Amey UK Limited

Annual Report & Financial Statements

Year ended 31 December 2022

Amey UK Limited
(previously Amey UK plc)
Company number: 04736639

Company information

About Amey

Amey is a leading infrastructure services and engineering company.

Our purpose

We take personal pride in our public service.

Directors

C B Moynihan, Chairman
C Ahrens
M R Chaichian
P C Charrington
J A Connolly
N W Gee
A Kusurin
J Lawrie
A L Milner
A L Nelson

Company Secretary and Registered UK office

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

Company registration number

04736639

Company address

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

Bankers

HSBC UK Bank plc, 8 Canada Square, London, E14 5HQ, United Kingdom

Auditor

Mazars LLP, 30 Old Bailey, London, EC4M 7AU, United Kingdom

Website

www.amey.co.uk

'Amey' or 'Group' is defined as being Amey UK Limited group of companies.

Strategic report

Chief Executive Officer's foreword

On 30th December 2022, Ferrovial completed a transaction to transfer ownership of Amey to a company controlled by funds managed by One Equity Partners ("OEP"), who entered into the transaction alongside their acquisition partner Buckthorn Partners ("Buckthorn").

Andy Milner
Chief Executive Officer

The transaction represents an enterprise value of £400 million and was completed following approval from the UK National Security Investment regime. I returned as Chief Executive Officer on 1 January 2023 and would like to thank my predecessor, Amanda Fisher, for her work helping to prepare Amey for the sale.

The transfer of ownership of the Amey Group brings to an end a prolonged period of uncertainty since 2018 when Grupo Ferrovial announced their intention to dispose of their Services portfolio of which Amey was a significant part. For its own part, the business has now disposed of the non-core Utilities and Waste treatment businesses and is able to focus on growth across its core Consulting, Complex Facilities and Transport Infrastructure businesses. The ability to combine expertise across the whole asset lifecycle in our target markets provides a very strong foundation for Amey to continue to succeed under new ownership.

Buckthorn and OEP are both established, responsible investors and both have a strong track record of bringing stability and supportive investment to businesses they own. Buckthorn is a UK investment firm focused on acquiring and growing businesses that can help in the energy transition. It invests in industrial businesses providing products and services that support infrastructure operation and maintenance. OEP focuses on growing transformative businesses within the industrial, healthcare and technology sectors. They are committed to investing in Amey to strengthen and grow the business, and to access new opportunities, particularly in the energy transition space.

The strategic rationale for the acquisition of Amey was to support the business to deliver existing services but also to ensure the investment in skills, capability and process were there to enable the business to capitalise on the need to design, provide and maintain infrastructure that is fit for purpose and to utilise gains in net zero energy technology and provision. As an engineering company delivering critical services across built environment and transport infrastructure, we recognise the important part we can and do play in supporting the UK's drive towards sustainability and decarbonisation.

Amey is now in an excellent position to leverage opportunities

With the support of our new shareholders, Amey is now in an excellent position to leverage opportunities offered by the UK Government's £600 billion commitment to infrastructure spending, ongoing investment in levelling up funding and in the energy transition journey to achieve Net Zero.

Work winning

With a move towards high-value, multi-disciplinary contracts across the rail and highways markets, Amey Consulting's strong work winning record continued in 2022. The business secured new business worth £108 million across 340 opportunities and ended 2022 in a very healthy position with an order book of £206 million.

£2.08b

Group revenue on continuing operations £2.08 billion

£194.8m

Group operating profit before tax on continuing operations £194.8 million

Major contract awards for Transport Infrastructure (TI) totalled £834 million of new business in 2022. Most notable was winning the Transport Scotland, Scottish Trunk Road Network Management contract for the North-East of the country. This 8-year contract amounts to £540 million and complements our long-term relationship with Transport Scotland in the South-West, where we provide critical infrastructure services for local communities.

TI also won additional work as part of the Transpennine Route Upgrade (TRU West) team, on the upgrade of the railway between Manchester and Leeds, one of the crown jewel projects in the Government's levelling up agenda. Finishing the year with an order book of £3.88 billion gives TI a stable platform for future growth.

Amey's Complex Facilities business continued its strong operational performance in 2022 and was awarded places on a number of public sector frameworks. It delivered a significant extension project across the Glasgow schools contract and was awarded a 1-year extension on the Ministry of Justice (MoJ) total facilities management contract, ending the year with an order book of £2.7 billion.

In 2022 we demobilised the Defence 'Next Generation Estate Contracts' (NGEC) contracts. The revenue and profit generated by these contracts this year will not be repeated in future years, although we retain a healthy presence in the Defence sector after winning 25% of contracts on the replacement military housing framework, which mobilised in the first quarter of 2022.

Sadly, 2022 will also be remembered for the death of HM Queen Elizabeth II. Our delivery team, based with the Ministry of Defence in Whitehall, worked around the clock to ensure the state funeral ran smoothly, receiving a commendation for their work from our client.

During the year the Group also completed the divestment of its investments in Amey Ventures Management Services Limited (since renamed Albany Ventures Management Services) and the Utilities business (since renamed Avove Limited). We also completed the transfer of the Waste Treatment business to Ferrovial as this business did not form part of the Group's ongoing business purchased by OEP and Buckthorn.

Internally we continued our focus on robust cost management while achieving maximum value creation.

Financial overview

Group revenue was in £2.08 billion (2021: £2.33 billion). The reduction on overall revenue reflects the completion of the NGEC contract with the Defence Infrastructure Organisation (DIO) although this was offset by increased revenue in both TI and Consulting as they capitalised on new business wins and the ramp up in revenue from the replacement DIO contract.

Operating profit before tax on continuing operations, before exceptional items, was £194.8 million (2021: £83.1 million) driven by the improvement in the contract profitability of our portfolio by exiting or renegotiating poorly performing contracts and the continuing focus on costs.

Amey operating cash flow in the continuing businesses was £26.5 million (2021: £52.9 million). These cash flows are stated after paying £53.9 million (2021: £8.7 million) of additional pension top-up payments which included an additional £30.5 million one-off payment made in 2022 for the buy-in on the Amey Pension Scheme.

Health and safety

Amey's biggest priority is sending our employees, and people who come into contact with our activities, home safely at the end of every day. We continually seek to improve our operations and drive safety performance. In 2022 we set up fatal risk working groups. As a result, we are now embracing new technological solutions to increase vehicle safety and introduce enhanced controls of working-at-height activities. We have also started sharing critical learning with our suppliers to help them with similar challenges. Trends over the past five years show that our targeted safety programmes are driving down the number of incidents that cause the most serious injuries.

Amey's biggest priority is sending our employees, and people who come into contact with our activities, home safely at the end of every day.

People

Amey continues to develop as a modern and progressive organisation which puts people first and embraces difference and diversity. Early in 2022 we were awarded double Gold Status by Investors in People (IiP) for our approach to our people and their wellbeing which put us among the top 1% of employers and on track to achieve IiP Platinum status in 2023. Our network of Inclusion ambassadors have contributed significantly to this agenda.

Recruitment and talent development remains a key focus for us, with recruitment into early careers, graduate and apprentice programmes being particularly active. To develop this further we increased our spending on the Apprenticeship Levy and hope to continue this in 2023. We continue to develop our early careers programme, build a talent framework for all employees, and expand our Women in Leadership courses to support women to achieve their potential at Amey.

Environmental, Social Value and Governance (ESG)

In 2022 we stepped up our commitment to Sustainability and social value with our new ESG strategy. This sets out a number of commitments aligned to the UN Sustainable Development Goals and will guide our investments and create a lens through which we view all our critical decisions. Our newly formed ESG sub-committee brings further focus to this critical area and will ensure that we deliver against our targets.

We are committed to reporting transparently and are aligning our monitoring and measurement activities to externally recognised standards. In 2022 we made good progress on our energy and carbon performance with reductions in both our Scope 1 and Scope 2 emissions. We also continue to transition from fossil fuel-based plant, kit and vehicles to those with alternative energy sources and will work with clients to reduce their carbon emissions – and those of the UK at large – through the services we deliver.

The whole of Amey benefits from the expertise in our Consulting team's in-house environment and sustainability specialists. Our data management expertise leads the sector and enables us to create a data-led approach to achieving sustainability objectives.

Our ambition is to be a "go to" strategic advisor and trusted partner for UK public sector infrastructure clients in key areas of energy transition and decarbonisation.

Social value

Amey is proud of the support we give to the communities in which we operate and the opportunities we can help create. For example, our work with the Department of Work and Pension's (DWP) flagship programme, Kickstart, to get people into work was recognised by the department with a "Best Partnership" award. We continue our long tradition of supporting ex-Forces military partners/ spouses, cadets and veterans into jobs. Our prisoner rehabilitation programmes run across 369 UK sites and support 160 serving prisoners to develop the skills and qualifications for future employment. Our 20-year partnership with the Duke of Edinburgh (DofE) Award Scheme goes from strength to strength.

160

Our prisoner rehabilitation programmes support 160 serving prisoners to develop skills and qualifications for future employment.

Looking to the future

We are excited about the enhanced opportunities for growth that Amey will have as an independent company. Amey's consulting and engineering services are essential to expedite the energy transition by improving the performance of transport and building infrastructure. Amey's expertise in enhancing the energy efficiency of buildings has the potential to contribute massively to decarbonisation efforts.

Going forwards, Amey will invest further in our core capabilities and data and analytics skills. With the help of Buckthorn and OEP, we will also be looking at M&A opportunities.

We have launched a review of our functional and operational structures to ensure that we are better focussed on our client's needs going forwards. This client focus will be critical as we work across the organisation to provide a combined response to their challenges and maximise the expertise we have within the business.

We are becoming a more digital organisation. We are expanding our use of data to inform our solutions and manage and monitor the lifecycle of projects, while supporting clients' to better understand their infrastructure and identify their future needs.

Amey is a healthy business with a strong pipeline of existing work. The shift in our future direction will be an evolution and we remain committed to delivering for our existing contracts. But 2023 does mark the beginning of a new chapter as we focus on growing the business and helping our clients to tackle some of the biggest challenges of our time.

Andy Milner
Chief Executive Officer, Amey
29 September 2023

“We recognise the important part we can and do play in supporting the UK’s drive towards sustainability and decarbonisation.”

Andy Milner
Chief Executive Officer

Business unit overview

Consulting

Our combination of industry leading Consulting & Design and Advisory & Analytics services, gives us a strong reputation for data-led, sustainable infrastructure design and asset management.

Overview

Our Consultancy & Design engineering specialists and design engineers, analyse and design transformative solutions that strengthen resilience and drive sustainable improvements for the UK's most critical and complex infrastructure and estates.

Specialising in planning, engineering design, asset management and optimisation and maintenance design services including roadside technology. Our highways sector provides end-to-end design and supervision for National Highways, Transport Scotland, Transport for Wales, Northern Ireland's Department for Infrastructure and numerous other central government and local authorities. Our rail sector provides multidisciplinary services to clients including Network Rail, Transport for Wales and Train Operating Companies. We also provide Consultancy & Design services to the Complex Facilities and environment sectors supported with a Programme and Project Management capability able to oversee and deliver major programmes of works.

Our Advisory & Analytics teams provide support across all Amey contracts, combining a remarkable digital talent team, with our unique technology and integrated data assets, helping our clients to visualise and resolve complex infrastructure, engineering and decarbonisation challenges, with clarity, foresight and confidence.

This allows our clients to make informed decisions around their assets and networks to optimise their capital or operating expenditure.

Our unique offering combined with the pan Amey operational capabilities means we can provide insights together with real-world domain experience from within one organisation to be able support our clients through their asset lifecycle. Clients for this value-adding service – delivered together with operational experts from our Transport Infrastructure and Complex Facilities teams – include DIO, National Highways, Network Rail, Thames Tideway and Transport for Wales.

2022 saw our strong work-winning record continue. Consulting secured new business worth £108 million across 340 opportunities – a win rate of 80%, significantly above market average.

80%

a win rate of 80%, significantly above market average.

Consulting key facts and financial results

£198.8m

Group revenue of £198.8 million (2021: £187.5 million), an increase of 6% year on year

+49%

Operating profit excluding exceptional items of £24.3 million (2021: £16.3 million), an increase of 49% year on year

+121%

Operating profit including exceptional items of £24.3 million (2021: £11.0 million), an increase of 121% year on year

£206m

£206 million order book at the end of 2022

1,860

1,860 employees

Zero

No exceptional items arose in 2022. In 2021, the division incurred an exceptional charge of £5.3 million following a settlement agreement on a contract held jointly by Amey and a fellow Ferrovial Group company.

Key contract and framework wins and renewals in 2022

£6m

Traffig Cymru
Traffic Wales

South Wales Trunk Road Agent (SWTRA) Framework

£3m

Digital Outcomes & Specialists 6

Digital Outcomes 6 (DOS6) Framework

£4m

First

First Group – Provision of Railway Estates Management Services

£2m

HM Government
G-Cloud
Supplier

North Wales Trunk Road Agent (NWTRA) Framework

£12m

national highways

National Highways' Information Technology Commercial Framework (ITCF)

£10m

Crown Commercial Service

Crown Commercial Services (CCS) Big Data and Analytics Framework

£2m

Traffig Cymru
Traffic Wales

G Cloud 13 Framework

£6m

national highways

Operational Technology Commercial Framework (OTCF)

£1m

WIRRAL

Wirral Professional Services Contract

Case study

Network Rail Infrastructure Monitoring Programme

We have helped Network Rail streamline and speed up the way it collects, analyses and shares data on its infrastructure assets by helping them develop a new strategy for the future of its Infrastructure Monitoring Programme. First steps were to get more for rail passengers from the existing fleet of Infrastructure Monitoring (IM) trains by enabling fast improvements to ways of working and reducing 'boots on ballast'. The next stage will be to design the services of tomorrow by combining route and regional customer requirements with market possibilities.

As well as cost and efficiency benefits, the use of technology is crucially helping Network Rail to make infrastructure monitoring and inspection safer for its workforce, with the ultimate aim of reducing network downtime for passengers. As remote monitoring continues to be rolled out, the need for manual inspections will continue to reduce, ensuring sustainable benefits to Network Rail for years to come.

Client benefits:

Real-time data monitoring using Automated Intelligent Video Review (AIVR) – data within minutes not weeks.

Forward-facing video as a service on Infrastructure Monitoring fleet – enabled 1,700+ users to remotely look at the railway using AIVR.

Artificial Intelligence-based condition monitoring of rail conductor faults – identifying conductor rail faults from the safety of desktops.

Using Class 153s for switches and crossings (S&C) basic visual inspection (BVI) – reducing manual S&C inspection – unattended geometry measurement system (UGMS) data supplementing yellow fleet.

Trailblazer for overhead line equipment (OLE) in North West and Central UK Network Rail region (NW&C) – moving from inspect to fix, reducing backlog and disruptive incidents.

Financial review

Consulting ended 2022 in a very healthy position with an order book of £206 million.

We sustained our year-on-year growth by moving towards high-value, multi-disciplinary contracts across rail and highways markets. Our above-expectations win rate saw us gain places on key frameworks such as:

National Highways' Information Technology Commercial Framework:

£12m

Crown Commercial Services' Big Data and Analytics Framework:

£10m

South Wales Trunk Road Agent (SWTRA) Framework:

£6m

First Group Provision of Railway Estates Management Services:

£4m

Our strong performance in winning work has been matched by profitability – with an annual operating margin of 12% (2021 – 9%). Our £24.3 million (2021: £16.3 million) operating profit (before exceptional items) contributed about 12% (2021: 20%) of Amey's overall continuing operations profit. This increase in profits was particularly due to the success of our in-house Advisory & Analytics team's ongoing work:

- Data science partner to National Highways
- Providing a Programme Management Office for Network Rail's Infrastructure Monitoring Programme
- Systems Integration Contractor on the Thames Tideway Tunnel Project.

Our Consultancy & Design business continued its commitment to major rail projects such as the Transpennine Route Upgrade and the upgrade of the Core Valley Lines in Wales, including the first Programmable Logic Controller (PLC) application commissioned at Magdalen Road Level Crossing.

In Highways, we mobilised our National Highways Scheme Delivery Framework contracts and submitted a successful Development Consent Order (DCO) for the upgrade of the A66. This supported the government's Levelling Up and Project Speed agendas to ensure that national critical infrastructure is delivered as quickly as possible.

Furthering our 2021 commitment, we continued to invest in our products and services. We launched a new Unmanned Aerial Vehicle (UAV) business for asset inspection and partnered with a leading software company to develop an innovative blockchain solution to cut costs and improve reliability in rail.

Future growth

Amey is expanding its consulting capabilities by developing new products and services and investing in new technology. At the end of 2022, we secured the assets and welcomed the employees of British technology company CitiLogik. As a leader in the use of mobile network data, they provide further insight for clients on how their networks are used. This will allow us to develop new products and services, using mobile network data alongside our proprietary technology, to help our clients better understand travel patterns, leading to more user-focused and sustainable transport solutions.

Our new UAV business is now operational, giving us the opportunity to secure high-value work from our core clients in data collection replacing many manual design, surveys and inspections across many infrastructure markets.

Working more closely with our Transport Infrastructure and Complex Facilities business units has deepened our understanding of assets and operations as well as client needs, resulting in a strong win rate in bidding. We will strengthen these relationships to increase our upselling of services through existing contracts and identify more opportunities where we can provide an integrated, unique offer to the market.

We are supporting Amey Group IT on Amey's five-year Be Digital programme. This will focus on developing digital systems, processes and capabilities but, most importantly, it will invest in our people. As customer approaches to gathering and using data mature, design will become increasingly data-led. We are setting out how we will collect and embed data throughout our design process to make ourselves more efficient and deliver better outcomes for our clients.

We are in a strong position to provide significant value and benefit from this fast-growing area of the market. We have a clear plan to capture continued growth in demand through a revised people plan and investing more in talent, to grow our core capabilities and project capacity.

Work winnning

£108m

2022 saw our strong work-winning record continue. Consulting secured new business worth £108 million across 340 opportunities – a win rate of 80%, significantly above market average.

Strategic ambition and priorities

Our ambition at the heart of Amey is to be the 'go to' strategic advisor and trusted partner for UK public sector infrastructure clients in key areas of energy transition and decarbonisation. We want to play a pivotal role in planning, designing and developing future infrastructure strategies to support their and the UK's ambition to be a low carbon economy, working with visionary clients who are open to new technologies and innovation to achieve these goals. We have a clear strategic plan to increase value and secure sustained, high-margin workload as well as achieving closer collaboration with Amey's other business units, Transport Infrastructure and Complex Facilities, to enable them to combine their operational delivery with higher-value services, that support assets through their whole life-cycle.

We have a key role in supporting Transport Infrastructure and Complex Facilities enhance the green credentials of their projects and finding ways to provide more energy efficient solutions and assets to the complex engineering problems we solve.

We will bring more low carbon products into our designs and specify more energy efficient equipment. Our designs will focus on new technological advances in the way people travel, the places they work and the areas in which they live, to support the Government's Net Zero commitment.

To help us do this, we are investing in and growing our proprietary technology alongside new data capabilities which we have brought in house through acquisitions. We are also investing in our in-house carbon and sustainability capability.

In a highly competitive industry, we have established a strong reputation as a provider of unique and complimentary services, crucial to sustainably growing UK infrastructure.

Our priorities are

External growth

We will continue to focus on consulting-only contracts to support future integrated opportunities, offering our Advisory & Analytics service to strategic customers and expanding into key frameworks to offer data-enhanced design

Internal growth

We will increase our focus on integrated contracts with Transport Infrastructure across highways and rail. We will integrate our Advisory & Analytics capability into existing and new contracts with both Transport Infrastructure and Complex Facilities and seek spearheading opportunities which can provide longer term management and improvement of infrastructure networks

Talent development

Our people plan concentrates on recruiting key hires, developing our early careers programmes and building a talent framework for all employees. Safety is still our top priority, and this will be a crucial focus

Key account management

We will focus on our key clients with an integrated key account management approach alongside Transport Infrastructure and Complex Facilities

Products and services

We are removing non-core activities and establishing new 'incubator' service lines, such as: Place and Community Infrastructure; data acquisition; Front End Services (master planning, transport economics). We will continue to build IT platforms to meet customer needs, support service lines and seek opportunities to integrate our Advisory & Analytics services into design from the earliest stages.

Transport Infrastructure

Our advanced transport infrastructure and engineering solutions: improve operational performance, decrease carbon emissions and reduce energy usage. We deliver positive, safe and reliable experiences through life's journeys, while enabling local communities and natural ecosystems to thrive.

Overview

Providing essential services and complex projects that are vital to the sustainable growth of the country, infrastructure has a significant impact on local people and places. Our Highways teams work tirelessly to keep the UK's roads moving, designing, and maintaining assets on local and strategic roads, for National Highways, Transport Scotland, Department for Infrastructure (NI) and numerous local authorities. Focusing on effective operational delivery, we provide cyclical and reactive maintenance, street lighting and winter maintenance services which keep local communities connected to vital services, enable more reliable journeys and leave a legacy for future generations.

Working with experts from across Amey, our teams provide engineering design and whole-life asset management advice, recommending solutions which maximise road capacity, reduce negative environmental impacts and strengthen our infrastructure for a more sustainable future.

With our knowledge of infrastructure, our Rail team support our clients to deliver major infrastructure investment projects to upgrade the network with the latest technology; as well as deliver day-to-day operations, such as regular asset inspections, to keep the lines running safely. Supported by our in-house Consulting & Design and Advisory & Analytics services, we renew and enhance railway track, structures, overhead lines, signalling systems, power supplies and security systems.

We also operate light rail franchises on the Docklands Light Railway and Manchester Metrolink. Working directly as the infrastructure owner with Transport for Wales, we are upgrading the track, signalling and electrification of the Core Valley Lines. This will bring better connectivity and brand-new trains to rural areas across South Wales.

Transport Infrastructure also includes our local authority waste collections team, who collect waste and recycling from over 270,000 households every week.

Transport Infrastructure key facts

£1,097.3m

Group revenue, including share of joint venture revenues of £1,097.3 million (2021: £949.6 million), an increase of 16% year on year. Excluding the share of joint venture revenues, revenue was £1,035.6 million (2021: £881.1 million) an increase of 18% year on year.

£108.7m

In 2022, future loss provisions of £108.7 million have been included in the results of the division which reflects the judgements made in the accounts of the Group's immediate holding company following the acquisition of the Group at 30 December 2022. Also in 2022, the division incurred an exceptional charge of £3.5 million for future unavoidable losses on a waste collections contract. In 2021, the division incurred an exceptional credit of £8.5 million following a settlement agreement on a contract held jointly by Amey and a fellow Ferrovial Group company

+44%

Operating profit excluding exceptional items of £26.6 million (2021: £18.5 million), an increase of 44% year on year

-£85.6m

Operating loss including exceptional items of £85.6 million (2021: £27.0 million profit), reflecting significant exceptional items in both years

£3.88bn

£3.88 billion order book at the end of 2022

4,100

Circa 4,100 employees

Key contract wins and renewals in 2022

£20m

Bastion Point Control Point for Kent County Council

£148m

Transpennine Route Upgrade Alliance Section 6 Part 3

£540m

Transport Scotland – Scottish Trunk Road Network Management Contract North East: £540 million over 8 years, with potential four-year extension

Case study

Kentish Town decarbonisation

We used the Rail Safety and Standards Board (RSSB)'s Rail Carbon Tool (RCT) to keep track of our carbon emissions at every stage of our Kentish Town Track Stabilisation project. Quantifying carbon embodied from design through construction, this is a new, environmental approach to the way we construct and maintain tracks for Network Rail.

Using the RCT to calculate embodied carbon at every stage gave us an accurate benchmark from which to make carbon reductions. We made 14 significant changes to design and construction methodologies, substantially reducing the project's carbon footprint by 89 tonnes of CO_2e, a 32.36% saving on the original scope of works.

"This is the first and most significant step in understanding the pathway to fully decarbonising the railway, while also reducing the impact on local air quality of diesel emissions from on-site plant and equipment. This is in line with Network Rail's priority to deliver a low emissions railway and the target of net zero by 2050."

Shane McEntee
Health, Safety and Sustainability Manager for Rail

Financial review

Building on the progress we made in 2021, Transport Infrastructure started 2022 having resolved many outstanding legacy issues. Our operational, finance and commercial teams have focused on robust cost management while maximising value creation, helping us to deliver consistently throughout the year and providing a strong platform for growth.

Focusing firmly on the year ahead, we have refreshed our strategy to concentrate on delivering our roadmap to net zero and supporting our clients' net zero ambitions. We strengthened our Executive Team with the appointment of a new Rail Sector Director, focused on growing our rail presence across the UK and further embedded our collaboration with our Consulting & Design and Advisory & Analytics teams.

We have expanded our work-winning capability, developing a specialist team who have submitted significant rail and highways bids. Results are due in 2023 and, if successful, will further strengthen our forward order book delivering more complex, higher margin work.

New contracts secured included a £500 million motorway and trunk road design, maintenance and management services contract for Transport Scotland in North East Scotland. The successful outcome saw us welcoming a new team to Amey for the next eight years, with the potential to extend for a further four years. This complements our long-term relationship with Transport Scotland in South West Scotland, where we provide critical infrastructure services for local communities.

We have also won additional work as part of the Transpennine Route Upgrade (TRU West) team, upgrading the railway between Manchester and Leeds. TRU will bring better connectivity to the North of England – and faster, more reliable services for passengers.

We extended our work with local authorities, through:

- A new, five-year future highways partnership agreement with Staffordshire County Council, with final contracts to be signed in early 2023
- New border control facilities built for Kent County Council
- Converting 55,000 street lights in Edinburgh to LEDs, winning Energy Project of the Year at the Energy Awards 2022, alongside the Council and Currie & Brown.

Our highways capital works team in Staffordshire completed the design and build of the Stafford Western Access Route and the i54 Business Park. For National Highways, we started work on the A533 Expressway bridge replacement scheme.

Mobilisation of the Traffic Scotland Operational and Infrastructure Services contract completed in March 2022. Our teams inspect and improve all intelligent transport systems, transmission building and associated communications equipment, keeping road users safe and traffic information flowing freely.

Two waste contracts came to a natural end after we divested our Waste Collections business in 2021: our two-year temporary Household Waste Recycling Centre contract with Staffordshire County Council and our waste collection and recycling contract with Solihull Metropolitan Borough Council.

Following a 2021 review, we continued to exit our remaining power sector contracts during 2022, but remain committed to power and electrification in rail, including submitting a tender to HS2.

We remain committed to power and electrification in rail

We continue to work with Transport for Wales in a refreshed commercial arrangement that reduces risk. As part of this we are progressing construction of the £100 million train maintenance centre at Taff's Well. The new building will house new trains and an integrated control centre.

Future growth

Finishing the year with an order book at £3.88 billion gives Transport Infrastructure a stable platform for future growth. Confirmed infrastructure spend from central government ensures work pipelines across Highways and Rail remain resilient.

Winning our second contract with Transport Scotland this year means that our Highways business now delivers design, maintenance and management services across nearly half of Scotland's motorway and trunk road network. Combined with our previously secured contracts with Traffic Scotland and the Scottish Roads Partnership, this makes us a considerable supplier to Transport Scotland, able to positively impact local communities through our operational and social value work.

As National Highways' largest provider of maintenance and response, we continue to strengthen our relationship by sharing best practice from our experience with other clients to support them in evolving the way they run contracts. For example, we are using our unique blend of operational and technical knowledge and learning from our Specialist Bridge contract, to advise National Highways on the condition of their bridges across the UK.

We have a healthy pipeline of work with local authorities for the coming years. Many highways contracts have already been extended and will come to market over the next few years. We have seen some local authorities further delaying their procurement, but this should flatten out the spike of contracts we were expecting to see, improving our ability to better respond to each opportunity.

In Rail, we submitted over £1 billion of tenders during 2022 and we continue to bid for the opportunities confirmed for Network Rail (75% of total UK rail spend) over the next Control Period (CP7). We are also working within the Transpennine Route Upgrade Alliance to apply for the next tranches of Government funding.

Winning and bidding for these contracts provides stability for our Rail business, which was included in Network Rail's top 20 supplier list, published in Construction Enquirer News in 2022. Despite the delay to the Transport Bill and transition to Great British Railways, £44 billion has been committed for renewal, upgrade and enhancement works through CP7.

We are continuing our work with Transport for Wales – on the Core Valley Lines, many parts of which will be open during 2023, resulting in more frequent trains between Cardiff and more rural communities. The new Taff's Well depot will be completed. We will continue to review our diverse rail work portfolio to put us in the best position for new opportunities.

Bid rate

£834m

Won £834 million of work in 2022 – 85% of work by value.

71%

Bid strike rate by volume.

Strategic ambition and priorities

Infrastructure plays an essential part in the decisions everyone makes every day. It is our responsibility to use our operational and technical expertise to create solutions which benefit local people and the places where they live.

By transforming our core services aligned to the latest market intelligence, our teams continually seek to drive improvements for our clients, which is critical to how we do business. With strong relationships and a thorough understanding of our clients' needs, we create business models and solutions designed to meet their priorities and draw in wider expertise from across Amey. We want every client to receive added value from the strength and breadth of our capabilities, and to work with us to benefit from our complementary advisory and delivery services to help them meet the challenges they face.

In the coming years we will be continuing to focus our work with public sector clients who are committed to major projects, such as the Transpennine Route Upgrade, with secured future funding. We will also focus on significant future investment opportunities, continuing to build on our strong industry relationships to offer advice which secures the long-term future of our markets and benefits the communities we work with.

With a presence across the UK, we will seek new opportunities across all countries and regions. We will explore new openings to provide more integrated transport opportunities, utilising the combined expertise of our highways and rail business to deliver multi-modal solutions for clients in both industries. Moving forwards, we will expand the reach of our core services with new clients, particularly focused on project management, data and digital capabilities.

Some clients are facing growing pressure from reducing budgets. We are responding by digitalising our core service delivery, providing greater value for money and transparency. Our in-house Advisory & Analytics capability makes us ideally placed to embrace data analytics and technology, using our data-driven insights to provide intelligent, whole-life solutions which benefit people and advance the industries we invest in.

As pressure increases to meet challenging environmental targets, the transport sector offers a wealth of opportunities to embrace a new future. With the rise of electric vehicle ownership, and the impact on vehicle tax exercise duty, the UK's highways infrastructure will need to transition current petrol and diesel fuels to electricity, enabling road users to move freely and access suitable charging networks. Further transitional activities will be needed as the industry adapts to the introduction of autonomous vehicles and running multiple vehicle types on the UK's roads.

The transport sector offers a wealth of opportunities to embrace a new future

The rail industry has embraced energy transition for many years with ambitious plans to electrify the network. With our strong track record of electrification, most recently, on the Transpennine Route Upgrade and Core Valley Lines, we are well placed to advise on how the industry can continue to adapt and deliver electrification at greater pace, with innovative solutions designed around the UK's historic railways and the challenges this can pose. The UK is also at the forefront of adopting digital signalling, with exciting developments to progress the upgrade of the assets and line-side technology, and we are again well placed to be part of this evolution.

Complex Facilities

Our asset and facilities management (FM) services deliver essential facilities management, asset management & decarbonisation services for the education, defence, health and prison estates. Our expertise, governance, data-driven benchmarking and innovation allow us to maintain and enhance the most complex and challenging environments.

In 2022 we continued our drive towards low-carbon solutions.

Overview

All of our services are designed specifically for our clients in complex facilities – including defence, justice, education, and health.

For the justice sector, we provide secure FM in prisons and courts, prisoner escort, and court and transport services. We maintain vehicles, equipment and housing for our Armed Forces.

We deliver essential services across England, Wales, Scotland and Northern Ireland – looking after 141 schools and colleges, 18,600 military homes and 61 prisons. We also maintain NHS estates for Birmingham and Solihull Mental Health Trust, and workplaces for public sector organisations including Avon and Somerset Courts, National Highways, the UK Hydrographic Office and local authorities.

We use data and benchmarks from across our entire customer estate to make sure our services are innovative, compliant, and tailored to the preferences of individual users. We call this 'Personalised FM'.

We support customers on their journey to net zero carbon. Our energy specialists use data analysis and leading-edge technologies to slash client energy costs and carbon emissions. In 2022 we worked with Scottish Border Council to deliver audits and recommendations that will bring meaningful, measurable change. We'll be working with our long-term contracts to create and deliver ambitious net zero targets.

We play a vital role in supporting the communities we serve and have acted responsibly, ethically, and sustainably in all our work. We promote diversity and professional development among our people, and work for the benefit of society through initiatives such as our prisoner rehabilitation programme CRED (Clean Rehabilitative Enabling and Decent).

Complex Facilities key facts

£1,014.8m

Group revenue, including share of joint venture revenues of £1,014.8 million (2021: £1,412.8 million), a decrease of 28% year on year. Excluding the share of joint venture revenues, revenue was £940.0 million (2021: £1,343.2 million) and decrease of 30% year on year.

109%

Operating profit including share of joint venture profit after tax of £123.3 million (2021: £59.0 million), an increase of 109% year on year

123%

Operating profit excluding share of joint ventures of £119.7 million (2021: £53.6 million) an increase of 123% year on year

£2.7bn

£2.7 billion order book at the end of 2022

4,000

Circa 4,000 employees

Case study

Energy efficient lighting for Renfrewshire Council

We have upgraded the lighting system in ten Renfrewshire PPP schools to cut energy and carbon consumption.

In early 2022, our Scottish Projects team developed a proposal which would use Smart LED lighting to give the schools an optimum return on investment. The schools would be able to use Infrared and Bluetooth technology to improve flexibility and control.

The project began in March and was completed in November 2022. It has cut carbon emissions and electricity bills – and increased functionality, which is improving the use of their spaces.

Using the most up-to-date technology means that the system is also future-proofed, and additional innovation such as occupancy detection can also be installed in the system.

"Reducing the carbon footprint of our clients is part of Amey's wider strategy to reach carbon net zero by 2040. We are proud to take on projects like this and to be able to complete them quickly and with minimal disruption to operations. We look forward to seeing and hearing about how the new Smart LED lighting system continues to produce benefits across the nine schools."

Diane Gilles
Operation Director for Scotland, Amey Complex Facilities

Key facts

Key contract wins and renewals in 2022

Ministry of Justice

Awarded a 1-year extension on the MOJ Total Facilities Management Contract.

Awarded places on five public sector frameworks: DWP, Kent County Council, GPA (two), MOJ

Glasgow CITY COUNCIL

Delivered significant extension project across the Glasgow Schools contract and increased school capacities through modular build solutions

Delivery

Our operational performance was strong in all areas throughout 2022. We maintained critical infrastructure in prisons, military establishments, and schools, supporting our clients as the country recovered following the Covid pandemic.

The delivery teams worked around the clock to ensure HM Queen Elizabeth's funeral ran smoothly receiving commendation from our client.

2022 was also a year of transition as the NGEC Defence contracts came to an end. As a result, the business was restructured to align to the new platform for growth. We completed the smooth transition of the Built Estate contracts with 1,300 employees transferring to 6 different organisations.

We stood up two Future Defence Infrastructure Services (FDIS) Regional Accommodation Maintenance Services (RAMS) contracts for housing maintenance in North and Central regions, having won the maximum two contracts to be awarded by the MoD. Despite some operational challenges we are working collaboratively with the client to ensure rectification plans deliver long term success for the contract.

Across FM England and Scotland, we exceeded our expectations around lifecycle and project work, and we successfully extended our MoJ Prisons contract – enhancing the relationship with the client as a result of the support we provided as the country transitioned out of Covid.

GeoAmey joint venture to provide secure prisoner transportation and custody services in Scotland and England is mitigating the impacts of Brexit and the labour market shortfalls. The Joint Venture continues to recruit to meet the increased demand on courts because of Covid.

The Amey and Briggs Equipment UK Limited joint venture, Amey Briggs, formed to overhaul MOD construction and materials handling equipment continues to perform well.

Growth and new work

The order book value at end December 2022 reflected £2.7 billion of future work, this is down from £3.1 billion at the end of December 2021.

Organic growth continues, with record levels of demand for project works across facilities management and justice sectors. This has been seen particularly in prisons with the fiscal stimulus and across FM England and Scotland – enhancing the asset base of our clients.

The MOJ Contract has been extended for a further year and with our client reviewing the possibility of a further extension whilst the future service offering is scoped.

We were successfully awarded places on five public sector frameworks including GPA Minor Works and Associated Services, Kent Commercial Services, MOJ Minor Works, DWP Lifecycle & Capital Works (a 'taxi rank' framework that provides guaranteed work to onboarded suppliers) and GPA Workplace Services Transformation Program. These frameworks allow the business to bid for a range of projects with values between £1m and £10 million and will enable the business to build relationships with strategic organisations.

£2.7b

The order book value at end December 2022 reflected £2.7 billion of future work, this is down from £3.1 billion at the end of December 2021.

Strategic ambition and priorities

With the UK Government's commitment to £650 billion of spending on infrastructure over 10 years we continue to leverage opportunities in public sector spending.

In 2023 we will look to deliver credible, moderate growth, profitability and cash generation. This will come from a successful core FM bidding opportunity plus two additional public sector targets by 2027.

Our relationship with the MOJ has strengthened as we come out of Covid, and this will enhance opportunities as departmental shifts take place. Additional support requirements for the Welsh prison and probation service will give us an opportunity to provide an integrated pilot that aligns the maintenance provision.

In Defence we are hoping to expand our operations into overseas territories, and we will also focus on Net Zero project delivery in Schools, and core FM into public sector, Transport & Utilities verticals.

