Amey UK Limited

Annual Report and Financial Statements

Year ended 31 December 2023

Company number: 04736639

Contents

Group Information

About Amey

Amey provides full life-cycle engineering, operations and decarbonisation solutions for transport infrastructure and complex facilities. We use data, technology, and analytics to enhance and optimise our service delivery, as well as to support our clients' net zero ambitions. Amey also behaves responsibly, ethically, and sustainably in all its activities, prioritising the communities it serves and the wellbeing of its people.

As an engineering and digital group delivering critical services across built environment and transport infrastructure, we recognise the important part we play in supporting the UK's drive towards sustainability and decarbonisation.

Our purpose is to deliver sustainable infrastructure that enhances life and protects our shared future, underpinned by five timeless values.

We put safety first, always – Putting safety first, every day, for everyone, with zero exceptions.

We bring the best - Every day, we strive to bring the best version of ourselves to our work.

We win as one - Our culture of cross-company teamwork and shared expertise creates more value for our clients, our people and end users of our services.

We are inspired by insight - We innovate, inspire and deliver better solutions through robust data and new insights combined with our deep personal expertise.

We look after each other - We treat each other with care, respect and honesty in every interaction.

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

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Company registration number
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Website
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'Amey' or 'Group' is defined as being Amey UK Limited group of companies

Chief Executive Officer's Foreword

In the first full year of new ownership, Amey has performed well, ahead of expectations and in line with the growth strategy I set out when I rejoined Amey at the end of 2022. The business performance is strong validation of the strategic plan and the unique operating model which has been embedded during 2023.

Safety metrics and performance has improved throughout the year and as a Group, significant progress has been made on our diversity and inclusion agenda, and in the implementation of a strengthened and meaningful ESG strategy.

Financially, the business has been very stable, and all business units have achieved or exceeded their budget plans. As expected, the performance of the business has not been affected by macroeconomic or geopolitical turbulence, demonstrating the resilience of the business model and the comprehensive approach to risk management.

With the support of our investors, One Equity Partners and Buckthorn Partners, we have accessed new opportunities, particularly in energy transition and decarbonisation where we are able to develop, implement and manage practical infrastructure solutions. This requires the combination of expertise across the business, not least, harnessing the digital, analytics and consulting expertise to inform the implementation of optimal solutions.

The core activity in Consulting, Transport Infrastructure and Complex Facilities combines to be a very focussed business, free of discontinued activity which was disposed of in 2022. We continue to strengthen these core capabilities enabling expertise and across the whole asset lifecycle and the delivery of bespoke service to optimise our customers' asset performance particularly with regard to the journey to net zero in our target markets.

We are further developing our systems integration, digital and data services in recognition of the increasingly complex and multi-disciplinary challenges that many clients face. Our integrated team of data specialists combined with our operational knowledge, are unlocking the value of data intelligence and advanced analytics across a number of our projects. We are using this knowledge and expertise to advance our journey to Net Zero.

Our Rail modelling software was nominated for two industry awards for helping us deliver mixed mode discontinuous electrification programme on the Core Valley Lines as part of Transport for Wales decarbonisation plans.

In parallel, our internal BeDigital programme is enhancing the technological skills across the business through a series of training and development opportunities to enable all parts of the business to take a digital first approach. Our digital skills training reached over 1000 employees in 2023 and builds on the strategic partnership we have with Future Dot Now.

Recognising the potential and risks of AI, we launched our AI policy and rolled out approved AI tools across the business. In January 2024 we also ran an AI fortnight where all our employees were given the opportunity to learn more about this developing technology and help embed our AI policy.

To support growth and strengthen work winning effectiveness we introduced the Miller Heiman approach to Strategic Selling, rolled out Key Account Management (KAM) and introduced a fully enabled MS Dynamics customer relationship management (CRM) system. This provides more effective key account management, will help maximise our bidding success, and ensure effective contract delivery. Recent tenders would indicate the success of these initiatives.

The business is in excellent shape to leverage opportunities offered by the UK Government's commitment to infrastructure investment, particularly following the recent announcement (February 24) by HM Treasury and the Infrastructure Projects Authority (IPA) in their National Infrastructure and Construction Pipeline that 70% of spending will go towards energy and transport. The IPA analysis forecasts a £700-775 billion investment in infrastructure over the next 10 years in both public and private sectors. There is £379 billion already confirmed by Government including £164 billion to be spent by the end of 2024/25, not including any spending planned by the UK's devolved governments.

Chief Executive Officer's Foreword *(continued)*

Financial overview

Highlights:

- Strong cash flow generation from operations
- Underlying revenue growth in the core business
- Operating profit before tax and exceptional items of £84.2 million
- Order book increased by 23% to £7.6 billion
- Continued investment in people, services and system and process improvement

The business demonstrated in 2023 that, unincumbered from discontinued operations disposed of in 2022, it is capable of significant cash generation. Whilst occupying an industry leading position with respect to our payment performance for our supply base, 2023 was a period of robust cash flow generation. Group operating cash flows from all activities were £79.9 million inflow (2022 - £10.4 million outflow). This inflow is after including payments made against historic contract loss provisions of £30.9 million (2022 - £39.4 million).

Profit after tax for the year on continuing operations increased to £84.4 million (2022 - £72.4 million). Group revenue on continuing operations in 2023 was lower than the previous year, £1.84 billion (2022- £2.08 billion) the financial result represents a marked increase in efficiency and profitability in 2023. The reduction in revenue reflects the end of the non-core Next Generation Estates Contracts (NGEC) in defence where Amey enjoyed a unique, exclusive position as sole provider following the collapse of Carillion in 2018. Amey's current defence business is more representative of the market and is now free of the distortions created by that event. It should also be noted that fleet operations have now been reported within the Transport Infrastructure Business Unit.

A change in focus and approach in 2023 has led to significant success in work winning which is reflected in the Order Book which has increased by 23% from £6.2 billion at the end of December 2022 to £7.6 billion at the end of December 2023. Since the end of 2023, additional key frameworks such as the Network Rail North-West and Central Electrification and Power framework have been secured and further results are awaited.

Since the year end, we have completed the refinancing of our borrowing facilities with a replacement £235 million five-year syndicated facility with six lenders. We have used part of this facility, together with the Group's excess cash, to repay £159 million of equity to our shareholder.

Engagement

2023 saw the relaunch of the Amey brand and redefinition of our core purpose and values, giving the business a stronger growth focus and recognising our people as the cornerstone of our success. We have been recognised by Investors in People (IiP) with a double Gold award for our progressive policies and practices around people and wellbeing. We recognise and celebrate everyone's right to diversity, opinions, personal life and wellbeing. Our affinity ambassadors network continues to grow. Despite current challenges in the recruitment market, Amey's retention rate remains high. In 2024, we will continue this focus on our people by defining our employee value proposition and continuing our journey to IiP Platinum.

Our Embracing Difference campaign supports this inclusive culture, allowing everyone to bring their unique self to work. It ensures that every voice is heard and helps us to bring out the best in each other, using every talent. Amey has seven affinity groups and in early 2024 we introduced a new governance structure to give them a more focussed voice to help improve representation and make us a stronger business.

Inclusion is the thread that underpins this, and our network of Inclusion Ambassadors is a key element of this approach. We are committed to tackling all forms of inequality, nurturing talent from the widest possible pool to the benefit of both individuals and our business. In 2023, we launched a new Multicultural Leadership Development programme.

Chief Executive Officer's Foreword *(continued)*

Engagement *(continued)*

We also achieved the highest level of Disability Confident Leader accreditation and became the first facilities management provider to achieve RNIB Visibly Better Employer status. We continue to be signatories of Business in the Community's (BiTC) Race at Work Charter and will again publish our Ethnicity Pay Gap data in 2024.

