respect of those output specification contracts where the revenue calculation is driven by a full cost to complete model and revenue is not simply recognised over time. Embedded within these contracts are a number of assumptions that drive the cost to complete which was a focus of our audit work and challenge. In addressing this significant risk, we have:
 - obtained an understanding of management's process for monitoring revenue recognition in construction contracts and performed a walkthrough of the process;
 - used qualitative and quantitative criteria to identify contracts for testing across all of the Company;
 - performed focused substantive testing on the sampled contracts and challenged and evaluated assumptions in the cost to complete models;
 - analysed and evaluated recognition of revenue based on the percentage of completion of the projects;
 - corroborated the appropriate timing of revenue recognition (based on the percentage completion model and therefore testing the transactional cost listing) and subsequent credit notes; and
 - analysed, challenged and tested budgeted losses on construction projects to test the reasonableness of the future loss provision position or the absence thereof.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house/external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Amey Public Services LLP

Independent Auditor's Report to the Members of Amey Public Services LLP (continued)

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships 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; and
- 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 Limited Liability Partnership's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
14 October 2021

Amey Public Services LLP**Income Statement for the year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Revenue	5	15,960	18,577
Cost of sales		(15,583)	(17,522)
Gross profit		377	1,055
Operating profit	6	377	1,055
Net finance expense	7	(10)	(13)
Profit for the financial year before Members' remuneration and profit share		367	1,042
Members' remuneration and profit share charged as expense		(367)	(1,042)
Profit for the financial year available for discretionary division amongst Members		-	-

The notes on pages 14 to 33 form part of these financial statements.

Amey Public Services LLP

Statement of Comprehensive Income for the year ended 31 December 2020

	2020 £'000	2019 £'000
Profit for the year	367	1,042
Total comprehensive income for the year	367	1,042

The notes on pages 14 to 33 form part of these financial statements.

Amey Public Services LLP**LLP number: OC359192****Balance Sheet at 31 December 2020**

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	9	87	284
Current assets			
Inventories	10	654	740
Trade and other receivables	11	1,297	1,261
Cash and cash equivalents		1,667	698
Total current assets		3,618	2,699
Creditors: amounts falling due within one year	12	(4,137)	(3,922)
Net current liabilities		(519)	(1,223)
Total assets less current liabilities		(432)	(939)
Creditors: amounts falling due after one year	13	-	(88)
Net liabilities attributable to Members		(432)	(1,027)
Represented by:			
Loans and other debts due to Members within one year:			
Members' capital classified as a liability		6,245	6,017
Members' current Financial Statements classified within liabilities		(6,678)	(7,045)
Total loans and other debts due to Members within one year	15	(433)	(1,028)
Members' other interests:			
Members' capital classified as equity	16	1	1
Total Members' other interests		1	1
Total Members' interests		(432)	(1,027)

The notes on pages 14 to 33 form part of these financial statements.

The financial statements on pages 9 to 33 were authorised for issue by the Board of Members on 14 October 2021 and were signed on its behalf by:



K J Jarvey
Management Committee Member
14 October 2021

Amey Public Services LLP**Statement of Changes in Members' Interests for the year ended 31 December 2020**

	Members' capital classified as a liability £'000	Members' current Financial Statements classified within liabilities £'000	Members' capital classified as equity £'000	Total £'000
Amounts due to Members at 31 December 2017	6,238	-	1	6,239
Amounts due from Members at 31 December 2017	-	(10,371)	-	(10,371)
Members' interests at 1 January 2018	6,238	(10,371)	1	(4,132)
Members' remuneration and profit share credited as income	-	2,284	-	2,284
Members' interests after profit for the year	6,238	(8,087)	1	(1,848)
Loans repaid to Members	(8)	-	-	(8)
Member's interests at 31 December 2018	6,230	(8,087)	1	(1,856)
Amounts due to Members at 31 December 2018	6,230	-	1	6,231
Amounts due from Members at 31 December 2018	-	(8,087)	-	(8,087)
Members' interests at 1 January 2019	6,230	(8,087)	1	(1,856)
Members' remuneration and profit share credited as income	-	1,042	-	1,042
Members' interests after profit for the year	6,230	(7,045)	1	(814)
Loans repaid to Members	(213)	-	-	(213)
Member's interests at 31 December 2019	6,017	(7,045)	1	(1,027)
Amounts due to Members at 31 December 2019	6,017	-	1	6,018
Amounts due from Members at 31 December 2019	-	(7,045)	-	(7,045)
Members' interests at 1 January 2020	6,017	(7,045)	1	(1,027)
Members' remuneration and profit share credited as income	-	367	-	367
Members' interests after profit for the year	6,017	(6,678)	1	(660)
Loans to Members	228	-	-	228
Member's interests at 31 December 2020	6,245	(6,678)	1	(432)
Amounts due to Members at 31 December 2020	6,245	-	1	6,246
Amounts due from Members at 31 December 2020	-	(6,678)	-	(6,678)
Members' interests at 1 January 2021	6,245	(6,678)	1	(432)