To take advantage of these existing relationships, and to cater to the needs and growing requirements of new clients, we must enhance our energy and data capabilities. We will do this by developing a renewables offering and enhancing our inhouse energy services, working closely with our Consulting & Design and Advisory & Analytics business to help us achieve this.

Additional growth will be achieved through long-term frameworks and opportunities in existing JVs. We will also maximise opportunities through lifecycle and capex works.

We will continue to expand our FM offering into new government agencies and emergency services and higher education. To find out more and build our reputation outside the DIO, we are forming new relationships with public sector stakeholders and key government bodies.

We will align our cultural and people programme to these aims to ensure we have the right skillset and recruitment pipeline in place.

People

Amey is a modern organisation, which continually re-thinks the way we work. We embrace difference and diversity, and support inclusivity. We always put people first, allowing everyone to have access to a wide range of opportunities. We embrace our differences to achieve the best possible results, as individuals and as a team.

To track the progress of our people-first approach, we began a new partnership with Investors in People (IiP) in late 2021, and an accelerated programme to take us from Silver to Platinum status over three years. By early 2022, IiP had awarded us double Gold status for our approach to investing in our people and their wellbeing which put us among the top 1% of employers. By early 2023 IiP, confirmed that Amey is on track to reach Platinum status.

Inclusive workforce

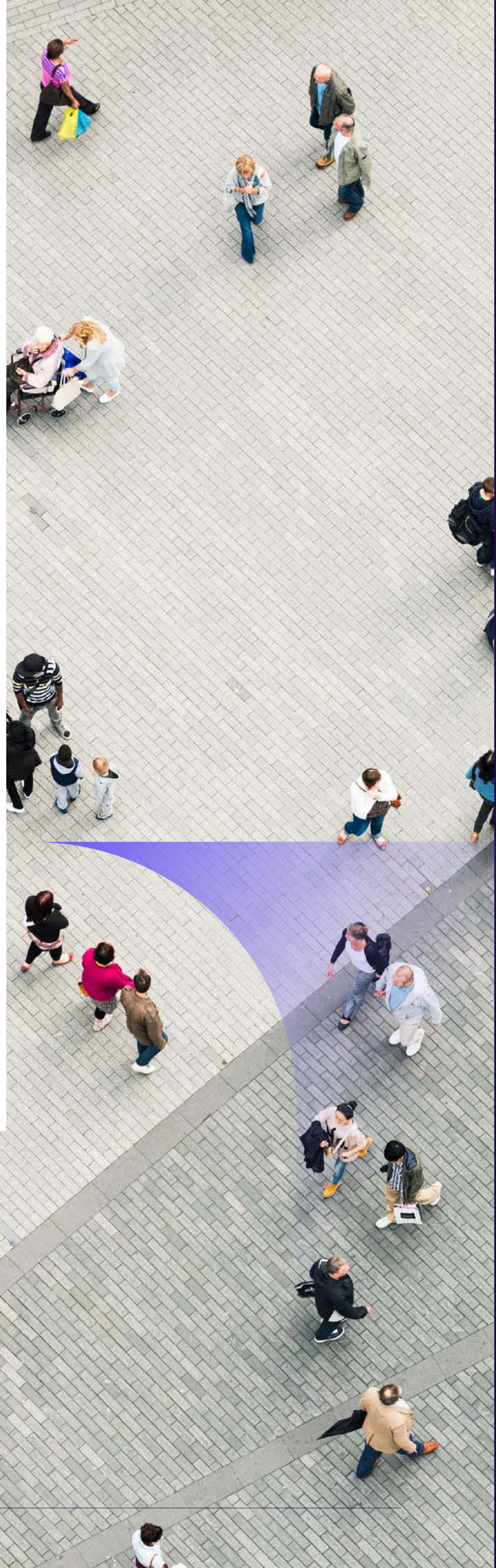
Our Embracing Difference strategy commits us to creating a culture where everyone brings their unique self to work, where we bring out the best in each other, where every talent is used, and every voice is heard.

Our Inclusion Ambassadors are at the heart of this approach, making inclusion the thread that connects everything we do. Tackling all forms of inequality in the workplace is the right thing to do for our people.
It also makes good business sense to reach out, support and nurture talent from as wide a pool as possible.

Tackling all forms of inequality in the workplace is the right thing to do for our people.

We will again publish our Ethnicity Pay Gap data in 2023 and we have reaffirmed our signature of Business in the Community's (BiTC) refreshed Race at Work Charter, a campaign which drives action and supports race equality in the workplace.

Having secured Disability Confident Level 2 (Employer) accreditation, we continue our journey towards becoming Disability Confident Level 3 (Leader) in 2023.



Some of 2022's highlights were:

We held Amey-wide events to celebrate
International Women's Day, National Inclusion Week, Black History Month and Race Equality Week and, for the first time, Neurodiversity Celebration Week. We also actively encouraged participation in Pride activities

We launched a third tranche of our Women's Leadership Development programme
aimed at nurturing the skills, knowledge and capability of 20 of our most talented women each year

We issued new policies and guidelines
on a variety of topics including neurodiversity, miscarriage, fertility and domestic abuse. We also issued guidance to all managers on Ramadan, encouraging flexibility to support observant colleagues

We have made recruitment more inclusive,
building partnerships to source diverse candidates with organisations such as STEM Returners, Renaisi, Astrid and Buildforce

We have increased the diversity data we gather
by 5%, with 70% of employees providing data.

Recruitment

In 2022 our resourcing team recruited 2,278 new people to Amey, with only 4% being sourced via agencies. 1,008 Amey employees successfully secured a promotion or other internal move, underscoring our dedication to developing our own.

Our internal recruitment teams focused on recruiting diverse employees, while the proportion of female employees externally recruited into senior (Bands D-F) roles increased from 16% in 2018 to 25% in 2022.

Recruitment into our 2022 early careers, graduate and apprentice programmes was particularly active and shows our commitment to growing our own talent. Up from the 160 that joined Amey in 2021, we had 291 starters on these schemes in 2022 and this growth continues into 2023 when we are expecting to welcome a further 400.

We are continuing to develop our offer to new employees to make Amey an employer of choice. Part of this is making sure we have the latest HR systems. We will be upgrading our Applicant Tracking System to make sure the candidate application process is easy to access and use.

Developing our people

Developing talent and equipping our people to perform to their full potential is key to retention, and this forms an important pillar of our People agenda. Some highlights of 2022 include:

- Inductions for over 300 new early careers recruits
- Amey's commitment to the development of our employees, particularly those on our early careers, graduate and apprentice schemes, has meant increased spending on the Apprenticeship Levy, from under 50% utilisation to 70%. We hope to reach 100% by the end of 2023
- We have strengthened our 'LearnUpon' digital learning offering by including courses on the impact of carbon and climate change published by the Supply Chain Sustainability School (SCSS). As a further sign of our commitment to tackling climate change, we now require all managers across Amey to successfully complete this training as part of their bonus scheme. We have also partnered with Skillshub, allowing us to integrate personal development learning into LearnUpon
- We delivered more than 3,200 training courses and saw a further 52,000 digital enrolments on LearnUpon during the year.

Employee engagement

In 2022 we launched our 'Your Voice' survey for employees to give feedback and allow us to measure employee experience and engagement. The results showed the work we have been doing to transform and improve our workplace is being felt by our employees, and the vast majority have a positive experience working for Amey:

86%

gave positive or neutral answers to having the skills and knowledge required to be successful in their job

83%

chose positive or neutral answers to being treated fairly regardless of background, gender and ethnicity

Our a*stars awards at the end of the year celebrated our people, with 1,621 individuals nominated by managers or peers at a virtual ceremony.

Following a successful pilot in our Transport Infrastructure business, we launched our Lead to Engage programme across Amey. This creates opportunities for face-to-face conversations, allowing everyone to make their voice heard and make a difference. As well as business updates and information, events focus on issues and ideas raised by our employees via their engagement ambassadors.

We launched a new, flexible Performance Management tool allowing managers and their team members to easily share information and track delivery against objectives.

The majority of employees felt positively about engagement, empowerment and the ability to excel. But we recognise there is room to do more.

Employee relations

Despite the challenging economic climate and the pressures that cost-of-living crisis has placed on all employees, excellent relationships with our Trade Union partners allowed us to implement collective bargaining agreements covering more than 4,000 employees. There was only one formal dispute that resulted in only nine days of industrial action by 150 employees. This was quickly resolved through open and positive dialogue with the Union and customer affected. We expect our firm commitment to maintain wages at the Real Living Wage level (or higher) will ensure this partnership continues in 2023.

Wellbeing

We are changing the way we do wellbeing at Amey in 2022, integrating it into our core functions and activities.

Amey has shown a strong, consistent commitment to wellbeing in the workplace over many years. Until now, this has been led by a dedicated wellbeing team, a robust network of workplace ambassadors, employee-led affinity groups, and a comprehensive mental health first aid network across the organisation.

Amey has shown a strong, consistent commitment to wellbeing in the workplace over many years.

We are now building on this by recognising wellbeing as a more strategic function, going forwards. In December 2022 we employed a Group Wellbeing Partner to help us achieve our vision – to become the leader in workplace wellbeing in our sector.

This vision will be driven forward by an updated policy, strategy and supporting objectives and plans during Q1 2023. This formalises our fundamental shift towards a proactive, integrated approach to wellbeing, in line with our commitment to being a high-performance culture.

Our initiatives will shift away from reactive wellbeing support (for example Mental Health First Aid), to integrating wellbeing into core business functions and activities. The overall aim is to improve employee, organisational and societal wellbeing. As part of our strategy, we'll be aligning our wellbeing initiatives more closely with our commitment to inclusion and social value. We believe this will help us become a responsible employer of choice.

During 2023 we'll be rolling out a two-year programme including:

1. Agreeing a Group wellbeing strategy and policy to ensure alignment across all business units, while allowing flexibility for differing wellbeing priorities and needs
2. Redefining workplace wellbeing and directly linking it to operational goals, in particular high-performance culture, but also psychosocial risk and behavioural safety
3. Identifying key baseline wellbeing measures to track our performance in future
4. Education for managers (there is a direct link between the wellbeing of a line manager and their team), supported by the resources that encourage managers to be accountable and take ownership for wellbeing in the workplace
5. Making better use of our network of wellbeing ambassadors – aligning their roles to support the new strategy
6. Encouraging individual accountability and responsibility – we are developing communications tools and interventions that will help employees be accountable for their own and others' wellbeing
7. Strengthening partnerships with occupational health, our employee assistance programme, and private medical insurance providers to support employees and identify opportunities for improvement
8. Providing wellbeing support for key topics covering women's, men's, and transgender health issues through wellbeing campaigns, with support from the above partners
9. More integrated yet cost-effective workplace support for wellbeing at every stage of life.

Safety

Amey's highest priority is sending our employees and people who come into contact with our activities home safely at the end of the day.

Our HSEQ team provides the business with a summary of key lessons learned in Q4, to focus everyone on reducing the severity and frequency of incidents across our operations. We are supported in this by employees in all parts of Amey, who recorded 20,676 close calls and carried out over 7,700 audits and inspections throughout 2022.

Amey operates across a number of sectors and geographical regions and recognises the risk and challenge this presents. As an organisation we continually seek to improve our operations and drive safety performance.

As a result, for 2022 we sought to eliminate fatal risks from our key operational activity. This saw the mobilisation of Fatal Risk working groups, in which subject matter experts from all levels of the organisation came together to address significant risks associated with working at height and people-plant interface. Benefits of this approach saw the introduction of new innovative technological solutions fitted across the Amey commercial fleet to enhance vehicle safety and enhanced controls of our working at height activities and elimination of numerous high-risk activities associated with working at height.

To illustrate this, we have a case study of people-plant interface (output from working group):

One of Transport Infrastructure's significant risks is working on or alongside the live road and rail networks. Within Highways, we install Temporary Traffic Management every day to protect our employees and the travelling public. Reversing traffic management vehicles is a dangerous highways operation, the controls we adopt in a depot or worksite environment not being suitable on the live road network. This activity routinely requires vehicles to collect cones in reverse often up to a distance of 4km, often at night. During 2022 Amey has worked with our supply chain partner, Fleetclear, to introduce the reverse radar auto-braking solution, specifically configured for traffic management, lane closure and impact protection vehicles. The auto-braking solution creates a secure and controlled stop when hazards are detected in the reversing path. As an additional safety layer, an external audible and visual warning system has been installed to the vehicle to warn the driver and operatives to prepare for an emergency braking event. This is a major step forward for Amey in protecting the public and our highway operatives, utilising the latest in digital technology, and we would like to see this become the minimum safety standard in the industry.

Since the Fatal Risk groups started, there has been a significant reduction in related events. We have started sharing critical learning with our supply chain partners to help them with similar challenges. The impact of the groups has been regularly assessed by the senior leadership teams and Executive Board and, due to their success, the remit will be extended into 2023.

Trends over the past five years show that our targeted safety programmes are driving down the number of incidents that cause the most serious injuries. In 2022, we carried out 40% more high potential incident reviews, and specified injuries, reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), have reduced by 15% on the previous year.

Our overall RIDDOR injury rate is 0.18 injuries per 100 workers which was a slight decline from 2021 due to a significant reduction in headcount. Our Serious Injury Frequency (SIF) rate for 2022 is 0.15 injuries, an improvement of 35% against a target of 15%.

Our combined Lost Time Injury (LTI) frequency rate (employee and contractors) for 2022 is 0.42 injuries per 100,000 hours worked (2021: 0.34). During this time, we also recorded 20,676 close calls and carried out over 7,700 audits and inspections.

Amey recognises the impact of mental health within its workforce. We are proud to provide a range of stress and wellbeing employee assistance programs with some leading mental health organisations and charities through our partnerships with Mates in Mind, Health Assured and MediGold-Health, our occupational health provider.

Year	RIDDOR injuries	RIDDOR injury rate	Lost time injuries	Lost time injury rate
2022	37	0.18	87	0.42
2021	37	0.15	84	0.34
2020	35	0.14	84	0.34
2019	42	0.16	114	0.45
2018	82	0.34	197	0.81
2017	82	0.30	214	0.77

Sustainability and social value

As a strategic supplier to government with a presence across the UK, Amey is uniquely placed to drive equality of opportunity through inclusive procurement and employment. Our work in carbon-intensive sectors such as transport and the built environment, from design to delivery, makes us well placed to speed up the transition to net zero.

In 2022, we stepped up our commitment to benefiting people, places, and planet. We are being bolder with our ideas and ambitions, and in our challenge to 'business as usual'.

We have launched a new strategy for Sustainability and social value. This addresses the issues critical to our success and important to our stakeholders. These commitments will guide our investments and create a lens through which we view all our critical decisions.

Delivering against our commitments will contribute to the achievement of UN Sustainability Goals, ambitions for net zero and creation of social value through public procurement in the UK.

The Amey Board holds ultimate accountability for our contribution to social value. Our Executive Committee sets policy and strategy, providing leadership to drive it forward. We have established a new Sustainability and social value Committee to check progress against our strategy. We are committed to reporting transparently on our progress against our commitments, to sharing best practice and being advocates for positive change.

We have set goals against each of the 12 commitments. Each commitment is being taken forward by a steering group and a sponsor from our Executive Committee. Progress will be measured against two milestones:

Core steps

setting us on the path for change to be achieved by the end of 2023

Striding forward

bolder targets to be achieved by the end of 2025.

Supporting employability and skills in the community

We believe talent is born equally, but opportunity isn't. We must provide a level playing field for all –the opportunity to have decent work, and to live, travel and work in a prosperous and equal society.

Our 2022 highlights include:

Long-term jobs for 23 individuals enrolled on the Department of Work and Pension's (DWP) flagship Kickstart programme.

Amey's commitment to this scheme was recognised when we won an award for 'Best Partnership'. Building on this success, we have again teamed up with DWP to deliver the 'Headstart' campaign – an initiative designed to support 16- to 24-year-olds on Universal Credit by funding employers to provide training and employment. Headstart has so far provided Amey with 16 candidates who have moved into permanent roles

Delivering on our Armed Forces Covenant commitments,

employing and supporting ex-Forces personnel, military partners/spouses, cadets, and veterans. In total we made 31 of these hires in 2022. We partner with Women in Defence, BuildForce, the Careers Transition Partnership, Open University, Forces Families Jobs, SSAFA and RBLI – supported by our internal Armed Forces Network. In 2022 we ran 11 events supporting the armed forces community into employment

Partnering with New Futures Network and Recycling Lives to support people leaving prison into employment.

These organisations help us to identify individuals we can help, as well as supporting and advising on wider needs. We continued to deliver our CRED programme in 369 sites, supporting over 160 serving prisoners to develop the skills and qualifications for future employment

Creating a 'Journey to Work' initiative –

supporting unemployed individuals to access both skill and employment opportunities

Educating and inspiring young people

We continue to invest in skills, education and training with a particular emphasis on supporting young people into employment. Some of our 2022 highlights:

- Building on our partners with the Duke of Edinburgh (DofE) Award scheme, with which it has a long history of 20 years. During 2022, 28 young people at Amey worked towards completing their Gold DofE Award over an 18-month programme. Our investment also helped the charity remain agile, creative and flexible during the pandemic so that young people could continue to work towards their awards.
- The Amey Challenge Cup brought girls aged 13-15 into our workplaces to work with engineers for a day to solve a real-life engineering problem. In total, 220 girls from 21 schools took part in 11 events. 109 Amey volunteers took part, giving 690 hours of their time.
- Introducing the Essential Skills Academy – a professional development course created by the Skills Builder Partnership – to our Early Careers community. The group training programme supports employees in developing their essential skills, in establishing their strengths and finding areas where they could improve to benefit their professional development. We were awarded the Silver Excellence Mark by Skills Builder Partnership, recognising that we have demonstrated best practice in embedding essential skills into recruitment, employee development, and/or outreach.
- In September 2022, Amey brought together a group of experts in employment skills to talk about developing essential skills through programmes for young people. Organisations who took part included Investors in People; The Duke of Edinburgh's Award; Skills Builder Partnership; and Business in the Community. The event took place alongside a week-long residential course for 28 Amey employees as part of their DofE Gold Award. The aim was to connect young people and the experts to provoke conversation and debate on what more can be done.
- Launching our Work Experience programme, 'Paving the Way'. In July alone our Bristol office hosted eight work experience students over two weeks, giving them the opportunity to meet experts from Amey and work on an engineering project. In a sign of the programme's success, several students who took part have expressed an interest in our apprenticeship programme.

Partnership with suppliers, SMEs and VCSEs for positive outcomes

We build healthy and diverse supply chains by engaging with our suppliers and making Amey an easier business to partner and work with.

In 2022 we partnered with more than 4,500 suppliers across the UK, 79% of which are SMEs. This amounted to a total supply chain spend of £1.7 billion – of which £6.5 million was with social enterprises. We were pleased to have paid 95% of our supplier invoices within 60 days.

To help us assess suppliers to a common industry standard, we started to use Constructionline. Constructionline offer a fully hosted and vetted system which provides us with a searchable database of suppliers. It can identify SMEs and social enterprises, supporting our Social Value agenda. In addition, we became formal members of the Supply Chain Sustainability School – supporting our SMEs to access training and awareness covering a range of sustainability topics.

We remain committed members of Social Enterprise UK's Buy Social Corporate Challenge, which helps us support the growth of the Voluntary Community and Social Enterprise (VCSE) sector.

Charity and volunteering partnerships

We continued to develop the partnership with our employee-chosen charity, Cancer Research UK (CRUK) – the largest charitable funder of cancer research in the world.

We raised over £130,000 for CRUK in 2022 through initiatives such as the Early Careers Challenge, employee fundraising and Walk All over Cancer. This was supported by employee donations of over 2,900 bags of clothes and items for sale in CRUK shops across the UK. We continued to raise awareness of cancer across the company, delivering 11 cancer awareness health stands reaching 359 employees, eight workshops reaching 576 employees and two webinars reaching 179 employees.

Amey actively encourages employees to take part in local volunteering opportunities. In 2022, we re-branded our volunteering programme as 'Social Impact Days' to focus on the impact they have on the people and communities that benefit. In total our employees contributed 965 social impact days.

Carbon and climate change

As an engineering company delivering critical services across the built environment, transport infrastructure, energy and utilities management sectors, we recognise the urgency and focus needed to reduce carbon emissions and are refocusing our efforts to support our clients achieve their Net Zero targets. Some highlights of 2022 include:

- Targeted carbon literacy training to our employees. We ran two core programmes – an online 'Introduction to Carbon and Climate Change' module, completed by 1,047 mid and senior managers, and a Climate Change Leadership workshop completed by 245 of our senior directors
- Working with the British Standards Institute (BSI) to gain ISO 14064
- Embedding and promoting the 'PAS 2080 Carbon Management in Infrastructure' principles throughout our management systems to make carbon accountancy business as usual. This provides the evidence base decision-makers need to deliver net zero infrastructure
- Progressing our transition from fossil fuel-based plant, kit and vehicles to those with alternative energy sources.

Engaging our clients in carbon neutral design

As well as reducing our own carbon emissions, our work provides us with a huge opportunity to reduce the carbon emissions of our customers and the UK at large through the services we deliver.

The whole of Amey benefits from the expertise of our Consulting & Design and Advisory & Analytics teams' in-house environment and sustainability specialists. Our data management expertise enables us to create a data-led approach to achieving sustainability objectives.

These teams provide expertise in carbon forecasting, footprinting and reduction. They combine operational, data analytics and carbon reduction expertise that builds infrastructure resilience. They also provide Institute of Environmental Management and Assessment (IEMA) accredited carbon training.

In addition, Amey Complex Facilities delivers energy management services for a wide variety of public sector clients. We conduct energy and environmental surveys and create sustainability strategies to reduce energy, waste, cost and carbon associated with the maintenance of the built estate.

Our energy and carbon performance

In 2022, our total carbon footprint across all of the Group was 215,286 tCO2e under Greenhouse Gas (GHG) Protocol Scope 1 and 1,461 tCO2e under GHG protocol Scope 2 (2021: 215,181 tCO2e and 102 tCO2e respectively).

This is a 0.7% increase in our Scope 1 & 2 carbon emissions. The marginal increase is due to how our Waste Treatment business unit procured their electricity which, unlike 2021, was not procured with Renewable Energy Guarantees of Origin certificates (REGO). The Waste Treatment business is no longer part of Amey and data from the remaining company continues to show a downward trend across Scope 1 & 2 emissions.

Our energy intensity is annual energy consumed per annual turnover. In 2022 this was: 0.08 GWh/£m turnover (2021: 0.1 GWh/£m), resulting in 0.02 GWh/£m reduction in energy intensity against our 2021 performance. The energy consumption reported is all consumed within the United Kingdom.

	2022		2023	
Energy Source	MWh	% of total consumption	MWh	% of total consumption
EfW Parasitic Consumption*	27,574	14%	28,141	11%
Electricity	19,139	10%	55,852	22%
Gas	4,566	2%	2,058	1%
Diesel	118,509	62%	110,414	44%
Unleaded	11,348	6%	11,795	5%
Red Diesel	8,490	4%	38,999	16%
Kerosene	345	<1%	193	<1%
Bottled LPG	772	<1%	571	<1%
Business travel in employee-owned vehicles	731	<1%	607	<1%
Total	191,473	100%	248,630	100%

* Parasitic consumption is green energy generated through the Energy from Waste (EfW) process that is used to power on-site auxiliary equipment, which supports the generation of the green energy, and therefore not exported to the National Grid.

Methodology: Carbon emissions are calculated in accordance with the GHG Protocol – Corporate Standard (version 3.51) and the Waste Sector, built on the GHG Protocol and externally verified by our parent company external auditors, PricewaterhouseCoopers. Our total energy consumption has been calculated using data and methodologies compiled in the fulfilment of the Energy Savings Opportunity Scheme (ESOS) Regulations. Electricity use is calculated in accordance within the GHG Protocol - Scope 2 Guidance. The dual reporting approach is used, which includes the location-based method for the non-renewable electricity, and market-based method for the renewable electricity.

Amey has set the following targets:

Scope 1 and 2

Net zero

with a minimum of

80%

absolute reduction by 2035

Scope 1 to 3

Net zero

with a maximum of

10%

off setting by 2040

Further we have set the following targets associated with fuel consumption of vehicles and kit. By 2025:

95%

of company leased cars to be electric/PHEV

75%

of cars and LCV vans to be electric/hybrid

50%

of HCVs to be electric/PHEV/alternative fuelled

75%

of plant and equipment to be alternative fuelled

Set out below is the total kWh from 2019 to 2022 for our SECR reporting.

2019: 315,055,465 kWh

2020: 275,625,783 kWh

2021: 248,628,345 kWh

2022: 196,391,875 kWh

The reduction in total consumption of total kWh from 2019 to 2022 is

37%
reduction

We are taking the following steps to reduce our energy consumption and achieve our targets:

- Transitioning to electric and alternatively fuelled plant and kit
- We are introducing an EV First company car policy
- We are partnering with Novuna to support EV charging infrastructure roll out across our sites and depots
- Working with suppliers and manufacturers to utilise EV across our commercial fleet.

Key performance indicators

To assist the Board's management of the business and to provide evidence of achieving the Group strategy, the Board monitors several financial and non-financial KPIs. To the extent that these are applicable, the KPIs are used to determine bonus and other reward mechanisms in the Group.

Financial

£2,082.8m

Revenue

Revenue for the Group on continuing operations was £2,082.8 million compared with £2,328.3 million in 2021

12.8%

Gross profit and Operating profit

The overall gross profit and operating profit on continuing operations before exceptional items were respectively £265.7 million and £194.8 million (2021: £159.6 million and £83.1 million) representing a margin of 12.8% and 9.4% respectively (2021: 6.9% and 3.6%)

£10.1m

Operating cash flows

Group operating cash flows from all activities were £10.1 million outflow (2021: £15.9 million inflow). This inflow is after including payments made against historic contract loss provisions of £39.4 million (2021: £37.8 million)

Non-financial

Reduction in Lost Time Injuries

RIDDOR and Lost Time Injury performance is summarised in the People section of the Strategic Report on pages 40 to 49

Demonstrating the importance to the Group of minimising health and safety accidents

Carbon management

Energy and carbon performance is detailed in the Sustainability and social value section of the Strategic Report on pages 50 to 57

Recruitment of people and inclusion

Included in the People section of the Strategic Report on pages 40 to 49

Stakeholder engagement

The Board recognises the need to maintain effective communication with the Company's key stakeholders, in order to be able to deliver on its strategy and to enhance its reputation.

As has been set out in the strategic report, there are many ways in which we engage with our key stakeholders. The Board and Executive Committee have a robust programme of stakeholder engagement, aimed at identifying and understanding the interests our customers, people, supply chain, communities and governments so that the interests of these key stakeholders can be taken into consideration when decisions need to be taken.

Shareholder

Why are they important

Providing sustained support to and investment for the Group

Our priorities

- To deliver the strategy
- Generate shareholder returns on investment

Engagement examples

- Shareholder representation on the Board
- Regular financial, commercial, operational and work winning updates

Outcomes

- Stable shareholder relationship since 2002
- Supporting the due diligence process for the transfer of shareholders in December 2022

Our people

Why are they important

Developing our people and supporting them in gaining the skills they need to succeed.

Our priorities

- Develop and engage people within our workplaces
- Create inclusive workplaces and diverse workforces
- Achieve zero harm and promote healthy lifestyles for all

Engagement examples

- All company CEO calls
- Executive Committee involvement in supporting national and local activities
- Annual a*star awards hosted by the Executive Committee
- Regular programmes to promote health and safety in the workplace
- Employee Engagement survey sent to all employees in March 2022

Outcomes

- Our inclusion strategy has resulted in two industry-recognised awards
- 75% of respondents in our Engagement survey described a sense of belonging at Amey
- On average across the Group, 97% of our daily operations were delivered incident free.

Our clients

Why are they important

Collaborative and long-term mutually beneficial relationships with our clients are the foundation of our success

Our priorities

- Be a Trusted Partner with a reputation to deliver

Engagement examples

- Regular client engagement between Executive Committee and operational levels
- Development of key customer account plans

Outcomes

- Contract renewals and new business wins as highlighted in Consulting, Transport Infrastructure and Complex Facilities sections

Our strategic partners and supply chain

Why are they important

Building healthy and diverse supply chains by engaging with our suppliers and making Amey an easier business to work with.

Our priorities

- Increased spending with SMEs and VCSEs
- Paying suppliers promptly
- Ending modern slavery

Engagement examples

- Utilising Constructionline to search for SMEs / VCSEs in our procurement
- Members of the Constructionline Social Value Working Group supporting SMEs on their social value reporting
- Reviewed and updated our Slavery and Human Trafficking Statement

Outcomes

- We paid 95% of our invoices within 60 days
- We supported more than 4,500 suppliers across the UK, 79% of which are SMEs
- We spent £1.7 billion with our supply chain, 65% of which was spent with SMEs
- £7 million spent with VCSEs in 2022.

Communities

Why are they important

Delivering positive and lasting change to communities that's built on a foundation of trust.

Our priorities

- Involve, listen and connect with our local communities
- Give back to our communities to make a difference that lasts
- Open doors, educate and improve the skills of people in our communities

Engagement examples

- Launched our Opportunity Action Plan in partnership with the Social Mobility Pledge
- Provided virtual learning experiences in partnership with Speakers for Schools
- Published our Roadmap to Net Zero
- Signed up to the Science-based targets initiative (SBTi)
- A continuous programme to raise funds for our corporate charity

Outcomes

- £130,000 raised by our employees for Cancer Research UK
- Provided permanent employment opportunities for individuals on the Kickstart programme

Government

Why are they important

Government set the policy in the environment in which we operate. Additionally, Government departments are our largest customers.

Our priorities

- Build on existing relationships with the Cabinet Office
- Broaden out our relationships with sector specific government departments
- Build relationship with local government sector
- Input into policy development forums

Engagement examples

- Weekly cabinet office meetings with our Crown representative
- Bi-weekly update provided to the Cabinet Office
- Increasing involvement in round table policy discussions
- Working with DWP in partnership on skills and training activities

Outcomes

- Positioning ourselves as Trusted Partners to Government
- Improved Cabinet Office feedback

Pensions Trustees

Why are they important

The trustees of the Group's pension schemes are responsible for ensuring that the schemes are run properly and that members' benefits are secure

Our priorities

- To uphold robust governance and compliance principles and protocols
- To maintain the strength of the employer covenant and fulfil funding commitments
- To maintain clear and open communication channels

Engagement examples

- Regular meetings between the Group's in-house pensions team and trustees
- De-risking and liquidity initiatives proposed and accepted to improve members' security
- Trustee Letters of Agreement executed to record that the sale of Amey would not be materially detrimental to the schemes' employer covenant

Outcomes

- Assurance of management of risk in accordance with internal controls procedures
- Financial considerations are explained fully in note 23 to the accounts

Banks, lenders and insurers

Why are they important

As providers of banking, debt and other financial support to the group

Our priorities

- Generating cash from operations
- Strengthening the balance sheet
- Meeting covenant obligations

Engagement examples

- Effective cash forecasting and working capital management
- Regular updates to financial partners
- Reporting on covenant obligations

Outcomes

- Ensuring working capital commitments can be met so that the Group can continue to operate on a Going Concern basis
- Compliance with terms of the Group's financing agreements to ensure ongoing financial support

Companies Act Section 172 statement

The Group's purpose is to deliver the very best infrastructure, asset management, engineering and strategic consulting services and projects. Our business strategy encourages continuous improvement and sustainability in our chosen markets whilst embracing our passion for innovation and environmental, social and governance excellence.

The Board of Directors of Amey UK Limited consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act in the decisions taken during the year ended 31 December 2022.

While the Board has overall responsibility for managing relationships with our stakeholders, it delegates some of the practical responsibilities for engaging with stakeholders to the Executive Committee.

In discharging their duties in relation to s172(1) of the Companies Act 2006, Directors and the Executive Committee have paid regard to the following matters:

The likely consequences of any decision in the long term

The Board monitors the Strategic Plan adopted in January 2020 using financial and non-financial Key Performance Indicators. The strategic plan is designed to have a long-term beneficial impact on the Group and to contribute to its success in delivering better quality and more innovative services to clients to 2024 and beyond. Other activities included:

- The review and approval of key bids
- Agreeing the 2022 budget
- Concluding the divestment of non-core businesses
- Overseeing the divestment of the Amey Group from Ferrovial
- Securing new financing facilities
- Adopting an ESG strategic plan

More information can be found in the following sections:

- CEO foreword, pages 8 to 17

The interests of the Company's employees

The Board recognises the value of an ongoing focus on creating an engaged workforce to support our long-term growth. They are committed to creating a diverse workforce, keeping our people engaged and safe and to nurturing a culture of wellbeing.

Feedback from employee surveys in addition to feedback from surveys carried out by Investors in People influence the Board's decisions in relation to our people. The Gender and Ethnicity Pay Gap Reports influence decisions on attraction and diversity initiatives across Amey.

Regular reports from the Health and Safety Strategic Committee ensure that best practice is shared across the business to relentlessly reduce accidents in the workplace.

More information can be found in the following sections:

- People, pages 40 to 49

The need to foster business relationships with suppliers, clients and others

The Board receives updates on relationships with supply chain and strategic partners from the Environment and Social Impact Committee and the Operational and Financial reviews as well as from routine business updates and presentations.

The Board and Executive Committee met several key clients during the year and undertook reviews of significant contracts.

There were also regular meetings and dialogue with the Crown representative, including an annual supplier assessment.

Amey's Payment Practices Reporting for 2022 placed it in the top five companies for payment terms to suppliers which evidences the positive relationship with suppliers. Amey has also become a member of the Supply Chain Sustainability School and is a member of Social Enterprise UK's Buy Social corporate challenge.

More information can be found in the following sections:

- Sustainability and social value, pages 50 to 57
- Stakeholder engagement, pages 60 to 63

The impact of the Company's operations on the community and the environment

The Board recognises the urgency and focus needed to reduce carbon emissions. As well as focussing on reducing our carbon emissions by approving our long-term corporate commitment to be a net zero organisation by 2040, the Board has focussed on reducing our resource consumption and investing in the opportunity to reduce the carbon emissions of our customers and the UK at large through the services we deliver.

The Board believes in creating a sustainable future for the communities we operate in and has supported the implementation of Social Value measurement tools to measure and report our social impact.

More information can be found in the Social Value Report and in following sections:

- Sustainability and social value, pages 50 to 57

The desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to ensuring we consistently uphold the highest standards of conduct and ethics in how we work and the way we operate.

In doing so, this year, the Board reviewed and agreed a revised Modern Slavery Statement, including more detailed initiatives to raise awareness with our own employees and engage with our supply chain partners to raise awareness of Modern Slavery, and to support their efforts in the battle against it.

The Board reviewed updated ethical training modules in 2022 for launching across the business.

During the year the Board conducted reviews of fraud and whistleblowing reports and allegations of unethical behaviour.

Risk and assurance

Throughout 2022, Amey's Risk team has built on the new Risk and Assurance Strategy launched in 2021. Our objectives were to:

Further embed and enhance the risk management policy and procedure across Amey

Enable the risk management process by using new technology

Develop the risk management culture to its next level of maturity

Enhance the practice of opportunity management to prepare for growth.

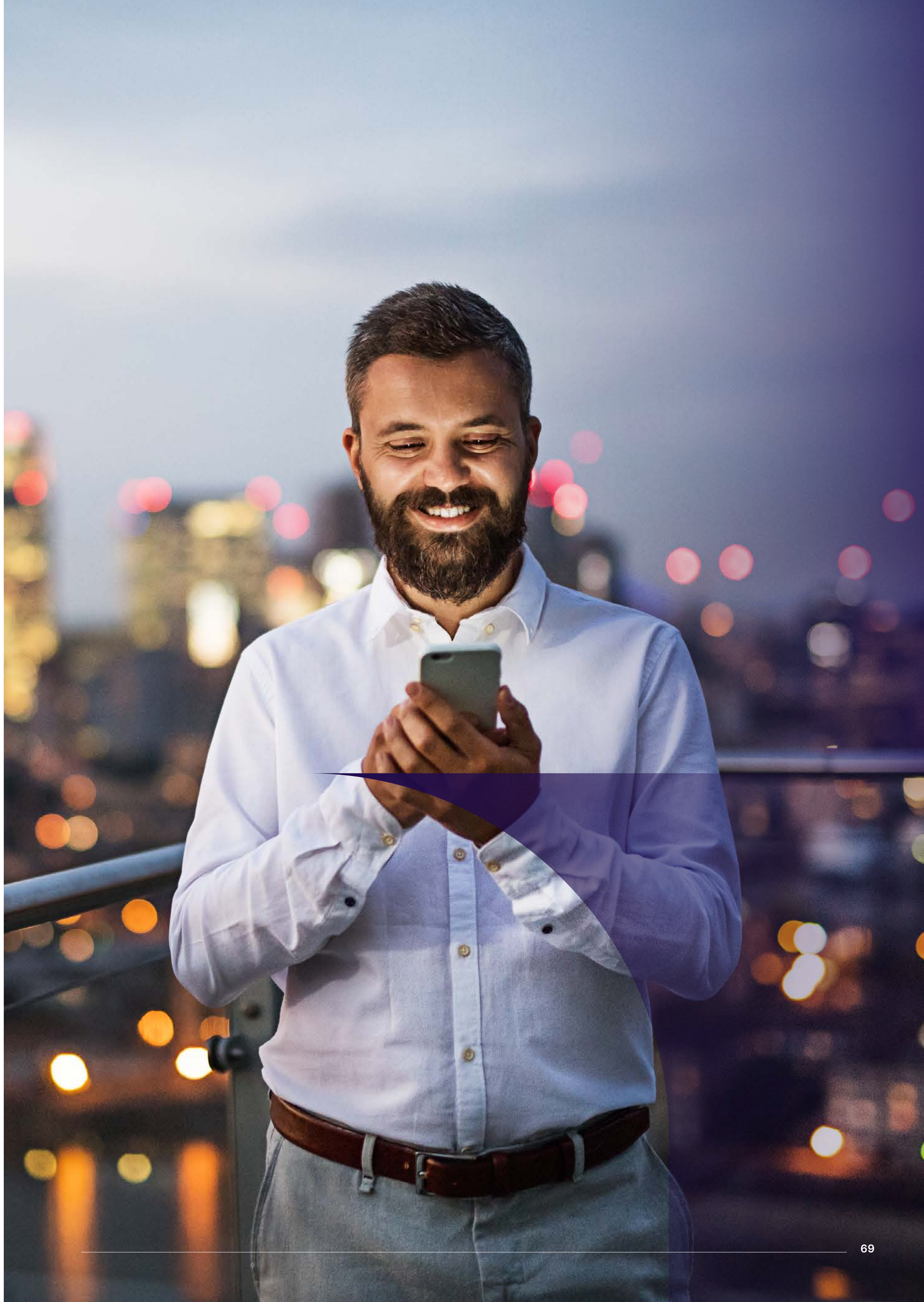
2022 saw a major redevelopment of the risk management system. This delivered a bespoke risk management tool that was used to bring consistency to our description, mitigation and assessment of risk and opportunities. The monthly risk reporting process was reviewed, and the new reporting requirements of the risk management policy and procedure were implemented and embedded into the regular reporting cycle.