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

Our Gender pay gap also improved in 2023 with our mean gender pay gap decreasing by 4.07% from 24.72% in 2022 to 20.65% in 2023, while the number of women in middle and senior management positions has risen by 5% to 24% as we continued with our Women's Leadership Development programme (W@A), for a fourth year. This is designed to nurture the skills, knowledge and potential of our most talented women.

Work winning

In 2023, there was renewed focus on work winning capabilities, where process and execution have been a major priority. A significant improvement in tender success has been seen across all sectors: defence, health, education, justice, highways, and rail. We also secured extensions on some existing contracts and were awarded places on major frameworks. Our win rate in 2023 was 1 in 3 which is a significant improvement over 2022 (1 in 14).

Our Consulting business achieved significant organic growth during 2023. It was reappointed as National Highways Digital Lab delivery partner, awarded first place on Midlands Highways Alliance Plus consultancy framework, and appointed to a framework to decarbonise NHS transport infrastructure. The focus over the coming year will be on securing work from new clients and a number of key strategic opportunities are progressing well. The business is also undertaking preliminary work to re-establish a position in the USA, Caribbean, Australia and New Zealand and the Middle East.

Transport Infrastructure (TI) is committed to using its operational and technical expertise to drive improvements for clients and benefit communities. It continues to focus on public sector clients committed infrastructure development and management with secure funding. This sits alongside work to build on already strong industry relationships. With a robust nationwide presence, it continues to seek opportunities across all UK countries and regions.

Complex Facilities' (CF) £430 million Ministry of Justice (MoJ) contract extension will see Amey continue with Facilities Management (FM) delivery across 61 prisons. Future growth priorities include expanding, with Consulting, building decarbonisation capabilities in existing and new markets, pursuing opportunities in the public sector and the devolved nations, and enhancing stakeholder and industry relationships.

Environment, Social and Governance (ESG)

Under the governance and guidance of a new sub-committee of the board, the ESG Committee, Amey launched a refreshed ESG strategy in 2023, which aims to accelerate the change to a resilient and low carbon future, enhance the wellbeing of people and communities, and achieve sustainable and responsible growth. The strategy is aligned to the UN Sustainable Development Goals and the UN Global Compact, of which we are a signatory.

We have put in place a range of reporting mechanisms to monitor performance and initiatives in areas such as decarbonisation, being nature positive, becoming a net zero organisation, investing in people, creating opportunities, ensuring a sustainable supply chain, and involving the communities we work with.

Chief Executive Officer's Foreword *(continued)*

Supporting the energy transition and decarbonisation

Amey is the go-to organisation for the provision planning, design and development of infrastructure capable of supporting the journey to net zero. This is exemplified by our work to provide electrified and digital railways, increased roadside technology and urban highways control, EV charging, LED conversion and the development of net zero buildings and workplaces. Tangible investment in capability and expertise means that our business units can combine to offer a whole asset life solution for decarbonisation or as, clients often require, to work on a specific outcome. The development of capability in this critical area remains a key tenant of the Amey strategy. Examples of our success in this area include, the electrification of the Cardiff Valley lines, the provision of the first net zero school in the UK and numerous streetlighting LED conversions for our clients. We also recently completed Amey's transformational £14 million improvement scheme for Liverpool's historic Lime Street creating a world-class gateway to the city with a design centred on a people and planet first approach.

Our decarbonisation services now include end-to-end climate-resilient, low-carbon design, build and operations of new infrastructure, data insights to generate actionable insights, drive decisions and integrate decarbonisation plans. All of this is underpinned by whole life carbon assessments and effective management while we bring. We are aligning our decarbonisation approach to the management of carbon in infrastructure with the PAS 2080 standard. Amey has successfully achieved PAS 2080 designer certification from the British Standards Institution (BSI), cementing our design capability as industry-leading in offering clients an understanding of how to integrate carbon reduction across the full lifecycle of a project.

Within the buildings sector, Amey achieved ISO 50001, the international standard for energy management systems, becoming the first FM and infrastructure organisation to be awarded the certification as a delivery team. This makes it easier for contracts to integrate energy management into operational activity, improving quality and environmental management.

We recognise the devasting impact of degraded natural capital and the urgent need to protect biodiversity. We have set out robust commitments to understand our impact on nature and that of our supply chain, and to actively seek opportunities to create a positive legacy. Our growing ecology team is focused on protecting species, compliance and mitigation. In 2024, we will baseline our biodiversity footprint and commit to a Biodiversity Action Plan and further support clients to deliver nature-based solutions and meet new Biodiversity Net Gain regulations.

Health, Safety and Wellbeing

Amey's first priority is always the safety of its people and service users, and we continually strive to improve our approach to health and safety. Our 'Safety First, Always' value is underpinned by our Zero Code framework, which ensures a consistent message and understanding across the entire workforce and allows everyone to stop work and seek advice if they feel unsafe. Everyone who works for or on behalf of Amey is expected to follow this framework.

The Board elevated the importance of the Health and safety Committee by including the Chairman of the Group board and a non-executive director on the committee which serves to develop and set policy and monitor performance and actions across the business.

Amey's health and safety statistics improved in 2023. Performance showed an improvement of 16% and a 55% reduction in High Potential Incidents on the previous year. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) events have seen a 26% improvement with 21,977 events recorded. Over five years, Amey has achieved a 45% improvement against the Long Term Injury Rate.

Amey is also rolling out a new wellbeing strategy that promotes positive wellbeing, based on a proactive rather than reactive approach, and embraces diversity and difference. The approach is backed by significant resources and increased structure, including a new director-level steering group chaired by our Chief People Officer.

Chief Executive Officer's Foreword *(continued)*

Looking forward

As we enter 2024, we are well positioned to take advantage of the growing investment in the infrastructure sector and decarbonisation in particular. We are expanding and diversifying our service capability and sector footprint across the infrastructure landscape, while enhancing our market share in our core markets.

We are also seeking new opportunities outside our existing contracts, including fully integrated contracts with our consulting business. To support this, we will continue to develop our commercial sales team and upskill our employees with our Be Digital programme. By leveraging our advisory and data analytics expertise to deliver smarter, data-led solutions and insights, we can do more to help our customers understand their challenges, identify solutions and achieve their goals.

We believe our ESG approach can help support our clients by focusing on three key areas: delivering de-carbonisation and resilient infrastructure, maximising energy efficiency of buildings, and creating biodiversity gain to ensure nature thrives.

We are looking to diversify our sector presence and capability through acquisitions and by using our existing and emerging digital platforms to grow our international advisory and consulting offering. This strategy will deliver sustainable infrastructure excellence and continuous data-enabled improvement for our customers and stakeholders that aligns with our vision of enabling a zero-carbon economy adaptive to climate change and enhancing the natural environment.

Amey is an organisation made unique because of the remarkable capability and expertise of our people. It is a privilege to lead this organisation and I must thank our employees and our suppliers for their ongoing commitment which has led to the delivery of incredible outcomes that impact on the lives of everyone in the country. 2023 has been an outstanding year and I am confident that the business is on an excellent footing to continue to enjoy success as we continue to implement our strategic plans.

Andy Milner
Chief Executive Officer, Amey
29 May 2024

Business Unit Overview

Summary

	Group revenue 2023 £'m	**Operating profit 2023 £'m**	Group revenue 2022 £'m	Operating profit 2022 £'m
Transport Infrastructure	**1,178.5**	**35.0**	1,052.8	34.2
Complex Facilities	**503.5**	**24.0**	438.6	33.7
Consulting	**203.8**	**22.5**	201.6	22.7
Non-core	**60.7**	**9.6**	529.9	79.8
Rest of Group and Central Services	**78.5**	**(4.1)**	78.1	20.3
Inter-segment revenue elimination	**(188.8)**	**-**	(218.2)	-
	1,836.2	**87.0**	2,082.8	190.7

The information above is in respect of continuing business only and does not include exceptional items. See note 3 of the financial statements for full analysis.