The notes on pages 14 to 33 form part of these financial statements.

Amey Public Services LLP**Cash Flow Statement for the year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Net cash flow from operating activities	17	951	(169)
Transactions with Members:			
Loans given/(repaid) to Members		228	(213)
Net cash flow before investing and financing activities		1,179	(382)
Investing activities:			
Interest received		1	6
		1	6
Financing activities:			
Finance lease principal repayments		(200)	(191)
Finance lease interest paid		(11)	(19)
		(211)	(210)
Increase/(decrease) in cash for the year	18	969	(586)

The notes on pages 14 to 33 form part of these financial statements.

Amey Public Services LLP

Notes forming part of the financial statements for the year ended 31 December 2020

1 General information

The Limited Liability Partnership ('LLP') holds a contract with North Lanarkshire Council for highways management. The LLP is a limited liability partnership and is registered and domiciled in the UK. The registered office is Chancery Exchange, 10 Funnival Street, London, EC4A 1AB, United Kingdom.

2 Basis of preparation and going concern

Basis of preparation

The financial statements of the LLP have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), the historical cost convention and in accordance with The Limited Liability Partnerships (Financial Statements and Audit) (Application of the Companies Act 2006) Regulations 2008.

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 2020, the following additional standards which might have had an impact on the financial statements came into force in the United Kingdom:

Conceptual framework	Amendments to references to the conceptual framework in IFRS standards
Amendments to IFRS 3	Definition of business
Amendments to IAS 1 and IAS 8	Definition of material
Amendments to IFRS 4	Extension of temporary exemption in applying IFRS 9

No significant impact on the LLP financial statements has been identified because of these additional standards and amendments.

New standards or interpretations applicable to the LLP for accounting periods commencing on or after 1 January 2021 are not expected to have a material impact on the LLP.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020****2 Basis of preparation and going concern (continued)****Disclosure exemptions**

The following exemptions from the requirements of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement': disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities;
- Paragraph 38 of IAS 1, 'Presentation of financial statements': comparative information requirements 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': reconciliations between the carrying amount at the beginning and end of the period;
- The following paragraphs of IAS 1:
 - 10(f): a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements;
 - 16: statement of compliance with all IFRS;
 - 38B-D: additional comparative information;
 - 40A-D: requirements for a third statement of financial position;
 - 134-136: capital management disclosures;
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors': requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;
- Paragraph 17 of IAS 24, 'Related party disclosures': key management compensation;
- IAS 36, 'Impairment of assets' paragraphs 134 and 135;
- IFRS 15, 'Revenue from contracts with customers': second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129; and
- IFRS 16, 'Leases': paragraph 52, the second sentence of paragraph 89 and paragraphs 90, 91 and 93. Paragraph 58, provided that the disclosure of details of indebtedness required by paragraph 61(c) of Schedule 1 of the Regulations is presented separately for lease liabilities and other liabilities in total.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****2 Basis of preparation and going concern (continued)****Going concern**

The LLP is a subsidiary of Amey UK plc (the Group) and its financial resources are managed on a group basis. The LLP is accordingly a cross-guarantor to certain liabilities of the Group as described in note 20. The LLP has also received written confirmation from the intermediate parent undertaking, Amey UK plc, that it will continue to provide financial support to the LLP for the period of at least twelve months from the date of signing these financial statements in order to fund day-to-day operations and to meet liabilities to the extent that the LLP is unable to do so. The ultimate parent of the Group is Ferrovial, S.A.

The Group is financed through a mixture of shareholder equity, other equity instruments issued to Ferrovial companies, intercompany debt from Ferrovial companies, finance leases, non-recourse project-related bank term loans, other bank loans and overdrafts. Details of all bank loans and their maturity are set out in the Amey UK plc financial statements as are details of finance risks.