Working closely with our internal audit team, we undertook a quality assessment exercise across the Group to ensure the risk procedure was being applied correctly and to the appropriate standards. We developed a new training course to support the risk management of our work winning process.

During 2022, we continued our Risk Interest Group which brought representatives from all areas of the business together to discuss risk topics on a bi-monthly basis and provide feedback on the risk procedure.

We undertook a risk management maturity benchmarking exercise that consistently measured the risk profile of each area of the business against a defined standard. The results were discussed with management and maturity development was planned. The Risk Management and Audit Committee reviewed the results and nominated the best areas to produce a case study and they were presented with a risk management award.

Another key focus for 2022 was opportunity management, where we enhanced our format for capturing opportunities.



Integrated risk management and assurance framework

Effective risk management is achieved by continuously, systematically, and proportionately addressing the risks surrounding our business activities. This is the responsibility of all employees, with specific risk responsibilities allocated to different specialist groups at each of the three levels of our risk management defence.

The three lines of defence represents our Amey-wide governance process comprising a range of risk management activities, internal controls and reporting to ensure risk management oversight and assurance at all levels of the Group. It provides governance at every level of our operations.

Risk Reporting & Escalation		
Group Board	• Bi-annual assessment and review of key strategic risks	
Executive Committee	• Quarterly appraisal of risks, with focus on high impact risks • Review of risk driven audits	
Risk Management and Audit Committee	• Sub-committees of Executive Committee represented by Audit & Risk director, and Executive members from Finance, Legal and business teams • Focus on setting the strategy and critical risk management decisions	3rd Line of Defence
Risk and Audit Team	• Defines group risk policy and process development • Proactive risk opportunity management, audit and assurance • Day-to-day engagement with the Group and provision of reporting function	2nd Line of Defence
Operational Risk Management BU/ Account/Function Level	• Day-to-day management at contract level • Key focus on pre-contract risk, commercial & legal risks and operational risks assessment • Full alignment with Governance Gateway process	1st Line of Defence

Internal Audit Function (trusted advisor)

Scope	
Bid Approval & Bid Strategy	• Approval documents • Bidding process
Operational	• Claims management • Process and systems • Contractor review
Finance	• Analytical review • Compliance with internal controls
People	• Compliance • Utilisation • Overtime/ leave
Special Projects	• Accounting policies • GDPR • Procurement

Our three lines of defence are:

1st Line of Defence
Operational Risk Management

Operational managers hold clear responsibility for risk at contract level and provide day-to-day management of risk. They focus on pre-contract, commercial and legal risks as well as operational risk assessment, and are fully aligned with the Risk and Assurance Team and Committee.

2nd Line of Defence
Risk and Audit Team

The team provides proactive risk and assurance management. They define the risk and assurance policy and process. They are also a point of contact on risk matters for the Amey Group.

3rd Line of Defence
Risk and Assurance Committee

The Risk and Assurance Committee defines our Enterprise Risk Management strategy and risk appetite and advises our Executive Committee on the most effective methodology for the management of strategic and corporate risks. It also plays a pivotal role in facilitating effective governance supported by proactive engagement at all levels and across the Three Lines of Defence.

Quarterly principal risk reviews and approval are managed by the Amey Risk and Assurance Committee and subsequently reported to the Amey Executive Committee with individual feedback and instruction given to the principal risk owners.

All risks are individually assessed for likelihood and impact at current and target level to ensure that effective mitigation actions are in place. All risks have assigned Risk Owners who are accountable for ensuring that the active mitigation plans being delivered are sufficient to reduce the impact and likelihood of Amey's principal risks. Amey uses the Amey Risk Management (ARM) System specialist software to assess, record, manage and track risk trends.

Throughout 2022, principal risks were managed and monitored by the respective risk owners which resulted in all risks being managed within our risk appetite.

Principal risks

The principal risks relating to the Group are listed below. These are constantly monitored in line with our risk management procedure. The mitigation plans were routinely checked by the Risk and Assurance Committee throughout 2022.

	Current Score		Forecast score (post-mitigation)	
	Likelihood	Impact	Likelihood	Impact
1. Health and safety	High	Medium	Medium	Medium
2. Cash and credit	Low	High	Very Low	Medium
3. Pensions	Medium	Very High	Low	Medium
4. Supply chain Management	Medium	High	Medium	Medium
5. Business continuity planning	Medium	Low	Medium	Low
6. Future work pipeline / order book	Medium	Medium	Low	Low
7. Cyber threat	Medium	Medium	Medium	Medium
8. Data protection	Low	Medium	Low	Medium
9. Contract management	High	Medium	High	Low
10. Insurance	Low	Low	Very Low	Low
11. Recruitment and retention	High	Low	Low	Low
12. Climate change	Low	Medium	Very Low	Low

1. Health and safety

Amey designs and operates in complex, high-risk environments such as road and rail networks, defence establishments, civil engineering structures, schools and prisons. We also operate a significant fleet of rail and road vehicles. Delivering risk-reducing designs and incident-free operations is central to how we operate. We have a robust governance structure to ensure employee engagement, organisational learning, compliance and proactivity. Further details of our approach to health, safety, wellbeing and environmental management are set out in the People section of this Strategic Report.

2. Cash and credit risk

Amey Group's credit risk is primarily attributable to its non-public sector trade receivables (circa 10%). However, significant amounts of trade receivables are due from public sector clients. We manage credit risk by running credit checks on new clients, ensuring that risk transfer is appropriate, and by monitoring payments against contractual agreements. We monitor cashflow as part of day-to-day control procedures. Directors regularly review our cashflow projections to ensure we have appropriate contingency facilities to draw on as necessary.

The management of credit risk, interest rate risk, funding and liquidity risk and foreign exchange risk is further explained in note 15 to the Group financial statements. Our objectives and policies for managing the financial risk of the Group are also outlined in note 15.

3. Pensions

Our work in certain sectors entails exposure to pension risks. Amey has established a pensions committee as a sub-committee of the Executive Committee. This oversees our activities and ensures that our position regarding pensions is optimised within parameters set by the Executive Committee and the Amey UK Board.

Amey designs and operates in complex, high-risk environments such as road and rail networks, defence establishments, civil engineering structures, schools and prisons.

4. Supply chain management

2022 saw significant challenges for our supply chain ranging from economic factors (inflation), supply chain disruption (Ukraine) and availability of raw materials. By working with our suppliers and providing regular updates to the business on both cost and availability, we have ensured that any interruptions in supply have been minimised and that alternate plans were in place to manage any disruptions. We have a very low reliance on Tier 1 overseas suppliers (circa 3.5% of total/annual spend).

The economic impact of rising energy costs, input costs and latterly interest rates have fed through into the supply chain, and suppliers are no longer able to absorb the impact of these increases. We are experiencing cost increases, which, working with our suppliers, we have been able to mitigate through:

- Improving operational effectiveness and having more accurate scheduling to enable suppliers to manage their scarce resources
- Working with core suppliers to identify alternate sources by reviewing specifications
- Working with our suppliers to support their cash flow through prompt payment.

Economic factors such as inflation will remain an issue during 2023 and we expect to continue seeing an impact on our input costs driven by labour and energy costs. Our supply chain continues to experience disruption, but improved planning is helping us to minimise the impact.

We continue to collaborate with our supply chain, which is fundamental to understanding our impact and maximising innovation for sustainability. We want to keep spend local where possible, supporting local economic prosperity, and to embed Sustainability and social value into our procurement decision-making. To support, this year saw a focus on simplifying the way we do business with our suppliers to encourage Small and Medium Enterprises (SMEs) and Voluntary Community Social Enterprises (VCSEs) to work with us. We have strengthened our relationship with the Sustainability School so that training can be provided to SMEs and VCSEs free of charge to increase their understanding of Sustainability and social value.

We have a responsibility to take a robust approach to slavery and human trafficking – and zero tolerance of non-compliance with the Modern Slavery Act in any part of our business or our supply chain. In 2022 we reviewed our working practices and will launch a new risk-based approach to strengthen our supply chain governance in Q1 2023. This will include a new audit questionnaire, developed in partnership with Constructionline, as part of our methodology for monitoring the supply chain.

We have a responsibility to take a robust approach to slavery and human trafficking.

We have set targets to support our decision-making and will select and support suppliers based on the actions they take to deliver responsible outcomes for the people and communities they work with. We will support suppliers to promote social equity, diversity and inclusion.

We are continuing to develop our Procurement team to ensure that, despite the economic situation and global supply chain disruptions, we can manage these issues without impacting on the delivery of our contracts.

5. Business continuity planning

We consider all risks threatening the continuity of business operations or a widespread impact on client services as part of our centrally driven business continuity planning initiative. This process reviews Amey's contingency planning on a regular basis to ensure we are considering and planning for key risks such as:

- Information systems failures
- Public health emergencies
- Reduced access to operational hubs, or
- The need to run on manual processes for an extended period for other scenarios.

Governance of the business continuity process is overseen by an Executive Sponsor with the Group Head of Property responsible for contingency planning, supported by a Business Support Manager.

6. Future work pipeline/order book

We will secure new contracts and mitigate the risk of losing expired contracts by providing added value services, improving the quality of services provided and maintaining strong relationships with key customers. We made a number of improvements to our work winning processes in 2022, notably the implementation of Key Account Management (KAM) along with the introduction of the MS Dynamics customer relationship management (CRM) system. This will ensure effective management of pre-engagement bidding activity, client relationships and opportunity/client knowledge to maximise our success in bidding as well as effective contract delivery.

The pipeline of new bidding opportunities is stored in our Amey Bid Pipeline (ABP) system; this may be increased or reduced in line with local authority, government and utilities regulators' UK spending plans. The Group has significantly improved its approach to the management and governance of new bids. We are now better able to adapt our capabilities and resources to meet any significant change arising from the overall work pipeline or from increased competitive pressures. The Group Commercial enabling function carries out independent Group Commercial Tender Reviews (GCTR) for all strategic bids to mitigate risks and provide independent observations on pricing and commercial strategy for tenders.

Dedicated bidding resources, including Business Development and the Key Account Management/Capture process, are devoted to securing new contracts. As investment in the bidding process is only recouped when we win contracts, the Group regularly reviews the potential risks and rewards. During 2022 we introduced a new CRM system into the ABP system and integrated the ABP with the Governance Gateway system. This ensures all opportunities are approved in line with our General Authority Schedule (GAS), and that all bids are given proper scrutiny and appropriate approvals obtained at every stage of the bidding process.

7. Cyber threat

The threat of cyber-attack and the risks associated with it, including data loss, financial impact, extended systems downtime and reputational damage remains significant, not just for Amey, but for all organisations. Threat actors continue to refine their approach, resulting in further increases in the number of breaches across government and the private sector in the past year. State-sponsored hacktivism is causing collateral damage to UK businesses.

While there are many potential vectors of attack over the past year, enterprise risk has coalesced around three primary areas:

- Business email compromise
- Ransomware
- Supply chain compromise.

We continue to invest in improved cyber protection technology, threat monitoring services, legacy systems modernisation, process development and user awareness training to mitigate these risks. However, the challenge grows every year as the threat actors adapt and respond, using increasingly sophisticated techniques and tools.

8. Data protection

We continue to focus on the effective management and protection of information, with particular emphasis on regulated data. This is driving significant changes and improvements to policies and processes as well as technology controls for protecting against, monitoring for, and reacting to these types of attacks.

It is also worth noting that Brexit, and proposed changes to the UK's Data Protection legislation, have left some uncertainty as to the future regulatory obligations that will be placed on organisations.

9. Contract management

The Group continues to respond with several coordinated measures including regular reviews of each Business Unit's contract performance and monthly oversight of key contracts from the Amey Executive.

By constantly reviewing contract management risk, we analyse the key risk contributors (resources, competencies, processes and procedures, systems and reporting) to determine where we need to apply additional risk mitigations. Our contract management teams work in collaboration with our clients to understand root cause analysis of risk events and determine lessons learned that can be fed back into our operating model.

10. Insurance

There is a risk of inability to obtain professional indemnity insurance products with adequate cover that satisfy all of our contractual obligations, due to unavailability in the insurance market. Claims history and a shift in global insurance markets could also impact the availability of other insurances. We have an insurance team and strategic relationships with insurance brokers to manage and mitigate this risk.

11. Recruitment and retention

Amey is committed to being a modern and progressive workplace that attracts and retains employees by providing industry-leading pay and benefits, improving levels of engagement. We have maintained our firm commitment to matching the Real Living Wage (RLW) and through implementing a competitive salary review across the business as a whole, we have seen no real increase in the levels of employee turnover throughout the year which is currently down to 12.8% from over 13% in 2022, which is below the industry average. All roles in Amey are matched against our Career Path Framework which is regularly updated, and which is tied to a comprehensive external salary and benefits benchmarking tool. This has allowed us to closely monitor wage growth in what has been a challenging economic climate.

We have strengthened our resourcing activities by developing attraction strategies for each of our businesses based around their detailed forward demand planning approach. This will be further enhanced with the appointment of a dedicated recruitment marketing specialist who will develop Amey's presence on social media, allowing us to keep ahead of our competitors.

To optimise the recruitment process, a new applicant tracking tool will be implemented. This will allow much greater use of social media as well as improved applicant data metrics allowing us to better focus our activities on more diverse candidate pools. Finally, we plan a significant scale-up of early careers roles providing a shift towards developing our own. Over the next two years we intend to increase from circa 400 on apprentice, graduate or degree apprenticeship schemes to over 1,100 people by 2025.

12. Climate change

Our leadership teams have been working to gain a better understanding of our climate-related risks and opportunities, applying the assessment framework we introduced in 2021, in line with recommendations from the global Task Force for Climate-Related Financial Disclosures.

To build knowledge and competence across our organisation, we have invested in leadership training on carbon and climate change for our senior leadership team, made available online to all employees. This investment is vital to enabling everyone to engage and drive our corporate and sector-based action in mitigating and adapting to our foreseeable risks; and to explore opportunities to contribute to our sectors' and clients' carbon and climate change challenges.

Our own journey to net zero has been progressing with the external verification of our carbon footprint to the ISO 14064-1 Organisational Carbon Footprint standard for the period between 2019, our baseline year, through to 2021. We have been working to develop a carbon management solution to exploit our data insight and analytical expertise. This will help us continue our efforts towards gaining science-based targets initiative (SBTi) validation of our carbon reduction targets and allow us to better monitor and communicate the carbon reductions we are achieving for our organisation and our clients.

Climate change is not a challenge that organisations can tackle in isolation. Seeking sector collaboration and sharing good practices is necessary in increasing the rate of change within our organisation and sustainable and innovative solutions for the services we deliver. We will continue to seek out collaboration and partnerships across our sectors and within our supply chain.

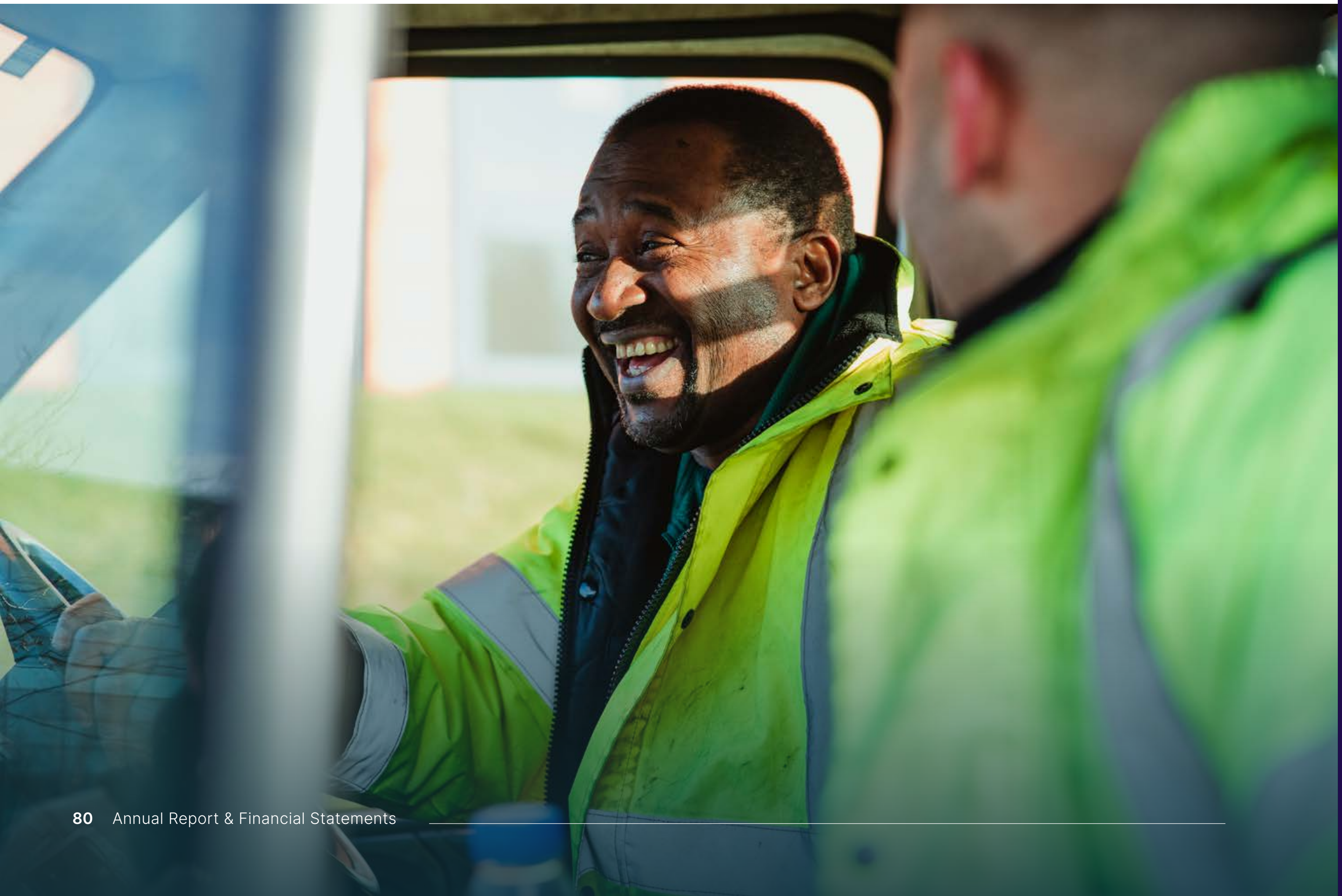
13. Russia-Ukraine war

The nature of our contracts, relying mainly on a mature, UK-based supply chain that delivers in the UK only, largely insulates Amey from the effects of the war in Ukraine, aside from the macro-economic impact.

14. Energy and cost of living increase

The short- to medium-term impacts of rising energy costs are being mitigated through our contractual management processes. Within some of our contracts we manage energy consumption by collaboratively setting targets and measuring against actual consumption on an annual basis. We are responding to the commitment to achieve Net Zero by working with our customers to find more sustainable solutions through our 'Bolder steps together' strategy. We are investing in developing a culture of environmental knowledge and awareness, recognising that action is required across all our operations and enabling functions.

Amey is conscious of the increase in the cost of living for its employees and our industry-leading approach to pay and benefits helps to support our people through times of uncertainty.



Strategic report approval

The Strategic Report of pages 6 to 83 contains the strategic review of the business for 2022. This Report was approved and authorised for issue by the Board of Directors on 29 September 2023.

Signed on behalf of the Board by:

Andy Milner
Chief Executive Officer, Amey
29 September 2023

Governance

'Amey' or 'Group' is defined as being Amey UK Limited group of companies.

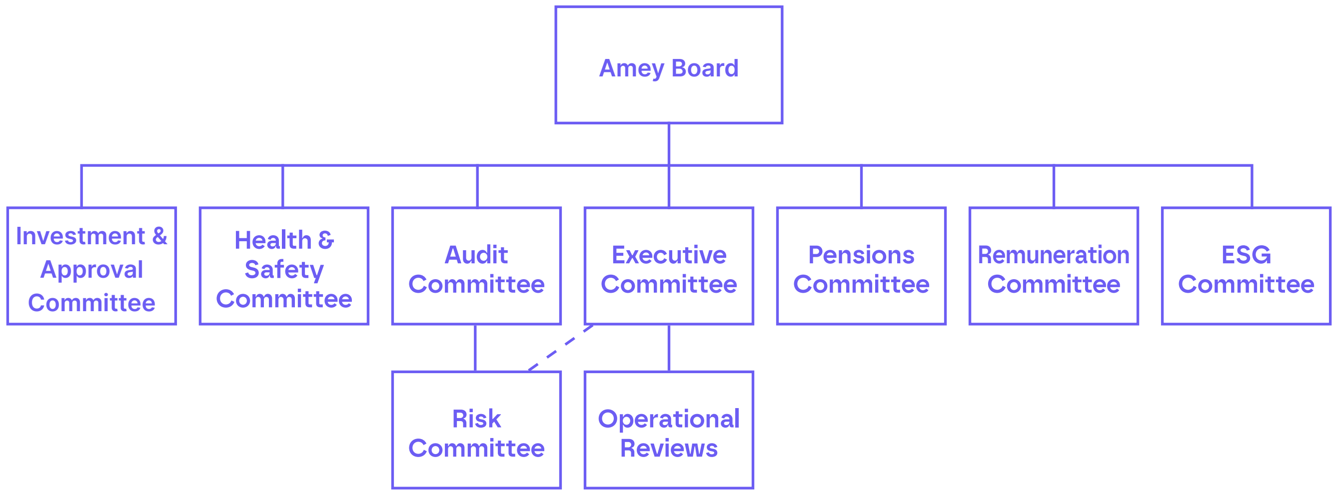
Corporate governance overview

The Amey UK Limited Board's objective is to maintain and build upon a sustainable business. In doing so, it strives for mutual respect, openness and fairness between all key stakeholders. The people who work for Amey are its most valuable asset and are fundamental to the success of the business and its growing culture to empower, engage and excel.

The Directors have opted to apply 'The Wates Corporate Governance Principles for Large Private Companies' for the year ended 31 December 2022. These principles, endorsed by the Financial Reporting Council ('FRC'), provide a code of corporate governance for large private companies, to raise awareness of good practice and, over time, to improve standards of corporate governance.

Structure of reporting lines to the Board

A summary of the Board's governance framework, together with those individuals who lead the support provided to the Board committees, are as follows:



About the committees

Executive committee

The Executive Committee oversees the implementation of the strategy and its operations including consideration of business performance, risk, health and safety and People matters.

Investments and approvals committee

The Investment & Approvals Committee is established as a sub-committee of the Amey UK Limited Board to review all approval requests in accordance with the Authorities Schedule. Such approvals matters include key bids, significant capital expenditure or finance related transactions.

Health and safety strategic committee

To monitor, assess and seek to prevent Health & Safety incidents within Amey. Amey takes the wellbeing of its employees, suppliers, customers and community very seriously and regularly reviews every aspect of safety within the business.

IT steering committee

The IT Steering Committee is accountable to the Amey Executive Committee for the investment in IT made by the company.

Remuneration committee

The Remuneration Committee define and implement policies and procedures relating to arrangements for compensation and benefits for all Amey employees.

Group pensions committee

Responsible for determining policy on all pension related issues affecting the Amey Group and reviewing the performance and management of Amey Group sponsored pension schemes. Recommendations on key pension decisions are made to the Board for approval.

Risk management and audit committee

The committee undertake quarterly appraisals of strategic and corporate risks/opportunities as well as low probability and high impact risks including key mitigation actions. Separate Committees for Audit and Risk Management have been formalised for 2023.

Operational and financial reviews

The Operational and Financial Reviews report on the business units performance, top risks along with mitigations, financial performance, innovation, bids and future market positions.

Environment and social value committee

Drives social value and responsible business, ensuring that Amey conducts its business to achieve maximum positive impact on the communities, people and the environment in which it works. From 2023 the Committee will be re-designated as the Environmental, Social and Governance Committee (ESG).

Board leadership

The Directors of the Company at the date of this report were as follows:

Colin Moynihan, Non-executive Director and Chairman

Lord Moynihan was Minister of Energy in the Thatcher and Major Governments. He was responsible for renewable energy policy and the British Government's R&D Energy Programmes. Prior to that he was Parliamentary Under Secretary of State at the Department of the Environment where he worked as a member of the three-man Ministerial Team on the privatisation of the water industry. He was Chairman of the UK Renewable Energy Advisory Group and was the first President of the British Wind Energy Association. A former Director of Rowan Companies Inc. for nineteen years, he was Executive Chairman of Consort Resources and then Executive Chairman of Clipper Windpower Europe

Andy Milner, Chief Executive Officer

Andy, a Chartered Civil Engineer, joined Owen Williams in 1997, which was acquired by Amey in 2006. He was appointed Managing Director of Amey Consulting in 2008, which he grew to be one of the leading engineering and technical consultancies in the UK, as well as taking Amey onto three further continents and winning the Sheffield PFI contract. He also increased the portfolio of the Consulting Business to include Highways and Rail from 2009. Andy was appointed CEO of Amey in 2016 and successfully navigated the business through a period of transition that included growing the strategic infrastructure business, securing significant contracts and fully establishing the Complex Facilities business from the defence joint venture. Andy also successfully navigated the business through a difficult dispute leading to the exit of the Birmingham PFI highways contract and an overall restructure to improve efficiency within the business. In August 2020, Andy was appointed Chairman of Matrix Networks, an independent multi-utility infrastructure provider.

Andrew Nelson, Chief Financial Officer

Andrew was appointed to the Board of Amey as CFO in 2006. In addition to responsibility for financial matters relating to strategy in a complex public sector contracting environment, he has had a key role in acquisitions and disposals, including the purchase of Enterprise and Owen Williams Consultants and the disposal of Amey's Utilities and Waste Collection businesses. Before joining Amey in 1999, Andrew spent five years in corporate finance with Robert Fleming and a further five years with London Electricity post privatisation and through two changes of owner. Andrew is a non-executive Director of Altro Group, a Trustee of Student Minds and Treasurer of the Kandahar Ski Club. He is a Chartered Accountant and holds a degree in Electronic Engineering from Exeter University.

Ante Kusurin, One Equity Partners Managing Director

Ante joined OEP in 2011 and is based in New York. During his tenure at OEP, he has worked on investments in the industrials and technology industries. Ante is a member of the Board of Directors of Dragonfly Financial Technologies, Orion, W. W. Williams, and Infobip, a Board observer at Allegro, and has previously been a member of the Board of Directors of Rizing, Inertech, and Voltyre. Prior to joining OEP, Ante worked in the Investment Banking division of NM Rothschild & Sons in London where he focused on the consumer goods and retail industries.

Chris Ahrens, One Equity Partners Advisor

Chris is an advisor to OEP, a middle market private equity firm focused on the industrial, healthcare, and technology sectors and Certares, a travel focused investment firm. Before becoming an advisor, he spent twenty years as a senior investment professional at OEP and Certares. He was active in these firms' industrial, travel industry, technology and healthcare investments.

Peter Charrington, One Equity Partners Operating Advisor

Peter was the former CEO of Citi Private Bank. Peter worked for Citi for 26 years in various countries and ran the Global Private Banking business based in New York. He was named Wealth Management CEO of the Year in 2019 by Private Wealth Management (PWM) and Citi Private Bank was named Best PB in the world for 2 years running in 2018 and 2019. He is currently a Senior Partner of the Nexus Luxury Collection, based in Albany Bahamas, Chairman of the Board of Sterling Bank and Trust, Bahamas, a member of the Board of Avaloq Group based in Zurich, and a Senior Advisor to both One Equity Partners and UST Global.

Jordan Lawrie, One Equity Partners Vice President

Jordan Lawrie joined OEP in 2020 and is based in New York. Jordan is a member of the Board of Directors of ORS Medco and Rosboro. Prior to joining OEP, Jordan worked in the Investment Banking division of Barclays in New York where he focused on capital markets transactions in the financial sector.

Mark Chaichian, Buckthorn Partners Managing Partner

Mark is a managing partner at Buckthorn Partners, prior to this Mark worked at One Equity Partners ("OEP") focusing on investments in the supply chain to the energy sector. Mark has worked on a significant number of transactions in the energy sector with conglomerates, independents and many other private and public businesses. Before joining OEP, Mark worked at Marble Bar Asset Management, Clipper Windpower Plc and Morgan Stanley. Mark qualified as a chartered accountant at Andersen in the Energy and Resources group.

In addition to the Directors above, the following served as Directors during the year: Ian Tyler, Amanda Fisher, Elena Fernandez Rodriguez, Gonzalo Nieto Mier, Alejandro Veramendi (all resigned 30 December 2022) and Javier Galindo (resigned 20 June 2022).

Joe Connolly, Buckthorn Partners Founding Partner and Chief Financial Officer

Joe is the CFO and founding partner at Buckthorn Partners, prior to this Joe was the CFO of listed mining company Sierra Rutile where he oversaw the company's turnaround from a breakeven operation to EBITDA of over US$100 million. Joe also led business development at Clipper Windpower until the business was sold to United Technologies. He was an equity analyst in Morgan Stanley's industrial team and spent six years in Deloitte's energy & resources group. Joe is a chartered accountant and was an officer in the British Army's Royal Engineers.

Nicholas Gee, Buckthorn Partners Founding Partner

Nick is a founding partner at Buckthorn Partners, prior to this Nick was an Officer and Executive Vice President of Strategy and Development at Weatherford International. As part of the executive team, he also led the Company's global business units and numerous business functions. During his time at Weatherford he was on the boards of Proserv, Borets International and Axon Energy Products. Nick started his career with BP as a petroleum engineer and subsequently worked for Petroline Wellsystems and Global Marine Drilling. Earlier in his career he established and developed companies and technologies in the energy sector, during which time he was also Chairman of an AIM listed renewable fuels company.

The Company Secretary, who attends Board meetings of the Company, was:

Jayne Bowie, Amey General Counsel

Jayne joined Amey in 2012 as Senior Counsel (later Legal Director) and is now General Counsel. She is responsible for managing the Legal, Corporate Services and Risk Management functions.

Report of the Directors

The Directors present their Annual Report together with the audited financial statements of the Amey UK Limited group of companies (Amey or the Group) for the year ended 31 December 2022. Amey UK Limited (the Company) is incorporated in the United Kingdom (registered in England and Wales) and is the holding company of a Group whose subsidiary companies and joint venture undertakings are listed in note 31 to the financial statements. The Company is a private limited company, is limited by shares and is privately owned. On 4 November 2022, it was re-registered as a private limited company.

Information incorporated by reference

As permitted by Section 414c (11) of the Companies Act 2006, some matters which are required to be included in the Directors' Report have instead been included in the Strategic Report.

The following information is provided in other appropriate sections of this Annual Report and the financial statements and is incorporated into this Directors' Report by reference:

Information	Reported in	Pages
Corporate governance	Corporate governance overview	84 – 87
Directors	Board leadership	88 – 91
Employee engagement	People Stakeholder engagement	40 – 49 60 – 63
Engagement with suppliers, customers and other	Stakeholder engagement	60 – 63
Greenhouse gases	Sustainability and social value	50 – 57
Important events since the end of the financial year	CEO overview	8 – 17
Likely future developments	CEO overview	8 – 17

A description of the principal risk and uncertainties facing the Group and the management of risk is also contained in the Risk and Assurance section of the Strategic Report (see pages 6 to 81).

Results and dividends

On 30 December 2022, the Group's ultimate parent undertaking, Ferrovial, S.A., completed the sale of the whole of the shares held in Amey UK Limited and the other equity instruments held by Ferrovial as issued by Amey UK Limited and its subsidiary undertaking, Amey Limited to a company controlled by One Equity Partners and Buckthorn Partners, Project Ardent Bidco Limited. The sale of the Group was conditional on the completion of the transfer of the Waste Treatment Cash Generating Unit (CGU) to Ferrovial, as this CGU did not form part of the Group's ongoing business that One Equity Partners and Buckthorn Partners have agreed to purchase. This transfer was completed in November 2022 giving rise to a gain on transfer of £23.3 million. The change of ownership has no impact on the financial statements of the Group for the year ended 31 December 2022 and is also not expected to have any impact on the Group's operations and activities following completion of the sale.

The transaction represents an enterprise value of £400 million and an estimated equity value of approximately £245 million. The final consideration to be paid upon completion of the transaction will be adjusted by reference to the net debt and working capital figures resulting from a balance sheet prepared as of the completion date. The net consideration will be in the form of cash of £109 million and a vendor loan note issued by Project Ardent Bidco Limited of £136 million repayable over the next 5 years with an interest of 6% per annum, increasing to 8% after the third year. As part of the transaction, the Group consulted with the pension scheme trustees concerning the sale, who, upon advice, were content to execute a letter of agreement recording that the trustees do not consider the transaction (including the terms of the vendor loan note subordinated in favour of the pension schemes) will be materially detrimental to the ongoing employer covenant or the likelihood of accrued scheme benefits being received by members.

As part of the transfer of ownership of the Group from Ferrovial, S.A., on 29 December 2022, Landmille Limited (a Ferrovial Group company) released Amey Limited from any and all obligations under a portion of the restated subordinated hybrid loan which formed part of the Other Equity Instruments issue by the Group. The released amount was £277.2 million with the remaining outstanding hybrid loan principal being £100.6 million. The release of part of subordinated hybrid loan results in a reclassification of this capital from Other Equity Instruments to Retained Earnings which no overall change to the capital of the Group.

On 30 December 2022, the hybrid loans to Amey UK Limited and Amey Limited were assigned from Landmille Limited to Project Ardent Bidco Limited, the Group's new immediate parent undertaking, as part of the acquisition of the Group from the Ferrovial Group.

During the year the Group also completed the divestment of its investments in Amey Ventures Management Services Limited (since renamed Albany Ventures Management Services) in March 2022 and the Utilities CGU through the sale of Amey Utility Services Limited (since renamed Avove Limited) in April 2022. The total proceeds from these divestments amounts to £21 million. These divestments give rise to total gains on disposal of £6.6 million.

The Group income statement is set out on page 106 and shows a profit after tax for the year on continuing operations amounting to £72.4 million (2021: £61.3 million) on Group revenue on continuing operations of £2.08 billion (2021: £2.33 billion).

The profit after tax on discontinued operations for the year was £2.8 million (2021: £103.7 million loss).

The overall gross profit and operating profit on continuing operations before exceptional items were respectively £265.7 million and £194.8 million (2021: £159.6 million and £83.1 million) representing a margin of 12.8% and 9.4% respectively (2021: 6.9% and 3.6%). Administrative expenses on continuing operations were £75.0 million (2021: £83.2 million).

The operating profit on continuing operations is stated after charging all operating costs and before net finance expense and tax. The operating profit on continuing operations after exceptional items was £87.6 million (2021: £86.2 million). Net operating exceptional charges on continuing items arising in 2022 totalled £107.2 million (2021: £3.1 million net exceptional credit) full details of which can be found in note 4 to the Group financial statements.

Net finance expense on continuing operations was £1.2 million (2021: £4.3 million). The Group's share of profit after tax of joint ventures on continuing operations, which is included in operating profits, was £4.0 million (2021: £6.8 million).

The overall profit after tax for the year on all operations was £75.2 million (2021: £42.4 million loss).

Group operating cash flows from all activities were £10.1 million outflow (2021: £15.9 million inflow). This inflow is after including payments made against historic contract loss provisions of £39.4 million (2021: £37.8 million). The Group has also made £53.9 million (2021: £8.7 million) of additional pension top-up contributions in the year which included an additional £30.5 million one-off payment made in 2022 for the buy-in on the Amey Pension Scheme.

Equity shareholder funds at 31 December 2022 stood at £173.0 million (2021: £140.6 million – restated (see note 1 (b) to the financial statements). This increase reflects the profit after tax for the year, offset by the actuarial loss arising on the Group's pension schemes and the change in value of cash flow hedge derivatives included in other comprehensive expense.

No interim dividend was paid during the current or preceding year. The Directors do not recommend the payment of a final dividend.