Transport Infrastructure: manages, protects and improves the UK's roads and railways.

Complex Facilities: delivers critical facilities management, asset condition, energy reduction and decarbonisation projects across the health, education, defence and justice sectors.

Consulting: provides design, advisory and analytics services including data-led, sustainable infrastructure design and asset management.

Non-core: legacy contracts which do not form part of our current service offering and which are to be operated to completion.

Rest of Group and Central Services: management of the Group's investment in PFI/PPP joint ventures and administrative support for the Group's operating segments.

Business Unit Overview *(continued)*

Consulting

Our industry leading Consulting & Design and Advisory & Analytics services underpin our reputation for excellence in data-led, sustainable infrastructure design and asset management.

Overview

Amey's engineering specialists and design engineers create transformative solutions that strengthen resilience and drive sustainable improvements for some of the UK's most critical and complex infrastructure. Clients span central and local government, transport network providers and operating companies.

Advisory & Analytics teams provide support across all Amey contracts, combining a market-leading digital capability with unique technology and integrated data assets. This helps clients visualise complex infrastructure, engineering and decarbonisation challenges and potential solutions with real-world clarity and confidence and make informed decisions that optimise expenditure.

This unique offering, combined with pan-Amey operational capabilities, supports clients through their asset lifecycle. Key clients include the Defence Infrastructure Organisation, National Highways, Network Rail, Thames Tideway and Transport for Wales (TfW).

Our highways team also provides specialist end-to-end design and supervisory services for Transport Scotland and Northern Ireland's Department for Infrastructure as well as central and local government. Our transport team provides multidisciplinary services to additional clients including train operating companies. We also provide Consultancy & Design services to the complex facilities and environment sectors, delivering major programmes of works.

Key facts and financial results

- Revenue £203.8 million (2022 - £201.6 million)
- Operating profit £22.5 million (2022 - £22.7 million)
- £178 million order book at the end of 2023
- 1,900 employees

Key contract wins and renewals in 2023

- Network Rail Professional Services - Programme and Project Management Services, £7.8 million
- Network Rail NW and C Engineering and Construction Professional Services Framework, £7.8 million
- National Highways Digital Lab 2023-2024, £1.35 million
- Midlands Highways Alliance - Professional Services Partnership 4 (Re-Bid), £16.0 million
- NHS Sustainable Transport & Infrastructure Framework
- Swindon Borough Council Highways and Transport Professional Services Framework - extension

Business Unit Overview *(continued)*

Consulting *(continued)*

Case study: Liverpool Lime Street Station

Overview

Amey's transformational £14 million improvement scheme for Liverpool's historic Lime Street creates a world-class gateway to the city. Combining high-quality public space with active travel facilities, the design centres on a people and planet first approach. Our scope included design, project management, highways, traffic and signal design.

Approach

Accessibility was key to our approach combined with a commitment to recycled and low-carbon materials. The scheme reduced traffic lanes from six to two, creating segregated cycle lanes and wider footpaths as well as reserving two lanes for public transport.

An expanded St George's plateau area creates additional event space that uses sustainable drainage systems and hostile vehicle mitigation measures. New street trees and shared use columns further enhance the environment.

Benefits

Multiple public health, environmental and economic benefits include increased opportunities for cycling and walking along with better air quality and improved road safety. Increased efficiency of bus movement in the area boosts the city's economy and contributes to its net zero goals.

The scheme delivers against five of the UN Sustainable Development Goals.

Testimonial

"The Lime Street scheme is truly the start of a new journey for Liverpool. As people arrive at our amazing home, they will be able to step off the train and walk or cycle from the station into the heart of the city with ease and comfort."

Simon O'Brien - Liverpool City Region Walking and Cycling Commissioner

Financial Review

The end of 2023 saw a strong orderbook of £178 million. Our focus on high-value, multi-disciplinary contracts across rail and highways delivered 20% gross margin on revenue of £203.8 million (2022 - £201.6 million).

Shifts in the external market, including delays to major projects and frameworks coming to market, have impacted work winning compared to 2022. However, our Consulting team shows a strong £22.5 million operating profit in 2023 (2022 - £22.7 million).

Our bid rate was 75% by count and 36% by value.

Business Unit Overview *(continued)*

Consulting *(continued)*

Growth

Expansion of Amey's consulting business is integral to our unique 'end-to-end' market-leading capability in planning, designing, delivering and operating a wide variety of infrastructure and assets. And our experience as an asset operator brings invaluable insight and expertise to our consulting capability, allowing us to provide analytical, advisory and design services rooted in practicality.

We play a leading role in the design of some of the UK's largest infrastructure projects. We are currently completing the design of Transport for Wales' Core Valley Network, linking Cardiff with key regional destinations. This highly innovative design involves 'smart electrification' with on-train batteries supplying power through line sections to reduce costs. Our rail design team continues to play a leading role on the Transpennine Route Upgrade between Leeds and Manchester and our highways team is completing the design of the A66 Northern Trans-Pennine road route. Our Analytics & Advisory business continues as systems integrator on the ground-breaking Thames Tideway 'super sewer' project.

Strategic ambition and priorities

We are driving a new strategy to underpin our growth targets. This includes expanding our energy transition and sustainability services, supported by organic growth and strategic acquisitions. We will further strengthen the unique, pan-Amey integrated services model.

Expansion of our international business continues, initially in Europe and the Americas. We are further developing our systems integration, digital and data services in recognition of the increasingly complex and multi-disciplinary challenges that many clients face.

We continue to prioritise leading edge and innovative solutions for clients. This sits alongside our commitment to developing opportunities for our people through a variety of graduate and apprentice programmes and our robust diversity and inclusion commitments.

The breadth and depth of our multi-disciplinary capabilities across highways and rail make us a market-leading provider of critical maintenance, renewal, upgrade and enhancement work to the UK transportation market.

Business Unit Overview *(continued)*

Transport Infrastructure

Overview

Our Transport Infrastructure division comprises over 4,000 operational experts who create and deliver innovative solutions to manage, protect and improve the UK's roads and railways. These critical assets are used by everyone and vital to UK growth and prosperity.

Delivering essential services and complex projects, our highways teams design and maintain assets on local and strategic roads. Clients include National Highways, Transport Scotland and the Department for Infrastructure (Northern Ireland) as well as local authorities. Our specialist operational teams provide cyclical and reactive maintenance, street lighting and winter maintenance services, enabling more reliable journeys and connecting communities to vital services, and creating a positive legacy.

This operational insight and commitment to creating infrastructure that helps communities thrive also underpins our work in the rail sector. We deliver major infrastructure projects including the Transpennine Route Upgrade and in Wales' Core Valley Lines.

Optimising investment, we are increasing capacity across the UK's railways, opening up new travel options and facilitating more easier, greener journeys for work and leisure. Our rail maintenance and upgrade work is fundamental to replacing the UK's ageing rail infrastructure with a railway fit to meet the demands of today and tomorrow. It includes modernising and maintaining track, overhead lines, signalling systems, power supplies and structures alongside regular asset examinations. With joint venture partner Keolis, we operate light rail franchises on the Docklands Light Railway and Manchester Metrolink.

With consulting and design engineering specialists and design engineers, our expertise covers the full asset lifecycle. Providing full asset lifecycle management advice, we deliver solutions geared to each challenge, ensuring informed decision and maximising value and sustainability for clients and communities.