The Directors have considered the implications behind the Ferrovial, S.A. Group's strategic decision to divest the Amey UK plc Group. This decision does not impact the Company's day to day operations. Ferrovial has confirmed to Amey that, if it is unable to find a buyer that can demonstrate that it has plans to ensure that the Company will continue to be able to meet its liabilities as they fall due during the period of 12 months from the date of approval of these financial statements, Ferrovial will maintain its shareholding in the Company for that period.

The Group's key external banking facilities are eight bilateral facility agreements across HSBC Bank plc, Royal Bank of Canada, The Royal Bank of Scotland plc and Santander. These agreements total £168 million, having been increased in total by £8m since 31 December 2020, and mature in July 2022. A subsidiary company of the Group also has an additional facility of £12 million with The Royal Bank of Scotland plc which matures in July 2022. Additionally, with effect on 31 December 2020, shareholder loans of £85 million were extinguished as part of a further recapitalisation of the Group for additional total equity of £112 million.

At 31 December 2020, £160 million of the then extant bilateral facilities were undrawn and the Group also held £71 million of unrestricted cash on the Group balance sheet with £22 million of other bank loans drawn down. The latest Group cash flow forecasts show that the Group does not require the expiring facilities to be renewed in July 2022 as the Group will have sufficient cash resources from then onwards to support its ongoing working capital requirements. Nevertheless, early indications are that lenders would be willing to extend.

Notwithstanding this improved financial strength, the Directors of the Group have reviewed a number of factors including:

- the future business plans of the Group (comprising the results for 2020 and to August 2021, the latest forecast to December 2021 and the draft strategic plan for 2022 to 2025);
- the availability of core and ancillary financing facilities including those provided by Ferrovial;
- the compliance with the related net debt/EBITDA banking covenant which must remain under 3.00x;
- the projected drawn positions and headroom available on the core committed financing facilities; and
- the projected future cash flows of the Group comprising:
 - a Base Case forecast built up from the budget for 2021; and
 - a Reasonable Worst Case ('RWC') forecast which applies sensitivities against the Base Case.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****2 Basis of preparation and going concern (continued)****Going concern (continued)**

The RWC forecast looks at the following key sensitivities:

- a reduction to the Group's EBITDA of £15.5 million in 2021 and £38.7 million in 2022 to reflect the ongoing volatility in the UK trading performance and sector dynamics;
- additional sensitivity around the timing of receipts;
- assumption allowing for a further reduction in the number of days outstanding of trade payables;
- a significant delay in the dates budgeted for the sale of the non-core businesses; and
- full repayment of the Group's banking facilities in 2021 (£11m) and 2022 (£180m).

The Directors note that the COVID-19 pandemic has had a material impact on the Group's earnings during the year ended 31 December 2020 however the impact was primarily in the 2nd and 3rd quarters of that year. As the Group gained more clarity over the key worker status and new working practices the impact on day to day operations reduced significantly during the last quarter and as, evidenced by minimal effect of the second national lockdown, the Group does not anticipate any further impacts even if further lockdowns are required. As a consequence, the RWC does not consider any impact specifically due to subsequent COVID-19 waves, although the business case sensitivities analysed allow for a worsening trading environment.

The Group's cash flow forecasts show that there is sufficient liquidity to enable it to continue trading should all the above sensitivities materialise. In addition to the above sensitivities, management has also considered actions that can be taken in order to mitigate any significant additional reductions in headroom due to unforeseen events which would include actions such as delaying Ferrovia management fees and interest and payments to suppliers. The increased liquidity of these actions give comfort to managements that it would have enough headroom to manage such unforeseen impacts.

The Board has also considered the implications behind the ongoing strategic decision of Ferrovia to divest its Services portfolio, reconfirmed in February 2021. This decision does not impact Amey's day-to-day operations and, in any event, as the Group does not rely on Ferrovia contractual guarantees there are no implications to the ongoing trading operations of the Group after a sale. The impact on our financing arising from a change of control would be as follows:

- Our external facilities totalling £168 million may become due for repayment subject to the change of control requirements which require the buyer to be of equivalent credit rating to our ultimate parent company; and
- The £45 million consideration still outstanding to Amey Birmingham Highways Limited would be immediately payable under the terms of the settlement agreement with them.