Restatement of comparative information

a) Amendment to the tax associated with recognition of retirement benefit assets

The Group has identified that under IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), withholding tax at the rate of 35% should have been applied against the surplus recognised on the balance sheet. The Group had previously and incorrectly provided for deferred tax at the 25% rate applicable at 31 December 2021 (2020: 19%). Accordingly, at 31 December 2021, the pension scheme asset had been overstated by £32.4 million (2020: £15.3 million), the deferred tax asset understated by £6.2 million (2020: £8.3 million) and the deferred tax liability overstated by £17.0 million (2020: £nil). Net assets and shareholder funds were overstated by £9.3 million (2020: £7.0 million). There was no impact on the income statement previously reported but other comprehensive income for 2021 was overstated by £2.3 million.

b) Revised balance sheet presentation for joint venture loss provision

The Group has also identified that part of the joint venture loss provision which had previously been reported as part of provisions should have been presented on the balance sheet as a reduction to the carrying value of the investment. Accordingly non-current assets and liabilities had both been overstated by £2.6 million and current assets and liabilities were also both overstated by £4.0 million at 31 December 2021 (2020: £8.2 million and £nil respectively).

There was no impact on the income statement, the statement of other comprehensive income, shareholder funds or net assets as a result of this correction.

Going Concern

The Group is financed through a mixture of shareholder equity, bank loans, overdrafts and leases. Details of all bank loans, leases and their maturity are set out in note 22 to the financial statements whilst details of finance risks are set out in note 15.

On 30 December 2022, the Group was acquired by Project Ardent Bidco Limited, a company controlled in partnership between Buckthorn Partners LLP and One Equity Partners. The Group does not rely on its new owners for contractual guarantees, as was the case with the previous owner, Ferrovial, S.A., so there are no implications to the ongoing trading operations of the Group arising as a result of the change of ownership. Furthermore, continuity of financing was ensured through a new borrowing facility entered into at the time of sale that replaced the Group's previous bank facilities which was undrawn at 31 December 2022.

This replacement borrowing facility is the Group's key source of additional funding and is a syndicated revolving credit facility agreement with HSBC UK Bank plc, National Westminster Bank PLC, ABN AMRO Bank N.V. and Citibank, N.A. acting as lenders and with HSBC Bank plc acting as agent. This agreement totals £150 million, of which up to £100 million is available for borrowing with the remainder being available for ancillary products. The facility was entered into on 30 December 2022 and matures on the 30 December 2026. At 31 December 2022, no borrowings were drawn against the facility and the Group also held £33.7 million of unrestricted cash on the Group balance sheet.

Notwithstanding this continuity of financing, the Directors of the Group have reviewed several factors including:

- the future business plans of the Group (including the current year results and cash flows up to the date of these accounts, the current forecast for 2023 and the strategic plan for 2024 to 2027);
- the availability of core and ancillary financing facilities;
- compliance with banking covenants regarding net leverage, minimum liquidity and net interest cover;
- 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 2023; and
  - a Reasonable Worst Case ('RWC') forecast which applies sensitivities against the Base Case.

The sensitivities applied to the RWC include specific, unbudgeted cash flows in 2023 and cash flow stress cases in 2024 ranging from 27% up to 66%. The Group's cash flow forecasts show that there is sufficient liquidity to enable it to continue trading should these scenarios materialise. In addition, management has considered significant additional reductions in headroom due to unforeseen events such as supply shocks and widespread client defaults, along with potential mitigations. Inflation is not considered a significant risk to the Group's liquidity as the majority of its revenues are index-linked and so are naturally hedged against inflationary pressures. Reverse stress testing showed that the Group would have sufficient liquidity in all but the most extreme case, where 100% of local government clients and 25% of central government agency clients default. The impact of this scenario could be offset by increased liquidity from mitigating actions and is in any case considered extremely remote. Furthermore, the Group's operations and suppliers are primarily in the United Kingdom and the majority of its clients are government or government-backed and so the Group is not considered to be exposed to vulnerable markets or sectors or from global factors such as armed conflicts and the climate crisis.

In summary, since the Group's last set of financial statements for the year ended 2021 signed in October 2022, the Group's liquidity has strengthened and its external financing requirement has reduced. Accordingly, the Directors have adopted the going concern principle in preparing these financial statements.

Financial risk management

Details of the objectives and policies employed in managing financial risk and the Company's use of financial instruments can be found in notes 1(h) and 15 of the Group financial statements.

Composition of the Board

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

C B Moynihan, Chairman
Appointed 30 December 2022

A L Milner
Appointed 30 December 2022

A L Nelson
C Ahrens
Appointed 30 December 2022

M R Chaichian
Appointed 30 December 2022

N W Gee
Appointed 30 December 2022

A Kusurin
Appointed 30 December 2022

J Lawrie
Appointed 30 December 2022

J A Connolly
Appointed 24 January 2023

P C Charrington
Appointed 28 March 2023

E Fernandez Rodriguez
Resigned 30 December 2022

A Fisher
Resigned 30 December 2022

J Galindo
Resigned 20 June 2022

G Nieto Mier
Resigned 30 December 2022

I Tyler
Resigned 30 December 2022

A Veramendi
Resigned 30 December 2022

R T Bradley
Appointed 30 December 2022, resigned 28 March 2023

R A Willings
Appointed 30 December 2022,
Resigned 24 January 2023

Directors' indemnity Directors and Officers of the Company (and those employees who are also Directors of the Group's subsidiary companies) benefitted during 2022 from Ferrovial, S.A.'s group-wide Directors' and officers' liability insurance cover in respect of legal actions brought against them. Following the divestment of the Group by Ferrovial, the new shareholders put in place a comparable policy. Accordingly, the Company and its subsidiaries do not maintain their own equivalent Directors' indemnity insurance cover arrangements. In addition, Directors of the Company are indemnified under the Company's articles of association to the extent permitted by law, such indemnities being qualified third party indemnities.

Employment of disabled persons

Amey complies with the Equality Act 2010 and Public Sector Equality Duty. The aspiration is that Amey's services help eliminate unlawful discrimination, harassment and victimisation; advance equality and foster good equality relations. Harnessing the talents, skills and experiences of people with disabilities will help Amey to create a stronger, more diverse business that reflects the communities it serves.

To show its commitment, the Group has signed up to the UK Government's Disability Confident campaign. This not only helps people with disabilities or health conditions to get into full-time employment, but also gives them the support they need whilst they are at work. As part of its commitment to this, Amey makes reasonable adjustments where required for customers and employees, guarantees job interviews for people with disabilities who meet essential requirements, and audit sites, systems and communications to ensure that they are accessible.

Disabled employees are eligible for training, career development and promotion opportunities as is available to all Amey employees. Our Line Managers regularly discuss training and development needs with all employees in our individual Performance, Development and Review ('PDR') process. This process allows Amey to offer appropriate training bespoke to individual employees' requirements and appropriate training support and workplace adjustments will be provided where necessary. PDR processes also ensure there are no unforeseen barriers to progression for disabled employees, such as changes to location or travel arrangements.

Modern slavery

Amey recognises that it has a responsibility to take a robust approach to slavery and human trafficking and indeed takes a zero-tolerance approach to non-compliance with the Act in any part of its business or its supply chain. The full Slavery and Human Trafficking Statement, which is the sixth such statement Amey has made pursuant to the Act, sets out the steps Amey has continued to take to address the risk of slavery and human trafficking within its operations and supply chain. This statement can be found on the Amey website, www.amey.co.uk.

During 2022 Amey continued to engage with its supply chain. Failure to respond to any enquiries carries consequences for those within the supply chain. Amey's supply chains include:

- Plant, vehicles and equipment suppliers
- Subcontractors and various service providers
- Suppliers of contingent labour
- Manufacturers and suppliers of goods and materials

All procurement of services and supplies is undertaken by professional procurement specialists within either the central procurement function or within the business units. Amey's intention is to build and maintain long term sustainable relationships with its suppliers encouraging collaborative working and exchange of innovative and good industry practices.

As part of the supply chain process, Amey has several systems to:

- Evaluate new suppliers as part of the on-boarding process
- Identify and assess potential risk areas in our supply chains and
- Monitor potential risk areas in our supply chains

In 2022 Amey commenced the use of the Constructionline system, to improve the identification and prequalification assessment of its suppliers to a common industry standard. The assessment includes questions specifically related to Modern Slavery with the requirement, where relevant, to provide a copy of their statement and information to show where the risk of slavery is and that it is being managed correctly.

Amey assesses compliance within its existing supply chain and will assess any new suppliers for compliance with the following criteria:

- No forced labour or human trafficking is practiced, and employment is freely chosen
- Working conditions are safe and hygienic
- Working hours are not excessive
- A fair wage is paid
- No child will be exploited
- No harsh, cruel or degrading practices are allowed
- No discrimination is practised

A failure to comply with the above is an absolute bar to pre-qualification as a supplier to the Amey Group.

Since 2020 Amey has been a signatory to the Gangmaster and Labour Abuse Authority's Construction Protocol and in 2021 we completed the Government's Modern Slavery Assessment Tool and achieved a 94% score (up from 87% in 2019).

Recruitment and training

The Amey Group undertakes pre-employment screening that includes identity checks and confirmation of entitlement to work in the UK on all employees prior to commencing employment with the Amey Group. These checks include a regular ongoing review of bank account, next of kin and home address duplications, as potential indicators of Modern Slavery.

As part of the onboarding process for joining the Amey Group each employee is given an overview of the essential policies and information in relation to those policies, procedures and other matters such as whistle blowing.

Our main KPI is the number of incidents raised. During 2022 no incidents of modern slavery were raised through any of the channels provided.

Political donations

No contributions were made to any political parties during the current or prior period.

Statement of Directors as to disclosure of information to auditor

In accordance with the provisions of s418 of the Companies Act 2006, each of the Directors at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all of the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The Directors appointed Mazars LLP as auditor of the Company for 2022 following the resignation of Deloitte LLP on completion of the 2021 audit.

Approval

This Report was approved and authorised for issue by the Board of Directors on 29 September 2023 and signed on behalf of the Board by:

Andrew Nelson
Director
29 September 2023

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') in conformity with the requirements of the Companies Act 2006, and the parent company 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 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 parent company financial statements Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern.

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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Amey UK Limited

Independent auditor's report to the members of Amey UK Limited

Opinion

We have audited the financial statements of Amey UK Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise of the group income statement, group statement of comprehensive income, group balance sheet, group statement of changes in equity, group cash flow statement, company balance sheet, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards, IFRS and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the Group's and the parent company's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the group financial statements, the group in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

In our opinion, the group financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

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 group and the parent 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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 group's and the parent company'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 directors with respect to going concern are described in the relevant sections of this report.

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 directors 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.

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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 96 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 group's and the parent 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 group or the parent 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, Bribery Act, the Finance Act, climate change regulations on financial reporting.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, Climate Change Act 2008, Modern Slavery Act, Health and Safety laws, employment laws, environmental laws.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, overstatement of assets, understatement of expenses/liabilities, lack of activity in its audit oversight responsibilities from the internal audit team, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition which we pinpointed to the accuracy and cut-off subject to significant fraud risk, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.
- Evaluating the business rationale for significant and unusual transactions.
- Review of accounting estimates wand judgement made by Management – possible intentional misstatement of account estimates due to management bias which may result involving complex assumptions and subjective inputs.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit 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.

Karen Classen for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London, EC4M 7AU
29 September 2023

Financial statements

Group income statement for the year ended 31 December 2022

	Note	Before exceptional items 2022 £'000	Exceptional items (see note 4) 2022 £'000	Total 2022 £'000	Before exceptional items 2021 £'000	Exceptional items (see note 4) 2021 £'000	Total 2021 £'000
Continuing operations:							
Total revenue		2,224,198	-	2,224,198	2,471,463	-	2,471,463
Less: share of revenue of joint ventures		(141,370)	-	(141,370)	(143,170)	-	(143,170)
Group revenue	3	2,082,828	-	2,082,828	2,328,293	-	2,328,293
Cost of sales		(1,817,116)	(112,219)	(1,929,335)	(2,168,687)	3,167	(2,165,520)
Gross profit		265,712	(112,219)	153,493	159,606	3,167	162,773
Administration expenses		(74,966)	-	(74,966)	(83,248)	-	(83,248)
Share of profit after tax of joint ventures	3	4,023	-	4,023	6,773	-	6,773
Profit (loss) on disposal of investments		-	5,059	5,059	-	(74)	(74)
Operating profit	3,5	194,769	(107,160)	87,609	83,131	3,093	86,224
Finance income		6,240	-	6,240	3,647	-	3,647
Finance costs		(7,429)	-	(7,429)	(7,918)	-	(7,918)
Net finance expense	8	(1,189)	-	(1,189)	(4,271)	-	(4,271)
Profit before tax		193,580	(107,160)	86,420	78,860	3,093	81,953
Tax charge	9	(21,596)	7,594	(14,002)	(20,053)	(602)	(20,655)
Profit after tax from continuing operations		171,984	(99,566)	72,418	58,807	2,491	61,298
Profit (loss) from discontinued operations, net of tax	2	(21,195)	23,985	2,790	(46,772)	(28,176)	(74,948)
Impairment provision, net of tax	2	-	-	-	-	(28,791)	(28,791)
Net profit (loss) after tax from discontinued operations		(21,195)	23,985	2,790	(46,772)	(56,967)	(103,739)
Profit (loss) after tax for the year		150,789	(75,581)	75,208	12,035	(54,476)	(42,441)
Attributable to:							
Equity holders of the Company				(4,041)			(20,487)
Non-controlling interests				79,249			(21,954)
				75,208			(42,441)

The notes on pages 112 to 184 form part of these Group financial statements.

Group statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000 restated
Profit (loss) after tax for the year		75,208	(42,441)
Other comprehensive (expense) income			
Items not subject to recycling:			
Actuarial (losses) gains and adjustments on pension schemes	23	(58,359)	93,687
Deferred tax on pension schemes	9	7,906	7,757
Items subject to recycling:			
Gain on change in fair value of cash flow hedge derivatives	15	11,150	5,410
Deferred tax on cash flow hedge derivatives		(2,787)	(223)
Cash flow hedge derivatives recycled through profit and loss		(8,252)	-
Deferred tax on recycled amount		2,063	-
Share of joint ventures' other comprehensive income (expense)			
- gain on change in fair value of cash flow hedge derivatives	15	7,569	635
- deferred tax on cash flow hedge derivatives		(1,892)	196
- cash flow hedge derivatives recycled through profit and loss		(164)	-
- deferred tax on recycled amount		41	-
Other comprehensive (expense) income for the year after tax		(42,725)	107,462
Total comprehensive income for the year		32,483	65,021
Attributable to:			
Equity holders of the Company		(54,093)	84,382
Non-controlling interests		86,576	(19,361)
		32,483	65,201

Comparative information has been restated for correction to tax on retirement benefit assets. See note 1(b) for further information.

The notes on pages 112 to 184 form part of these Group financial statements.

Group balance sheet at 31 December 2022

	Note	2022 £'000	2021 £'000 restated	2020 £'000 restated
Non-current assets				
Goodwill on acquisition of subsidiary undertakings	10	305,319	305,319	305,319
Other intangible assets	11	2,406	2,871	18,915
Property, plant and equipment	12	62,826	79,872	102,501
Investments in joint ventures	13	33,831	28,678	18,686
Retirement benefit assets	23	33,527	60,263	28,326
Deferred tax assets	9	45,921	69,806	70,986
PFI/PPP Financial asset	14	-	-	66,119
Trade and other receivables	18	51,685	83,905	80,671
		535,515	630,714	691,523
Current assets				
Assets classified as held for sale and from discontinued operations	17	-	201,014	72,642
Inventories	19	13,028	8,466	14,020
PFI/PPP Financial asset	14	-	-	1,926
Trade and other receivables	18	333,618	237,793	242,037
Current tax assets		5,363	6,209	5,038
Cash and cash equivalents	20	41,908	65,221	128,308
		393,917	518,703	463,971
Total assets		929,432	1,149,417	1,155,494
Current liabilities				
Liabilities classified as held for sale and from discontinued operations	17	-	(259,037)	(60,477)
Trade and other payables	21	(510,361)	(545,966)	(548,678)
Ferrovial, S.A. group loans		-	-	(32,590)
Provisions for other liabilities and charges	24	(46,327)	(29,796)	(43,934)
External borrowings	22	(17,648)	(22,340)	(42,388)
		(574,336)	(857,139)	(728,067)
Non-current liabilities				
Trade and other payables	21	(10,506)	(8,116)	(7,593)
Cash flow hedge derivative financial liabilities		-	-	(18,833)
Deferred tax liabilities	9	(351)	(21,468)	(32,204)
Retirement benefit obligations	23	(4,181)	(24,893)	(92,671)
Provisions for other liabilities and charges	24	(122,770)	(40,493)	(101,784)
External borrowings	22	(44,239)	(56,742)	(98,507)
		(182,047)	(151,712)	(351,592)
Total liabilities		(756,383)	(1,008,851)	(1,079,659)
Net assets		173,049	140,566	75,835

	Note	2022 £'000	2021 £'000 restated	2020 £'000 restated
Capital and reserves				
Share capital	25	203,677	203,677	203,677
Share premium account		153,134	153,134	153,134
Other reserve		61,887	61,887	61,887
Other equity instruments	26	276,688	549,390	545,868
Hedge reserve		2,650	(3,321)	(6,746)
Retained deficit		(525,073)	(737,711)	(815,146)
Equity attributable to equity holders of the Company		172,963	227,056	142,674
Non-controlling interests	27	86	(86,490)	(66,839)
Total equity		173,049	140,566	75,835

Comparative information has been restated for correction to tax on retirement benefit assets and the reclassification of part of the joint venture loss provision. See note 1(b) for further information.

The notes on pages 68 to 130 form part of these Group financial statements. The financial statements on pages 63 to 130 were approved and authorised for issue by the Board of Directors on 29 September 2023 and signed on its behalf by:

A L Nelson
Director
29 September 2023

Group statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Share premium account £'000	Other reserve £'00	Other equity instrument £'000	Hedge reserve £'000	Retained deficit £'000 restated	Non-controlling interests £'000	Total equity £'000
"At 1 January 2020 – as previously reported"	203,677	153,134	61,887	545,868	(6,746)	(808,174)	(66,839)	82,807
"Impact of restatement (see note 1(b))"	-	-	-	-	-	(6,972)	-	(6,972)
"At 1 January 2020 – as restated"	203,677	153,134	61,887	545,868	(6,746)	(815,146)	(66,839)	75,835
Loss after tax for the year	-	-	-	-	-	(20,487)	(21,954)	(42,441)
Other comprehensive income	-	-	-	-	3,425	101,444	2,593	107,462
"Total comprehensive income for the year"	-	-	-	-	3,425	80,957	(19,361)	65,021
"Reserves transfer in respect of Other equity instruments"	-	-	-	3,522	-	(3,522)	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(290)	(290)
At 31 December 2021	203,677	153,134	61,887	549,390	(3,321)	(737,711)	(86,490)	140,566
"At 1 January 2021 – as previously reported"	203,677	153,134	61,887	549,390	(3,321)	(728,441)	(86,490)	149,836
"Impact of restatement (see note 1(b))"	-	-	-	-	-	(9,270)	-	(9,270)
"At 1 January 2021 – as restated"	203,677	153,134	61,887	549,390	(3,321)	(737,711)	(86,490)	140,566
Profit after tax for the year	-	-	-	-	-	(4,041)	79,249	75,208
Other comprehensive income (expense)	-	-	-	-	5,971	(56,023)	7,327	(42,725)
Total comprehensive income for the year	-	-	-	-	5,971	(60,064)	86,576	32,483
Reserves transfer in respect of Other equity instruments	-	-	-	4,530	-	(4,530)	-	-
Reserves transfer in respect of reduction to other equity instrument (see note 26)	-	-	-	(277,232)	-	277,232	-	-
At 31 December 2022	203,677	153,134	61,887	276,688	2,650	(525,073)	86	173,049

Comparative information has been restated for correction to tax on retirement benefit assets. See note 1(b) for further information.
The Other reserve relates to a capital contribution made by the Group's immediate parent company in 2003.
The notes on pages 112 to 184 form part of these Group financial statements.

Group cash flow statement for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Operating activities			
Cash flows generated by operating activities	28	(10,054)	15,925
Net income tax (paid) received		(6,429)	1,580
		(16,483)	17,505

Continue on the next page

	Note	2022 £'000	2021 £'000
Cash flows from investing activities			
Acquisition of non-controlling interest shareholding, cash paid		-	(535)
Additions of property, plant and equipment		(2,182)	(1,583)
Disposal of property, plant and equipment and other intangible assets		303	271
Acquisition of equity in and loan advances made to joint ventures		(857)	(9,848)
Repayment of loan advances made to joint ventures	13	162	196
Disposal of investments, net cash impact		(15,226)	221
Interest received		8,377	8,558
Dividends received from joint ventures	13	3,972	7,994
		(5,451)	5,274
Cash flows from financing activities			
Repayment of bank loans		(2,475)	(22,916)
Movements on loans with Ferrovial, S.A. subsidiary undertakings		796	694
Repayments of other loans		-	(100)
Repayment of lease principal		(19,181)	(22,152)
Interest paid		(9,723)	(11,898)
Dividends paid to non-controlling interest shareholder		-	(290)
		(30,583)	(56,662)
Net decrease in cash and cash equivalents		(52,517)	(33,883)
Cash and cash equivalents held as part of assets held for sale at 1 January		29,204	-
Cash and cash equivalents held in remainder of the Group at 1 January		65,221	128,308
Cash and cash equivalents at 31 December		41,908	94,425
Cash and cash equivalents held as part of assets held for sale at 31 December	17	-	29,204
Cash and cash equivalents held in remainder of the Group at 31 December	20	41,908	65,221
Cash and cash equivalents at 31 December		41,908	94,425

Included in the Group cash flow statement above are the following cash flows in respect of continuing and discontinued operations:

	2022 £'000	2021 £'000
Continuing		
- from operating activities	26,524	52,920
- from investing activities	(4,867)	6,780
- from financing activities	(29,565)	(54,944)
Total continuing	(7,908)	4,756
Discontinued		
- from operating activities	(43,007)	(35,415)
- from investing activities	(5,84)	(1,506)
- from financing activities	(1,018)	(1,718)
Total discontinued	(44,609)	(38,639)
Net decrease in cash and cash equivalents	(52,517)	(33,883)

The notes on pages 68 to 130 form part of these Group financial statements.

Notes forming part of the Group financial statements for the year ended 31 December 2022

1 Accounting policies

These consolidated financial statements have been prepared on a going concern basis using the historic cost convention as modified for the fair value of non-current assets held for sale, pension liabilities and financial instruments. The suitability of the going concern basis is considered in the Report of the Directors and in paragraph (c) below.

The significant accounting policies applied in preparing the consolidated financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in conformity with the requirements of the Companies Act 2006. The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee (IFRIC), in conformity with the requirements of the Companies Act 2006, relevant to its operations and effective for accounting periods beginning 1 January 2022.

(b) Restatement of comparative information

- Amendment to the tax associated with recognition of retirement benefit assets

  The Group has identified that under IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), withholding tax at the rate of 35% should have been applied against the surplus recognised on the balance sheet. The Group had previously and incorrectly provided for deferred tax at the 25% rate applicable at 31 December 2021 (2020: 19%).

  Accordingly, at 31 December 2021, the pension scheme asset had been overstated by £32.4 million (2020: £15.3 million), the deferred tax asset understated by £6.2 million (2020: £8.3 million) and the deferred tax liability overstated by £17.0 million (2020: £nil). Net assets and shareholder funds were overstated by £9.3 million (2020: £7.0 million). There was no impact on the income statement previously reported but other comprehensive income for 2021 was overstated by £2.3 million.

  Further information on the impact of this restatement is detailed in note 36.

- Revised balance sheet presentation for joint venture loss provision

  The Group has also identified that part of the joint venture loss provision which had previously been reported as part of provisions should have been presented on the balance sheet as a reduction to the carrying value of the investment. Accordingly non-current assets and liabilities had both been overstated by £2.6 million and current assets and liabilities were also both overstated by £4.0 million at 31 December 2021 (2020: £8.2 million and £nil respectively).

  There was no impact on the income statement, the statement of other comprehensive income, shareholder funds or net assets as a result of this correction.

  Further information on the impact of this restatement is also detailed in note 36

(c) Discontinued operations

The Directors note that the disposal of the Cash Generating Units (CGUs) which were held for sale at 31 December 2021 was completed during 2022. They also note that there were no changes to the plans since the previous financial statements were completed and they also consider that paragraphs 6 to 8 of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' were met for certain contracts, assets and liabilities of those perimeters:

- In the Waste Treatment CGU, in conjunction with Ferrovial, the Group completed the disposal of the Waste Treatment CGU in November 2022.
- In the Utilities Water CGU, the disposal was completed in April 2022.

Based on the above, the only relevant segments which were held for sale at 31 December 2021 were the Waste Treatment and Utilities Water CGUs. No segments or CGUs are held for sale at 31 December 2022. The results of those CGUs disposed of in 2022 have been included in the income statement as discontinued operations.

During 2021, the Directors re-assessed the progress and status of the sale processes undertaken in 2021 for the Cash Generating Units (CGUs) which were held for sale at 31 December 2020. They confirmed a change to plans based on the feedback received on those processes and they also considered that paragraphs 6 to 8 of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' had been met or not met for certain contracts, assets and liabilities of those perimeters:

- In the Waste Treatment CGU, in conjunction with Ferrovial, the Group re-assessed the strategy to follow going forward. Ferrovial confirmed that in the event of a disposal of the Amey Group by Ferrovial, then the Waste Treatment CGU would not form part of that divestment and accordingly Ferrovial confirmed that they would be acquiring that CGU from the Amey Group. As a result, that CGU was classed as held for sale and discontinued in 2021.
- In the Utilities CGU, the sale process progressed for the Water business and was nearing completion. Following negotiations, certain assets and liabilities were being retained resulting in a modified perimeter for 2021 to that adopted for 2020 for held for sale and discontinued.

Based on the above, the only relevant segments which were held for sale at 31 December 2021 were the Waste Treatment and Utilities Water CGUs. The change in classification as asset/liabilities held for sale was effective 31 March 2021 for the Waste Treatment CGU and was effective 31 December 2021 for the modified perimeter for the Utilities Water CGU.

(d) Going concern

The Group is financed through a mixture of shareholder equity, bank loans, overdrafts and leases. Details of all bank loans, leases and their maturity are set out in note 22 to the financial statements whilst details of finance risks are set out in note 15.

On 30 December 2022, the Group was acquired by Project Ardent Bidco Limited, a company controlled in partnership between Buckthorn Partners LLP and One Equity Partners. The Group does not rely on its new owners for contractual guarantees, as was the case with the previous owner, Ferrovial, S.A., so there are no implications to the ongoing trading operations of the Group arising as a result of the change of ownership. Furthermore, continuity of financing was ensured through a new borrowing facility entered into at the time of sale that replaced the Group's previous bank facilities which was undrawn at 31 December 2022.

This replacement borrowing facility is the Group's key source of additional funding and is a syndicated revolving credit facility agreement with HSBC UK Bank plc, National Westminster Bank PLC, ABN AMRO Bank N.V. and Citibank, N.A. acting as lenders and with HSBC Bank plc acting as agent. This agreement totals £150 million, of which up to £100 million is available for borrowing with the remainder being available for ancillary products. The facility was entered into on 30 December 2022 and matures on the 30 December 2026. At 31 December 2022, no borrowings were drawn against the facility and the Group also held £33.7 million of unrestricted cash on the Group balance sheet.

Notwithstanding this continuity of financing, the Directors of the Group have reviewed several factors including:

- the future business plans of the Group (including the current year results and cash flows up to the date of these accounts, the current forecast for 2023 and the strategic plan for 2024 to 2027);
- the availability of core and ancillary financing facilities;
- compliance with banking covenants regarding net leverage, minimum liquidity and net interest cover;
- 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 2023; and
  - a Reasonable Worst Case ('RWC') forecast which applies sensitivities against the Base Case.

The sensitivities applied to the RWC include specific, unbudgeted cash flows in 2023 and cash flow stress cases in 2024 ranging from 27% up to 66%. The Group's cash flow forecasts show that there is sufficient liquidity to enable it to continue trading should these scenarios materialise. In addition, management has considered significant additional reductions in headroom due to unforeseen events such as supply shocks and widespread client defaults, along with potential mitigations. Inflation is not considered a significant risk to the Group's liquidity as the majority of its revenues are index-linked and so are naturally hedged against inflationary pressures. Reverse stress testing showed that the Group would have sufficient liquidity in all but the most extreme case, where 100% of local government clients and 25% of central government agency clients default. The impact of this scenario could be offset by increased liquidity from mitigating actions and is in any case considered extremely remote. Furthermore, the Group's operations and suppliers are primarily in the United Kingdom and the majority of its clients are government or government-backed and so the Group is not considered to be exposed to vulnerable markets or sectors or from global factors such as armed conflicts and the climate crisis.

In summary, since the Group's last set of financial statements for the year ended 2021 signed in October 2022, the Directors are satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least twelve months from the date of approving these financial statements and, for this reason, they continue to adopt the going concern basis in preparing these financial statements.

(e) New accounting standards

(i) Other new standards, amendments and interpretations adopted by the United Kingdom and mandatorily applicable for the first time in 2022

During the year ended 31 December 2022, the following additional standards which might have had an impact on the consolidated financial statements came into force in the United Kingdom:

Amendment to IFRS 3	Conceptual framework
Amendment to IAS 16	Property, plant and equipment: proceeds before intended use
Amendment to IAS 37	Onerous contracts – cost of fulfilling a contract
Annual improvements	2018 – 2020 cycle

No significant impact on the Group's consolidated financial statements has been identified because of these additional standards and amendments.

(ii) New standards, amendments and interpretations mandatorily applicable in annual reporting periods after 2022

The other new standards, amendments and interpretations approved by the IASB and approval status for use in the United Kingdom at 31 December 2022 and which are not expected to have an impact for the Group are as follows:

New standards, amendments and interpretations		Date applicable from
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendment to IAS 8	Definition of accounting estimates	1 January 2023
Amendment to IAS 12	Deferred Tax relating to assets and liabilities arising from a single transaction	1 January 2023
Amendment to IAS 1	Classification of liabilities as Current or Non-current	1 January 2024
Amendment to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendment to IAS 1 (optional)	Non-current liabilities with covenants	1 January 2024

The Group will not adopt these new standards, amendments and interpretations early for the year ended 31 December 2022 but will adopt them in line with the commencement date stated above.

(f) Basis of consolidation

The Group financial statements include the financial statements of Amey UK Limited and its subsidiary undertakings using uniform accounting policies and exclude all intra-group transactions and balances. The results of subsidiary undertakings acquired during the year are consolidated from the date on which control in the subsidiary undertaking passed to the Group. The results and cash flows of subsidiary undertakings which have been disposed of are consolidated up to the date control was lost. Where subsidiary undertakings do not adopt accounting periods that are coterminous with the Group's, their results and net assets are based on interim financial statements drawn up to the Group's accounting reference date. The profit attributable to members of the Company is stated after deducting the proportion attributable to non-controlling shareholders.

(g) Critical accounting estimates and judgements

Accounting estimates

In the consolidated financial statements for 2022, estimates have been made to measure certain assets, liabilities, income, expenses and obligations reported herein. These estimates relate to the following:

(i) 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 Group, 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;
- making estimates relating to the calculation of the provision for expected losses and deferred expenses including the level of discount rate to be applied when calculating the provision; and
- the aim of the criterion described above is to provide the most faithful depiction of the transfer of performance obligations.

(ii) The assessment of possible legal contingencies

(ii) Estimates regarding the valuation of cash flow hedge derivatives and the expected flows associated with them in order to determine the existence of hedging relationships

(iv) The assessment of possible impairment losses on certain assets

(v) Business performance projections that affect the estimates of the recoverability of tax assets and the expected period over which it is probable such assets can be recovered

(vi)The assumptions used in the actuarial calculation of pension and other obligations to employees and inherent estimation uncertainty arising from predicting levels of mortality and inflation/discounting assumptions

(vii)The recognition for accounting purposes of the subordinated guaranteed hybrid loan as an Other equity instrument (see note 26)

(viii) Estimates relating to the fair value of assets and liabilities included as held for sale in note 17. The assessment that the Disposal CGUs should be classified as 'Held for Sale' is a critical accounting judgement in itself and was taken based on the disclosure provided in note 17 that means we were satisfied at 31 December 2021 that the assets were available for immediate sale in their present condition subject only to terms that were usual and customary for sales of such disposal CGUs and that the sale was highly probable. In making this assessment, we relied upon the work of our mergers and acquisitions advisors and legal advisors who were advising on these transactions.

Although these estimates were made on the basis of the best information available at 31 December 2022 on the events analysed, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

The key accounting estimates and judgements are further considered below:

Key sources of estimation uncertainty

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

Intangible asset impairments

The Directors consider the recoverable amount of goodwill allocated to individual CGUs to be most sensitive to the level of gross margin that can be achieved on existing and new contracts within these CGUs. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board.

We have considered our order book, our historical bid success rate, the volume of work and associated margins in previous Control Periods and our Contract Delivery Scores in developing and challenging our budget and strategic plan for the CGUs. We enter 2023 with a high degree of confidence in future revenues due to our presence in several key frameworks where revenue growth has already been committed, notably TransPennine Upgrade and Wales and Borders Infrastructure. This will lessen our reliance on individual one off-projects and improve the quality of our gross margins going forward.

Within the Utilities and Rail sectors, in particular, outcomes are often dependent on the assumptions made in respect of final accounting at the end of the contract. In line with our revenue policy below on contract modifications, claims and disputes, certain revenues will not be recognised but the estimation of the final contract outcome remains an uncertainty impacting on the level of profit recognised.

Further information on sensitivities applied to the estimation is given in note 10.

Key judgements

Contract loss provisioning assessment

The assessment of future contract profitability especially for contracts within the Group is a key judgement when considering if contract loss provisions should be established. On a number of contracts, the level of profitability is marginal meaning a small change in future performance could trigger the need for the recognition of a future contract loss.

Future loss provisions of £150.0 million are held at 31 December 2022, of which £108.7 million reflects the judgements made in the accounts of the Group's immediate holding company in relation to the contractual risks in the Group's portfolio following the acquisition of the Group at 30 December 2022. Those provisions have now been reflected in these Group Financial Statements. Also held was a provision made in prior years relating to the discounted settlement payments on the agreed exit from the Birmingham City Council Highways PFI Contract with £25.0 million remaining at 31 December 2022, which was fully settled in January 2023 (see note 24).

(h) Other principal accounting policies

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the target and the equity interest issued by the Group in exchange for control of the target. Acquisition-related costs are recognised in the income statement when incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed, are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 (Income Taxes) and IAS 19 (Employee Benefits) respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) are measured in accordance with that standard.
- right of use assets and related lease liabilities are measured in accordance with IFRS 16 (Leases)

Discontinued operations

Discontinued operations are those that have been sold or otherwise disposed of or have been classified as held for sale and represent a distinct CGU for the consolidated Group, or form part of a single plan or relate to a subsidiary acquired solely for resale. The results generated from discontinued operations, both for the current financial year, as well as those presented alongside it, are presented in a specific line in the income statement after tax, with the total comprising the follow amounts: result after tax of the activities of discontinued operations and the result after tax recognised for the fair value measurement.

Assets held for sale

Assets or disposal groups are reclassified as assets held for sale if it is considered that their carrying amount will be recovered when sold, rather than via continuing use. This condition is only met when where they are available for immediate sale in their current condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is highly probable. The total of these assets is registered on one line and valued at the lower value of their carrying amount and their fair value, less the costs to sell. They are not subject to depreciation from the moment they are reclassified as held for sale. The contribution of these assets to the Group's consolidated results is registered in the income statement, classified by type. An entity that is committed to a sale plan that entails the loss of control of a subsidiary will classify all of that subsidiary's assets and liabilities as held for sale when the requirements indicated in the previous paragraph are met, irrespective of whether or not the entity retains a non-controlling interest in its former subsidiary following the sale.

Goodwill

Goodwill, being the excess of the fair value of the purchase consideration over the fair value of the identifiable net assets of a subsidiary undertaking, is capitalised on the date that control is acquired. Goodwill is not amortised but is tested for impairment at least annually with goodwill allocated against each of the Group's cash-generating units (CGU). If the recoverable amount of a CGU is less than the carrying amount, the impairment loss is allocated first to the allocated goodwill and then to other assets pro-rata to the carrying amount of each asset in the CGU. Any impairment loss recognised is not reversed in a subsequent period.

Other intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less amortisation on a straight-line basis and less accumulated impairment losses. Other acquired intangible fixed assets are included in the balance sheet at cost less accumulated impairment losses and amortised over their useful economic finite lives on a straight-line basis.

Amortisation is included in cost of sales in the income statement. Details of the amortisation rates used are included in the note on other intangible assets.

Joint ventures where the Group exercises joint control

In accordance with IFRS 11 (Joint Arrangements), joint ventures are included in the financial statements under the equity method of accounting. The results of stakes in joint ventures acquired are included from the date on which the Group acquires joint control in the joint venture, or until the date on which the Group disposes of its joint control in the joint venture.

In accordance with IAS 28 (Investments in Associates), the Group limits the recognition of share of joint venture losses where those losses exceed the investment made in those joint ventures and no obligation arises on the investor to make good those losses. Any losses recognised are held as a provision on the balance sheet.

The results, assets and liabilities of joint ventures are stated in accordance with Group accounting policies. Where joint ventures do not adopt Group accounting policies, their reported results, assets and liabilities are restated to comply with Group accounting policies. Where joint ventures do not adopt accounting periods that are coterminous with the Group's, their results and net assets are based on interim financial statements drawn up to the Group's accounting reference date. The Group includes the share of joint venture profit after tax in its operating profit as those profits are principally operating in nature and any non-operating element is not considered material to the financial statements.