In 2023, Transport Infrastructure submitted £2 billion worth of tenders across the highways and rail sectors. Both markets have seen delays to contracts coming to market and to contract awards. We continue to review our client base and our diverse portfolio of capabilities included decarbonisation activity to minimise over-reliance on any one area and position Amey well for new, varied opportunities.

Key facts and financial results

- Revenue £1,178.5 million (2022 - £1,052.8 million) year on year growth
- Operating profit before exceptional items £35.0 million (2022 - £34.2 million)
- £4.4 billion order book at the end of 2023
- 4,200 employees

Key contract wins and renewals in 2023

- Network Rail North-West and Central Electrification and Power framework
- Staffordshire County Council – five-year extension - £160 million
- Kent County Council – extension - £137 million
- Transpennine Route Upgrade – W4 package - £45 million
- Transport for Wales – Rhymney Valley line electrification - £45 million

Business Unit Overview *(continued)*

Transport Infrastructure *(continued)*

Case study: Driving down emissions in Staffordshire

Our partnership with Staffordshire County Council prioritises driving down emissions and creating a green, sustainable future for communities across the county. Here we showcase some of the environmental benefits we have delivered.

Green Driver programme

Part of our partnership with Staffordshire County Council, the Green Driver programme rewards eco-friendly driving behaviour, key to achieving the contracts critical and ambitious environmental targets.

Key initiatives include:

- An anti-idling programme: This alone led to a 26.7 tonnes reduction in CO_2 and over £15k in fuel savings
- Alternative fuels for the winter gritting fleet: Switching from diesel to hydrogenated vegetable oil in winter 2022/23 saw savings of around 131 tonnes of CO_2 in just one season, an 87% reduction in CO_2
- Recycled materials: Our internal recycling process recovers 95% of excavated material that would normally go to landfill, delivering cost savings and minimising vehicle movements
- Stone chip recovery: Recycling and recovering aggregate materials from highway maintenance operations into a reusable stone size for use on Staffordshire's road network

In addition, 80% of other operating waste from metals to packing is recovered and recycled locally.

Road to a greener future

Our environmental approach on Staffordshire's £38.5 million i54 Western Extension Road development was awarded a Certificate of Excellence from the Considerate Constructors Scheme.

Key initiatives include:

- Minimising vehicle movements to and from the site saving 6,000 wagon movements and over 60,000 miles
- An onsite solar harvesting unit allowed offices and welfare units to run on battery power, saving 441 litres of diesel every week as well as reducing noise pollution, and 90% of the 10,000 tonnes of stone excavated was processed and re-used
- Protecting and creating new biodiverse habitats, we planted 10,000 trees and translocated native hedgerows and soils

A bridge to a cleaner environment

Work on the 200-year-old, Grade II* listed Chetwynd Bridge demanded sympathetic restoration of iron and paintwork. As well as protecting this notable historic structure, energy usage was driven down by powering the site office and welfare facilities by solar and battery power. This saved 69.7 tonnes of CO_2 and reduced costs by £40k.

Business Unit Overview *(continued)*

Transport Infrastructure *(continued)*

Financial Review

Our robust cost management approach - embedded during 2022 - realised significant benefits in 2023. Ending the year well ahead of the original forecast, consistent delivery provided a stable platform from which to seek growth opportunities. These new opportunities generated revenue over £1.1 billion and contributed to an improved operating profit.

Our expanded specialist work winning capability facilitated significant and improved highways and rail bid submissions, working closely with our operational teams. This was evidenced by the successful award of five National Rail framework lots. These will deliver electrification and power projects across the North West and Central region. In addition, we won a three-year extension on our Manchester Metrolink light rail franchise with Keolis. Further awards are expected through the first quarter of 2024.

The year saw two highways contract extensions with long-term local authority clients Staffordshire and Kent County Councils. We have worked with both councils for over 10 years, and these extensions demonstrate the strength of our relationships and integration with their delivery model. Realigned contractual arrangements ensure maximum benefit for both Amey and the councils and an improved service delivery for local communities.

Amey continued to seek further opportunities to add value to the Sheffield streets ahead contract. In doing this with Sheffield City Council, mutual benefits have been established between all stakeholders, which aim to improve service standards, maintain relationships and reduce risk to all parties going forwards.

Our commitment to electrification and power in rail remains, evidenced by a contract win with Network Rail. Contract decisions for High Speed 2 (HS2) are due in 2024.

With a robust core business and a strong work winning team, we are focused on improving stakeholder and industry relationships. To this end we have grown our strategy and business development team and are prioritising early engagement with potential future customers.

We are committed to using the Miller Heiman strategic selling process, and we have invested in upskilling and embedding this approach. This extends across our client base and all operational leaders, strengthening relationships through every touchpoint.

Bid rate

- Won £735 million in 2023
- 36% of work by value
- 76% strike rate by volume

Business Unit Overview *(continued)*

Transport Infrastructure *(continued)*

Future Growth

Existing infrastructure spending commitments from central government ensures resilience across the highways and rail markets. A near unique level of certainty around rail funding guarantees further investment in infrastructure. Towards the end of 2023, the Office of Road and Rail (ORR) confirmed a £43.1 billion funding package for Network Rail from 2024 to 2029.

In 2023, we submitted a range of significant tenders for Network Rail for the next Control Period (CP7). We anticipate award of these contracts in 2024. As a key partner in the Transpennine Route Upgrade Alliance, we continue our work with Network Rail to evidence and apply for coming tranches of government funding.

While Network Rail accounts for approximately 75% of UK rail spend, our strategic focus is also on broadening our presence in the wider rail industry to minimise the risks associated with over-reliance on a single client. In addition to our ongoing service delivery and advisory work with Transport for Wales, we have submitted a tender for High Speed Rail 2 (HS2) and are building robust relationships with sub-regional transport bodies and the devolved administrations in Scotland and Wales.

Infrastructure funding for England's strategic road network also remains resilient, with ongoing funding agreed by the ORR for delivery through National Highways' Road Investment Strategy. Recent evaluation of the government's revised five-year investment cycles shows an improvement in road management and deliver better value for money for the taxpayer.

We remain National Highways' largest provider of maintenance and response services. Our current focus is on improving trusted relationships through operational and technical expertise.

Winning our second strategic road maintenance contract with Transport Scotland in 2022 cemented our position as a key provider across the Scottish roads network.

Amey is now responsible for nearly half of Scotland's motorway and trunk roads network and all of its intelligent traffic systems. In 2023, we secured strong volumes of work with Transport Scotland, while embedding our strong local presence through both operational projects and social value initiatives.

The highways work pipeline is bolstered by a number of local authority highway contracts coming to market over the next five years. Many have been extended to maximum procurement term, and we now see local authorities coming to the market with competitive tenders. We have committed to tendering for at least two local authority contracts a year, and we expect the results of our 2023 bidding activity to be awarded in Q1 2024. Pre-bidding activity for 2024 opportunities started prior to the end of 2023, focused on further strengthening client relationships and better managing resources.

Business Unit Overview *(continued)*

Transport Infrastructure *(continued)*

Strategic ambition and priorities

We are committed to using our operational and technical expertise to drive improvements for our clients and the local communities we impact. Underpinning this commitment is our sharp focus on developing strong relationships as well as fully interrogating and understanding our clients' needs.

Critically, we are uniquely positioned to draw on multidisciplinary talent and expertise. Looking forward, we continue to focus on public sector clients committed to major projects with secure funding. This sits alongside our commitment to build on our strong industry relationships.

Our presence across the UK enables us to seek opportunities across all nations and regions. This includes new integrated transport projects that use the combined expertise of our highways and rail teams to deliver multi-modal solutions for clients. We also continue our focus on expanding the reach of our project management, data, and design services with new clients.