Amey Public Services LLP

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

2 Basis of preparation and going concern (continued)

Going concern (continued)

Notwithstanding the above, the Board of Amey consider that the Group remains a going concern status in the event of a sale. In making this decision the Board has assessed the following points:

- Ferrovia's chief executive has stated and reconfirmed in February 2021 that Ferrovia will only sell Amey for full value. The implication of this is that the successful buyer would stand to lose its full investment if it had not arranged for suitable refinancing, waivers or alternative plans for the business to enable it to continue trading. The Board believes, based on evidence gained during the sale process in 2019, that a sale to a buyer that could not demonstrate its capability to ensure Amey remains appropriately funded to be highly improbable and the Board therefore expects Amey to be a going concern, with suitable financing after such sale;
- Since the previous set of financial statements there has been ongoing dialogue between the board members of Amey and board members and senior executives of Ferrovia. These conversations give the Board comfort that Ferrovia is committed to an orderly sale process to a reputable buyer with appropriate financial standing. Ferrovia's actions, such as the recent conversion of additional debt to equity have been evidence of Ferrovia's support to Amey and consistent with these verbal assurances. Given the 20-year association between Ferrovia and Amey, the £160 million of additional funding in the last three years, the existing investments that Ferrovia has in the UK outside of Amey and Ferrovia's strong social and business values, the Board consider it to be highly improbable that Ferrovia would jeopardise its reputation by undertaking a fire-sale at undervalue; and
- Ferrovia is fully aware of the powers of the trustees under the governing documents of the defined benefit pension schemes and of the regulatory regime operated by the Pension Regulator and would have regard, as appropriate, to factors relating to the defined benefit pension schemes on any sale.

In summary, since Amey's last set of financial statements for the year ended 2019 signed in June 2020, Ferrovia has extinguished substantial loans to the Group and provided additional equity. The Group has also settled all the sums due in 2019 and 2020 in respect of the Birmingham contract. The Directors believe that Amey is in a stable operating environment with clear evidence that Ferrovia continues to be a supportive shareholder who will ensure that Amey continues to operate successfully for the foreseeable future.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)**

3 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.

Revenue recognition

All revenue is accounted for under the requirements of IFRS 15 – Revenue from Contracts with Customers. Set out below are specific details of the methods applied as part of this policy:

(i) General revenue recognition criterion

The first step for revenue recognition purposes is to identify the contracts and the performance obligations contained therein. The number of performance obligations that a contract has will depend on the type of contract and the activity. In general, the performance obligations that the Group engages in are satisfied over time and not at a specific point in time, since the customer simultaneously receives and consumes the benefits provided by the entity's performance as the service is performed.

With respect to the method for recognising revenue over time (i.e. the method for measuring progress towards complete satisfaction of a performance obligation), the Group has established certain criteria that are applied consistently for similar performance obligations. In this regard, the method chosen by the Group to measure the value of goods or services for which control is transferred to the customer over time is the output method; this method is applied provided that the progress of the work performed can be measured on the basis of the contract and during its performance.

In contracts to provide different highly interrelated goods or services in order to produce a combined output, which is habitually the case in contracts with a construction activity, the applicable output method is that of surveys of performance completed to date (or measured unit of work), according to which revenue is recognised corresponding to the units of work performed and on the basis of the price allocated thereto. Under this method, on a regular basis, the units of work completed under each contract are measured and the corresponding output is recognised as revenue. Costs of work or services projects performed are recognised on an accrual basis, and the costs actually incurred in completing the units performed are recognised as an expense, together with those which, even though they are expected to be incurred in the future, have to be allocated to the units of work completed to date.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****3 Accounting policies (continued)****Revenue recognition (continued)***(i) General revenue recognition criterion (continued)*

Also, in routine or recurring service contracts (in which the services are substantially the same), such as maintenance and cleaning services, which are transferred with the same pattern of consumption over time and whose remuneration consists of a recurring fixed amount over the term of the contract (e.g. monthly or annual payment), in such a way that the customer receives and consumes the benefits of the services as the entity provides them, the method selected by the Group to recognise revenue is the time elapsed output method. Under this method, revenue is recognised on a straight-line basis over the term of the contract and costs are recognised on an accrual basis.