Jointly controlled operations

Where the Group executes contracts through jointly controlled operations, the Group accounts for its share of the results, assets, liabilities and cash flows using the proportional consolidation method.

Revenue

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.

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.

The aim of the basis described above is to provide the most faithful depiction of the transfer of performance obligations.

(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.

(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'.

Bidding costs and mobilisation costs

In addition to the aforementioned balance sheet balances, the Group also recognises assets relating to the costs of obtaining a contract (bidding costs) and to the costs incurred to fulfil a contract or setup costs (mobilisation costs) that are directly related to the principal contract, provided they will be recovered through performance of the contract.

Bidding costs are only capitalised when they are directly related to a contract and it is probable that they will be recovered in the future and the contract has been awarded to the Group or the Group has been selected as the preferred bidder.

Costs incurred that would have been incurred regardless of whether the contract was obtained are recognised as an expense, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is obtained). The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Costs required to set up the contract, mobilisation costs, are capitalised provided that it is probable that they will be recovered in the future and that they do not include expenses that would normally have been incurred by the Group if the contract had not been obtained. They are gradually recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. If the above conditions are not met, these costs are taken directly to profit or loss.

(v) Provisions relating to contracts with customers

The main provisions relating to contracts with customers are provisions for deferred expenses and for budgeted losses.

- Provisions for deferred expenses. These provisions cover the expenses that will foreseeably arise on completion of a contract as well as the estimated repairs to be carried out within the guarantee period. These provisions relate to a present obligation stipulated in the contract that is based on the fact that in order to settle the obligation there will probably be an outflow of resources from the Group, the amount of which can be estimated reliably. Provisions are recognised on the basis of the best possible estimates of the total expenditure required to settle the obligations. They can be determined as a percentage of the total expected revenue from the contract if historical information on similar contracts is available.

  The guarantee obligations included in this type of provision are not considered to be a separate performance obligation unless the customer has the option of arranging the guarantee separately, and, accordingly, they are recognised as indicated in IAS 37 on provisions and contingent assets and liabilities.

- Provisions for budgeted losses. These provisions are recognised as soon as it becomes evident that the total costs expected to be incurred in a contract exceed the total expected revenue from that contract. For the purpose of determining, if appropriate, the amount of the related provision, the criterion established in IAS 37.14 (c) is applied. Thus, the estimate of the total budget for the contract includes the expected revenue that is considered to be probable. This criterion is different from that established in IFRS 15, discussed above, on the basis of which such revenue is only recognised to the extent that it is deemed to be highly probable. Also, if the total expected profit on a contract is less than that recognised under the aforementioned revenue recognition rules, the difference is recognised as a provision for budgeted losses.

(vi) Financing component

In general, in order to calculate the price of a performance obligation, an implicit financing component is calculated in those cases in which the period between when the entity transfers a promised good or service to a customer and when the customer will foreseeably pay for that good or service is more than one year. This component is accounted for as finance income.

With respect to performance obligations for which the period between when the entity transfers a promised good or service to the customer and when the customer pays for that good or service is less than one year, the Group applies the practical expedient permitted by IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component.

In those cases in which there is a contractual or legal right to charge late-payment interest owing to the delay in collection with respect to the contractually established periods, such interest is only recognised when it is highly probable that it will actually be collected.

(vii) Sales taxes

All revenue excludes valued added tax.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. The cost of property, plant and equipment is determined in accordance with IAS 16 (Property, Plant and Equipment) and includes only those costs that are directly attributable to bringing the asset into working condition for its intended use. Other than on freehold land and on assets under construction, depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset, less its estimated residual value, evenly over its expected useful life, as follows:

Long leasehold and short leasehold property:
lease term

Plant and machinery:
5% to 33% per annum

The Group reviews the carrying value of property, plant and equipment in the light of developments in its business and makes provision for any impairment in value as the need arises.

Finance costs have not been capitalised as the Group does not have any qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using either the weighted average method or the first-in, first-out method, as appropriate.

Service concession arrangements

PFI/PPP contracts are accounted for using the financial asset model, where it has been determined that the Group has an unconditional right to receive cash for the construction or upgrade service. PFI/PPP contracts are shown separately on the face of the balance sheet as PFI/PPP Financial assets. Revenue is determined by the fair value of consideration received or receivable in respect of goods and services provided in the same way as for other long-term contracts.

Current and deferred tax

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 Group operates and generates taxable income.

Deferred tax is recognised on all temporary differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss. Deferred tax assets are recognised when it is more likely than not that they will be recovered in the foreseeable future. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date and that are expected to apply in the period when the liability is settled or the asset realised.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less than £5,000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the net present value of the future lease payments at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The Group has taken advantage of the practical expedients available in IFRS 16 to apply a single discount rate to a portfolio of leases.

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

Trade payables

Amounts owing under supply chain finance arrangements are included within trade payables rather than bank debt. The purpose of supply chain finance is purely to grant subcontractors and suppliers access to credit and improve their cashflows. The designation in trade payables is due to the assignment of invoice rather than a novation, with the Group acting as an agent with fees related to supply chain finance being borne by the supplier and the final payment date to the bank being set by the Group with interest accrued for any late payments.

Pension costs – defined benefit schemes

The Group accounts for pension costs in accordance with IAS 19.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return that the Directors consider would be available on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The net return on the scheme assets and the increase during the year in the present value of the scheme liabilities arising from the passage of time is included in finance costs. The Group recognises actuarial gains and losses directly in other comprehensive income and these are therefore shown in the statement of comprehensive income (SOCI).

Pension scheme deficits or surpluses, to the extent that they are considered payable or recoverable, are recognised in full and presented on the face of the balance sheet. To the extent that any withholding tax on a pensions scheme surplus arises and which is ultimate paid out of the scheme assets, then pension surplus is measured at the net amount after accounting for that withholding tax.

Pension costs – defined contribution schemes

The amount recognised in the income statement is equal to the contributions payable to the schemes during the year.

Impairment of non-current financial assets

The Group reviews the carrying value of non-current financial assets in the light of developments in its business and makes provision for any impairment in value as the need arises.

Foreign currency

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The Group financial statements are also presented in pound sterling. Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement as part of finance costs.

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

Impairment of financial assets

The impairment requirements of IFRS 9 (Financial Instruments) 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 originally recognised at fair value, and then subsequently measured at amortised cost less an allowance for expected credit losses. 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 party has 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. All intercompany advances are assessed for impairment under the ECL model using the simplified approach.

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.

(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.

Derivative financial instruments and hedging activities

(a) 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 cash flow hedge 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 cash flow hedge 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.

(b) Fair value hedge - all hedging relationships that were hedging relationships under IAS 39 meet the IFRS 9's criteria for hedge accounting 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.

(c) 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.

(d) 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.

Exceptional items

Items which are not considered to reflect the underlying trading performance or due to their size, incidence, or timing are presented as exceptional items. Exceptional items are considered individually and are assessed at each reporting period.

2 Loss from discontinued operations

As stated in note 1(c), the Directors note that the disposal of the Cash Generating Units (CGUs) which were held for sale at 31 December 2021 was completed during 2022. They also note that there were no changes to the plans since the previous financial statements were completed and they also consider that paragraphs 6 to 8 of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' were met for certain contracts, assets and liabilities of those perimeters:

- In the Waste Treatment CGU, in conjunction with Ferrovial, the Group completed the disposal of the Waste Treatment CGU in November 2022.
- In the Utilities Water CGU, the disposal was completed in April 2022.

Based on the above, the only relevant segments which were held for sale at 31 December 2021 were the Waste Treatment and Utilities Water CGUs. No segments are held for sale at 31 December 2022. The results of those segments disposed of in 2022 have been included in the income statement as discontinued operations.

The following table gives a breakdown by item of the discontinued operations, including the impact of impairment adjustments:

	Discontinued operations 2022 £'000	Impairment adjustment (see note 4) 2022 £'000	Total 2022 £'000	Discontinued operations 2021 £'000	Impairment adjustment (see note 4) 2021 £'000	Total 2021 £'000
Total revenue	161,572	-	161,572	251,055	-	251,055
Less: share of revenue of joint ventures	(8,180)	-	(8,180)	(7,491)	-	(7,491)
Group revenue	153,392	-	153,392	243,564	-	243,564
Cost of sales – before exceptional items	(155,612)	-	(155,612)	(277,540)	-	(277,540)
Cost of sales – exceptional items	-	-	-	(32,440)	-	(32,440)
Cost of sales – total	(155,612)	-	(155,612)	(309,980)	-	(309,980)
Gross loss	(2,220)	-	(2,220)	(66,416)	-	(66,416)
Administration expenses	(14,999)	-	(14,999)	(13,556)	-	(13,556)
Share of loss after tax of joint ventures	(326)	-	(326)	(603)	-	(603)
Profit on divestment of discontinued activities	24,848	-	24,848	-	-	-
Exceptional impairment of non-current assets	(1,065)	-	(1,065)	-	(30,328)	(30,328)
Operating profit (loss)	6,238	-	6,238	(80,575)	(30,328)	(110,903)
Finance income	3,476	-	3,476	4,911	-	4,911
Finance expense	(5,476)	-	(5,476)	(5,733)	-	(5,733)
Net finance expense	(2,000)	-	(2,000)	(822)	-	(822)
Profit (loss) before tax	4,238	-	4,238	(81,397)	(30,328)	(111,725)
Tax (charge) credit – excluding exceptional items	(1,650)	-	(1,650)	2,185	-	2,185
Tax credit – on exceptional items	202	-	202	4,264	1,537	5,801
Tax (charge) credit – total	(1,448)	-	(1,448)	6,449	1,537	7,986
Net profit (loss) after tax from discontinued operations	2,790	-	2,790	(74,948)	(28,791)	(103,739)
Attributable to						
Equity holders of the company			(76,459)			(81,773)
Non-controlling interests			79,249			(21,966)
			2,790			(103,739)

3 Segmental analysis

The Group's segments and their activities are described in more detail in the Strategic Report on pages 6 to 81.

As stated in note 1(c), the Directors note that the disposal of the Cash Generating Units (CGUs) which were held for sale at 31 December 2021 was completed during 2022. They also note that there were no changes to the disposal plans since the previous financial statements were completed and they also consider that paragraphs 6 to 8 of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' were met for certain contracts, assets and liabilities of those perimeters:

- In the Waste Treatment CGU, in conjunction with Ferrovial, the Group completed the disposal of the Waste Treatment CGU in November 2022.
- In the Utilities Water CGU, the disposal was completed in April 2022.

Based on the above, the only relevant segments which were held for sale at 31 December 2021 were the Waste Treatment and Utilities Water CGUs. No segments are held for sale at 31 December 2022. The results of those segments disposed of in 2022 have been included in the income statement as discontinued operations.

During 2022, management responsibility for certain contracts previously allocated to the Transport Infrastructure segment have been re-allocated to the Complex Facilities segment and certain contracts previously allocated to Rest of Group segment have been re-allocated to the Transport Infrastructure segment. Comparative information in the segmental analysis has been re-presented accordingly for consistency.

All of the revenue above arises on contracts for the provision of services. The value of revenue recognised in the current year in respect of performance obligations satisfied in prior years was £15.8 million (2021: £4.4 million).

	Group revenue 2022 £'000	Share of joint ventures' revenue 2022 £'000	Total revenue 2022 £'000	Group revenue 2021 £'000 (represented)	Share of joint ventures' revenue 2021 £'000	Total revenue 2021 £'000 (represented)
Revenue – by segment (continuing operations)						
Transport Infrastructure	1,035,645	61,629	1,097,274	881,115	68,476	949,591
Complex Facilities	940,034	74,808	1,014,842	1,343,207	69,553	1,412,760
Consulting	198,770	-	198,770	187,530	235	187,765
Rest of Group and Central Services	6,195	8,014	14,209	4,968	7,748	12,716
Inter-segment revenue elimination	(97,816)	(3,081)	(100,897)	(88,527)	(2,842)	(91,369)
	2,082,828	141,370	2,224,198	2,328,293	143,170	2,471,463
Discontinued operations:						
Waste Treatment	121,324	8,180	129,504	121,731	7,491	129,222
Utilities Water	32,068	-	32,068	121,833	-	121,833
	153,392	8,180	161,572	243,564	7,491	251,055
	2,236,220	149,550	2,385,770	2,571,857	150,661	2,722,518
Revenue – by geographical location						
United Kingdom	2,227,021	149,550	2,376,571	2,562,586	150,661	2,713,247
Rest of Europe	9,199	-	9,199	9,271	-	9,271
	2,236,220	149,550	2,385,770	2,571,857	150,661	2,722,518

	Share of profit after tax of joint ventures 2022 £'000	Group operating profit excluding joint ventures 2022 £'000	Total operating profit 2022 £'000	Group operating loss excluding joint ventures 2021 £'000 (re-presented)	Share of profit after tax of joint ventures 2021 £'000	Total operating loss 2021 £'000 (re-presented)
Segmental operating profit (loss) – Before exceptional items						
Transport Infrastructure	25,777	802	26,579	17,434	1,080	18,514
Complex Facilities	119,701	3,600	123,301	53,620	5,365	58,985
Consulting	24,338	7	24,345	16,277	41	16,318
Rest of Group and Central Services	20,930	(386)	20,544	(10,973)	287	(10,686)
Continuing operations	190,746	4,023	194,769	76,358	6,773	83,131
Waste Treatment	(12,103)	(326)	(12,429)	(45,687)	(603)	(46,290)
Utilities Water	(5,116)	-	(5,116)	(1,845)	-	(1,845)
Discontinued operations	(17,219)	(326)	(17,545)	(47,532)	(603)	(48,135)
Total Group	173,527	3,697	177,224	28,826	6,170	34,996
Exceptional items (see note 4)						
Transport Infrastructure	(112,219)	-	(112,219)	8,500	-	8,500
Consulting	-	-	-	(5,333)	-	(5,333)
Rest of Group and Central Services	5,059	-	5,059	(74)	-	(74)
Continuing operations	(107,160)	-	(107,160)	3,093	-	3,093
Waste Treatment	22,265	-	22,265	(32,440)	-	(32,440)
Utilities Water	1,518	-	1,518	(30,328)	-	(30,328)
Discontinued operations	23,783	-	23,783	(62,768)	-	(62,768)
Total Group	(83,377)	-	(83,377)	(59,675)	-	(59,675)
After exceptional items						
Transport Infrastructure	(86,442)	802	(85,640)	25,934	1,080	27,014
Complex Facilities	119,701	3,600	123,301	53,620	5,365	58,985
Consulting	24,338	7	24,345	10,944	41	10,985
Rest of Group and Central Services	25,989	(386)	25,603	(11,047)	287	(10,760)
Continuing operations	83,586	4,023	87,609	79,451	6,773	86,224
Waste Treatment	10,162	(326)	9,836	(78,127)	(603)	(78,730)
Utilities Water	(3,598)	-	(3,598)	(32,173)	-	(32,173)
Discontinued operations	6,564	(326)	6,238	(110,300)	(603)	(110,903)
Total Group	90,150	3,697	93,847	(30,849)	6,170	(24,679)

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	Share of profit after tax of joint ventures 2022 £'000	Group operating profit excluding joint ventures 2022 £'000	Total operating profit 2022 £'000	Group operating loss excluding joint ventures 2021 £'000 (re-presented)	Share of profit after tax of joint ventures 2021 £'000	Total operating loss 2021 £'000 (re-presented)
Net finance income (expense)						
Finance income			6,240			3,647
Finance expense			(7,429)			(7,918)
Continuing operations			(1,189)			(4,271)
Finance income			3,476			4,911
Finance expense			(5,476)			(5,733)
Discontinued operations			(2,000)			(822
Total Group			(3,189)			(5,093)
Profit (loss) before tax						
Continuing operations			86,420			81,953
Discontinued operations			4,238			(111,725)
Total Group			90,658			(29,772)

During 2022, management responsibility for certain contracts previously allocated to the Transport Infrastructure segment have been re-allocated to the Complex Facilities segment and certain contracts previously allocated to Rest of Group segment have been re-allocated to the Transport Infrastructure segment. Comparative information in the segmental analysis has been re-presented accordingly for consistency.

	Non-current assets 2022 £'000	Current assets 2022 £'000	Total liabilities 2022 £'000	Net assets 2022 £'000	Non-current assets 2021 £'000	Current assets 2021 £'000	Total liabilities 2021 £'000	Net assets 2021 £'000
Net assets (liabilities)								
Transport Infrastructure	134,247	189,499	(409,651)	(85,905)	148,428	148,198	(248,175)	48,451
Complex Facilities	121,295	108,356	(179,224)	50,427	114,616	86,468	(229,319)	(28,235)
Consulting	179,730	17,643	(27,925)	169,448	179,631	29,535	(30,885)	178,281
Rest of Group and Central Services and Central Services	54,322	39,373	(77,345)	16,350	118,233	358	(140,885)	(22,294)
Tax and net debt (excluding ringfenced cash)	45,921	39,046	(62,238)	22,729	69,806	53,130	(100,550)	22,386
Excluding assets held for sale	535,515	393,917	(756,383)	173,049	630,714	317,689	(749,814)	198,589
Waste Treatment	-	-	-	-	-	171,083	(229,482)	(58,399)
Utilities Water	-	-	-	-	-	29,931	(29,555)	376
Asset held for sale	-	-	-	-	-	201,014	(259,037)	(58,023)
Total Group	535,515	393,917	(756,383)	173,049	630,714	518,703	(1,008,851)	140,566

	Capital additions 2,022 £'000	Depreciation charge 2,022 £'000	Amort isation of intangibles 2,022 £'000	Impairment charge 2,022 £'000	Capital additions 2,021 £'000	Depreciation charge 2,021 £'000	Amort sation of intangibles 2,021 £'000	Impairment charge 2,021 £'000
Other disclosures								
Transport Infrastructure	12,038	14,918	229	-	27,448	16,460	210	-
Complex Facilities	53	242	79	-	73	1,145	7,411	305
Consulting	494	253	120	-	529	232	-	-
Rest of Group and Central Services	6,389	6,067	219	-	5,724	5,870	220	-
Continuing operations	18,974	21,480	647	-	33,774	23,707	7,841	305
Waste Treatment	1,367	3,661	495	1,065	1,033	4,170	594	-
Utilities Water	-	132	131	-	636	365	1,764	30,328
Asset held for sale	1,367	3,793	626	1,065	1,669	4,535	2,358	30,328
Total Group	20,341	25,273	1,273	1,065	35,443	28,242	10,199	30,633

Impairment charges on assets held for sale have been included within exceptional items (see note 4)

4 Exceptional items

Items which are not considered to reflect the underlying trading performance or due to their size, incidence, or timing are presented as exceptional items. Exceptional items are considered individually and are assessed at each reporting period.

The following exceptional items have been charged (credited) in the Group income statement:

	2022 £'000	2021 £'000
Continuing operations		
Contract loss provision charge (release) (i)	112,219	(3,167)
Charged (credited) as cost of sales	112,219	(3,167)
(Profit) loss on disposal of investments (ii)	(5,059)	74
Total charged (credited) as part of operating loss on continuing operations	107,160	(3,093)
Exceptional tax (credit) charge (iii)	(7,594)	602
Total exceptional items charged (credited) on continuing operations	99,566	(2,491)

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	2022 £'000	2021 £'000
Discontinued operations		
Contract loss provisions (iv)	-	32,440
Charged as cost of sales	-	32,440
Impairment of goodwill (v)	-	24,182
Impairment of other non-current assets (vi)	1,065	6,146
Charged as impairment of assets	1,065	30,328
(Profit) loss on disposal of investments (vii)	(24,848)	-
Total charged as part of operating loss on discontinued operations	(23,783)	62,768
Exceptional tax credit (vii)	(202)	(5,801)
Total exceptional items charged on discontinued operations, net of tax	(23,985)	56,967
Total exceptional items	75,581	54,476

(i) Contract loss provisions

In 2022, future loss provisions of £108.7 million have been included in the income statement which reflects the judgements made in the accounts of the Group's immediate holding company following the acquisition of the Group at 30 December 2022. The Group also incurred an exceptional charge of £3.5 million (2021: £nil) in respect of a Waste Collections contract where future losses were considered to be highly likely and unavoidable. In 2021, the Group was able to release £3.2 million in respect of a contract liability of which £8.5 million was previously provided in the Highways segment as a result of a settlement agreement on a contract held jointly by Amey and a fellow Ferrovial group company. As part of this settlement, an additional write off of accrued income of £5.3 million arose in the Consulting segment. These items are all considered to be exceptional due their size and incidence.

(ii) Loss on disposal of investments

In 2022, the Group concluded the divestment of Amey Ventures Management Services Limited (since renamed Albany Ventures Management Services Limited) which provided management services in respect of a number of PFI joint venture undertakings held by the Group. A gain of £5.1 million was realised in respect of this divestment. In 2021, the Group concluded the liquidation from its Qatar joint venture and exited from the joint venture, Amey Breathe, resulting in a small loss of £0.1 million. The loss on disposal of investments is considered to be exceptional due to the incidence and timing of these items.(iii) Tax on exceptional items

In 2022, the additional contract loss provisions had an attributable tax credit of £7.6 million.

In 2021, the contract loss provision release had an attributable tax charge of £0.6 million.

Discontinued operations:

(iv) Contract loss provisions

In 2021, the Group provided a total of £32.4 million in respect of contracts where future losses were considered to be highly likely and unavoidable. This included £13.6 million in respect of the North Yorkshire waste management contract, a further £8.8 million in respect of the Milton Keynes waste management contract and a further £10.0 million in respect of the Isle of Wight waste management contract. No further contract loss provisions were required in 2022. These items are all considered to be exceptional due their size and incidence.

(v) Impairment of goodwill

In 2021, a further impairment of £24.2 million was recognised to reduce the carrying balance of Utilities Water CGU goodwill to £nil, following the strategic decision to divest that CGU and discontinue that activity for the Group. No further goodwill impairments were recognised in 2022. This item is considered to be exceptional due its size and incidence.

(vi) Impairment of other non-current assets

In 2022, an impairment charge of £1.1 million was recognised in respect of financial assets held in the Isle Of Wight waste management contract as ultimate recovery of the asset was now considered to be highly unlikely. In 2021, an impairment charge of £6.1 million was recognised to reduce the carrying balance of Utilities Water CGU other intangible assets to its recoverable amount of £10.4 million, following the strategic decision to divest that CGU and discontinue that activity for the Group. This recoverable amount is based on fair value less cost to sell. These items are all considered to be exceptional due their size and incidence.

(vii) Profit on disposal of investments

In April 2022, the Group completed the disposal of the Utilities Water CGU giving rise to a gain on disposal of £1.5 million. In November 2022, the Group also completed the disposal of the Waste Treatment CGU, in conjunction with Ferrovial, resulting in a gain on disposal of £23.3 million. The profit on disposal of investments is considered to be exceptional due to the incidence and timing of these items.

(viii) Exceptional tax credit

In 2022, the impairment of financial assets has an attributable tax credit of £0.2 million.

In 2021, the contract loss provision has an attributable tax credit of £4.3 million and the impairment of other non-current assets has attributable tax credit of £1.5 million.

In addition to the exceptional items noted above, in 2021 the Group made no profit or loss on the disposal of certain waste collection contracts for which the Group received £3.0 million cash consideration.

The impact of exceptional items on the cash flow reported for the year is only in respect of the net consideration outflow of £15.2 million (2021: £3.3 million) on the disposal of investments which gave rise to an overall gain of £29.9 million (2021: £0.1 million loss).

5 Operating profit

For both continuing and discontinued operations this is stated after charging (crediting):

	2022 £'000	2021 £'000
Deferred income recognised in the year	(50,355)	(17,143)
Research and development tax credits receivable and included in revenue	(4,467)	(3,475)
Amortisation		
other intangible assets	1,274	10,199
Depreciation		
owned assets	4,153	6,586
right of use assets	21,121	21,656
Amortisation of bid and mobilisation costs	220	802
Short-term and low value lease rentals		
land and buildings	1,597	2,058
hire of plant and machinery	85,205	90,396
IT licences and rentals	32,832	47,392
Cost of inventories recognised as an expense	146,368	117,446
(Release) charge for provision for credit losses arising on trade receivables (non-exceptional)	(4,399)	5,922
(Gain) loss on disposal of property, plant and equipment	(1,801)	1,513
Exceptional (gain) loss on disposal of investments	(29,907)	74
Other operating exceptional items (note 4)	113,284	59,601
Auditor's remuneration		
audit of Company and Group financial statements	100	600
audit of subsidiary undertakings	1,450	2,004
audit of joint venture undertakings	-	6
audit-related assurance services	16	12

6 Employees (including Directors)

Staff costs during the year consisted of:

	2022 £'000	2021 £'000
Wages and salaries	403,336	479,279
Social security costs	47,126	50,516
Other pension costs arising on defined benefit pension schemes (note 23)	2,303	2,455
Other pension costs arising on defined contribution pension schemes	35,568	33,322
	488,333	565,572

The average number of employees during the year was as follows:

	2022 Number	2021 Number
Contract-based employees	9,926	13,210
Management and administration	614	638
	10,540	13,848

7 Directors and key management remuneration

Remuneration in respect of Directors of Amey UK Limited (who were the key management) was as follows:

	2022 £'000	2021 £'000
Short-term employee benefits	3,117	1,739
Performance based Ferrovial, S.A. share-based awards	500	168
Compensation for loss of office	1,457	-
Total emoluments	5,074	1,907
Included above are the following amounts in respect of the highest paid Director:		
Emoluments	3,247	1,012

In 2022, two Directors (2021: two) including the highest paid Director for both years, received benefits arising from the Ferrovial, S.A. performance-based share option scheme of which they were members. Following the sale of the Amey Group by Ferrovial on 30 December 2022, future benefits are no longer accruing in respect of those schemes (see note 35 for further information).

During the year, one Director (2021: one) was a member of the Group's original defined benefit pension scheme (which has been closed to future accrual) and two Directors (2021: two) were members of the Group's current defined contribution pension scheme to which the Company has made £nil contributions (2021: £nil) during the year.

Certain other Directors were paid directly by the Group's parent undertaking, Ferrovial, up to the point of the sale of the Amey Group and were recharged to the Group as part of a general management charge by that undertaking (see note 34) which was included in net operating expenses. Their emoluments related to their services to the Ferrovial Group as whole and are not separately identifiable.

8 Net finance expense

	£'000	£'000
Finance income		
Interest receivable from bank deposits	834	1
Interest receivable on loans to joint ventures (note 34)	1,377	402
Intercompany interest receivable in respect of discontinued operations	1,348	1,200
Other interest and similar income	171	85
Interest receivable from Ferrovial, S.A. subsidiary undertakings	4	4
Total finance income on financial assets at amortised cost	3,734	1,692
Foreign exchange gains	1,167	1,955
Finance income from defined benefit schemes (note 23)	1,339	-
Total finance income	6,240	3,647
Finance costs		
Interest payable on borrowings	(38)	(115)
Interest payable on lease liabilities	(2,938)	(3,509)
Interest payable to Ferrovial, S.A. subsidiary undertakings (note 34)	-	(12)
Other interest and similar charges	(685)	(227)
Total finance costs on financial liabilities at amortised cost	(3,661)	(3,863)
Foreign exchange losses	(1,654)	(2,302)
Finance expense from defined benefit schemes (note 23)	-	(557)
Provision discount unwind finance expense (note 24)	(2,114)	(1,196)
Total finance costs	(7,429)	(7,918)
Net finance expense	(1,189)	(4,271)

Finance income relates to items classified as financial assets measured at amortised cost. Derivatives that are not designated in an IAS 39 compliant hedging relationship are classified as held for trading and are measured at fair value through the income statement. Finance costs relate to items classified as other financial liabilities measured at amortised cost and also relate to the net finance cost on defined benefit pension scheme liabilities and on the unwind of interest on discounted long-term provisions.

9 Tax charge

	2022 £'000	2021 £'000
Current tax		
UK	(8,906)	(16,581)
Overseas	(20)	4,349
Adjustment in respect of prior years		
• UK	2,830	(1,178)
• Overseas	(11)	65
Current tax charge	(6,107)	(13,345)
Deferred tax		
Credit (charge) to deferred tax provision relating to the origination and reversal of temporary differences	21,118	(7,752)
Credit to deferred tax provision relating to changes in tax laws	-	8
(Charge) credit to deferred tax asset relating to the origination and reversal of temporary differences	(15,929)	10,758
Credit to deferred tax asset relating to changes in tax laws	-	8,817
Deferred tax (charge) credit relating to employee benefit obligations relating to the origination and reversal of temporary differences	(13,084)	(1,507)
Deferred tax charge relating to employee benefit obligations relating to changes in tax laws	-	(17,634)
Deferred tax charge	(7,895)	(7,310)
Tax charge	(14,002)	(20,655)
Reconciliation of variances from standard rate of UK corporation tax		
Profit on ordinary activities before tax on continuing operations	86,420	81,953
Add: share of tax of joint ventures	944	685
	87,364	82,638
Profit before tax at the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	16,599	15,701
Adjusted for:		
Expenses not deductible for tax purposes	(9,513)	2,795
Overseas rate differences	-	450
Foreign permanent establishment exemption	20	-
Adjustment in respect of prior years	4,253	3,888
Utilisation of unrecognised losses	(1,837)	(1,217)
Impact on current year of loss recognition	28,838	5,550
Adjustment to accelerated tax relief on goodwill arising on disposal of the Group by Ferrovial, S.A.	(21,279)	-
Other temporary differences in respect of foreign exchange on goodwill	(1,971)	2,546
Impact of change in tax rate	(709)	(8,280)
Other temporary differences	545	(93)
	14,946	21,340
Less: share of tax of joint ventures	(944)	(685)
Tax charge	14,002	20,655

The weighted average applicable tax rate was 16.2% (2021: 25.2%). The decrease in the effective tax rate is attributable to net of income and expenditure not taxable for tax purposes, the impact of removing the Spanish accelerated tax relief on goodwill due to the sale of the group by Ferrovial S.A., offset by a reassessment of the appropriate timescale for recognising deferred assets on future utilisation of tax losses.

Deferred tax is calculated in full on temporary differences under the liability method using an expected tax rate for the UK of 23.5% (2021: 19%) on short-term timing differences and 25% (2021: 25%) on long-term timing differences. For balances arising in Spain an expected tax rate of 25% was used for both years. These are the tax rates that have been substantively enacted at the balance sheet date.

On 10 June 2022, Finance Act 2022 gained Royal Assent and included provision for the main rate of UK corporation tax to increase to 25% on 1 April 2023 from the current rate of 19%.

The Group has benefitted from the current year effect of losses and other temporary differences in certain companies which reduce the tax charge to the extent that no deferred tax asset was recognised when they arose.

Deferred tax summary

	2022 £'000	2021 £'000 restated	2020 £'000 restated
Deferred tax assets recognised	45,921	69,806	70,986
Deferred tax liabilities	(351)	(21,468)	(32,204)
	45,570	48,338	38,782

Comparative information has been restated for correction to tax on retirement benefit assets. See note 1(b) for further information.

Deferred tax assets

	Accelerated depreciation £'000	Retirement benefit obligations £'000 restated	Tax allowable goodwill £'000	Tax losses £'000	Other temporary differences £'000	Total £'000 restated
At 1 January 2021 – as previously reported	19,626	9,327	1,458	21,998	10,297	62,706
Impact of restatement (see note 1(b))	-	8,280	-	-	-	8,280
At 1 January 2021 – as restated	19,626	17,607	1,458	21,998	10,297	70,986
Income statementSOCI	975	(19,141)	123	16,228	265	(1,550)
SOCI	-	7,757	-	-	(708)	7,049
Reclassed with assets held for sale (see notes 1(c) and 17)	(6,712)	-	-	3,565	(3,532)	(6,679)
At 31 December 2021	13,889	6,223	1,581	41,791	6,322	69,806
At 31 December 2021 – as previously reported	13,889	-	1,581	41,791	6,322	63,583
Impact of restatement (see note 1(b))	-	6,223	-	-	-	6,223
At 1 January 2022 – as restated	13,889	6,223	1,581	41,791	6,322	69,806
Income statement	(3,651)	(13,084)	(182)	(19,337)	7,242	(29,012)
- SOCI	-	7,906	-	-	-	7,906
Divestments	-	-	-	(2,769)	(10)	(2,779)
At 31 December 2022	10,238	1,045	1,399	19,685	13,554	45,921

Deferred tax liabilities

	Accelerated capital allowances £'000	Retirement benefit assets £'000 restated	Accelerated tax relief on goodwill £'000	Intangible assets acquired £'000	Other temporary differences £'000	Total £'000 restated
At 1 January 2021	29	-	12,376	24	19,775	32,204
Income statement	-	-	8,723	896	(963)	8,656
Arising on acquisition	-	-	-	161	-	161
Reclassed with assets held for sale (see notes 1(c) and 17)	-	-	-	(936)	(18,617)	(19,553)
At 31 December 2021	29	-	21,099	145	195	21,468
At 31 December 2021 – as previously reported	29	16,956	21,099	145	195	38,424
Impact of restatement (see note 1(b))	-	(16,956)	-	-	-	(16,956)
At 1 January 2022 – as restated	29	-	21,099	145	195	21,468
Income statement	-	-	(21,099)	(19)	1	(21,117)
At 31 December 2022	29	-	-	126	196	351

Comparative information has been restated for correction to tax on retirement benefit assets. See note 1(b) for further information.

At 31 December 2021, the Group had classed certain items of deferred tax assets and liabilities as part of assets/liabilities held for sale. This followed the change of perimeter of assets/liabilities held for sale arising during that year (see note 1(c)). Deferred tax assets and liabilities relating to the Waste Treatment CGU were reclassed at book value with effect from 31 March 2021 and those relating to the amended perimeter of the Utilities Water CGU were reclassed at book value with effect from 31 December 2021.

Unrecognised deferred tax assets

	2022 £'000	2021 £'000
Capital losses	3,841	3,841
Trading losses	141,638	111,803
Accelerated depreciation	1,854	-
Other temporary differences	1,256	930
	148,589	116,574

In addition to the amounts shown above, unrecognised deferred tax assets on trading losses of £nil have been attributed to the segments reclassed as assets held for sale (2021: £nil).

Deferred tax assets have been recognised in respect of timing differences where the reversal of the originating difference is certain to arise in future periods. Deferred tax assets have been recognised on trading losses carried forward to the extent that those losses are anticipated to be utilised via generation of future profits as based on the projections of the Group over a period of up to three years (2021: five years). The assumptions used for these projections are fully aligned to those used for testing the impairment of goodwill (see note 10). A deferred tax asset has not been recognised where those losses cannot be utilised under existing tax rules. Capital losses can only be realised in the event of capital gains being realised in future periods. The tax losses do not have an expiry date.

10 Goodwill on acquisition of subsidiary undertakings

	Cost £'000	Provision for impairment £'000	Carrying value £'000
At 1 January 2021	554,393	-249,074	305,319
Disposal	-103,021	103,021	-
Reclassed with assets held for sale (see notes 1(c) and 17)	-7,339	7,339	-
At 31 December 2021 and at 31 December 2022	444,033	-138,714	305,319

The allocation of the goodwill carrying value to groups of cash-generating units (CGU) is as follows:

	2022 £'000	2021 £'000
Consulting	178,796	178,796
Transport Infrastructure	39,771	39,771
Complex Facilities	86,752	86,752
	305,319	305,319

At 31 December 2021, the Group has classed certain items of goodwill as part of assets held for sale. This follows the change of perimeter of assets/liabilities held for sale arising during that year (see note 1(c)). Goodwill relating to the Waste Treatment CGU were reclassed at book value with effect from 31 March 2021.

The recoverable amounts of goodwill are based on value-in-use which reflects forecast cash flows as derived from approved budgets and plans for the next five years. The future cash flows are based on the completed Budget 2023 and the 2024-2027 Strategic Plan. Residual values have also been included which are based on the normalised activity cash flow plus a growth factor. The growth rate used has been 1.76% (2021: 1.76%). The underlying assumptions of these cash flows are based on the existing contract order book, management's past experience and on probability ratios for new business generation. The cash flows have been discounted using a risk-based discount rate of 13.7% (2021: 9.52%). This pre-tax discount rate is a measure based on the 10-year UK bond rate adjusted for a risk premium to reflect both the increased risk of investments generally in the sector and the systematic risk of the specific CGUs.

The dynamics of the Support Services sector has remained in line with the previous year, with a similar uncertainty and instability in the markets in which the Group operates. As a result of this, management decided to maintain the same assumptions as used in the previous year.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the Group of CGUs to which goodwill is allocated. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amounts of goodwill on Consulting, Transport Infrastructure and Complex Facilities is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

For the Transport Infrastructure CGU, an additional sensitivity scenario has been built considering a 5% compound annual growth rate (CAGR) reduction and maintaining the 2022 normalised gross margin excluding exceptional impacts in the Strategic Plan. The outcome of this scenario shows enough headroom with no impairment arising. Additionally, the weighted average cost of capital (WACC) would have to increase by 36% with a change in the working capital profile by which the payments on accounts received are fully unwound in 2024 for any impairment to arise. This change is unlikely to happen given the current market conditions.

For the Complex Facilities CGU, an additional sensitivity has been applied considering a 5% CAGR reduction together with maintaining 2022 normalised gross margin excluding exceptional impacts in the Strategic Plan. The outcome of the scenario shows enough headroom with no impairment arising. In addition, the WACC would have to increase by 36% for any impairment to arise. This change is unlikely to happen given the current market conditions.

In the Consulting CGU, the WACC would have to increase by 2.4% or the revenue CAGR would have to be zero percent for any impairment to arise. This change is unlikely to happen given the current market conditions.