Digitalising our core service delivery is a key priority. Digitalisation reduces budget pressure for clients, improves value and offers transparency. With our market leading in-house Advisory & Analytics capability we are well placed in this important area, using data-driven insight to provide clients with intelligent, full lifecycle solutions. This is key to helping clients meet important but challenging decarbonisation and environmental targets.

Increasing electric vehicle ownership coupled with the development of autonomous vehicles has added further transitional pressure on the UK's highways infrastructure as it adapts to multiple vehicle types on the UK's roads. In addition, the rail sector continues to push forward with ambitious electrification plans. With strong track records of decarbonisation initiatives in both sectors, we continue to be well placed to help these vital transport networks adapt and deliver at a faster pace using cutting edge solutions.

Business Unit Overview *(continued)*

Complex Facilities

Our Complex Facilities division delivers critical facilities management (FM), asset condition, energy reduction and decarbonisation projects across the health, education, defence and justice sectors. Using innovative technology solutions, we enhance and add value to these services to benefit our clients and the wider public.

Overview

Our full lifecycle services are designed for customers operating in complex environments. We maintain buildings and equipment essential to individuals and communities across the UK.

This includes providing secure facilities management services in 60 prisons and for court, prisoner escort and transportation services. In education we manage 141 schools and colleges across the UK, and we manage 18,600 military homes on behalf of the Ministry of Defence (MoD)as well as maintaining equipment.

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 10 local authorities.

Our pioneering use of data and benchmarking ensures we deliver innovative and compliant Personalised FM services fully tailored to our clients' requirements. This includes supporting clients to meet their Net Zero ambitions. Here, our energy specialists use complex data analysis and leading-edge technologies to reduce carbon emissions while delivering significant financial savings.

We are proud to work for the benefit of society through initiatives such as our prisoner rehabilitation programme, CRED (Clean Rehabilitative Enabling and Decent), our work with veterans and the work we're delivering alongside the Department for Work & Pensions (DWP) to enhance skills and employment opportunities for people in hard-to-reach groups.

Key facts and financial results

- Revenue £503.5 million (2022 - £438.6 million)
- Operating profit of £24.0 million (2022 - £33.7 million)
- £3.0 billion order book at the end of 2023 (2022 - £2.7 billion)
- 4,100 employees

Key contract wins and renewals in 2023

- An extension of up to 34 months on the Ministry of Justice (MoJ) Prisons Total Facilities Management Contract
- An extension of 6 months on the UK Hydrographic Office Contract
- A rolling framework contract with Fairhive Homes

Business Unit Overview *(continued)*

Complex Facilities *(continued)*

Case study: UK young offender institutes

Every day we keep 60 prison buildings secure, clean and safe while adding value through our knowledge, expertise and innovation.

When HM Prison and Probation Service (HMPPS) required a new welfare facility that increased privacy for offenders and met enhanced security requirements while also reducing carbon emissions, we offered an innovative solution. Meeting a complex list of requirements, our shower pod solution was also tailored to work well within the confines of our ageing prison estate.

Using our existing knowledge of the estate, our expert supply chain and our specialist energy capabilities, we selected Newcastle Joinery's shower pod solution. This simple, quick and cost-effective solution is made off-site, and delivered and installed in just three days.

The patented pods are resistant to mould and bacterial growth, minimising cleaning and maintenance and reducing chemical use. Reduced water use is a further environmental benefit. These cost effective in-cell shower pods – the first of their kind in the UK - are now in use at HM Young Offenders Institutions Wetherby and Werrington.

With reduced maintenance costs, the pods provide a whole lifecycle cost benefit. Importantly, with shower pods now available in cells, logistical management of offenders is also safer.

This pioneering solution won the Workplace Experience category at the 2023 Institute of Workplace and Facilities Management Impact Awards.

Financial Review

We ended the year with a strong orderbook of £3.0 billion, including secured work up to and including 2038.

We consolidated our Public Estates division to maximise lifecycle and project work opportunities. These delivered more than £60 million of revenue across existing clients and external frameworks. Extensions were also secured on the UK Hydraulic Office and Fairhive homes contracts. Fairhive replaced the Vale of Aylesbury Housing contract. Mindful of the financial challenges faced by clients, we sought opportunities to drive further collaboration, enhancing financial benefit to all parties.

Demand remained high with the MoJ Prisons contract. Having secured a third extension until end of March 2026, financial performance has remained stable following challenges during the early years of the contract.

Business Unit Overview *(continued)*

Complex Facilities *(continued)*

Financial Review *(continued)*

The outlook remains positive and we are working with the MoJ to advance its decarbonisation agenda. An initial Public Sector Decarbonisation (PSDS) funding application in excess of £8 million has been submitted for works at HMP Gartree.

Work on the Future Defence Infrastructure Services' Regional Accommodation Maintenance Services contract continued to settle through the first half of 2023. Improved clarity around client funding contributed to increased billable works outside the core service contract. This helped stabilise financial performance in this area.

Bid rate

Our bid rate was 46.38% by value (£485 million) and 75% by volume.

Strategic ambition and priorities

We achieved significant organic growth during 2023 and this is expected to continue into 2024. Our focus over the coming year will be on securing work from new clients. A number of key strategic opportunities - most notably within the DWP, HM Revenue & Customs (HMRC) and the Driver Vehicle License Agency (DVLA) - are progressing well.

Increased investment in bidding and work winning capability has reaped rewards. This sits alongside an increased a closer working relationship with consulting presence enabling us to utilise our market-leading innovation expertise. This helps set us apart when the market is moving towards quality and value rather than simply price.

Amey has been commissioned to carry out preparatory work helping to shape the scope of the next MoJ Prisons contract is underway, working in partnership with MoJ and other key stakeholders. This represents a strategic opportunity to ensure continuity in this sector when the current extension period ends. Continued engagement at all levels is set against our strong delivery and compliance performance across the prisons' estate.

Defence opportunities remain further in the future. Our key focus in the medium term will be on continuing our strong performance across core service delivery while maximising the amount of billable work undertaken.

Further investment in our decarbonisation and energy transition will focus on delivering solutions to our current client base. Here we will use existing funding avenues where possible but also seek new and innovative funding routes. Further opportunities with new clients represent a significant growth opportunity.

Our work with our Consulting team and combined opportunities with transport colleagues represents a key focus for future growth. This combined expertise will add significant value for clients.

Business Unit Overview *(continued)*

Non-core

This includes contracts which do not form part of our current service offering and which are to be operated to completion. These are legacy contracts on waste collections, utilities power projects and defence services housing.

Key facts and financial results

- Revenue £60.7 million (2022 - £529.9 million)
- Operating profit £9.6 million (2022 - £79.8 million)
- £61 million order book at the end of 2023 (2022 – £90 million)
- Circa 16 employees

On Defence services housing, the original contract with the Ministry of Defence came to an end in 2022.

Environment, Social and Governance

This section provides content on our contribution to sustainable development, complying with the requirement to provide non-financial and sustainability information as per Companies Act 2006, Section 414CA.

As a leading provider of infrastructure solutions, we play a vital role protecting the natural environment, supporting communities and contributing to economic prosperity.

Launched in 2023, our refreshed ESG strategy is built on the core pillars of Environment, Social and Governance (ESG). It sets out three key goals:

- To accelerate the change to a resilient and low carbon future
- To enhance the wellbeing of people and communities we impact
- To achieve sustainable and responsible growth

Twelve central themes are underpinned by a series of robust commitments. These commitments will guide critical decision-making.

Our approach contributes to the achievement of UN Sustainable Development Goals (SDGs) and in particular SDG 9 industry, innovation and infrastructure and SDG 11 focused on sustainable cities and communities.

To ensure our ESG priorities are relevant and impactful, we consulted key stakeholders - colleagues, clients, suppliers and local communities - to understand their priorities.