Lastly, only in those contracts that are not for routine or recurring services and for which the unitary price of the units to be performed cannot be determined, use of the stage of completion measured in terms of the costs incurred (input method) is permitted. Under this method, the entity recognises revenue based on the proportion that costs incurred to date bear to the total costs expected to be incurred to complete the work, taking into account the expected margins of the whole project per the latest updated budget. This method involves measuring the proportion of the costs incurred in the work completed to date to the total costs envisaged and recognising revenue in proportion to total expected revenue. Under this method, the proportion that contract costs incurred bear to the estimated total contract costs is used to determine the revenue to be recognised, by reference to the estimated margin for the entire term of the contract. As indicated above, this method is only applied to complex construction or service contracts with a fixed price ("lump sum") in which it is not possible to break down the units produced and measure them.

(ii) Recognition of revenue from contract modifications, claims and disputes

Contract modifications are defined as changes in the scope of the work, other than changes envisaged in the original contract, that may result in a change in the revenue associated with that contract. Modifications to the initial contract require the customer's technical and financial approval before billings can be issued and the amounts relating to the additional work can be collected. The Group does not recognise the revenue from such additional work until the customer's approval has been obtained. In cases where the additional work has been approved but the corresponding change in price has not been determined, the requirement described below for variable consideration is applied: namely, to recognise revenue for an amount with respect to which it is highly probable that a significant reversal will not occur. The costs associated with these additional units or services performed are recognised when incurred, irrespective of whether or not the modification has been approved.

A claim is a request for payment or compensation from the customer (for example, for compensation, reimbursement of costs, or a legally compulsory inflation review) that is made directly to the customer. The method followed by the Group with respect to claims is to apply the method described above for modifications, when the claims are not covered by the contract, or the method used for variable consideration, when the claims are covered by the contract but need to be quantified.

A dispute is the result of a disconformity or rejection following a claim made to the customer under the contract, the resolution of which is dependent on a procedure conducted directly with the customer or a court or arbitration proceeding. Per the criteria followed by the Group, revenue relating to disputes in which the enforceability of the amount claimed is questioned is not recognised, and previously recognised revenue is derecognised, since the dispute demonstrates the absence of the customer's approval of the work completed. If the customer only questions the price, revenue recognition is based on the criterion applied in cases of variable consideration discussed below.

Only in those cases in which there is a legal report confirming that the rights under dispute are clearly due and enforceable and that, therefore, at least the costs directly associated with the related service will be recovered, may revenue be recognised up to the limit of the amount of the costs incurred.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****3 Accounting policies (continued)****Revenue recognition (continued)***(iii) Variable consideration*

If the consideration promised in a contract includes a variable amount, this amount is recognised only to the extent that it is highly probable that a significant reversal in the amount recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(iv) Balance sheet items relating to revenue recognition: amounts recoverable on contracts/payments received on account

Unlike the method used to recognise contract revenue, the amounts billed to the customer are based on achievement of the various milestones established in the contract and on acknowledgement thereof by the customer, which takes the form of a contractual document called "certificate of completion" or "work order". Thus, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed or certified, the difference is recognised (as a contract asset) in an asset account called "Amounts recoverable on contracts" under "Trade and other receivables", whereas in contracts in which the goods or services transferred are lower than the amount billed to or certified by the customer, the difference is recognised (as a contract liability) in a liability account called "Deferred income" under "Trade and other payables".

Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. Freehold land and buildings are not depreciated. The rates generally applicable are:

Short leasehold land and buildings – term of the lease
Plant and machinery – 1 to 3 years

Inventories

Inventories are stated at the lower of cost and net realisable value. Contract work in progress is stated at cost, which includes appropriate overheads but not interest, or at net realisable value, whichever is lower. Full provision is made for estimated losses to the completion of contracts.

Leasing and hire purchase contracts

Assets held under finance leases and hire purchase contracts are included in property, plant and equipment and are depreciated over the shorter of the contract term or their useful life. The net obligation relating to finance leases and hire purchase contracts is included as a liability. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease. Costs in respect of operating leases are charged to the income statement on a straight-line basis over the lease period.

Following the adoption of IFRS 16: Leases on 1 January 2019, the distinction between operating and finance leases has been removed with all leases now considered to be finance leases except for short-term leases of less than twelve months duration or for leases with low value assets. These exceptions will continue to be accounted for as operating leases.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****3 Accounting policies (continued)****Trade and other receivables**

Trade and other receivables are amounts due from fellow group undertakings and amounts recoverable on contracts.

Amounts recoverable on contracts represent the excess of work done including attributable profit over cumulative payments on account received. Payments on account in excess of work done are included within creditors.

They are initially recognized at fair value and subsequently measured at amortized cost, less provision for impairment. They are classed as non-current assets if collection is expected after more than twelve months.