11 Other intangible assets

	Order books £'000	Customer relationships £'000	Contracts £'000	Software £'000	Total £'000
Cost					
At 1 January 2021	49,843	44,426	46,333	27,586	168,188
Additions	696	-	-	138	834
Disposals	(17,750)	(30,550)	-	-	(48,300)
Reclassed with assets held for sale (see notes 1(c) and 17)	-	-	(40,526)	183	(40,343)
At 31 December 2021	32,789	13,876	5,807	27,907	80,379
Additions	-	-	-	37	37
Disposals	-	-	-	(10,019)	(10,019)
At 31 December 2022	32,789	13,876	5,807	17,925	70,397
Amortisation					
At 1 January 2021	45,686	42,349	35,231	26,007	149,273
Charge for the year	4,242	2,077	273	1,396	7,988
Disposals	(17,750)	(30,550)	-	-	(48,300)
Reclassed as assets held for sale (see notes 1(c) and 17)	-	-	(31,636)	183	(31,453)
At 31 December 2021	32,178	13,876	3,868	27,586	77,508
Charge for the year	105	-	125	272	502
Disposals	-	-	-	(10,019)	(10,019)
At 31 December 2022	32,283	13,876	3,993	17,839	67,991
Carrying amount					
At 31 December 2022	506	-	1,814	86	2,406
At 31 December 2021	611	-	1,939	321	2,871

At 31 December 2021, the Group has classed certain items of other intangible assets as part of assets held for sale. This follows the change of perimeter of assets/ liabilities held for sale arising during the year (see note 1(c)). Other intangible assets relating to the Waste Treatment CGU were reclassed at book value with effect from 31 March 2021 and adjustments relating to the amended perimeter of the Utilities Water CGU were reclassed at book value with effect from 31 December 2021.

Order books and customer relationships at 31 December 2022 arose on the acquisition of Carillion Amey in 2018. These principally relate to the present value of future income streams expected to arise from secured and unsecured contracts with existing customers.

Order books and customer relationships were being amortised over a period of between 19 and 30 months depending on the end date of the underlying contracts held by Carillion Amey.

Order books also include certain rail contracts taken over following the liquidation of Carillion plc in January 2018. These assets are being amortised over the remaining life of those contracts.

The additions to order books in the prior year arose in respect of the acquisition of the 10% non-controlling interest in Seilwaith Amey Cymru / Amey Infrastructure Wales Limited in January 2021.

Also included in other intangible assets on contracts are rights to third party revenue forming part of a 25-year contract which is being amortised over the remaining term.

Software is amortised over periods of up to five years.

12 Property, plant and equipment

		Land and buildings			
	Assets under construction £'000	Long leasehold £'000	Short leasehold £'000	Plant and machinery £'000	Total £'000
Cost					
At 1 January 2021	3,204	33,662	36,941	117,075	190,882
Additions	-	295	5,908	27,606	33,809
Disposals	-	-	(4,767)	(17,995)	(22,762)
Reclassed with assets held for sale (see notes 1(c) and 17)	(3,204)	(33,486)	(1,781)	(2,228)	(40,699)
At 31 December 2021	-	471	36,301	124,458	161,230
Additions	-	-	6,389	12,585	18,974
Disposals	-	(176)	(1,502)	(34,328)	(36,006)
At 31 December 2022	-	295	41,188	102,715	144,198
Depreciation					
At 1 January 2021	-	7,668	14,470	66,243	88,381
Provided in year	-	539	4,743	19,192	24,474
Disposals	-	-	(2,216)	(9,821)	(12,037)
Reclassed with assets held for sale (see notes 1(c) and 17)	-	(7,976)	(1,041)	(10,443)	(19,460)
At 31 December 2021	-	231	15,956	65,171	81,358
Provided in year	-	32	5,950	15,473	21,455
Disposals	-	(176)	(1,052)	(20,213)	(21,441)
At 31 December 2022	-	87	20,854	60,431	81,372
Carrying amount					
At 31 December 2022	-	208	20,334	42,284	62,826
At 31 December 2021	-	240	20,345	59,287	79,872
Carrying amount of right of use assets included above (see note 30)					
At 31 December 2022	-	-	20,330	40,509	60,839
At 31 December 2021	-	-	20,304	58,668	78,972

At 31 December 2021, the Group has classed certain items of property, plant and equipment as part of assets held for sale. This follows the change of perimeter of assets/liabilities held for sale arising during the year (see note 1(c)). Property, plant and equipment relating to the Waste Treatment CGU were reclassed at book value with effect from 31 March 2021 and adjustments relating to the amended perimeter of the Utilities Water CGU were reclassed at book value with effect from 31 December 2021.

13 Investments in joint ventures

	2022 £0	2021 £'000 restated	2020 £'000 restated
Cost of shares	695	375	402
Share of post-acquisition profits	19,655	16,141	16,930
Loan advances (see note 34)	33,308	33,464	32,229
Total	53,658	49,980	49,561
Provision for impairment – shares	-360	-360	-360
Provision for impairment – losses	-19,467	-20,942	-30,515
Carrying value on the balance sheet	33,831	28,678	18,686

Comparative information has been restated for the reclassification of part of the joint venture loss provision. See note 1(b) for further information.

The movements during the year were as follows:

	Cost of shares £'000	Shares: provision for impairment £'000	Share of post-acquisition profits £0 restated	Loan advances £'000	Joint venture loss provision £'000 restated	Total £'000 restated
At 1 January 2021 – as previously reported	402	(360)	16,930	32,229	(22,281)	26,920
Impact of restatement (see note 1(b))	-	-	-	-	(8,234)	(8,234)
At 1 January 2021 – as restated	402	(360)	16,930	32,229	(30,515)	18,686
Additions	2	-	-	-	-	2
Disposals	(4)	-	(13)	-	-	(17)
Share of profit after tax for the year	-	-	7,056	-	-	7,056
Share of movements in the SOCI:						
• cash flow hedge derivatives	-	-	(220)	-	325	105
• deferred tax thereon	-	-	357	-	131	488
Dividends paid by joint ventures	-	-	(7,994)	-	-	(7,994)
Loan advances	-	-	-	9,250	-	9,250
Loan repayments	-	-	-	(196)	-	(196)
Provision for impairment	-	-	-	-	(278)	(278)
Reclassed with assets held for sale (see notes 1(c) and 17)	(25)	-	25	(7,819)	9,395	1,576
At 31 December 2021	375	(360)	16,141	33,464	(20,942)	28,678
At 31 December 2021	375	(360)	15,859	33,464	(18,094)	31,244
Impact of restatement (see note 1(b))	-	-	282	-	(2,848)	(2,566)
At 1 January 2022 – as restated	375	(360)	16,141	33,464	(20,942)	28,678
Additions	220	-	-	-	-	220
Transfers	100	-	-	(100)	-	-
Share of profit after tax for the year	-	-	3,820	-	-	3,820
Share of movements in the SOCI:						
• cash flow hedge derivatives	-	-	5,135	-	2,168	7,303
• deferred tax thereon	-	-	(1,469)	-	(694)	(2,163)
Dividends paid by joint ventures	-	-	(3,972)	-	-	(3,972)
Loan advances	-	-	-	106	-	106
Loan repayments	-	-	-	(162)	-	(162)
Provision for impairment	-	-	-	-	1	1
At 31 December 2022	695	(360)	19,655	33,308	(19,467)	33,831

Comparative information has been restated for the reclassification of part of the joint venture loss provision. See note 1(b) for further information.

At 31 December 21, the Group has classed certain investments in joint ventures as part of assets held for sale. This follows the change of perimeter of assets/liabilities held for sale arising during the year (see note 1(c)). Joint venture investments relating to the Waste Treatment CGU were reclassed at book value with effect from 31 March 2021.

The Group's joint venture investments, including the percentage of interest held, are set out in note 31.

The Group's aggregate share of the results and net assets of joint ventures, including those which are reported as part of discontinued activities and assets held for sale, was as follows:

	2021 £'000	2022 £'000
Share of revenue	149,550	150,661
Share of profit after tax for the year	3,697	6,170
Share of other comprehensive income	5,554	831
Dividends received from joint ventures	3,972	7,994

	2021 £'000	2022 £'000 restated	2020 £'000 restated
Share of gross assets	88,310	215,624	168,456
Share of gross liabilities	(67,960)	(203,601)	(151,124)
Share of net assets	20,350	12,023	17,332
Loan advances (note 34)	33,308	41,879	32,229
Joint venture loss provision	(20,790)	(27,735)	(31,758)
Net investment in joint ventures	32,868	26,167	17,803

Included in:

	2021 £'000	2022 £'000 restated	2020 £'000 restated
Investments in joint ventures	33,831	28,678	18,686
Liabilities held for sale (see notes 1(c) and 17)	-	(1,345)	-
Provision for joint venture losses (note 24)	(963)	(1,166)	(883)
	32,868	26,167	17,803

Comparative information has been restated for the reclassification of part of the joint venture loss provision. See note 1(b) for further information.

None of the joint venture investments held by the Group are individually material to the reporting entity.

The share of gross liabilities includes financial instrument cash flow hedge derivatives within joint ventures which relate to interest rate swaps entered into by the joint ventures concerned as a means of hedging interest rate risk. In accordance with IFRS 9, these cash flow hedge derivatives are accounted for as cash flow hedges by the joint ventures with the effective portion of movements in fair value each year recognised in the SOCI and in the hedge reserve.

14 PFI/PPP Financial assets

At 31 December 2021, the Group had classed PFI/PPP financial assets as part of assets held for sale. This followed the change of perimeter of assets/liabilities held for sale arising during that year (see note 1(c)). PFI/PPP financial assets relating to the Waste Treatment CGU were reclassed at book value with effect from 31 March 2021. Following the divestment of the Waste Treatment CGU in November 2022, the Group no longer holds any PFI/PPP financial assets.

PFI/PPP financial assets resulted from the application of IFRIC 12 (Service Concession Arrangements) for PFI/PPP waste management contracts. They were measured initially at fair value of consideration paid and subsequently at amortised cost. The financial asset amounts may have had corresponding items in PFI/PPP Non-recourse term-loans, which would have been secured on the assets of the special purpose company in which the financial asset arose. The PFI/PPP Financial assets were fixed rate financial assets and bore interest at an average rate of 6.0% (2021: 6.0%). The Group's credit risk on these financial assets was mitigated by maintaining a strong relationship with the customers. The assets were neither past due nor impaired.

The Group held one service concession arrangement on which PFI/PPP financial assets arose. This was in respect of a 28-year PFI waste management contract with Cambridgeshire County Council which runs until 2036. This now divested contract was for the provision of waste collection and treatment services, but the concession also included the right to receive and process third party waste.

Under the terms of these concessions, the Group was required to meet certain key performance targets on waste collection and recycling rates. There were no changes to the terms of the concessions during the period when the Group held an interest in the contract.

15 Financial instruments

Financial risk

The financial risks affecting the Group are as follows:

Financial risk management – interest rate risk

The Group's main interest rate risk arises on bank borrowings where variable rate loans could expose the Group to cash flow interest rate risk. The Group has not taken out interest rate hedges in respect of borrowings with recourse to the Group's balance sheet. For the previously held PFI/PPP Non-recourse term loans, it was a condition of lending that interest rate hedges to fix the interest rate were used.

Financial risk management - credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. The Group's principal financial assets are cash and cash equivalents, investment loans to joint ventures, trade and other receivables. The Group's objective is to reduce its exposure to counterparty default by restricting the type of counterparty it deals with and by employing an appropriate policy in relation to the collection of trade receivables.

The Group recognises lifetime expected credit losses at the point of initial recognition for trade receivables and accrued income. For other financial assets, a loss allowance is recognised for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within twelve months of the balance sheet date. There has not been a significant increase in credit risk in relation to receivables where the IFRS 9 general approach is followed to determine expected credit loss.

At 31 December 2022, the amount of credit risk on cash and cash equivalents totalled £41.9 million (2021: £94.4 million), including balances presented as part of assets held for sale. Credit risk relating to investments in financial products is concentrated mainly on short-term investments. Counterparties are always financial institutions and a strict diversification policy is applied on the basis of credit ratings and maximum credit limits. The Group also actively monitors the risk that it assumes with its banks through credit quality studies for each of the financial institutions to which it is exposed. Expected credit losses over cash and cash equivalents are considered to be immaterial with no losses experienced.

Trade and other receivables mainly comprise amounts due from customers for services performed. The level of trade receivables is monitored on a monthly basis to assess the risk of default by any counterparty with the result that the exposure to bad debts is not significant. At 31 December 2022, the amount of credit risk on all trade and other receivables amounted to £385.3 million (2021: £363.6 million).

The amount of unprovided credit risk on loans to joint venture undertakings was £13.8 million (2021: £12.5 million restated – see note 1(b)).

All credit losses are considered on a combined twelve month and lifetime basis due to the long-term nature of the underlying contracts. There has been no change in the overall level of credit risk on financial assets since initial recognition.

The Group constantly reviews the recoverability of all financial assets and will take such enforcement action as is necessary where impaired financial assets are considered either to be partly or wholly recoverable from third parties.

Financial risk management - exchange rate risk

The Group's principal exchange rate risk is in respect of cash balances, trade receivables and trade payables denominated in foreign currency. These risks have not been hedged against as, overall, the balances held in foreign currencies are minimal.

Financial risk management - funding and liquidity risk

A key function of the Group Treasury department is to ensure that the Group has sufficient cost-effective facilities to meet its obligations in the short-term, medium-term and long-term.

Group Treasury monitors the following activities:

- regular cash flow forecasts prepared by the business units and aggregated at Group level
- budget and forecast cash flows
- actual trading results, debt and balance sheet positions
- capital expenditure requests
- forecast facility availability

Special attention is paid to the liquidity of monetary assets. Group policy is to place any cash surpluses on short-term deposits with institutions with good quality credit ratings. Each credit institution is subject to a maximum level and deposits are spread across several institutions to mitigate risk.

IFRS 13 (Fair value measurement) requires the Group to analyse its financial assets and liabilities held at fair value according to the valuation basis applied. Level 1 represents fair values based on quoted prices in active markets; Level 2 represents fair values where the valuation uses inputs from quoted prices in active markets; Level 3 represents fair values where any significant valuation input is not based on observable market data. The Group has no Level 1 or Level 3 financial assets or liabilities. During the year, Level 2 financial assets were held by subsidiary undertakings and Level 2 financial liabilities were held by both subsidiary undertakings and the Group's joint venture undertakings. Derivative financial instruments are determined by discounting the future cash flows using the applicable period end yield curve. There have been no changes in the current year to the Level 2 valuation techniques previously applied.

Amounts recognised in respect of cash flow hedges (before related tax impact) were as follows:

	2022 £'000	2021 £'000
Gains included in the SOCI		
• in respect of cash flow hedge derivatives transferred from equity	11,150	5,410
• in respect of share of joint ventures change in fair value of cash flow hedge derivatives	7,569	635
Losses included in the SOCI		
• in respect of cash flow hedge derivatives recycled from equity to the income statement	(8,252)	-
• in respect of share of joint venture cash flow hedge derivatives recycled from equity to the income statement	(164)	-

Profits (losses) included in the income statement relate to the Group's share of the ineffective portion of cash flow hedges held by the Group and joint ventures. The profit on disposal of joint venture investments and impairment of assets relate to the gain arising on part disposal or de-recognition, offset by fair value losses recycled to the income statement of losses previously charged to Other Comprehensive Income. Gains (losses) included in the SOCI relate to changes in the fair value of the effective portion of cash flow hedge derivatives held by the Group and joint ventures that are designated and qualify as cash flow hedges, and also in respect of fair value losses recycled to the income statement.

As a condition of lending, the PFI/PPP joint ventures are required to take out interest rate hedges to fix the interest rate to hedge effectively against the planned schedule of future interest and principal debt repayments. The hedge ratio is established by comparing actual cash flows with expected cash flows and thus remains wholly effective whilst the plan of payments (which is a condition of lending) is adhered to. The last of these hedges expires in 2039 for joint ventures.

The maturity of the notional monetary amounts of interest rate hedges held by subsidiary undertakings and joint venture investments is as follows:

	Subsidiaries 2022 £'000	Joint ventures 2022 £'000	Total 2022 £'000	Subsidiaries 2021 £'000	Joint ventures 2021 £'000	Total 2021 £'000
From 3 to 5 years	-	952	952	-	-	-
From 6 to 10 years	-	46,774	46,774	-	1,132	1,132
From 11 to 15 years	-	12,376	12,376	95,181	22,051	117,232
Over 15 years	-	7,821	7,821	-	14,743	14,743
Total	-	67,923	67,923	95,181	37,926	133,107

All Group financial assets, except for cash flow hedge derivatives, are classified as loans and receivables and all financial liabilities, with the exception of cash flow hedge derivatives, are classified as other financial liabilities measured at amortised cost. Of the maturity amounts shown above, only that held by subsidiaries was classed as part of liabilities held for sale at 31 December 2021

Interest and exchange rate risks

The Group uses a sensitivity analysis technique that measures the estimated change in fair value of the Group's financial instruments to both the income statement and equity of an instantaneous increase or decrease of 0.5% in interest rates which represents a reasonable approximation of possible change. As the Group has no variable rate interest bearing financial liabilities at 31 December 2022, then little to no risk arises in respect of interest rate changes. The amounts generated from the sensitivity analysis are estimates of the impact of interest rate risk assuming that the specified changes occur. Clearly, developments in global markets may cause the actual changes to differ significantly from the changes specified above. Therefore, this analysis should not be considered a projection of likely future events and losses. The sensitivities above exclude any potential impact on the Group's retirement benefit obligations and in respect of cash flow hedge derivative financial instruments.

At 31 December 2021, the Group was exposed to exchange rate risk in respect of a Euro denominated non-current receivable of £28.5 million due from Ferrovial Servicios, S.A. On 28 January 2022, this deposit was transferred from Ferrovial Servicios, S.A. to Ferrofin, SL. On 30 December 2022, the deposit was converted to pounds sterling when it was transferred to the Group's new immediate parent undertaking, Project Ardent Bidco Limited, as part of the arrangements for the sale of the Group by Ferrovial, S.A. thereby extinguishing the exchange rate risk going forward.

Capital structure

The Group manages its external borrowings, shareholder borrowings and equity as capital. The Group's principal objective is to ensure that the Group has sufficient capital to fund its operations. In developing business plans, management consider the likely capital requirements and how to fund these requirements. Additional capital is funded by using the least-cost source at the time of fund-raising. The Group is not subject to any externally imposed capital requirements. At the year end, the Group's capital was as follows:

At 31 December 2021, following the change in perimeter of assets held for sale, PFI/PPP Non-recourse term loans and the shareholder loans held by the Waste Treatment CGU have been reclassed as part of liabilities held for sale (see notes 1(c) and 17) and are excluded from the table above.

	2022 £'000	2021 £'000 restated	2020 £'000 restated
Other non-recourse bank loans	-	-	22,000
Lease liabilities (note 22)	61,887	79,082	70,189
PFI/PPP Non-recourse term loans	-	-	48,606
Non-controlling interest shareholder loan	-	-	100
Current Ferrovial, S.A. group loans	-	-	32,590
Total external borrowings and shareholder loans	61,887	79,082	173,485
Total equity	173,049	140,566	75,835
	234,936	219,648	249,320

Comparative information has been restated for correction to tax on retirement benefit assets. See note 1(b) for further information.

16 Financial assets and financial liabilities

The following financial assets and financial liabilities are held at amortised cost with the exception of cash flow hedge derivative financial instruments which are measured at fair value with changes in fair value reflected in other comprehensive income:

	2022 £'000	2021 £'000 restated	2020 £'000 restated
Financial assets			
Loan advances to joint ventures (net of provisions)	13,841	12,522	1,714
PFI/PPP Financial assets	-	-	68,045
Trade receivables	92,864	54,685	40,321
Amounts due from joint ventures	9,422	11,814	8,047
Amounts due from parent undertakings	23,595	28,716	38,299
Cash and cash equivalents	41,908	65,221	128,308
Total financial assets measured at amortised cost	181,630	172,958	284,734
Financial liabilities			
Trade payables	82,973	40,940	64,199
Payments received on account	1,750	2,776	2,446
Amounts due to parent undertakings	-	6,857	33,875
Amounts due to joint ventures	504	-	28
External borrowings	61,887	79,082	140,895
Financial liabilities measured at amortised cost	147,114	129,655	241,443
Cash flow hedge derivative financial instruments	-	-	18,833
Financial liabilities measured at fair value through other comprehensive income	-	-	18,833
Total financial liabilities	147,114	129,655	260,276

Comparative information has been restated for the reclassification of part of the joint venture loss provision.

See note 1(b) for further information.

For the financial assets and liabilities stated above, the carrying value represents a fair approximation of the fair value.

The Group's principal objective is to ensure that the Group has sufficient capital and borrowings to fund its operations. In developing business plans, management consider the likely capital requirements and how to fund these requirements. Additional capital is funded by using the least-cost source at the time of fund-raising. The Group is not subject to any externally imposed capital requirements.

The financial assets above include set off of financial liabilities with financial assets only in respect cash overdraft balances of £nil (2021: £15.1 million) held by subsidiary undertakings which are members of the overall bank balance pooling agreement held by the Group with its principal banker. The gross amounts of cash without set off total £41.9 million (2021: £80.3 million).

Further consideration on credit risk arising on financial assets is detailed in note 15.

The maturity analysis of financial liabilities is as follows:

	2022 £'000	2021 £'000
Non-derivative financial liabilities		
Due within one year	104,567	73,778
Due in one to 2 years	13,882	20,353
Due in two to five years	21,908	29,282
Due after more than five years	13,449	14,018
Total financial liabilities (undiscounted)	153,806	137,431
Less: impact of future finance costs	(6,692)	(7,776)
As reported on the balance sheet	147,114	129,655

17 Assets and liabilities held for sale

The relevant segments which were held for sale at 31 December 2021 were the Utilities Water and Waste Treatment CGUs. The Group completed the disposal of these CGUs in April 2022 and November 2022 respectively. The Group no longer has any assets or liabilities held for sale.

The assets held for sale were valued at the lower of their book value and their fair value less cost of sale.

Measurement of assets and recognition of impairment provision

The reclassification involved valuing the assets from the point of reclassification onwards at the lower of their carrying amount and fair value (estimated sale price) less costs to sell.

The fair value of the Utilities Water business has been estimated based on the consideration agreed on 12 April 2022. This value has also been adjusted by the expected net debt and other adjustments which could be considered to give rise to an adjustment to debt.

For the Waste Treatment, the fair value given to the Waste Treatment CGU at 31 December 2021 was based on the net assets of that CGU at that date.

Impact on financial statements

The reclassification of the divestment businesses to and from discontinued operations has the following impact on these financial statements:

- the result after tax generated by the businesses which are classified as discontinued operations at 31 December 2022 is not reported in each line of the income statement, instead it is reported in one line 'net result after tax from discontinued operations' both for 2022 and 2021.
- any impairment loss arising on the divestment business above is included as part of discontinued operations. Note 2 includes the disclosures required in connection with net result after tax from discontinued operations, including a breakdown of the main reporting lines;
- for cash flow statement purposes, the portion of cash flows from operating, investing and financing operations related to the discontinued operations are included in the total amount reported;
- for the purposes of the balance sheet, all assets and liabilities attributable to the divestment businesses have been reclassified as 'assets and liabilities held for sale'.

At 31 December 2021, assets classified as held for sale and from discontinued operations included £nil (2021: £29.2 million) of cash and cash equivalents where the Group has restricted control. Cash and cash equivalents where the Group has no restriction on control have not been included in assets classified as held for sale.

The following table details the statement of financial position before and after reclassification at 31 December, including the different types of assets and liabilities that have been reclassified as discontinued operations.

	Previous balance sheet 2022 £'000	Reclas-sification 2022 £'000	Balance sheet with discon tin-ued opera-tions 2022 £'000	Previous balance sheet 2021 £'000 restated	Reclas-sification 2021 £'000 restated	Balance sheet with discontin-ued opera-tions 2021 £'000 restated	Previous balance sheet 2020 £'000 restated	Reclassi fication 2020 £'000 restated	Balance sheet with discontin-ued opera-tions 2020 £'000 restated
Non-current assets									
Goodwill on acquisition of subsidiary undertakings	305,319	-	305,319	305,319		305,319	329,501	(24,182)	305,319
Other intangible assets	2,406	-	2,406	21,760	(18,889)	2,871	37,268	(18,353)	18,915
Property, plant and equipment	62,826	-	62,826	107,574	(27,702)	79,872	110,123	(7,622)	102,501
Investments in joint ventures	33,831	-	33,831	28,678	-	28,678	18,686	-	18,686
Retirement benefit assets	33,527	-	33,527	60,263	-	60,263	28,326	-	28,326
Deferred tax assets	45,921	-	45,921	79,044	(9,238)	69,806	75,102	(4,116)	70,986
PFI/PPP Financial assets	-	-	-	62,267	(62,267)	-	66,119	-	66,119
Trade and other receivables	51,685	-	51,685	83,905	-	83,905	80,671	-	80,671
	535,515	-	535,515	748,810	(118,096)	630,714	745,796	(54,273)	691,523
Current assets									
Assets classified as held for sale and discontinued operations	-	-		-	201,014	201,014	-	72,642	72,642
Inventories	13,028	-	13,028	15,516	(7,050)	8,466	14,677	(657)	14,020
PFI/PPP Financial assets	-	-	-	4,797	(4,797)	-	1,926	-	1,926
Trade and other receivables	333,618	-	333,618	279,660	(41,867)	237,793	259,749	(17,712)	242,037
Current tax assets	5,363	-	5,363	6,159	50	6,209	5,038	-	5,038
Cash and cash equivalents	41,908	-	41,908	94,425	(29,204)	65,221	128,308	-	128,308
	393,917	-	393,917	400,557	118,146	518,703	409,698	54,273	463,971
Total assets	929,432	-	929,432	1,149,367	50	1,149,417	1,155,494	-	1,155,494
Current liabilities									
Liabilities classified as held for sale and discontinued operations	-	-	-	-	(259,037)	(259,037)	-	(60,477)	(60,477)
Trade and other payables	(510,361)	-	(510,361)	(596,326)	50,360	(545,966)	(597,726)	49,048	(548,678)
Ferrovial, S.A. group loans	-	-	-	-	-	-	(32,590)	-	(32,590)
Provisions for other liabilities		-		(29,796)	-		(43,934)	-	
and charges	(62,450)		(62,450)			(29,796)			(43,934)
External borrowings	(17,648)	-	(17,648)	(23,691)	1,351	(22,340)	(44,514)	2,126	(42,388)
	(590,459)	-	(590,459)	(649,813)	(207,326)	(857,139)	(718,764)	(9,303)	(728,067)

Continue on the next page

	Previous balance sheet 2022 £'000	Reclassification 2022 £'000	Balance sheet with discontinued operations 2022 £'000	Previous balance sheet 2021 £'000 restated	Reclassification 2021 £'000 restated	Balance sheet with discontinued operations 2021 £'000 restated	Previous balance sheet 2020 £'000 restated	Reclassification 2020 £'000 restated	Balance sheet with discontinued operations 2020 £'000 restated
Non-current liabilities									
Trade and other payables	(10,506)	-	(10,506)	(8,116)	-	(8,116)	(7,593)	-	(7,593)
Ferrovial, S.A. group loans	-	-	-	(33,284)	33,284	-	-	-	-
Cash flow hedge derivative financial instruments	-	-	-	(13,423)	13,423	-	(18,833)	-	(18,833)
Deferred tax liabilities	(351)	-	(351)	(47,604)	26,136	(21,468)	(35,665)	3,461	(32,204)
Retirement benefit obligations	(4,181)	-	(4,181)	(24,893)	-	(24,893)	(92,671)	-	(92,671)
Provisions for other liabilities and charges	(106,647)	-	(106,647)	(125,929)	85,436	(40,493)	(102,084)	300	(101,784)
External borrowings	(44,239)	-	(44,239)	(105,739)	48,997	(56,742)	(104,049)	5,542	(98,507)
	(165,924)	-	(165,924)	(358,988)	207,276	(151,712)	(360,895)	9,303	(351,592)
Total liabilities	(756,383)	-	(756,383)	(1,008,801)	(50)	(1,008,851)	(1,079,659)	-	(1,079,659)
Net assets	173,049	-	173,049	140,566	-	140,566	75,835	-	75,835
Capital and reserves									
Equity attributable to equity holders of the Company	172,963	-	172,963	227,056		227,056	142,674	-	142,674
Non-controlling interests	86	-	86	(86,490)	-	(86,490)	(66,839)	-	(66,839)
Total equity	173,049	-	173,049	140,566	-	140,566	75,835	-	75,835

Comparative information has been restated for correction to tax on retirement benefit assets and the reclassification of part of the joint venture loss provision. See note 1(b) for further information.

In each of the notes to the financial statements relating to balance sheet items, the change caused by the reclassification, including adjustments to the perimeter of assets held for sale during the year at 31 December 2021 are broken down to the line 'Reclassed with asset or liability held for sale'.

External borrowings classed within liabilities held for sale at 31 December 2021 included PFI/PPP Non-recourse term loans which are secured on the assets of Thalia WB ODC Limited. Included in amounts due to other Ferrovial, S.A. subsidiary undertakings was a loan of £nil (2021: £33.3 million) due to Thalia Holdco Limited which was designated in sterling and bore interest at market rate (2021: market rate) and which is due to be repaid by 31 December 2025. The loan was subordinated in favour of any amounts due to the Group's banks under the floating rate bilateral facility agreements in place and which have recourse to the Group balance sheet.

18 Trade and other receivables

	2022 £'000	2021 £'000
Current		
Trade receivables	92,864	54,685
Amounts recoverable on contracts	177,892	128,466
Amounts due from joint ventures (note 34)	9,422	11,814
Amounts due from Ferrovial, S.A. subsidiary undertakings (note 34)	-	178
Amounts due from immediate parent undertaking (note 34)	23,595	-
Other debtors	9,496	19,651
Prepayments and accrued income	20,349	22,999
	333,618	237,793
Non-current		
Amounts recoverable on contracts	51,685	55,367
Amounts due from Ferrovial, S.A. subsidiary undertakings (note 34)	-	28,538
	51,685	83,905

The contractual terms on the Sheffield City Contract have required significant performance obligations on the lifecycle element of the contract to be performed in advance of the payment profile. The outstanding contract asset balance of £58.5 million (2021: £47.1 million) will be settled by payments over the remaining contract term of 14.7 years.

In addition to the amounts shown above, the Group has a non-current other debtor of £46.3 million (2021: £42.4 million) due from the Group's former joint venture, Birmingham Highways Holdings Limited (BHHL). This debtor is fully provided for in these financial statements. This debtor represents both the original loan advance and accrued interest receivable (which continues to accrue).

There was no difference between the book value of the amounts due from Ferrovial, S.A. subsidiary undertakings and their equivalent fair values for 2022 and 2021. Fair value has been based on carrying amount.

The Group operates a large number of contracts where the payment terms and conditions vary between those contracts. There will also be contracts starting and completing in any financial year. Significant changes in amounts recoverable on contracts and deferred income arise in the reporting period, but no single contract is individually significant enough to explain year on year changes in the balance sheet amounts reported.

A provision for specific credit losses was included within trade receivables as follows:

	2022 £'000	2021 £'000
At 1 January	15,382	10,478
Utilised	(5,846)	(381)
(Credited) charged to income statement	(4,251)	5,317
Reclassed with assets held for sale (see notes 1(c) and 17)	-	(32)
At 31 December	5,285	15,382

No provision has been included in respect of the other financial assets included in trade and other receivables.

The ageing of financial assets included in trade and other receivables that are past due but not impaired was as follows:

	2022 £'000	2021 £'000
Not past due	112,137	79,937
Up to 2 months past due	13,744	10,177
More than 2 months past due	-	5,101
	125,881	95,215

19 Inventories

	2022 £'000	2021 £'000
Raw materials and consumable stocks	12,057	7,275
Bid and mobilisation costs	971	1,191
	13,028	8,466

20 Cash and cash equivalents

	2022 %	2022 £'000	2021 %	2021 £'000
Cash balances held at floating rate	0.2	41,908	0.1	65,221

Included within cash balances is £8.2 million (2021: £18.3 million) relating to jointly controlled and other operations in which the Group has restricted control. These balances may only be utilised by the Group with the consent of the partners to those operations that are jointly controlled, or with agreement of any non-controlling interest shareholder under the terms of a shareholder agreement or, in the case of a special purpose company, with the consent of the holders of any non-recourse debt held by those companies. Within the amounts held where the Group has restricted control, £2.2 million (2021: £1.9 million) has been pledged as security under a charge registered on one contract. Individual bank balances and overdrafts have been offset where cash pooling and set-off arrangements are in place.

The cash balances stated above include set off of overdraft balances of £nil (2021: £15.1 million) held by a subsidiary undertaking which is a member of the overall bank balance pooling agreement held by the Group with its principal banker. The gross amounts of cash without set off total £41.9 million (2021: £80.3 million).

21 Trade and other payables

	2022 £'000	2021 £'000
Current		
Trade payables	82,973	40,940
Payments received on account	1,750	2,776
Amounts due to Ferrovial, S.A. subsidiary undertakings (note 34)	-	6,857
Amounts due to joint ventures (note 34)	504	-
Other creditors	57,842	100,933
Deferred income	115,120	112,019
Accruals	252,172	282,441
	510,361	545,966
Non-current		
Deferred income		
• in more than 1 year but not more than 2 years	571	326
• in more than 2 years but not more than 5 years	9,512	7,367
• in more than 5 years	423	423
	10,506	8,116

Included within the Group's trade creditors balance is £nil (2021: £11.1 million) relating to payments due to UK suppliers which make use of bank provided supply chain finance arrangements. The Group settles these amounts in accordance with each supplier's agreed payment terms.

The Group operates a large number of contracts where the payment terms and conditions vary between those contracts. There will also be contracts starting and completing in any financial year. Significant changes in amounts recoverable on contracts and deferred income arise in the reporting period, but no single contract is individually significant enough to explain year on year changes in the balance sheet amounts reported.

22 External borrowings

	Current 2022 £'000	Non-current 2022 £'000	Current 2021 £'000	Non-current 2021
Lease liabilities	17,648	44,239	22,340	56,742

At 31 December 2022, the Group had not drawn down any funds under its syndicated Revolving Credit Facility (2021: undrawn). Other bank loans without recourse to the Group balance sheet under a subsidiary undertaking (Amey Defence Services Limited) were cancelled in June 2022 (2021: undrawn). Lease liabilities are secured on the specific item which is provided to the Group under the terms of the lease. The Group also held £33.6 million of unrestricted cash on the Group balance sheet.

Borrowing facilities

At 31 December 2022, the Group had a £150 million syndicated Revolving Credit Facility, which replaced four bilateral Revolving Credit Facilities (2021: £160 million). Up to £100 million of the syndicated facility is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The facility is committed for a tenure of 4 years and is provided by HSBC UK Bank plc, Natwest plc, ABN AMRO Bank N.V. and Citi Bank N.A, with HSBC Bank plc acting as agent. The facility is unsecured but with recourse to the Group balance sheet.

Also, at 31 December 2022, a subsidiary company of the Group, Amey Defence Services Limited, had cancelled £7.5 million (2021: £23.0 million) of other bank loan facilities without recourse to the Group balance sheet but which were secured on the assets of that subsidiary company.

External borrowings at 31 December 2022 mature as follows:

	Lease liabilities 2022 £'000	Total 2022 £'000
Due within 1 year	17,648	17,648
Due within 1 to 2 years	11,803	11,803
Due within 2 to 5 years	19,131	19,131
Due after more than 5 years	13,305	13,305
	61,887	61,887

	2021 £'000	2021 £'000
Due within 1 year	22,340	22,340
Due within 1 to 2 years	18,678	18,678
Due within 2 to 5 years	23,147	23,147
Due after more than 5 years	14,917	14,917
	79,082	79,082

The weighted average interest rate on bank loans with recourse facilities utilised during the year was 0.71% (2021: 0.48%) and other bank loans without recourse facilities were not utilised in the year (2021: 1.95% on facility utilised in the year). The interest rate on the lease liabilities are fixed at a weighted average rate of 4.0% (2021: 4.0%).

There was no difference between the external borrowings shown above and their equivalent fair values for 2022 and 2021. Fair value has been based on carrying amount.

Liquidity risk

Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price. Group Treasury is responsible for liquidity, funding and settlement management. In addition, liquidity and funding risks, as well as related processes and policies, are overseen by management. The Group manages its liquidity risk on a Group basis based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility. In accordance with IFRS 7, the table below contains both the repayment of principal and associated interest payments.

Bank loans with recourse are drawn down periodically in accordance with business requirements under facilities that are due to expire in 2026.

Leases relate to many small agreements throughout the Group, none of which are deemed significant enough for separate disclosure.

	Lease liabilities 2022 £'000	Total 2022 £'000
Due within 1 year	19,340	19,340
Due within 1 to 2 years	13,881	13,881
Due within 2 to 5 years	21,908	21,908
Due after more than 5 years	13,450	13,450
Total	68,579	68,579
Less: impact of future finance costs	(6,692)	(6,692)
As reported on the balance sheet	61,887	61,887

	2021 £'000	2021 £'000
Due within 1 year	23,205	23,205
Due within 1 to 2 years	20,353	20,353
Due within 2 to 5 years	29,282	29,282
Due after more than 5 years	14,018	14,018
Total	86,858	86,858
Less: impact of future finance costs	(7,776)	(7,776)
As reported on the balance sheet	79,082	79,082

23 Retirement benefit schemes

The Group operates a number of pension schemes for the benefit of employees and Directors. Trustees or product providers administer the assets of the funded schemes in funds independent from those of the Group. Pension costs in respect of schemes offering defined benefits are assessed in accordance with the advice of independent, qualified actuaries. External professional pension administrators normally conduct the administration of these schemes.