We are signatories to the UN Global Compact and use this model to consider the value of our ESG actions. This assesses growth opportunities, increased productivity and reduced risk.

Our robust ESG framework supports delivery of our net zero and social value ambitions.

Environment

Decarbonisation and energy efficiency

In 2023, we achieved PAS 2080:2023 designer certification from British Standards Institution (BSI). This cements our industry leading position in offering clients full project lifecycle carbon reduction.

With 70% of carbon emissions worldwide linked to infrastructure, PAS 2080 Design is game-changing for clients. We are now focused on achieving PAS 2080:2023 Asset Manager and Constructor, demonstrating our carbon management expertise across all elements of projects and programmes.

This year, Amey also became the first facilities management and infrastructure organisation to achieve ISO 50001 accreditation. This international standard recognises our market leading approach in energy management and provides a framework for further integrating carbon reduction into operational delivery.

We use National Highways, Transport Scotland and RSSB Rail Carbon Tools to monitor performance in this important area and work with ADEPT and FHRG to ensure consistent interpretation and measurement of Scope 1, 2 and 3 data for Local Highways activities.

Environment, Social and Governance *(continued)*

Environment *(continued)*

Decarbonisation and energy efficiency (continued)

Case Study: Delivering excellence in decarbonising our road network

A £4.6 million funding award from ADEPT and DfT recognises Amey's expertise in decarbonising our roads. This funding is being used to create and deliver the UK Centre for Excellence for Materials Decarbonisation.

Working with North Lanarkshire Council, Transport for West Midlands and others, we aim to break down siloed working practices, bringing the industry together to accelerate its move to net zero. The Centre will accelerate innovation across the sector, giving local authorities the confidence to adopt sustained decarbonisation solutions while driving efficiency and cost savings.

In another important development, Amey's consulting team supported South Gloucestershire Council and West Sussex County Council to secure funds for a green carbon laboratory. This will explore how highways can provide a source of materials and fuels to drive further decarbonisation. Examples include using biomass from green waste to create alternative fuels and asphalt additives.

A focus on green skills

Investing in new skills, knowledge and behaviours is key to realising both our own and our clients' decarbonisation and energy transition ambitions. Upskilling our teams will sit alongside targeted recruitment for technical skills.

In 2023, we:

- Strengthened our Sustainability Solutions teams
- Saw more than 1,400 of our consulting team complete Carbon in Project training, supporting our PAS 20280 certification
- Developed Amey Carbon Reporting Training to support our wider teams to understand our approach to internal carbon data management reduction and external disclosures
- Delivered webinars with our legal partners that focused on the implications of non-compliance
- Grew our internal environment and sustainability management team, refreshing our career path framework for our environment, sustainability and social value disciplines
- Developed a new Environment & Sustainability Graduate Programme, encouraging young people into our sector and equipping them with key skills identified in the IEMA Sustainability Skills Map
- Partnered with the Green Careers Hub, a new online platform championed by the Institute of Environmental Management and Assessment (IEMA), to open up opportunities in sustainable and future careers to everyone. Amey was one of 11 organisations chosen to demonstrate the opportunities available

We also have an ongoing programme of environmental awareness training.

In 2024, we will:

- Continue embedding the PAS 2080 Carbon Management standard across our wider business
- Develop and strengthen our capabilities in supporting clients to decarbonise
- Introduce a new cultural programme for environment and sustainability, embedding new behaviours and expectations

Environment, Social and Governance *(continued)*

Environment *(continued)*

Nature positive

We recognise the urgent need to protect nature and biodiversity and the devasting impact of degraded natural capital. We believe it is vital to fully understand our environmental impact, both as an organisation and in the services we provide to clients.

We have set out robust ESG commitments to understand:

- Our dependencies on nature and environmental assets
- Our impact on nature and biodiversity and to reduce these through our own actions and those of our supply chain
- Opportunities to positively impact nature and biodiversity, taking those opportunities often and realising the benefits

Amey has a 40-strong growth ecology team focused on protecting species and delivering against Biodiversity Net Gain requirements and regulations. Key projects this year include:

- Advice on bat survey and assessment for extensive internal refurbishment works across Service Family Accommodation estates, including the provision of method statements and desktop studies and ongoing consultation with statutory authorities
- Development of the Transport for Wales' Core Valley Lines Net Benefit for Biodiversity Strategy to outline how Net Benefits for Biodiversity - Wales' equivalent to Biodiversity Net Gain - can be achieved on the Core Valleys Line
- Amey Ecologists supporting National Highways, Transport Scotland and Transport for Wales on preliminary bat roost tree inspections, emergency surveys, licensing and method statements to enable felling of trees due to ash dieback

Case study: Biodiversity Improvements to the MoJ Prison Estate

The MoJ's extensive estate has a wealth of priority species and habitats and a range of biologically diverse sites. Amey acts in an advisory role, helping the MoJ achieve their Biodiversity Net Gain (BNG) Key Performance Indicator across their site portfolio, using Natural England Biodiversity Metric v3.1. We have been appointed to establish the baseline habitat units at over 80 sites and prepare Ecological Management Plans (EcMPs). A GIS database has been developed to effectively track each management compartment within each estate. The database summarises all current and target habitats, recommended actions and where relevant capital expenditure required. This will enable the MoJ to strategically analyse potential enhancements to maximise net gain in relation to expenditure and achieve their target of 10% net gain across the estate.

Environment, Social and Governance *(continued)*

Environment *(continued)*

Nature positive (continued)

In 2024, we will:

- Undertake an Amey-wide project to baseline our Biodiversity Footprint, informing a Biodiversity Action Plan
- Continue to support clients to comply with new Biodiversity Net Gain regulations and identify, design and deliver nature-based solutions

A net zero organisation

Amey is committed to becoming a net zero organisation. We quantify and report greenhouse gas (GHG) emissions in accordance with ISO 14064 obligations in preparation for independent third-party verification by BSI and the Science Based Targets Initiative.

To help realise our climate action carbon reduction ambitions, we continue to decarbonise our fleet, plant and site compounds. Action includes moving to low carbon options and behaviour change campaigns.

In 2023, we:

- Introduced an Electric Vehicle First Policy for all those in a company car, and introduced a range of measures to support and encourage drivers to transition to an EV, including:
  - Funding of home charger points
  - Changing the business mileage reimbursement to pay an actual cost per mile rather than the standard HMRC Advisory Fuel Rate
  - Giving all colleagues the opportunity to order an EV straight away, irrespective of when the lease on their current company car expires
  - Reducing the CO_2 limits on our Car Allowance vehicles
- Made progress towards 75% of company cars being EV by the end of 2025. Starting 2023 with 5% (60) of company cars being fully electric, our new policy achieved an increase to 35% (450) by the end of 2023, with a 550 on order. Working with partner Novuna, we established a fund to support the transition to low carbon allowing us to invest in EV charging infrastructure; free lease terminations on cars and vans where EVs are ordered as a replacement and driver education
- Increased the volume of electric vans in our fleet to 110
- Carried out a tender for workplace charging infrastructure, selecting Novuna as our chosen partner. Novuna installed 24 AC chargers and two DC rapid chargers, complete with a Charge Point Management System at our Polmadie Depot trial site. This facilitated an increase of electric vehicles and was key to helping the South West Scotland Trunk Roads contract meet its ESG target of having 50% of cars and vans alternatively fuelled 12 months ahead of target
- Won the coveted Van Decarbonisation Award at the 2023 Logistics UK's Van Awards
- Increased usage of low carbon plant across the business, including solar and hydrogen powered lighting, eco-hybrid welfare units and battery storage to support generators

Environment, Social and Governance *(continued)*

Environment *(continued)*

A net zero organisation (continued)

Case study: **Greening our fleet in Scotland**

Summer 2023 saw important strides in our e-mobility journey with a £497,000 investment in 13 electric Volkswagen ID.3 vehicles with a 250 – 270 mileage range for highways supervisors on our South West Trunk Roads contract. Working with partner Novuna a bespoke EV charging point solution was installed at Transport Scotland's Polmadie depot in Glasgow. The site now boasts 26 AC and two DC charging points replacing, replacing four existing AC charging points. During 2023, EVs in the South West fleet completed 99,487 miles, making carbon savings of 62tCO_2e.