Financial instruments*Recognition and de-recognition*

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

Classification and initial measurement of financial assets

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

Subsequent measurement of financial assets

- (a) Financial assets at amortised cost – financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL): they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest.
- (b) Financial assets at FVTPL – financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).
- (c) Financial assets at FVOCI – the Group Financial Statements for financial assets at FVOCI if the assets meet the following conditions: they are held under a business model whose objective is 'hold to collect' the associated cash flows and the contractual terms of financial assets give rise to cash flows that are solely payments of principal and interest. Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon de-recognition of the asset.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****3 Accounting policies (continued)****Financial instruments (continued)***Impairment of financial assets*

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

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

- (a) Trade and other receivables - trade receivables are initially recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is remote. The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Group assesses impairment of trade receivables on a collective basis. Where they possess shared credit risk characteristics, they have been grouped based on industry sector global default rates.
- (b) Intercompany loans receivable - intercompany advances to other Group companies are all held to maturity, neither parties have an option to call or prepay the loan before the contracted maturity date. Such assets are held under a business model to hold and collect contractual cash flows and therefore meet the 'solely payments of principal and interest' test. No embedded derivatives are currently recognised in these advances, and the amortised cost classification is not impacted. All intercompany advances are assessed for impairment under the ECL model.

Classification and measurement of financial liabilities

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

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

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****3 Accounting policies (continued)****Financial instruments (continued)***Classification and measurement of financial liabilities (continued)*

- (a) Borrowings - borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they form part of a fair value hedge relationship. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the EIR method. Borrowings being novated or cancelled and re-issued, with a substantial modification of the terms, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any resulting gain or loss recognised in the income statement.
- (b) Trade and other payables - trade and other payables are non-interest bearing and are stated at their fair value and subsequently measured at amortised cost using the EIR method.
- (c) Derivative financial instruments and hedging activities - derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet the following requirements: there is an economic relationship between the hedged item and the hedging instrument; and the effect of credit risk does not dominate the value changes that result from that economic relationship. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives either as fair value hedges, where they hedge exposure to changes in the fair value of the hedged asset or liability or as cash flow hedges, where they hedge exposure to variability in cash flows that are attributable to a risk associated with any changes in the fair value of the hedged asset, liability or forecasted transaction. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents, both at hedge inception and on an ongoing basis, its assessment of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair value of a derivatives is classified as a non-current asset or liability when the remaining maturity is more than 12 months and as a current asset or liability where it is less than 12 months.
- (d) Fair value hedge - all hedging relationships that were hedging relationships under IAS 39 at the 31 December 2017 reporting date meet the IFRS 9's criteria for hedge accounting at 1 January 2019 and are therefore regarded as continuing hedging relationships. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value gains and losses on any underlying hedged items that are part of a fair value hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the EIR method is used is amortised in the income statement over the period to maturity.
- (e) Cash flow hedge - the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in OCI and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When or if a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Amey Public Services LLP

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

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

Cash and cash equivalents

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

Creditors

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

Provisions

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

Provisions are measured at the Members' best estimate of the expenditure required to settle the obligation at the reported date and are discounted to present value where the effect is material.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****4 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 LLP'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:

IFRS 15 – Revenue from Contracts with Customers

Estimates taken into consideration for the purpose of recognising revenue from contracts with customers including most notably those associated with: determining whether enforceable rights exist, in order to recognise revenue; determining whether a contract modification has been approved; establishing whether the conditions for recognising revenue for variable consideration are met; recognising revenue in relation to a claim or a dispute; establishing whether the contract includes one or several performance obligations, and determining the price allocable to each of them; defining for each performance obligation the applicable method for recognising revenue over time, taking into account that, based on the accounting policy established by the LLP, the preferred method is the "survey of performance completed to date" output method (units of production or based on time elapsed), and the "stage of completion measured in terms of costs incurred" input model is applied in those cases in which the services provided are not routine and recurring services and in which the unit price of the units of work to be performed cannot be determined; in the case of contracts recognised using the survey of performance completed to date method, measuring the units completed and the price that can be allocated thereto; in the case of contracts recognised using the "percentage of completion method" input method, defining the costs incurred relative to total contract costs, and the expected profit margin for the contract; determining whether to capitalise bidding costs and mobilisation costs; and making estimates relating to the calculation of the provision for expected losses and deferred expenses.