Defined contribution schemes

The principal defined contribution schemes are as follows:

- Amey Group Flexible Retirement Plan, offered to new employees at Amey and for current employees previously in various legacy defined contribution schemes which have now closed
- The People's Pension, a workplace pension utilised as Amey's primary automatic enrolment solution

The pension expense recognised in the income statement in respect of defined contribution schemes was £35.6 million (2021: £33.3 million).

Defined benefit schemes

The Group sponsors a number of defined benefit pension schemes, offering benefits based on an employee's final salary. The assets for these schemes are held in separate, trustee administered funds. The principal defined benefit schemes are as follows:

- Amey OS Pension Scheme
  - APS section - previously offered to eligible staff that had not been transferred into the Group via acquisition or outsourcing. However, this scheme does include staff that transferred out of the Ministry of Defence at the time the Comax business separated from the Defence Evaluation and Research Agency. Future accrual ceased for existing members with effect from 5 April 2012
  - Amey section - offered historically to former public sector employees who transferred into the Group under a variety of public sector outsourcing contracts.
  - Accord section - offered historically for those eligible employees who worked principally within Accord Limited, a subsidiary of Enterprise plc (now Enterprise Limited) acquired in 2013.
- Railways Pension Scheme, - this is an industry-wide pension scheme for railways employees and provides benefits for those eligible employees who are working within Amey Rail Limited, Amey OWR Limited or elsewhere in the Group. Amey has two shared-cost sections; the Amey Rail Section and Owen Williams Section. The Group accounts for its share of the separately identified assets and liabilities of these Sections and the Group cannot be held liable for the obligations of other entities that participate in this scheme and as such only makes contributions in respect of its sections.
- Citrus Pension Scheme, this scheme is now closed to new entrants and future accrual ceased for existing members with effect from 31 October 2016. The Group accounts for its share of the separately identified assets and liabilities of its section of this industry-wide scheme
- West Yorkshire Pension Fund, the Group has a liability to this scheme for former eligible Wakefield Council employees who transferred into the Group under TUPE transfer arrangements
- West Midlands Pension Fund, the Group has a liability to this scheme for former eligible Walsall Council employees who transferred into the Group under TUPE transfer arrangements

Given the similar characteristics of the principal defined benefit schemes, the schemes have been combined in these disclosures for presentational purposes.

For schemes that are closed to new entrants but open for future accrual, the current service costs as a percentage of pay are expected to rise significantly as active members approach retirement. All of the schemes are now essentially close to new members.

The Group's various defined benefit pension schemes are regulated by The Pensions Regulator under the UK regulatory framework. The corporate trustees of the schemes are responsible for carrying out triennial funding valuations, with the advice of an independent, qualified actuary, in order to set the contributions due to the schemes. The trustees are also responsible for ensuring that the schemes are appropriately managed and that members' benefit entitlements are secure. The trustees' other duties include administration of scheme benefits and investment of scheme assets (subject to appropriate consultation with the Group). The Group works closely with the trustees to manage the pension schemes but has no representation on the trustee boards.

No past service costs/credits have been recognised in respect of plan amendments during 2022 or 2021.

The Group has determined that it has a right to the refund of surplus on wind-up from each of the principal defined benefit pension schemes and has therefore recognised any balance sheet surpluses that have emerged at the balance sheet date.

The Group is also a participating employer in the Local Government Pension Scheme (LGPS). The Group accounts for its share of the separately identified assets and liabilities of the LGPS and the Group cannot be held liable for the obligations of other entities that participate in this scheme and as such only makes contributions in respect of its sections. The Group's share of the liabilities in these LGPS Funds is immaterial compared to the overall liabilities of the principal defined benefit pension schemes and therefore this has been aggregated with the principal schemes.

The latest actuarial funding valuations of the Group's principal defined benefit schemes have been updated by the actuaries to 31 December 2022 on a basis consistent with the requirements of IAS 19. In particular, scheme liabilities have been discounted using the rate of return on high quality bonds rather than the expected rate of return on the assets used in the scheme funding valuations. The latest scheme funding valuations were carried out on the dates indicated below.

	Date of latest valuation
Amey OS Pension Scheme – all sections	30-Sep-20
Railways Pension Scheme	31-Dec-19
Citrus Pension Scheme	31-Mar-21
West Yorkshire Pension Fund	31-Mar-22
West Midlands Pension Fund	31-Mar-22

The principal actuarial assumptions used are as follows:

	2022 %	2021 %
Rate of increase in salaries	0.45 – 3.40	0.45 – 3.45
Rate of increase in pensions in payment	1.70 – 3.65	1.75 – 3.70
Discount rate	4.80	1.85
Inflation assumption – RPI	3.10	3.20
Inflation assumption – CPI – pre-2030	2.10	2.20
Inflation assumption – CPI – post-2030	3.00	3.10

The mortality assumptions have been updated in the year and life expectancies are as follows:

	2022 Years	2021 Years
Remaining life of members aged 65		
• men	19.9 – 23.6	21.3 – 23.6
• women	22.7 – 25.2	22.3 – 25.2
Remaining life of members aged 45		
• men	21.1 – 26.4	22.6 – 26.4
• women	24.2 – 26.9	23.8 – 26.9

The duration of a scheme is an indicator of the weighted-average time until benefit payment will be made. For the schemes in aggregate, the weighted average duration is 14.0 years reflecting the appropriate split and maturity of the defined benefit obligation between current employees, deferred members and pensioners.

The amount recognised in the balance sheet was as follows:

	2022 £'000	2021 £'000 restated	2020 £'000 restated
Present value of funded obligations	(682,124)	(986,285)	(1,054,222)
Fair value of plan assets	729,523	1,054,104	1,005,129
Net pension scheme asset (liability) before withholding taxes	47,399	67,819	(49,093)
Withholding taxes	(18,053)	(32,449)	(15,252)
Net pension scheme asset (liability) after withholding taxes	29,346	35,370	(64,345)
As presented on the balance sheet:			
Retirement benefit assets	33,527	60,263	28,326
Retirement benefit obligations	(4,181)	(24,893)	(92,671)
	29,346	35,370	(64,345)

Comparative information has been restated for correction to tax on retirement benefit assets. See note 1(b) for further information.

Any surpluses in the schemes have been recognised on the basis that the Group has determined that it has a right to a refund of a surplus from all schemes under IFRIC 14. Where surpluses have been recognised, the Group has also recognised the corresponding withholding tax applicable to that surplus at the enacted rate of 35% (2021 and 2020: 35%).

The amount recognised in the income statement was as follows:

	2022 £'000	2021 £'000
Current service cost (note 6)	2,303	2,455
Total included under staff costs	2,303	2,455
Pension scheme administration costs	1,849	1,266
Finance (income) expense (note 8)	(1,339)	557
Total income statement charge	2,813	4,278

Pension expense, excluding interest, is charged to contracts or overhead based on a share of scheme members and is included in cost of sales: net operating expenses. The best estimate of the contributions expected to be paid to the defined benefit schemes for the next financial year is £1.2 million for regular payments and £5.6 million for additional top-up payments.

The amount recognised in other comprehensive income net of the withholding tax was as follows:

	2022 £'000	2021 £'000 restated
Actuarial (losses) gains	(58,359)	93,687
Total (expense) income recognised in the SOCI	(58,359)	93,687

Comparative information has been restated for correction to tax on retirement benefit assets. See note 1(b) for further information.

Actuarial gains and losses have been reported in the SOCI. The Group's share of the actual performance of fund assets was a decrease of £349.2 million (2021: £67.5 million increase).

The movements in the net pension scheme sheet asset after withholding taxes were as follows:

	2022 £'000	2021 £'000 restated
At 1 January	35,370	(64,345)
Total income statement charge	(2,813)	(4,278)
Total (expense) income recognised in the SOCI	(58,359)	93,687
Employer contributions – regular payments	1,279	1,576
Employer contributions – additional top-up payments	53,869	8,730
At 31 December	29,346	35,370

Comparative information has been restated for correction to tax on retirement benefit assets. See note 1(b) for further information.

The movements in the present value of fund obligations were as follows:

	2022 £'000	2021 £'000
At 1 January	986,285	1,054,222
Service cost, including employees' share	2,347	2,518
Interest cost	18,002	13,006
Actuarial gains due to changes in financial assumptions	(369,797)	(51,961)
Actuarial (gains) losses due to changes in demographic assumptions	(22,448)	1,009
Experience losses (gains) on defined benefit obligations	68,809	(4,898)
Deferred buy-in premium	27,603	-
Benefits paid	(28,677)	(27,611)
At 31 December	682,124	986,285

The movements in the fair value of fund assets were as follows:

	2022 £'000	2021 £'000
At 1 January	1,054,104	1,005,129
Interest on assets	19,341	12,449
Actuarial (losses) gains	(368,588)	55,034
Administration expenses	(1,849)	(1,266)
Contributions from employees	44	63
Employer contributions – regular payments	1,279	1,576
Employer contributions – additional top-up payments	53,869	8,730
Benefits paid	(28,677)	(27,611)
At 31 December	729,523	1,054,104

The movements in the withholding taxes on the pension surpluses were as follows:

	2022 £'000	2021 £'000
At 1 January	32,449	15,252
(Income) expense included in the statement of other comprehensive income	(14,396)	17,197
At 31 December	18,053	32,449

The fair values of the assets held by the various schemes were as follows:

	2022 £'000	2021 £'000
Equities	71,760	263,765
Fixed income	115,521	512,586
Property	86,013	2,500
Alternatives	-	113,799
Buy-in policies	390,766	137,700
Cash and cash equivalents	65,463	23,754
	729,523	1,054,104

The assets held by the various schemes do not directly include any of the Group's own financial instruments, nor any property occupied by, nor any other assets used by the Group.

All of the schemes hold a proportion of their assets in liability-matching asset classes in order to either partially or fully hedge for movements in interest rates and inflation. The asset-liability matching strategies are not measured against the accounting position and as such the changes in assets to market movements may not match the movement in accounting liability.

The sensitivity of the balance sheet position to changes in the key assumptions based on a reasonable approximation of possible changes is set out below. The sensitivities have been calculated using the same approach at the previous year end, which involves calculating new values for the liabilities and assets under the scenarios set out below, whilst keeping all other assumptions constant.

Assumption	Reduction (increase) in asset on the balance sheet (before taxes) £'000
+0.5% change to the RPI assumption	14,200
+0.5% change to discount rate assumed	(16,100)
-0.5% change to discount rate assumed	17,900
Members' life expectancy increases by one year	9,000

The key risks impacting the Group's pension schemes are set out below:

Investment risk

The Schemes' accounting liabilities are calculated using a discount rate set with reference to the yield available on high-quality corporate bonds as required by the standard. If the Schemes' assets underperform this yield, this will cause a deficit to emerge in the Schemes over time. The Schemes hold growth assets, such as equities, property and hedge funds. These asset classes are expected to outperform corporate bonds over the long-term but are more volatile and generate risk for the Schemes in the short-term. However, the Schemes hold a diversified portfolio of assets to minimise this risk. The Schemes also hold multiple insurance policies in respect of all deferred and pensioner members for the sections of the Amey OS Pension Scheme. These policies broadly match the benefits provided by the Schemes in respect of the covered members, and therefore act to reduce investment risk. The Group has ensured that a robust investment management framework is in place to mitigate as much as possible the risks associated with the investment strategy.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Schemes' liabilities. This will be partially offset by an increase in the value of the Schemes' holdings in gilts, corporate bonds and insurance policies, which the Schemes hold in order to match some of the movement in their liabilities. However, some of the assets held to match movements in liabilities are held to match movements in gilt yields. This will match movement in the accounting liabilities to the extent that the corporate bond yields move alongside gilt yields. As such the Schemes are exposed to movement in the spread between gilt yield and corporate bond yields.

Inflation risk

Many of the Schemes' benefits are linked to inflation so higher expectations of future inflation leads to a higher value being placed on the liabilities. However, there are caps on the level of inflationary increases which protect the Schemes in the extent of extreme inflation. The Schemes each hold assets to match a specified proportion of movements in inflation. The remainder of the assets are unaffected by (i.e. fixed interest bonds) or loosely correlated with (i.e. equities and property) inflation, meaning that an increase in inflation will also increase the deficit. The extent to which the Schemes' liabilities move due to inflation varies on a scheme-by-scheme basis, influenced by the benefits provided by the individual pension schemes. Liabilities will also increase should actual inflation be higher than expected in the liability valuation.

Following the Government's announcement in November 2020 that RPI would be aligned with CPIH from 2030, the approach for deriving the inflation assumptions has changed. There is a different approach to pre- and post- 2030 assumptions with a term-dependent approach for deriving the CPI assumption and the Inflation Risk Premium was decreased from 0.4% in 2021 to 0.3% for 2022.

Life expectancy

The Schemes' obligations are to provide benefits for the life of the member after retirement and their spouse following the member's death. As a result, higher life expectancies will lead to a higher value being placed on the liabilities. This is particularly relevant where the Schemes have significant inflationary increases, as this results in a higher sensitivity to changes in life expectancy. The Group notes that this is a risk to which any defined benefit pension scheme is exposed, and that, alongside the trustee of the Amey OS Pension Scheme, it has taken steps to mitigate risk through purchasing insurance policies in respect of the majority of the Amey OS Pension Scheme's membership. Holding insurance policies reduces the sensitivity to changes in life expectancies, but this remains a risk in respect of active members of the Schemes whose obligations are more sensitive to increases in future improvements in life expectancies and are not covered by the insurance policies.

24 Provisions for other liabilities and charges

	Onerous lease provision £'000	Insurance reserve £'000	Contract loss and claims provision £'000	Joint venture loss provision £'000 restated	Landfill site provision £'000	Total £'000 restated
At 1 January 2021 – as previously reported	4,058	16,310	122,573	9,117	1,894	153,952
Impact of restatement (see note 1(b))	-	-	-	(8,234)	-	(8,234)
At 1 January 2021 – as restated	4,058	16,310	122,573	883	1,894	145,718
Income statement – cost of sales	940	3,784	-	-	38	4,762
Income statement – finance costs (discount unwind)	-	-	1,196	-	-	1,196
Share of profit after tax of joint ventures	-	-	-	283	-	283
Utilisation	(190)	(3,758)	(32,806)	-	-	(36,754)
Reclassed with assets held for sale (see note 1(c) and 17)	-	-	(42,984)	-	(1,932)	(44,916)
At 31 December 2021	4,808	16,336	47,979	1,166	-	70,289
At 31 December 2021 – as previously reported	4,808	16,336	47,979	3,732	-	72,855
Impact of restatement (see note 1(b))	-	-	-	(2,566)	-	(2,566)
At 1 January 2022 – as restated	4,808	16,336	47,979	1,166	-	70,289
Income statement – cost of sales	1	2,244	111,942	-	-	114,187
Income statement – finance costs (discount unwind)	-	-	2,114	-	-	2,114
Share of profit after tax of joint ventures	-	-	-	(203)	-	(203)
Utilisation	(2,872)	(2,138)	(12,059)	-	-	(17,069)
Divestments	(221)	-	-	-	-	(221)
At 31 December 2022	1,716	16,442	149,976	963	-	169,097
As presented on the balance sheet:						
Current liabilities	286	4,769	41,272	-	-	46,327
Non-current liabilities	1,430	11,673	108,704	963	-	122,770
At 31 December 2022	1,716	16,442	149,976	963	-	169,097
Current liabilities	738	5,136	23,922	-	-	29,796
Non-current liabilities	4,070	11,200	24,057	1,166	-	40,493
At 31 December 2021	4,808	16,336	47,979	1,166	-	70,289
Current liabilities	738	5,376	37,820	-	-	43,934
Non-current liabilities	3,320	10,934	84,753	883	1,894	101,784
At 31 December 2020	4,058	16,310	122,573	883	1,894	145,718

Comparative information has been restated for the reclassification of part of the joint venture loss provision. See note 1(b) for further information.

At 31 December 2021, the Group has classed certain provisions for other liabilities and charges as part of liabilities held for sale. This follows the change of perimeter of assets/liabilities held for sale arising during the year (see note 1(c)). Provisions relating to the Waste Treatment CGU were reclassed with effect from 31 March 2021 and adjustments relating to the amended perimeter of the Utilities Water CGU were reclassed with effect from 31 December 2021.

The table below sets out the movement on provisions included within liabilities held for sale during the year:

	Contract loss and claims provision £'000	Joint venture loss provision £'000 restated	Landfill site provision £'000	Total £'000 restated
At 1 January 2021	300	-	-	300
Reclassed with assets held for sale (see note 1(c) and 17)	42,984	980	1,932	45,896
Income statement – cost of sales	39,588	-	336	39,924
Utilisation	(869)	-	(180)	(1,049)
Share of movements of joint ventures in the SOCI	-	365	-	365
At 31 December 2021	82,003	1,345	2,088	85,436
At 31 December 2021 – as previously reported	82,003	5,295	2,088	89,386
Impact of restatement (see note 1(b))	-	(3,950)	-	(3,950)
At 1 January 2022 – as restated	82,003	1,345	2,088	85,436
Income statement – cost of sales	3,532	-	135	3,667
Income statement – finance costs (discount unwind)	1,068	-	-	1,068
Utilisation	(22,231)	-	(84)	(22,315)
Share of movements of joint ventures in the SOCI	-	382	-	382
Divestment	(64,372)	(1,727)	(2,139)	(68,238)
At 31 December 2022	-	-	-	-

Comparative information has been restated for the reclassification of part of the joint venture loss provision. See note 1(b) for further information.

The onerous lease provision is in respect of property leases and also includes provision for dilapidations. This is expected to be utilised over and at the end of the remaining lease terms.

The insurance reserve represents claims made for which the Group is considered liable and will be utilised as the claims are settled.

The contract loss and claims provision represent settlement agreements and estimated future losses arising from disputes and contract obligations. Future loss provisions of £150.0 million are held at 31 December 2022, of which £108.7 million reflects the judgements made in the accounts of the Group's immediate holding company following the acquisition of the Group at 30 December 2022. Further information in relation to individual contracts has not been disclosed due to the commercial sensitivity of these matters. The total also includes provision made in prior years relating to the discounted settlement payments on the agreed exit from the Birmingham City Council Highways PFI Contract with £25.0 million remaining at 31 December 2022, which was fully settled in January 2023.

The joint venture loss provision represents the Group's share of losses recognised which the Group is committed to funding.

The landfill site provision represented the Group's post-closure cost for site restoration and aftercare for up to sixty years post-closure.

The timing of future utilisation of provisions can be uncertain, particularly regarding insurance claims, but there is more certainty with regards to the timing of utilisation on the other categories of provisions. The contract loss provision will be utilised over a period of up to fifteen years. Contract loss provisions have been discounted at a rate of 3% per annum (2021: 3%).

25 Share capital

Ordinary shares of £1 each	Number	£'000
Authorised		
At 1 January 2021, 31 December 2021 and at 31 December 2022	204,000,000	204,000
Issued, allotted, called up and fully paid		
At 1 January 2021, 31 December 2021 and at 31 December 2022	203,676,768	203,677

26 Other equity instruments

	£'000
At 1 January 2021	545,868
Accrued dividend for the year	3,522
At 31 December 2021	549,390
Accrued dividend for the year	4,530
Transfer to retained losses in respect of reduction to other equity instrument	(277,232)
At 31 December 2022	276,688

On 30 April 2018, Ferrofin SL (a Ferrovial, S.A. group company), issued an Other equity instrument to the Group (through a subordinated hybrid loan facility to Amey UK Limited) for cash of £60.0 million. On 8 July 2019, £200.0 million of the Group's existing subordinated loans from Landmille Limited and held by a subsidiary undertaking, Amey Limited (previously Amey plc), were converted into a second Other equity instrument (also a subordinated hybrid loan) with Landmille Limited.

On 26 February 2020, £169.0 million of the Group's remaining existing subordinated loans from Landmille Limited and held by a subsidiary undertaking, Amey Limited, were converted into a third Other equity instrument with Landmille Limited (through a further subordinated hybrid loan).

On 31 December 2020, the Group's existing £60.0 million subordinated hybrid loan held by Amey UK Limited from Ferrofin SL was converted and consolidated with a further issue of subordinated hybrid loans of £103.1 million into a restated subordinated hybrid loans from Ferrofin SL. These restated loans of £138.1 million and £25.0 million are classed as Other equity instruments and are perpetual loans with an applicable interest rate of 12-month LIBOR plus 200 basis points which rises to 12-month LIBOR plus 500 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold.

On 30 December 2022, the hybrid loans to Amey UK Limited were assigned from Ferrofin SL to Project Ardent Bidco Limited, the Group's new immediate parent undertaking, as part of the acquisition of the Group from the Ferrovial Group.

Also, on 31 December 2020, the Group's remaining subordinated loan from Landmille Limited (held by Amey Limited (previously Amey plc)) of £8.8 million was converted and consolidated with the existing £200.0 million and £169.0 million subordinated hybrid loans from Landmille Limited. The resulting restated subordinated hybrid loan of £377.8 million was due to Landmille Limited. This restated loan is classed as Other equity instrument and is a perpetual loan that is initially interest free but bears interest at 12-month LIBOR plus 700 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold.

On 29 December 2022, Landmille Limited released Amey Limited from any and all obligations under a portion of the restated subordinated hybrid loan. The released amount was £277.2 million with the remaining outstanding hybrid loan principal being £100.6 million.

On 30 December 2022, the hybrid loans to Amey Limited were assigned from Landmille Limited to Project Ardent Bidco Limited, the Group's new immediate parent undertaking, as part of the acquisition of the Group from the Ferrovial Group.

Landmille Limited and Ferrofin, SL are both subsidiary undertakings of the Group's former ultimate parent undertaking, Ferrovial, S.A.

All of the hybrid loans in issue at 31 December 2022 have no specified maturity date but can be redeemed by the Group at any time. The Group also has the power to delay timing of the interest payments at its sole discretion which cannot be claimed by the lender.

As it is at the Group's discretion to decide both the repayment of the principal and the possibility of deferring the payment of interest, the loans do not satisfy the condition to be accounted for as financial liabilities since they do not include a contractual obligation to pay cash or other financial assets to discharge the liability. Accordingly, they are classified as equity instruments and are recognised as 'Other equity instruments'. The accrued interest is recognised in reserves and treated in the same way as dividends. The total interest accrued on all subordinated hybrid loans at 31 December 2022 was £12.9 million (2021: £8.4 million).

27 Non-controlling interests

The aggregate share of non-controlling interests in the results and net (liabilities) assets of the Group was as follows:

	Thalia Waste Management Limited and subsidiary companies	Other group companies 2022 £'000	Total 2022 £'000	Thalia Waste Management Limited and subsidiary companies 2021 £'000	Other group companies 2021 £'000	Total 2021 £'000
Share of revenue	41,301	7,019	48,320	39,576	7,447	47,023
Share of (loss) profit after tax	79,249	-	79,249	(21,966)	12	(21,954)
Share of other comprehensive income	7,327	-	7,327	2,593	-	2,593
Dividends paid to non-controlling interest shareholder	-	-	-	-	(290)	(290)
Share of gross assets	-	1,090	1,090	90,294	1,695	91,989
Share of gross liabilities	-	(1,004)	(1,004)	(176,872)	(1,607)	(178,479)
Share of net (liabilities) assets	-	86	86	(86,578)	88	(86,490)

The non-controlling interest in Thalia Waste Management Limited and subsidiary companies was held by a fellow Ferrovial, S.A. group company and has been extinguished with the sale of the Thalia Waste Management Limited group in 2022. Details of all subsidiary companies, and the percentage interest held in those subsidiaries, are shown in note 31.

28 Cash flow generated from operating activities

	Continuing operations 2022 £'000	Discontinued operations 2022 £'000	Total 2022 £'000	Continuing operations 2021 £'000	Discontinued operations 2021 £'000	Total 2021 '000
Profit before tax	86,420	4,238	90,658	81,953	(111,725)	(29,772)
Adjustment for net finance expense						
Finance income	(6,240)	(3,476)	(9,716)	(3,647)	(4,911)	(8,558)
Finance costs	7,429	5,476	12,905	7,918	5,733	13,651
	1,189	2,000	3,189	4,271	822	5,093
Adjustment for non-cash movements						
Depreciation of property, plant and equipment			25,274			28,242
Amortisation of intangible assets			1,274			10,199
Impairment of assets			653			30,328
Non-cash pension credit			(35,134)			(6,585)
Share of profit after tax of joint ventures			(3,697)			(6,170)
(Profit) loss on disposal of property, plant and equipment			(1,801)			1,513
(Profit) loss on disposal of investments			(29,907)			74
Non-cash provisions movement			117,854			44,686
			74,516			102,287
Movement in working capital						
Increase in inventories			(5,792)			(839)
Increase in receivables			(119,483)			(22,164)
Decrease in payables			(13,758)			(877)
Utilisation of provisions			(39,384)			(37,803)
			(178,417)			(61,683)
Cash flow generated by operating activities			(10,054)			15,925

29 Changes in financial liabilities arising from financing activities

The following financial liabilities form part of the overall financing of the Group. Cash flows arising in respect of financial liabilities classed as held for sale have been excluded from this analysis.

	2022 £'000	2021 £'000
Lease liabilities	61,887	79,082
Total finance liabilities forming part of financing	61,887	79,082

The changes in financial liabilities arising from financial activities are set out below:

	2022 £'000	2021 £'000
Total financial liabilities forming part of financing at the start of the year	79,082	192,318
Cash movements on financial liabilities:		
Repayment of other bank loans with recourse	-	(22,000)
Repayment on non-controlling interest shareholder loan	-	(100)
Repayment of leases	(18,794)	(21,620)
Repayment of PFI/PPP Non-recourse term loans	-	(383)
	(18,794)	(44,103)
Non-cash movements on financial liabilities:		
Inception of new leases	18,119	33,361
Early release from existing leases	(16,520)	(7,887)
Roll up of unpaid interest on amounts due to Ferrovial, S.A. group undertaking	-	277
Change in fair value of cash flow hedge derivative financial instrument liabilities	-	(3,720)
Financial liabilities classed as part of liabilities held for sale	-	(91,164)
	1,599	(69,133)
Total reduction in financial liabilities arising from financial activities	(17,195)	(113,236)
Total financial liabilities forming part of financing at the end of the year	61,887	79,082

30 Leases – additional disclosures

The changes in lease liabilities are set out below:

	2022 £'000	2021 £'000
At 1 January	79,082	70,189
Inception of new leases	18,119	33,361
Interest payable on leases	2,938	3,472
Early release from existing leases	(16,520)	(7,887)
Total leases before payments	83,619	99,135
Repayment of leases principal	(18,794)	(21,620)
Payment of leases interest	(2,938)	(3,472)
Total payments in respect of leases	(21,732)	(25,092)
Reclassed with liabilities held for sale	-	5,039
At 31 December	61,887	79,082

The Group has leases for the properties, plant and machinery, IT equipment and some vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 12).

The average interest rate applied on leases during both of the years was 3.9% for leasehold property and 4.1% for plant and machinery. The Group took 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 leases where the lease term ends within twelve months of the date of inception.

Leases of vehicles and IT equipment are generally limited to a lease term of 3 years. Leases of property generally have a lease term ranging from 1 year to 30 years. The Group's leasing arrangements do not have any variable payment mechanisms and no residual values have been ascribed to the leases. The Group has not entered into any sale or leaseback type of transaction. At 31 December 2022, the Group had committed to no property leases which had not commenced (2021: one). The total future cash outflows for leases that had not yet commenced was £nil (2021: £0.4 million).

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right of use asset	Number of right of use assets leased	Range of remaining term
Land and buildings	57	1 month to 16 years
Plant and machinery	1,869	1 month to 9 years

Right of use assets

Additional information on the right of use assets by class of assets in as follows:

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Carrying value at 1 January 2021	23,377	53,624	77,001
Additions	6,552	27,448	34,000
Disposals	(2,624)	(6,132)	(8,756)
Depreciation charge for the year	(5,384)	(16,272)	(21,656)
Carrying value at 31 December 2021	21,921	58,668	80,589
Additions	6,465	11,733	18,198
Disposals	(1,951)	(14,876)	(16,827)
Depreciation charge for the year	(6,105)	(15,016)	(21,121)
Carrying value at 31 December 2022	20,330	40,509	60,839

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Included on the statement of financial position as follows:

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Property plant and equipment	20,330	40,509	60,839
Assets held for sale	-	-	-
Carrying value at 31 December 2022	20,330	40,509	60,839
Property plant and equipment	20,304	58,668	78,972
Assets held for sale	1,617	-	1,617
Carrying value at 31 December 2021	21,921	58,668	80,589

The right-of-use assets are included in the same category as where the corresponding underlying assets would be presented if they were owned.

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2022 £'000	2021 £'000
Borrowings - Current	17,648	22,340
Borrowings - Non-current	44,239	56,742
	61,887	79,082
As part of liabilities held for sale	-	2,658
Total	61,887	81,740

31 Subsidiary undertakings, joint venture undertakings and jointly controlled operations

All subsidiary undertakings are incorporated in England and Wales and operate principally in the UK (unless otherwise indicated). Amey Power Services Limited has a branch in The Republic of Ireland. The Group's voting rights and the interest in their equity shares are 100% (unless otherwise indicated). Where the Group does not hold 100%, then the Group accounts for the corresponding Non-Controlling interest (see note 27). All interests are held through another subsidiary undertaking with the exception of Amey Holdings Limited, which is held directly by Amey UK Limited. All subsidiary undertakings have been consolidated.

Active subsidiary undertakings	Nature of business
Amey Holdings Limited	Holding company
Amey Limited (previously Amey plc)	Holding company
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 USA, Inc. (USA)	Highway management and maintenance (USA)
Amey Defence Services Limited	Facilities management and buildings maintenance
Amey Defence Services (Housing) Limited	Housing maintenance on behalf of the MOD
Amey Environmental Services Limited	Waste management
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 OW Group Limited	Holding company
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 Ventures Limited	Bid management
Amey Ventures Asset Holdings Limited	Investment holdings
Amey Wye Valley Limited (80%)	Highways maintenance and other services
A.R.M. Services Group Limited	Holding company
Brophy Grounds Maintenance Limited	Environmental services
Byzak Limited	Water systems maintenance
C.F.M. Building Services Limited (Scotland)	Buildings maintenance
Enterprise Limited (previously 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
Fleet and Plant Hire Limited	Specialist fleet support services
Globemile Limited	Holding company
Heating and Building Maintenance Company Limited	Facilities management
MRS Environmental Services Limited	Environmental services
Nationwide Distribution Services Limited	Highways maintenance and other services
Seilwaith Amey Cymru/Amey Infrastructure Wales Limited	Rail services, management and maintenance
Sherard Secretariat Services Limited	Company secretarial services
Slough Enterprise Limited	Environmental services

Active subsidiary undertakings	Nature of business
The Group disposed of the following subsidiary undertakings during 2022:	
Amey (IOW) SPV Limited (since renamed Thalia IOW SPV Limited)	Waste management
Amey Utility Services Limited (since renamed Avove Limited)	Utilities network maintenance
Amey Ventures Management Services Limited (since renamed Albany Ventures Management Services Limited)	Investment management
Thalia AWRP ODC Limited (50%)	Waste management
Thalia MK ODC Limited (50%)	Waste management
Thalia Waste Management Limited (50%)	Holding Company
Thalia WB Holdco (50%)	Holding company
Thalia WB ODC Limited (50%)	Waste management
Thalia WB Services Limited (50%)	Holding Company
Thalia WB SPV Limited (50%)	Waste management

Dormant subsidiary undertakings	Nature of business
Access Hire Services Limited+	Enterprise Business Solutions 2000 Limited ++
Accord Asset Management Limited ++	Enterprise Fleet Limited ++
Accord Consulting Services Limited ++	Enterprise Foundation (ETR) Limited +++
Accord Environmental Services Limited ++	Enterprise Islington Limited ++
Accord Network Management Limited +	Enterprise Lighting Services Limited ++
Amey (JJMG) Limited ++	Enterprise Managed Services (BPS) Limited ++
Amey Building Limited +	Enterprise Public Services Limited ++
Amey Datel Limited +	Haringey Enterprise Limited ++
Amey Facilities Partners Limited +	Hillcrest Developments (Yorkshire) Limited
Amey IT Services Limited ++	ICE Developments Limited +
Amey Railways Holdings Limited ++	JDM Accord Limited ++
Amey Technology Services Limited ++	JNP Ventures Limited ++
Amey Tramlink Limited +	JNP Ventures 2 Limited ~
Amey Tube Limited ++	MRS St Albans Limited ++
Comax Holdings Limited ++	Novo Community Limited ++
Countrywide Property Inspections Limited ++	TPI (Holdings) Limited ++
CRW Maintenance Limited ++	Transportation Planning (International) Limited ++
Durley Group Holdings Limited ++	Trinity Group Holdings Limited ++
Enterprise (ERS) Limited ^	Wimco Limited +
Enterprise Building Services Limited ++	

Amey (ABD) Limited was dissolved on 1 February 2022.
Amey 1321 Limited was dissolved on 1 March 2022.
Thalia IOW ODC Limited (50%) was sold in November 2022

~ Company dissolved via voluntary strike off 16 May 2023
+ Company dissolved via voluntary strike off 23 May 2023
++ Company dissolved via voluntary strike off 30 May 2023
^ Company has applied for voluntary strike off

Accord Network Management Limited, EnterpriseManchester Partnership Limited and Enterprise Foundation (ETR) Limited all have financial periods ending on 31 March. All other subsidiary undertakings have financial periods ending on 31 December. Where a subsidiary undertaking does not have a coterminous year end, interim financial statements have been prepared.

Dormant subsidiary undertakings are exempt from audit under section 480 of the Companies Act 2006.

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

Joint venture undertakings	Nature of business	Class of share held	2022 % held	2021 % held
ALC (FMC) Limited (in voluntary liquidation)	PFI asset management concession for the MOD	Ordinary	50.0	50.0
Amey (ABD) Limited	Energy efficiency design and installation	Ordinary	50.0	50.0
AmeyBriggs Asset Holdings Limited	Complex Facilities	Ordinary	50.0	50.0
AmeyBriggs Assets Limited	Complex Facilities	Ordinary	50.0	50.0
AmeyBriggs Services Holdings Limited	Complex Facilities	Ordinary	50.0	50.0
AmeyBriggs Services Limited	Complex Facilities	Ordinary	50.0	50.0
Amey FMP Belfast Strategic Partnership Hold Co Limited	Managing development of schools and libraries in Northern Ireland	Ordinary	70.0	70.0
Amey FMP Belfast Strategic Partnership SP Co Limited	Managing development of schools and libraries in Northern Ireland	Ordinary	70.0	70.0
Amey Hallam Highways Holdings Limited	PFI highways concession in Sheffield	See note	3.3	3.3
Amey Hallam Highways Limited	PFI highways concession in Sheffield	See note	3.3	3.3
Amey Infrastructure Management (1) Limited	Investment holdings	See note	10.0	10.0
Amey Infrastructure Management (2) Limited (since renamed Equitix Infrastructure Management (2) Limited)	Investment holdings	See note	-	10.0
Amey Infrastructure Management (3) Limited	Investment holdings	See note	10.0	10.0
Amey Ventures Investments Limited	Investment holdings	Ordinary	5.0	5.0
Amey-Webber LLC (USA)	Highways maintenance	Ordinary	51.0	51.0
AmeyVTOL Limited	Railways maintenance	Ordinary	60.0	60.0
AWRP Holding Co Limited	PFI waste management concession	See note	-	3.3
AWRP SPV Limited	PFI waste management concession	See note	-	3.3
EduAction (Waltham Forest) Limited	Education support services outsourcing	Ordinary	-	50.0
GEO Amey Limited	Prisoner escort and custody services	Ordinary	50.0	50.0
Integrated Bradford Hold Co Two Limited	PFI schools concession in Bradford	See note	0.6	0.6
Integrated Bradford LEP Limited	PFI schools concession in Bradford	See note	4.0	4.0
Integrated Bradford LEP Fin Co One Limited	PFI schools concession in Bradford	See note	4.0	4.0
Integrated Bradford PSP Limited	PFI schools concession in Bradford	See note	5.0	5.0
Integrated Bradford SPV Two Limited	PFI schools concession in Bradford	See note	0.6	0.6
Keolis Amey Consulting Limited	Railways maintenance	Ordinary	36.0	36.0
Keolis Amey Docklands Limited	Railways maintenance	Ordinary	30.0	30.0
Keolis Amey Metrolink Limited	Railways maintenance	Ordinary	40.0	40.0
Keolis Amey Operations/Gweithrediadau Keolis Amey Limited	Railways maintenance	Ordinary	36.0	36.0
Keolis Amey Rail Limited	Railways maintenance	Ordinary	40.0	40.0
Scot Roads Partnership Holdings Limited (Scotland)	Highways maintenance	Ordinary	20.0	20.0
Scot Roads Partnership Project Limited (Scotland)	Highways maintenance	Ordinary	20.0	20.0
Scot Roads Partnership Finance Limited (Scotland)	Highways maintenance	Ordinary	20.0	20.0
Thalia MK Holding Co Limited	PFI waste management concession	Ordinary	-	50.0
Thalia MK SPV Limited	PFI waste management concession	Ordinary	-	50.0
TfW Innovation Services Limited	Railways maintenance	Ordinary	17.6	17.6

EduAction (Waltham Forest) Limited was dissolved on 1 February 2022

Note – the class of share held by the Group for each of the Companies here noted is 50.1% of Ordinary shares and 10.0% of Preference shares.