A sustained year-long behaviour change campaign aimed to reduce emissions Amey-wide. This included refreshing and relaunching fuel efficient driving guidance, and Green Travel Survey. Our Green Driver Award scheme recognises those who drive most efficiently and each quarter our greenest drivers are rewarded with *Amey Stars.*

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities

The following climate change risk and opportunities disclosures cover the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

This is our first Annual Report outlining our response to climate-related risks and opportunities, which we will continue to develop and refine our response through improvement workstreams and reporting to the ESG Committee.

(a) Governance arrangements in relation to assessing and managing climate-related risks and opportunities

The impact of climate risk and opportunity is included in our ESG Strategy, published in 2023 and for which the Amey Board has overall accountability. Execution of this strategy is delegated to the Executive Committee.

The Board has delegated to the ESG Committee, a committee of directors appointed by the Board, on all matters relating to the ESG management of Amey's activities. The ESG Committee:

- has responsibility for reviewing actual or potential climate-related impacts to Amey and making recommendations to the Board and its relevant committees
- reviews internal compliance with internally established policies and externally applicable ESG codes and principles across the Business Units
- meets quarterly and directly reports to and advises the Board on such matters
- has oversight of our greenhouse gas emissions disclosures and the steps required to make sure we accomplish science-based greenhouse gas reduction targets

Members of the ESG Committee have experience across organisations with strong track records of climate change and sustainability. Further, they include leaders and decision makers from across the business who are able to influence strategic decision making and the delivery of the ESG goals.

The impact of climate change risk on the business and Amey's impact on climate are reviewed by the ESG Committee, Risk Committee and the Executive Committee. Climate change is included as a principal risk and in our Amey Risk Management system.

The Executive Committee's responsibility includes setting and monitoring targets in relation to climate-related matters as part of our ESG strategy and ensuring the operating Business Units have improvement action plans in place.

The Executive Committee is updated by the ESG Director on climate-related matters as part of the ESG and sustainability updates. The ESG Director is a new position, put in place in February 2023, and champions a series of climate-related workstreams.

The Business Unit managing directors have responsibility for the identification and management of climate-related risks relevant to their business and arrange ownership of targeted controls and actions. BU Environment and Sustainability leads enable oversight and management of sustainability matters, which include climate-related risks and opportunities at the operational level.

The priority for managing climate change is reflected in remuneration for our senior leaders and decision makers. The Remuneration Committee is responsible for setting and assessment of ESG remuneration targets. In 2023, 5% of the bonus was determined by ESG actions.

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities *(continued)*

(b) Identification, assessment, and management of climate-related risks and opportunities

We use the Task-force for Climate Related Financial Disclosures (TCFD) guidance the to inform how we identify, assess and manage climate-related risks and opportunities.

To help ensure the identification and assessments are undertaken in a manageable manner, Amey assess each of their core sectors separately. This ensures the assessment is restricted to the areas of the business that the assessors attending are experts on, whilst helping manage the size of the assessment group.

The sectors are Highways, Rail, Facilities Management (including Defence, Justice and Public Estates) and Consulting. Each sector undertakes an annual review of climate-related risks and opportunities, supported the Group ESG team oversee the process, which informs those that are considered principal risks at a corporate level. Representatives from each of the business sector reviews include:

- Sector Financial Director and Business Directors
- Business Unit Environmental lead(s)
- Account Directors and other interested stakeholders
- Group Carbon and Climate Change Business Partner (chair)

Scenario analysis

The TCFD framework recommends undertaking scenario analysis to assess how climate-related risks and opportunities may impact on our business. This is the process of considering future events in terms of varying extents of climate change, in order that a cross-discipline group can assess how the material issues resulting from the climate-related risks and opportunities may impact on our business within each scenario. The outputs of the scenario analysis are:

- A record of the material issues arising from climate-related risks and opportunities that may impact on the business
- A record of the control measures that will help us: mitigate or adapt to climate-related risks that minimise our financial exposure; or explore opportunities that create a beneficial financial impact
- An estimate of the potential financial impact on the business in the short-term (3-5yrs), medium-term (6-20yrs) and long-term (>20yrs)

It must be emphasised that a forward-looking scenario is not a forecast or a prediction, but a plausible future condition. There are two categories that scenarios can fall into:

(a) Those that consider the likely future conditions because of different policy outcomes, such as the level of temperature increase or precipitation changes due to a low uptake of low carbon transport solutions, and
(b) Those that specify the range of GHG concentrations in the atmosphere and the likely future conditions at those concentrations, these types of scenarios can be seen in the Intergovernmental Panel on Climate Change (IPCC) reports.

Assess materiality of climate-related risks

Materiality assessment is the process of identifying, refining, and assessing potential environmental, social and governance issues that could affect the company, and/or stakeholders, and condensing them into a list of topics that inform company strategy, targets, and reporting. As part of the refresh of the Amey ESG strategy, Amey undertook a materiality assessment which has informed our headline goals, priorities for action and our broader ESG KPIs. The assessment was informed feedback, engagement and assessment from Amey stakeholders including shareholders, suppliers, employees, clients and communities. Climate-related risks and opportunities is considered a material factor.

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities *(continued)*

(b) Identification, assessment, and management of climate-related risks and opportunities *(continued)*

Assess materiality of climate-related risks (continued)

To consider potential material issues we have used the TCFD framework, which recommends consideration of the risks and opportunities as outlined in the table below.

Climate-related Risks		**Climate-related Opportunities**
Transitional risks - related to the transition to a low-carbon, climate resilient economy	Policy and legal Technological changes Market changes Reputation	Resource efficiency Energy source Products and services Markets Resilience
Physical risks - related to the physical impacts of climate change	Acute Chronic	

Identify and define future scenarios

Scenarios are identified by the Group ESG team and detailed below.

The scenario conditions for the physical risks are from The Intergovernmental Panel on Climate Change (IPCC) Shared Socio-economic Pathways (SS0) included in the Climate Change 2021 Report. Shared Socio-economic Pathways (SSPs) describe socio-economic characteristics that influence greenhouse gas emissions in a standardised manner, giving an indication of the potential societal pathways associated with different levels of climatic change. The scenario conditions for the transitional risks are from The World Energy Outlook (WEO) 2021. Within our scenario planning and looking at a timeline of the next 5-25 years, we outlined risks associated with; a 1.8 degree rise, as our scenario 1 (in line with SSP1), and a 2-4 degree warming as our scenario 2 (in line with SSP 2 and SSP 3).

- Scenario 1: 1.8 degree warming (IPCC SSP1-1.9) - Low GHG emissions/Net Zero 2050

  This scenario is the low GHG emissions pathway, i.e. successful, and timely transition to a low carbon economy. This scenario reflects broad alignment with the Paris Ambition that sees Net Zero emissions across the globe by 2050, which forecasts that the world will avoid the worse effects of global warming. Even on this pathway there are physical climate change impacts, but they are probably considered not significantly different to our current experiences since 2010.

  The material issues for the sector will be focused on the transitional risks to a low carbon economy as these will be instrumental in driving the world towards eliminating carbon emissions. The physical risks will be assessed, but it is likely a lower risk exposure because of the avoidance of the worst effects of climate change.