5 Revenue

Revenue and the loss for the financial year before Members' remuneration and loss share are attributable to the principal activity of highways management. All revenue arises solely within the UK.

6 Operating profit

The operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Deferred income (recognised)/deferred in the year	(266)	807
Depreciation - leased assets	197	197
Short term and low value lease rentals - land and buildings	-	-
- hire of plant and machinery	1,498	1,407
- IT licences and rentals	31	38
Cost of inventory recognised as an expense	4,095	5,933

The auditor's remuneration is borne by Amey Group Services Limited, a fellow subsidiary undertaking of the Company, and is not recharged. The allocation to the Company of the auditor's fees, which are attributable solely to the audit of these financial statements, is £29,000 (2019 - £20,000).

Short term and low value lease rental charges include recharge of costs incurred by fellow group undertakings on behalf of the LLP.

The average number of Members during the period was two (2019 – two) and the average number of Management Committee members was four (2019 – four). The profit share of the highest paid Member was £245,000 (2019 – £695,000).

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****7 Net finance (expense)/income**

	2020 £'000	2019 £'000
Other interest receivable	1	6
Finance lease interest payable	(11)	(19)
	<u>(10)</u>	<u>(13)</u>

8 Employee costs (including Committee Members)

The LLP had no direct employees in either 2020 or 2019. The costs of employees of Amey Services Limited are recharged to this LLP in direct support of its trade.

No Committee Members were remunerated through the LLP in 2020 or 2019.

The remuneration of the Committee Members, whose services are of a non-executive nature, are paid by fellow group undertakings. Their remuneration is deemed to be wholly attributable to their services to the Group as a whole.

9 Tangible fixed assets

	Short leasehold £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2020	481	112	593
Additions	-	-	-
At 31 December 2020	<u>481</u>	<u>112</u>	<u>593</u>
Depreciation			
At 1 January 2020	197	112	309
Charge for the year	197	-	197
At 31 December 2020	<u>394</u>	<u>112</u>	<u>506</u>
Net book value			
At 31 December 2020	<u>87</u>	<u>-</u>	<u>87</u>
At 31 December 2019	<u>284</u>	<u>-</u>	<u>284</u>

10 Inventories

	2020 £'000	2019 £'000
Raw materials and consumables	<u>654</u>	<u>740</u>

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****11 Trade and other receivables**

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	4	1,034
Amounts recoverable under contracts	459	76
Other taxes and social security	90	-
Amounts due from group undertakings	328	104
Amounts due from joint ventures	2	-
Prepayments and accrued income	414	47
Total trade and other receivables	<u>1,297</u>	<u>1,261</u>

Amounts owed by group undertakings are repayable on demand and bear interest at a market rate of 0.4% (2019 - 0.4%). There is no difference between the book value and the fair value of amounts owed by group undertakings.

12 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	320	763
Amounts due to group undertakings	1,625	1,106
Other taxes and social security	1	14
Finance lease liabilities (see note 14)	91	202
Accruals and deferred income	2,100	1,837
Total creditors	<u>4,137</u>	<u>3,922</u>

Amounts due to fellow group undertakings are payable on demand and bear interest at a market rate of 1.9% (2019 - 1.9%). There is no difference between the book value and the fair value of amounts owed to group undertakings.

13 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Finance lease liabilities (see note 14)	<u>-</u>	<u>88</u>

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****14 Leasing arrangements**

	2020 £'000	2019 £'000
Finance lease liabilities		
Current: finance lease liabilities	91	202
Non-current: finance lease liabilities	-	88
Total	91	290

	1 year or less £'000	1-2 years £'000	2-5 years £'000	Total 2020 £'000
Finance lease liabilities	91	-	-	91

	1 year or less £'000	1-2 years £'000	2-5 years £'000	Total 2019 £'000
Finance lease liabilities	202	88	-	290

Minimum lease payments under non-cancellable finance leases on land and buildings fall due as follows:

	2020 £'000	2019 £'000
Within one year	93	210
In 1 to 2 years	-	94
Gross obligations repayable:	93	304
Impact of future finance costs	(2)	(14)
Net obligations as reported on the balance sheet	91	290

Finance Lease liabilities - additional disclosures

The changes in finance lease liabilities are set out below:

	2020 £'000	2019 £'000
At 1 January	290	-
Impact of adoption of IFRS 16, Leases - recognition of finance lease liabilities	-	481
Interest payable on finance lease liabilities	11	19
Repayment of finance lease liability principal	(199)	(191)
Payment of finance lease liability interest	(11)	(19)
At 31 December	91	290