Percent held represents the overall economic interest in the joint venture undertaking.

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

Joint venture undertakings	Nature of business	Class of share held	2022 % held	2021 % held
AHL Holdings (Manchester) Limited	PFI street lighting concession	Ordinary	2.5	2.5
Amey Highways Lighting (Manchester) Limited	PFI street lighting concession	Ordinary	2.5	2.5
AHL Holdings (Wakefield) Limited	PFI street lighting concession	Ordinary	2.5	2.5
Amey Highways Lighting (Wakefield) Limited	PFI street lighting concession	Ordinary	2.5	2.5
ALC (Superholdco) Limited (in voluntary liquidation)	PFI asset management concession for the MOD	Ordinary	2.5	2.5
ALC (Holdco) Limited (in voluntary liquidation)	PFI asset management concession for the MOD	Ordinary	2.5	2.5
ALC (SPC) Limited (in voluntary liquidation)	PFI asset management concession for the MOD	Ordinary	2.5	2.5
Amey Belfast Schools Partnership Hold Co Limited	PFI schools concession	Ordinary	5.0	5.0
Amey Belfast Schools Partnership PFI Co Limited	PFI schools concession	Ordinary	5.0	5.0
Amey Lighting (Norfolk) Holdings Limited	PFI street lighting concession	Ordinary	5.0	5.0
Amey Lighting (Norfolk) Limited	PFI street lighting concession	Ordinary	5.0	5.0
Amey Roads NI Holdings Limited (Northern Ireland)	PFI highways concession in Northern Ireland	Ordinary	2.5	2.5
Amey Roads NI Limited (Northern Ireland)	PFI highways concession in Northern Ireland	Ordinary	2.5	2.5
Amey Roads NI Financial plc (Northern Ireland)	PFI highways concession in Northern Ireland	Ordinary	2.5	2.5
E4D&G Holdco Limited	PFI schools concession in Dumfries & Galloway	Ordinary	4.3	4.3
E4D&G Project Co Limited	PFI schools concession in Dumfries & Galloway	Ordinary	4.3	4.3
Integrated Bradford Hold Co One Limited	PFI schools concession in Bradford	Ordinary	1.7	1.7
Integrated Bradford SPV One Limited	PFI schools concession in Bradford	Ordinary	1.7	1.7
RSP (Holdings) Limited (Scotland)	PFI schools concession in Renfrewshire	Ordinary	1.8	1.8
The Renfrewshire Schools Partnership Limited (Scotland)	PFI schools concession in Renfrewshire	Ordinary	1.8	1.8
Services Support (Avon and Somerset) Holdings Limited	PFI courts concession in Bristol	Ordinary	1.0	1.0
Services Support (Avon and Somerset) Limited	PFI courts concession in Bristol	Ordinary	1.0	1.0

The Group also has an interest in the following jointly controlled operations:

Joint venture undertakings	Participating subsidiary	Nature of business	2022 % held	2021 % held
Amey Black and Veatch	Byzak Limited	Water systems maintenance	50.0	50.0
AmeyColas	Amey Rail Limited	Rail track maintenance and renewal	50.0	50.0
AmeyInabensa	Amey Rail Limited	Rail track maintenance and renewal	50.0	50.0
Amey Lafarge	Amey LG Limited	Highways management and maintenance	70.0	70.0
Amey-Miller Glasgow Schools	Amey Construction Limited	Building support services	50.0	50.0
AmeyMouchel	Amey LG Limited	Highways management and maintenance	75.0	75.0
AmeySersa	Amey Rail Limited	Rail track maintenance and renewal	70.0	70.0
Amey SRM	Amey OW Limited	Highways management and maintenance	50.0	50.0
KeolisAmey	Amey Rail Limited	Rail track maintenance and renewal	70.0	70.0

The jointly controlled operations represent activities where assets have been pooled with other operators within the contract as part of the overall venture. They do not have registered offices other than the registered office of the participating subsidiaries. The principal place of business is Chancery Exchange, 10 Furnival Street, London, EC4A 1AB.

All incorporated joint venture undertakings operate in the UK, with the exception of Amey-Webber LLC (USA). All joint venture undertakings and jointly controlled operations are not held directly but are held through subsidiary undertakings.

All joint venture undertakings and jointly controlled operations have financial periods ending on 31 December, with the exceptions of: Amey Roads NI Holdings Limited, Amey Roads NI Limited, Amey Roads NI Financial plc, Keolis Amey Metrolink Limited, Keolis Amey Rail Limited, Keolis Amey Operations/ Gweithrediadau Keolis Amey Limited, Scot Roads Partnership Holdings Limited, Scot Roads Partnership Project Limited, Scot Roads Partnership Finance Limited, TfW Innovation Services Limited (all 31 March); ALC (FMC) Limited, ALC (Superholdco) Limited, ALC (Holdco) Limited, ALC (SPC) Limited, Amey FMP Belfast Strategic Partnership Hold Co Limited, Amey FMP Belfast Strategic Partnership SP Co Limited (all 30 June). Where a joint venture undertaking does not have a coterminous year end, interim financial statements have been prepared.

Registered offices

The registered office of subsidiary and joint venture undertakings is Chancery Exchange, 10 Furnival Street, London, EC4A 1AB, United Kingdom. The exceptions to this are set out in the table below:

Undertaking	Registered office (United Kingdom, unless otherwise indicated)
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
ALC (FMC) Limited	The Business Debt Advisor, 18-22 Lloyd Street, Manchester, M2 5WA
ALC (Superholdco) Limited	The Business Debt Advisor, 18-22 Lloyd Street, Manchester, M2 5WA
ALC (Holdco) Limited	The Business Debt Advisor, 18-22 Lloyd Street, Manchester, M2 5WA
ALC (SPC) Limited	The Business Debt Advisor, 18-22 Lloyd Street, Manchester, M2 5WA
Amey Belfast Schools Partnership Hold Co Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey Belfast Schools Partnership PFI Co Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey Consulting Australia Pty Limited	Level 26, 181 William Street, Melbourne, VIC 3000, Australia
Amey Consulting USA, Inc.	1130 Post Oak Boulevard, Suite 1250, Houston, Texas 77056
Amey FMP Belfast Strategic Partnership Hold Co Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey FMP Belfast Strategic Partnership SP Co Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey Hallam Highways Holdings Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey Hallam Highways Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
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 Infrastructure Management (1) Limited	Watling House, 5th Floor, 33 Cannon Street, London, EC4M 5SB
Amey Infrastructure Management (3) Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey Lighting (Norfolk) Holdings Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey Lighting (Norfolk) Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey Roads NI Limited	Murray House, Murray Street, Belfast, BT1 6DN
Amey Roads NI Holdings Limited	Murray House, Murray Street, Belfast, BT1 6DN

Continue on the next page

Undertaking	Registered office (United Kingdom, unless otherwise indicated)
Amey Roads NI Financial plc	Murray House, Murray Street, Belfast, BT1 6DN
Amey Ventures Investments Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey-Webber LLC	1209 Orange Street, Wilmington 19801, Delaware, USA
C.F.M. Building Services Limited	Precision House, McNeil Drive, Motherwell, Scotland, ML1 4UR
E4D&G Holdco Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
E4D&G Project Co Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Fleet and Plant Hire Limited	The Matchworks Pavilions 3 and 4, Garston, Liverpool, L19 2PH
GEO Amey Limited	Unit A, Redwing Centre, Mosley Road, Trafford Park, Manchester, M17 1RJ
Integrated Bradford Hold Co One Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Integrated Bradford Hold Co Two Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Integrated Bradford LEP Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Integrated Bradford LEP Fin Co One Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Integrated Bradford PSP Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Integrated Bradford SPV One Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Integrated Bradford SPV Two Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Keolis Amey Consulting Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Keolis Amey Docklands Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Keolis Amey Metrolink Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Keolis Amey Operations/Gweithrediadau Keolis Amey Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
Keolis Amey Rail Limited	Evergreen Building North, 160 Euston Road, London, NW1 2DX
RSP (Holdings) Limited	Precision House, McNeil Drive, Motherwell, ML1 4UR
Scot Roads Partnership Finance Limited	1e, Willow House, Kestrel View, Strathclyde Business Park, Bellshill, ML4 3PB
Scot Roads Partnership Holdings Limited	1e, Willow House, Kestrel View, Strathclyde Business Park, Bellshill, ML4 3PB
Scot Roads Partnership Project Limited	1e, Willow House, Kestrel View, Strathclyde Business Park, Bellshill, ML4 3PB
Seilwaith Amey Cymru / Amey Infrastructure Wales Limited	Cvl Infrastructure Depot Ty Trafnidiaeth, Treforest Industrial Estate, Gwent Road, Pontypridd, CF37 5UT
Services Support (Avon & Somerset) Limited	Watling House, 5th Floor, 33 Cannon Street, London, EC4M 5SB
Services Support (Avon & Somerset) Holdings Limited	Watling House, 5th Floor, 33 Cannon Street, London, EC4M 5SB
TfW Innovation Services Limited	3 Llys Cadwyn, Taff Street, Pontypridd, Rhondda Cynon Taf, CF37 4TH
The Renfrewshire Schools Partnership Limited	Precision House, McNeil Drive, Motherwell, ML1 4UR

32 Financial and capital commitments

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets of less than £5,000. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. The committed future payments in relation to these are:

	Short term leases 2022 £'000	Low value leases 2022 £'000	Short term leases 2021 £'000	Low value leases 2021 £'000
Within 1 year	-	1,248	1	1,813
In 2 to 5 years inclusive	-	269	1	978
	-	1,517	2	2,791

Lease commitments relate to many small agreements throughout the Group, mainly in respect of IT equipment. None of these are deemed significant enough for separate disclosure. The commitment above relates to short-term and low value rentals only that are not accounted for as leases in accordance with IFRS 16.

Other financial commitments

The Group had no other financial commitments at 31 December 2022 or at 31 December 2021.

33 Contingent liabilities

As part of its activities, the Group is subject to contingent liabilities arising from the performance of certain contracts. At 31 December 2022, the Group has provided bank collateral totalling £47 million (2021: £54 million). In some cases, liabilities not covered by bank guarantees are covered by guarantees granted by fellow Group members, though these do not impact the overall Group. Guarantees have also been provided to joint venture undertakings totalling £370 million (2021: £311 million), of which the most relevant are those provided to the UK Ministry of Justice for both current and future service provision. A portion of the risk associated with guarantees has been mitigated through third party liability or construction defect insurance policies. The Directors consider the likelihood of a claim arising under these performance bonds, indemnities or guarantees to be remote.

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

Under the terms of the Birmingham City Council Highways PFI contract settlement arrangements, the Group has provided guarantees in respect of the payment of the settlement accounts with £25 million remaining to be paid at 31 December 2022. In January 2023, the remaining balance was settled in full.

34 Related party transactions

Joint venture undertakings

Certain Group subsidiary undertakings hold contracts to design, build and in certain instances maintain and supply other services in relation to PFI projects for the joint ventures. The Group also receives interest income on loans to joint ventures. The Group had the following trading balances with joint ventures at 31 December 2022:

	2022 £'000	2021 £'000	2022 £'000	2021 £'000
	Revenue		Interest receivable on loans with joint ventures	
ALC (FMC) Limited	-	487	-	-
Amey FMP Belfast Strategic Partnership Hold Co Limited	-	-	220	(202)
Amey FMP Belfast Strategic Partnership SP Co Limited	5	41	-	-
Amey Hallam Highways Limited	37,617	37,830	-	-
Amey Infrastructure Management (1) Limited	-	-	95	95
Amey Infrastructure Management (2) Limited	8	107	241	258
Amey Infrastructure Management (3) Limited	8	107	195	200
Amey Ventures Investments Limited	46,601	31,858	41	148
AmeyBriggs Services Limited	822	505	-	-
AWRP SPV Limited	16,274	13,258	-	-
GEO Amey Limited	15	15	-	-
Integrated Bradford SPV Two Limited	7,236	6,874	-	-
Integrated Bradford LEP Limited	52	229	-	-
Keolis Amey Docklands Limited	940	75	-	-
Keolis Amey Metrolink Limited	635	87	-	-
Thalia MK SPV Limited	(2,694)	(799)	585	633
	107,519	90,674	1,377	1,132

	2022 £'000	2021 £'000 restated	2022 £'000	2021 £'000
	Loan amounts outstanding with joint ventures		Net trading balance owed to (by) the Group	
Amey FMP Belfast Strategic Partnership Hold Co Limited	-	100	-	-
Amey Hallam Highways Limited	-	-	119	28
Amey Infrastructure Management (1) Limited	1,540	1,540	-	24
Amey Infrastructure Management (2) Limited	-	3,354	-	425
Amey Infrastructure Management (3) Limited	2,915	2,925	(357)	49
Amey Ventures Investments Limited	1,215	1,261	7,023	5,235
AmeyBreathe Limited	600	600	-	-
AmeyBriggs Assets Limited	-	-	-	812
AmeyBriggs Asset Holdings Limited	7,250	7,250	-	-
AmeyBriggs Services Limited	-	-	292	2,929
AmeyBriggs Services Holdings Limited	2,000	2,000	-	-
AWRP SPV Limited	-	-	-	(2)
Thalia MK SPV Holding Co Limited	-	5,061	-	-
GEO Amey Limited	-	-	90	39
Integrated Bradford LEP Limited	-	-	15	15
Integrated Bradford SPV Two Limited	-	-	661	1,276
Keolis Amey Docklands Limited	-	-	352	502
Keolis Amey Metrolink Limited	-	-	19	143
Keolis Amey Operations/Gweithrediadau Keolis Amey Limited	17,788	17,788	25	86
Keolis Amey Wales Cymru Limited	-	-	681	678
	33,308	41,879	8,920	12,239
Less: provision for impairment	(19,467)		(2)	(2)
	13,841	16,472	8,918	12,237

Comparative information has been restated for the reclassification of part of the joint venture loss provision. See note 1(b) for further information.

The amounts reported above include loan amounts outstanding with joint ventures and net trading balances owed to (by) the Group which are classed as assets held for sale on the Group balance sheet.

Parent company and their subsidiary undertakings

On 11 October 2022, the Group's ultimate parent undertaking, Ferrovial, S.A., announced that it had reached agreement to sell the whole of the share capital of Amey UK Limited and the other equity instruments held by Ferrovial as issued by Amey UK Limited and its subsidiary undertaking, Amey Limited, to Project Ardent Bidco Limited, a company controlled by One Equity Partners and Buckthorn Partners. The sale of the Group was completed on 30 December 2022.

	2022 £'000	2021 £'000
Income statement		
Net operating expenses	(7,456)	(11,823)
Net finance income	803	110
Net finance cost – Landmille Limited	-	(12)
Net finance cost – Ferrovial Servicios, S.A.	-	(1,776)
Net finance cost – Other Ferrovial, S.A. companies	(796)	(694)
	(7,449)	(14,195)
Balance sheet (including amounts classed as assets (liabilities) held for sale)		
Assets		
Non-current assets – other Ferrovial, S.A. companies	-	28,538
Current assets – held within assets held for sale – other Ferrovial, S.A. companies	-	2,058
Current assets – Project Ardent Bidco Limited	23,595	-
Current assets – other Ferrovial, S.A. companies	-	178
Liabilities		
Current liabilities – Ferrovial, S.A. group loans held within assets held for sale	-	(33,284)
Current liabilities – other Ferrovial, S.A. companies	-	(6,857)
Net liabilities	23,595	(9,367)

The Group has been charged operating expenses by Ferrovial Servicios, S.A. up to 31 October 2021 and by Ferrovial Corporación, S.A from that date to 31 December 2022. The Group has also been charged finance costs by Thalia Holdco Limited. Additionally, the Group received £4.3 million from Ferrovial, S.A. in respect of the Group's 2021 Spanish tax losses (2021: £4.5 million in respect of 2020 losses). During 2022, the Group paid Ferrovial, S.A. £4.5 million in anticipation of Ferrovial's United Kingdom tax losses being surrendered to the group for the year and £nil in respect of the Group's 2022 Spanish tax losses being surrendered to Ferrovial, S.A.

Non-current assets represented euro denominate deposits with Ferrofin, SL, which received interest at a market rate of 0.02% (2021: 0.02%). In 2022, the Group recorded a foreign exchange gain of £0.7 million (2021: £1.8 million loss) on its deposits with, Ferrovial, S.A. subsidiary undertakings.

Current assets – held within assets held for sale was the remaining part of the loan to Thalia Ventures Limited which received interest at a fixed rate of 12.5% (2021: 12.5%). This loan was written off as part of the transfer arrangements for divestment of the Waste Treatment CGU to the Ferrovial Group in November 2022.

Following the acquisition of the Group by Project Ardent Bidco on 30 December 2022, the Group has a current asset other debtor of £23.6 million from Project Ardent Bidco Limited. This balance is interest free and repayable on demand.

The Group had other Ferrovial, S.A. group loans of £nil (2021: £33.3 million) due to Thalia Holdco Limited which was designated in sterling and bore interest at market rate (2021: market rate) and was due to be repaid in by 31 December 2025. This loan was included within current liabilities held for sale in 2021. This loan also formed part of the assets and liabilities divested as part of transfer of the Waste Treatment CGU in November 2022 to the Ferrovial Group.

Ferrovial Corporación, S.A, Landmille Limited, Ferrofin, SL, Thalia Holdco Limited and Thalia Ventures Limited were all subsidiary undertakings of Ferrovial, S.A., the Group's former ultimate parent undertaking.

35 Share-based payments

The Group participated in the Ferrovial, S.A. group (the former parent undertaking) performance–based share award plan. Full details on this plan may be found in the financial statements of Ferrovial, S.A. for the year ended 31 December 2022. Following the sale of the Group by Ferrovial, S.A. on 30 December 2022, the Group no longer participates in the Ferrovial, S.A. Group performance–based share award plan.

The share-based staff costs recharged by Ferrovial, S.A. in relation to this plan during the year and recognised in the Group's income statement amounted to £0.8 million (2021: £0.3 million).

36 Restatement of comparative information

The Group has identified two misstatements which require amendment to previously reported financial information:

- Amendment to the tax associated with recognition of retirement benefit assets

  The Group has identified that under IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), withholding tax at the rate of 35% should have been applied against the surplus recognised on the balance sheet. The Group had previously and incorrectly provided for deferred tax at the 25% rate applicable at 31 December 2021 (2020: 19%).

  Accordingly, at 31 December 2021, the pension scheme asset had been overstated by £32.4 million (2020: £15.3 million), the deferred tax asset understated by £6.2 million (2020: £8.3 million) and the deferred tax liability overstated by £17.0 million (2020: £nil). Net assets and shareholder funds were overstated by £9.3 million (2020: £7.0 million). There was no impact on the income statement previously reported but other comprehensive income for 2021 was overstated by £2.3 million.

- Revised balance sheet presentation for joint venture loss provision

The Group has also identified that part of the joint venture loss provision which had previously been reported as part of provisions should have been presented on the balance sheet as a reduction to the carrying value of the investment.

Accordingly non-current assets and liabilities had both been overstated by £2.6 million and current assets and liabilities were also both overstated by £4.0 million at 31 December 2021 (2020: £8.2 million and £nil respectively).

These amendments have no impact on the previously reported income statement. The impact on the Group statement of comprehensive income, the Group balance sheet and Group statement of changes in equity is set out below:

Restatement of the Group statement of comprehensive income for the year ended 31 December 2021

	As previously reported £'000	Tax on retirement benefit assets £'000	As restated £'000
Loss after tax for the year	(42,441)	-	(42,441)
Other comprehensive income			
Items not subject to recycling:			
Actuarial gains and adjustments on pension schemes	110,884	(17,197)	93,687
Deferred tax on pension schemes	(7,142)	14,899	7,757
Items subject to recycling:			
Gain on change in fair value of cash flow hedge derivatives	5,410	-	5,410
Deferred tax thereon	(223)	-	(223)
Share of joint ventures' other comprehensive income			
– gain on change in fair value of cash flow hedge derivatives	635	-	635
– deferred tax thereon	196	-	196
Other comprehensive income for the year after tax	109,760	(2,298)	107,462
Total comprehensive income for the year	67,319	(2,298)	65,021
Attributable to:			
Equity holders of the Company	86,680	(2,298)	84,382
Non-controlling interests	(19,361)	-	(19,361)
	67,319	(2,298)	65,021

Restatement of the Group balance sheet as at 31 December 2021 and 31 December 2020

	As previously reported 2021 £'000	Impact of restatement 2021 £'000	As restated 2021 £'000	As previously reported 2020 £'000	Impact of restatement 2020 £'000	As restated 2020 £'000
Non-current assets						
Goodwill on acquisition of subsidiary undertakings	305,319	-	305,319	305,319	-	305,319
Other intangible assets	2,871	-	2,871	18,915	-	18,915
Property, plant and equipment	79,872	-	79,872	102,501	-	102,501
Investments in joint ventures	31,244	(2,566)	28,678	26,920	(8,234)	18,686
Retirement benefit assets	92,712	(32,449)	60,263	43,578	(15,252)	28,326
Deferred tax assets	63,583	6,223	69,806	62,706	8,280	70,986
PFI/PPP Financial assets	-	-	-	66,119	-	66,119
Trade and other receivables	83,905	-	83,905	80,671	-	80,671
	659,506	(28,792)	630,714	706,729	(15,206)	691,523

	As previously reported 2021 £'000	Impact of restatement 2021 £'000	As restated 2021 £'000	As previously reported 2020 £'000	Impact of restatement 2020 £'000	As restated 2020 £'000
Current assets						
Assets classified as held for sale and from discontinued operations						
Inventories	204,964	(3,950)	201,014	72,642	-	72,642
PFI/PPP Financial assets	8,466	-	8,466	14,020	-	14,020
Trade and other receivables	-	-	-	1,926	-	1,926
Current tax assets	237,793	-	237,793	242,037	-	242,037
Cash and cash equivalents	6,209	-	6,209	5,038	-	5,038
	65,221	-	65,221	128,308	-	128,308
Total assets	522,653	(3,950)	518,703	463,971	-	463,971
Current liabilities	1,182,159	(32,742)	1,149,417	1,170,700	(15,206)	1,155,494
Liabilities classified as held for sale and from discontinued operations	(262,987)	3,950	(259,037)	(60,477)	-	(60,477)
Trade and other payables	(545,966)	-	(545,966)	(548,678)	-	(548,678)
Ferrovial, S.A. group loans	-	-	-	(32,590)	-	(32,590)
Provisions for other liabilities and charges	(29,796)	-	(29,796)	(43,934)	-	(43,934)
External borrowings	(22,340)	-	(22,340)	(42,388)	-	(42,388)
	(861,089)	3,950	(857,139)	(728,067)	-	(728,067)
Non-current liabilities						
Trade and other payables	(8,116)	-	(8,116)	(7,593)	-	(7,593)
Cash flow hedge derivative financial instruments	-	-	-	(18,833)	-	(18,833)
Deferred tax liabilities	(38,424)	16,956	(21,468)	(32,204)	-	(32,204)
Retirement benefit obligations	(24,893)	-	(24,893)	(92,671)	-	(92,671)
Provisions for other liabilities and charges	(43,059)	2,566	(40,493)	(110,018)	8,234	(101,784)
External borrowings	(56,742)	-	(56,742)	(98,507)	-	(98,507)
	(171,234)	19,522	(151,712)	(359,826)	8,234	(351,592)
Total liabilities	(1,032,323)	23,472	(1,008,851)	(1,087,893)	8,234	(1,079,659)
Net assets	149,836	(9,270)	140,566	82,807	(6,972)	75,835
Capital and reserves						
Share capital	203,677	-	203,677	203,677	-	203,677
Share premium account	153,134	-	153,134	153,134	-	153,134
Other reserve	61,887	-	61,887	61,887	-	61,887
Other equity instruments	549,390	-	549,390	545,868	-	545,868
Hedge reserve	(3,321)	-	(3,321)	(6,746)	-	(6,746)
Retained deficit	(728,441)	(9,270)	(737,711)	(808,174)	(6,972)	(815,146)
Equity attributable to equity holders of the Company	236,326	(9,270)	227,056	149,646	(6,972)	142,674
Non-controlling interests	(86,490)	-	(86,490)	(66,839)	-	(66,839)
Total equity	149,836	(9,270)	140,566	82,807	(6,972)	75,835

37 Ultimate parent undertaking and controlling party

Since 30 December 2022, the immediate parent undertaking is Project Ardent Bidco Limited, a company incorporated in England and Wales. Up to that date, the immediate parent undertaking was Ferrovial Services Netherlands B.V.i.o., a company incorporated in The Netherlands.

Change in ultimate parent undertaking

On 11 October 2022, the Group's ultimate parent undertaking, Ferrovial, S.A., announced that it had reached agreement to sell the whole of the share capital of Amey UK Limited and the other equity instruments held by Ferrovial as issued by Amey UK Limited and its subsidiary undertaking, Amey Limited, to Project Ardent Bidco Limited, a company controlled by One Equity Partners and Buckthorn Partners. The sale of the Group was completed on 30 December 2022.

The previous ultimate parent undertaking and controlling party was Ferrovial, S.A., a company incorporated in Spain.

Company balance sheet at 31 December 2022

Company number 04736639	Note	2022 £'000	2021 £'000
Fixed assets			
Investment in subsidiary undertakings	41	300,636	244,522
Current assets			
Trade and other receivables			
- due after more than one year	42	151,322	172,121
- due within one year	42	35,442	4,358
Cash and cash equivalents		621	1,047
Total current assets		187,385	177,526
Creditors – amounts falling due within one year	43	(356)	(872)
Net current assets		187,029	176,654
Total assets less current liabilities		487,665	421,176
Provisions for liabilities	44	-	(10,750)
Net assets		487,665	410,426
Equity			
Share capital	45	203,677	203,677
Share premium account		153,134	153,134
Other reserve		61,887	61,887
Other equity instrument	46	176,048	171,518
Retained deficit		(107,081)	(179,790)
Equity shareholders' funds		487,665	410,426

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own Income Statement or Statement of Comprehensive Income. The Company reported a profit for the year of £77.2 million (2021: £209.3 million).

The notes on pages 186 to 191 form part of these Company financial statements. The financial statements on pages 186 to 191 were approved and authorised for issue by the Board of Directors on 29 September 2023 and signed on its behalf by:

A L Nelson
Director
29 September 2023

Company statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Share premium account £'000	Other reserve £'000	Other equity instrument £'000	Retained earnings (deficit) £'000	Total equity £'000
At 1 January 2021	203,677	153,134	61,887	167,996	(385,557)	201,137
Reserves transfer in respect of Other equity instrument	-	-	-	3,522	(3,522)	-
Profit after tax and total comprehensive income for the year	-	-	-	-	209,289	209,289
At 31 December 2021	203,677	153,134	61,887	171,518	(179,790)	410,426
Reserves transfer in respect of Other equity instrument	-	-	-	4,530	(4,530)	-
Profit after tax and total comprehensive income for the year	-	-	-	-	77,239	77,239
At 31 December 2022	203,677	153,134	61,887	176,048	(107,081)	487,665

The Other reserve relates to a capital contribution made by Group's immediate parent company in 2003.

The notes on pages 186 to 191 form part of these Company financial statements.

Notes forming part of the Company financial statements for the year ended 31 December 2022

38 General information

The principal activity of the Amey UK Limited (the Company) is that of holding company. The Company is limited by share capital and is incorporated in the United Kingdom (registered in England and Wales), and from 30 December 2022 domiciled in the United Kingdom (previously Spain). The Company is privately owned.

The Company Secretary and the address of the registered office and principal place of business is as follows: Jayne Bowie, Chancery Exchange, 10 Furnival Street, London, EC4A 1AB.

39 Accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with FRS 101, the historical cost convention and in conformity with the requirements of the Companies Act 2006.

(b) Going concern

The financial statements of the Company have been prepared on a going concern basis, further details of which are detailed in note 1(d) of the Group financial statements.

(c) New accounting standards

Details of new accounting standards applicable to the Company both for the current and future financial years are detailed in note 1(e) of the Group financial statements. The adoption of these new accounting standards does not have any impact on the Company.

(d) FRS 101 exemptions applied

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
- The following paragraphs of IAS 1:
  - 10(d): statement of cash flows
  - 10(f): a statement of financial position 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
  - 38A: requirement for minimum of two primary statements, including cash flow statements
  - 38B-D: additional comparative information
  - 40A-D: requirements for a third statement of financial position
  - 111: cash flow information
  - 134-136: capital management disclosures
- IAS 7 (Statement of cash flows)
- Paragraph 30 and 31 of IAS 8 (Accounting policies, changes in accounting estimates and errors): requirement for he disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective
- The requirements of IAS 24 (Related Party Disclosures): disclosure of related party transactions entered into between two or more members of a group.
- IFRS 2 (Share based payments)
- IAS 36 (Impairment of assets): paragraphs 134 and 135
- FRS 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.
- 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.

(e) Other principal accounting policies

The significant accounting policies applied in preparing the Company financial statements, which have been applied consistently, are set out below:

Investment in subsidiary undertakings

Investments by the Company in the shares of subsidiary undertakings are stated at cost less any provision where, in the opinion of the Directors, there has been a permanent impairment in the value of any such investment.

Deferred tax

Deferred tax is recognised on all temporary differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. However, the deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss. Deferred tax assets are recognised when it is more likely than not that they will be recovered in the foreseeable future. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currency

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which it operates (its 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit and loss account.

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. In preparing the financial statements for the financial year, the Directors have considered these requirements, and concluded that no such estimates or judgements have been necessary other than using estimates (which inherently involves the use of management judgement) in respect of the carrying value of the investment in subsidiary undertaking (see note 41 for further information) and the judgement made in recognition for accounting purposes of the subordinated guaranteed hybrid loan as an Other equity instrument (see note 46).

40 Directors and employees

Details of the remuneration of the Company's Directors and of the highest paid Director are outlined in note 7 of the Group's financial statements. The Directors are not remunerated by the Company. The Company had a monthly average number of employees of two (2021: two) at a total staff cost of £0.1 million (2021: £0.2 million).

41 Investment in subsidiary undertakings

	Cost of shares £'000	Subordinated loan £'000	Carrying value £'000
Cost			
At 1 January 2021, at 31 December 2021 and at 31 December 2022	497,867	60,000	557,867
Provision for impairment			
At 1 January 2021 and at 31 December 2021	(313,345)	-	(313,345)
Release of provision for the year	56,114	-	56,114
At 31 December 2022	(257,231)	-	(257,231)
Carrying value			
At 31 December 2022	240,636	60,000	300,636
At 1 January 2021 and at 31 December 2021	184,522	60,000	244,522

On 30 April 2018, the Company granted a subordinated loan facility to its subsidiary undertaking, Amey Holdings Limited, for an amount of £60.0 million. It is a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points which rises to 12-month LIBOR plus 500 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold. The loan has no specified maturity date but can be redeemed by the Amey Holdings Limited at any time. That company also has the power to delay timing of the interest payment at its sole discretion which cannot be claimed by the lender.

The subsidiary undertakings of the Company are disclosed in note 31 of the Group financial statements. Except for Amey Holdings Limited, all subsidiary undertakings are held through other subsidiary undertakings. Their activities are described in the Report of the Directors and in the Strategic Report.

The Directors have reviewed the carrying value of the investment in its only direct subsidiary company and have concluded that the impairment provision previously made can now be partially reversed.

The recoverable amounts of investments of £300.6 million is based on the fair value ascribed to the Amey UK Limited Group of companies following is acquisition by Project Ardent Bidco Limited from Ferrovial, S.A., on 30 December 2022.

42 Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts due from subsidiary undertakings	9,483	-
Amounts due from parent undertaking	23,595	-
Tax debtor	-	4,358
Prepayments and deferred expenditure	2,364	-
	35,442	4,358
Amounts falling due after more than one year		
Amounts due from subsidiary undertakings	151,322	143,583
Amounts due from Ferrovial Servicios, S.A.	-	28,538
	151,322	172,121
	186,764	176,479

43 Creditors – amounts falling due within one year

	2022 £'000	2021 £'000
Other creditors	-	18
Accruals	356	854
	356	872

At 31 December 2022, the Company has not drawn down any loans under floating rate bilateral facility agreements with recourse to the balance sheet (2021: £nil).

At 31 December 2022, the Company had a £150 million syndicated Revolving Credit Facility, which replaced four bilateral Revolving Credit Facilities (2021: £160 million). Up to £100 million of the syndicated facility is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The facility is committed for a tenure of 4 years and is provided by HSBC UK Bank plc, Natwest plc, ABN AMRO Bank N.V. and Citi Bank N.A, with HSBC Bank plc acting as agent. The facility is unsecured but with recourse to the Group balance sheet.

These facilities are secured on the assets of the Group and hence have recourse to the Group balance sheet.

44 Provisions for liabilities

Deferred tax	2022 £'000	2021 £'000
At 1 January	10,750	12,376
Deferred tax credited to the income statement	(10,750)	(1,626)
At 31 December	-	10,750

The deferred tax liability arose in respect of accelerated tax relief on goodwill of £nil (2021: £10.8 million). Deferred tax was measured in full using the liability method using an expected tax rate of 25% (2021: 25%), being the rate substantively enacted in Spain at the balance sheet date.

Following the sale of the Company by the Ferrovial Group on 30 December 2022, the Company is no longer domiciled in Spain and is no longer entitled to receive any additional accelerated tax relief on goodwill. The Ferrovial Group has also indemnified the Company in respect of any claim by the Spanish tax authorities for clawback of historic tax relief received. Accordingly, no tax liability arises in the Company at 31 December 2022 in respect of the tax relief on goodwill.

45 Share capital

Ordinary shares of £1 each	Number	£'000
Authorised		
At 1 January 2021, 31 December 2021 and at 31 December 2022	204,000,000	204,000
Issued, allotted, called up and fully paid		
At 1 January 2021, 31 December 2021 and at 31 December 2022	203,676,768	203,677

46 Other equity instruments

	£'000
At 1 January 2021	167,996
Accrued dividend for the year	3,522
At 31 December 2021	171,518
Accrued dividend for the year	4,530
At 31 December 2022	176,048

On 30 April 2018, Ferrofin SL (a Ferrovial, S.A. group company), issued an Other equity instrument to the Company (through a subordinated hybrid loan facility) for cash of £60.0 million.

On 31 December 2020, the Company's existing £60.0 million subordinated hybrid loan from Ferrofin SL was converted and consolidated with a further issue of subordinated hybrid loans of £103.1 million into restated subordinated hybrid loans from Ferrofin SL. The restated subordinated hybrid loans of £138.1 million and £25.0 million are classed as Other equity instruments and are perpetual loans with an applicable interest rate of 12-month LIBOR plus 200 basis points which rises to 12-month LIBOR plus 500 basis points if Group Profits Before Interest, Tax, Depreciation and Amortisation ('EBITDA') is above a set threshold.

On 30 December 2022, all hybrid loans were assigned from Ferrofin SL to Project Ardent Bidco Limited as part of the acquisition of the Company from the Ferrovial Group.

The hybrid loan in issue at 31 December 2022, and all previous hybrid loans, has no specified maturity date but can be redeemed by the Company at any time. The Company also has the power to delay timing of the interest payment at its sole discretion which cannot be claimed by the lender.

As it is at the Company's discretion to decide both the repayment of the principal and the possibility of deferring the payment of interest, the loans do not satisfy the condition to be accounted for as financial liabilities since they do not include a contractual obligation to pay cash or other financial assets to discharge the liability. Accordingly, they are classified as equity instruments and are recognised as 'Other equity instruments'. The accrued interest is recognised in reserves and treated in the same way as dividends. The total interest accrued on all subordinated hybrid loans at 31 December 2022 was £12.9 million (2021: £8.4 million).

47 Financial and capital commitments

The Company had no financial or capital commitments at 31 December 2022 or at 31 December 2021.

48 Contingent liabilities

At 31 December 2022, the Company has provided bank collateral totalling £47 million (2021: £54 million). The Company has provided guarantees to joint venture undertakings totalling £255 million (2021: £311 million), of which the most relevant are those provided to the UK Ministry of Justice for both current and future service provision. A portion of the risk associated with guarantees has been mitigated through third party liability or construction defect insurance policies. The Directors consider the likelihood of a claim arising under these performance bonds or borrowings to be remote.

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

Under the terms of the Birmingham City Council Highways PFI contract settlement arrangements, the Company is party to Group guarantees in respect of the payment of the settlement accounts with £25 million remaining to be paid at 31 December 2022. In January 2023, the remaining balance was settled in full.

49 Controlling parties

Since 30 December 2022, the immediate parent undertaking is Project Ardent Bidco Limited, a company incorporated in England and Wales. Up to that date the immediate parent undertaking was Ferrovial Services Netherlands B.V.i.o., a company incorporated in The Netherlands.

Change in ultimate parent undertaking

On 11 October 2022, the Group's ultimate parent undertaking, Ferrovial, S.A., announced that it had reached agreement to sell the whole of the share capital of Amey UK Limited and the other equity instruments held by Ferrovial as issued by Amey UK Limited and its subsidiary undertaking, Amey Limited, to Project Ardent Bidco Limited, a company controlled by One Equity Partners and Buckthorn Partners. The sale of the Group was completed on 30 December 2022.

The previous ultimate parent undertaking and controlling party was Ferrovial, S.A., a company incorporated in Spain.

Project Ardent Bidco Limited is the ultimate holding company in the UK and is registered in England and Wales. It is the parent of the smallest group for which consolidated financial statements are prepared and of which the Company is a member. Copies of the consolidated financial statements can be obtained from the registered office of Project Ardent Bidco Limited at the address below:

The Company Secretary
Project Ardent Bidco Limited
Chancery Exchange
10 Furnival Street
London, EC4A 1AB
United Kingdom