The LLP's leasing activities comprise rentals of property. Short-term rentals of less than twelve months and low value assets of less than €5,000 are treated as operating lease rentals with all long-term and high value assets accounted for as finance leases. All future cash flows arising on leases are considered when measuring finance leases and are based on the contractual terms of the lease agreed. The LLP's leasing arrangements do not have any variable payment mechanisms and no residual values have been ascribed to the leases. The LLP has not entered into any sale or leaseback type of transaction. As at 31 December 2020, there were no leases not yet commenced to which the LLP was committed (2019 - none). The average interest rate applied on finance leases both on adoption of IFRS 16 and during the year was 3.9%. The LLP has taken advantage of the practical expedients available in IFRS 16 to apply a single discount rate to a portfolio of leases and to apply accounting for short-term leases for which the lease term ends within twelve months of the date of transition to IFRS 16.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****15 Loans and other debts due to Members within one year**

	2020 £'000	2019 £'000
Members' capital classified as a liability		
– amounts due to fellow group undertakings	6,245	6,017
Members' current Financial Statements classified within liabilities	(6,678)	(7,045)
Total loans and other debts due to Members within one year	<u>(433)</u>	<u>(1,028)</u>

Amounts due to fellow group undertakings are payable on demand and bear interest at a market rate of 1.9% (2019 - 1.9%). There is no difference between the book value and the fair value of amounts owed to group undertakings.

16 Members' other interests

	Members' capital contributions £'000	Total Members' other interests £'000
Members' capital contributions and losses classified as equity at 31 December 2020 and at 31 December 2019	<u>1</u>	<u>1</u>

In the event of a winding up, any surplus sum that remains at the conclusion of the winding up will be paid to the Members in proportion to the Member's capital contributions.

17 Net cash flow from operating activities

	2020 £'000	2019 £'000
Operating profit for the financial year	377	1,055
Depreciation charge for the year	197	197
Decrease in inventories	86	72
(Increase) in debtors	(36)	(403)
Increase/(decrease) in creditors	327	(484)
(Decrease) in provisions	-	(606)
Net cash flow from operating activities	<u>951</u>	<u>(169)</u>

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****18 Reconciliation of net cash flow to movement in net cash**

	2020 £'000	2019 £'000
Increase/(decrease) in cash for the year	969	(586)
Movement in net cash	969	(586)
Net cash at 31 December 2019	698	1,284
Net cash at 31 December 2020	1,667	698

19 Analysis of increase in cash at bank during the year

	At 31 December 2019 £'000	Cash flow 2020 £'000	At 31 December 2020 £'000
Cash at bank and in hand	698	969	1,667

20 Contingent liabilities

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 2020 or at 31 December 2019.

21 Financial and capital commitments

The LLP had no capital commitments at 31 December 2020 or at 31 December 2019.

Amey Public Services LLP**Notes forming part of the financial statements for the year ended 31 December 2020 (continued)****22 Related party transactions**

The related parties are North Lanarkshire Council ('NLC'), which is the LLP's main customer and also holds one-third share in the LLP, and the Amey UK plc group of companies ('Amey Group'), which is the LLP's main partner and supplier and holds a two-thirds share in the LLP through a subsidiary undertaking.

	NLC	Amey	NLC	Amey
	2020	Group	2019	Group
	£'000	£'000	£'000	£'000
Income statement				
Revenue with related parties	13,396	1,379	15,814	1,043
Purchased from related parties	<u>314</u>	<u>8,236</u>	<u>320</u>	<u>8,353</u>
Balance sheet				
Trade and other receivables	(571)	(10)	(378)	57
Creditors	<u>(102)</u>	<u>(436)</u>	<u>46</u>	<u>(908)</u>

For NLC, the purchases relate to property rents, rates and insurance. For Amey Group, the purchases relate to staff costs of £7,650,000 (2019 – £7,808,000) and other operating costs of £586,000 (2019 – £545,000).

Amey Public Services LLP

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

23 Controlling parties

The immediate parent undertaking is Amey LG Limited.

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

The Company is wholly owned by both the immediate and ultimate parent undertaking.

Copies of the Ferrovial, S.A. consolidated financial statements can be obtained from the Ferrovial, S.A. registered office address as follows:

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
Chancery Exchange
10 Funnival Street
London
EC4A 1AB