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities *(continued)*

Identify and define future scenarios (continued)

(b) Identification, assessment, and management of climate-related risks and opportunities *(continued)*

- Scenario 2: 3.5 degree warming (IPCC SSP2-4.5) - Intermediate GHG emissions

  This scenario is an intermediate GHG emissions pathway, i.e. partial and delayed transition to a lower carbon economy. This scenario reflects about half the action asked of by the Paris Ambition and results in missing achieving Net Zero emissions across the globe by 2050, with emissions being reduced by half of the real need that was identified in the Paris Agreement. In this scenario there are significant physical climate change impacts and will be considered to be significantly different to our current experiences since 2010.

  The material issues for the sector will be more balance between the transitional risks to a low carbon economy and the physical risks of climate change. This is because it is likely the transitional risks may be considered less significant than in scenario 1 (low GHG emissions), as less will have been undertaken in this area both by the business and policy makers; the impact of the physical risks will be greater as climate change is worsening in this scenario.

- Scenario 3: 5.7 degree warming (IPCC SSP5-8.5) - Very high GHG emissions

  This scenario is the high GHG emissions pathway, i.e. unsuccessful, and minimal transition to a low carbon economy. This scenario reflects business as usual with no real progress against the Paris Ambition that sees Net Zero global emissions by 2050 missed completely. This scenario presents the most serious impacts of climate change and will be very significantly different to our current experiences since 2010.

  The material issues for the sector will be focused on the physical risks of climate change because of their scales. The transitional risks to a low carbon economy will be assessed but it is likely that these will be less considerable than found in scenario 2 as very little will have been undertaken in this area both by the business and policy makers, as the carbon reductions have not been achieved.

Evaluate and manage business impact

For each of the scenarios and material issues identified, the assessment team considered how the business could be financial impacted, when that would be likely experienced and, what is the likelihood of it occurring. The original likelihood is ascertained upon guidance from SME's, based on if the effects are already being felt, expected imminently or anticipated. The options are outlined in the table below.

Business impacts	**When it is likely that this impact may be experienced**	**The likelihood that the material issue and financial impact will be realised**
Operational costs (labour costs, fleet, fuel, material costs) Revenues (contract penalties/inflexibility/opportunities) Earnings (EBITDA, EBITDA margins) Impact(s) on supply chain (interruption, availability of goods and services) Business interruption (can our people undertake the task; can they get to work? etc.)	Short-term (3-5yrs) During this period, we develop annual budgets. We also annual risk reviews and focus on the most significant risks. This period aligns to our internal initiatives and programmes; or Medium-term (5-20yrs) This period corresponds to the duration of many of our medium and large client projects; or Long-term (>20yrs) This period aligns with our long-term strategic objectives, including our net zero 2040 target.	Very Low (<10%); or Low (11-30%); or Medium (31-60%); or High (61-90%); or Very High (>90%).

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities *(continued)*

(c) How processes for identifying, assessing, and managing climate-related risks are integrated into the Group's overall risk management process

The processes for identifying, assessing, and managing climate-related risks are incorporated within the Amey Risk Management (ARM) processes. This is discussed further in the Risk and Assurance section on pages 56 to 63.

(d) Description of

(i) the principal climate-related risks and opportunities arising in connection with the Group's operations, and

(ii) the time periods by reference to which those risks and opportunities are assessed

Climate-related Risks and Opportunities			When	Likelihood
Transitional – Market Risk	Changing customer behaviour (Clients stop buying our services)	Amey is unable to win new work or extend existing contracts because • we are not evolving, innovating or have the resources and capacity to deliver climate change associated projects. • funding is diverted from our markets or there are changes in client's climate-related ambitions	Short-term 3-5 years	3 Medium (31-60%)
Transitional – Reputational risk	Stigmatization of sector (Reputation)	Amey's reputation is negatively affected, by • our existing client's inaction or inability to seek carbon reduction activities • a perception that our competitors having better ESG and specifically climate change, credentials or experience	Short-term 3-5 years	3 Medium (31-60%)
Transitional – Technology risk	Substitution of existing products and services with lower emissions options. Early retirement of assets/equipment to achieve lower emission needs	Existing contract terms prevent Amey from trialling and utilising the latest/new carbon reduction technology to meet Amey and client Net Zero targets	Medium-term 5-20 years	3 Medium (31-60%)
Physical Risk – Acute	Mean temperature rises increase by 1.5 – 2.0 degrees, meaning warmer, longer summers, shorter milder winters, heavier rainfall	Project failure or operational disruption and decrease in productivity due to a change in extreme weather patterns including: • planned works move to 'reactive' mode • damage to infrastructure assets • additional costs to re-arrange works	Short-term 3-5 years	3 Medium (31-60%)
	Increase in extreme weather events (such as flooding)	Loss of compensation due to the normalisation or re-categorisation of extreme weather events (by insurance companies) within the lifetime of a contract	Medium-term 5-20 years	3 Medium (31-60%)
Opportunity – products and services	Opportunity to win more work and extend current contracts • by developing and expanding our 'low to no' carbon services and solutions, across transport and public buildings by maximising on our position to provide an integrated approach (design, delivery, operations) • through providing our clients with climate change resilience, emergency and adaptation planning (including through nature-based solutions)		Short-term 3-5 years	5 Very High (>90%)
Opportunity – markets	Opportunity to win work in new markets as the UK and Global governments progress the energy transition from fossil fuels to renewables.		Short-term 3-5 years	5 Very High (>90%)
Opportunity – efficiency	Opportunity to manage internal efficiency for cost savings and carbon reduction		Short-term 3-5 years	5 Very High (>90%)

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities *(continued)*

(e) Actual and potential impacts of the principal climate-related risks and opportunities on the Group's business model and strategy

Amey's has set six objectives that form it's overarching strategy. These are as follows:

1 Lead in decarbonisation and energy transition engineering
2 Integrate and grow Consulting, as a leading capability to differentiate the business
3 Focus on client relationship development and work winning
4 Provide digitally enhanced solutions through smart engineering services
5 Continue to put ESG at the centre of our purpose and service delivery
6 Consider M&A and International growth to expand our offering

The table below outlines if the business impacts associated with each of the risks and opportunities will be positive or negative, and an indication of which of the strategic objectives this aligns to.

Climate-related Risks and Opportunities	Operational Costs	Revenues	Earnings	Supply Chain	Business Interruption	Amey strategy objectives impacted
Market risk - Amey is not evolving, innovating or have the resources and capacity to deliver climate change associated projects	-	-			-	1, 2, 3, 4
Reputation risk - Existing client's inaction or inability to seek carbon reduction activities	-	-			-	1, 3
Reputation risk - Perception that our competitors having better ESG and specifically climate change, credentials or experience		-		-		1, 3
Technology risk - Existing contract terms prevent Amey from trialling and utilising the latest/new carbon reduction technology	-	-	-			1, 3, 4, 5
Physical risk – Operational disruption and decrease in productivity	-		-	-	-	1, 2, 3, 4, 5, 6
Physical risk – Loss of compensation	-				-	1
Opportunity – Provision of decarbonisation and climate resilience services		+	+			1, 2, 3, 4, 5, 6
Opportunity – Access to new markets as part of the energy transition		+	+			1, 2, 3, 4, 5, 6
Opportunity – Internal efficiencies		+	+			1, 2, 4

(f) Resilience of our business model and strategy, taking into consideration different climate-related scenarios

Amey is a leading provider of full life-cycle engineering, operations and decarbonisation solutions, for transport infrastructure and complex facilities. A unique combination of Consulting and Operational businesses providing integrated end-to-end services. Amey is a critical supplier to UK Government - one of the largest of the 39 Strategic Suppliers with a strong relationship with UK Cabinet Office underpinning relationships across most major Government departments.

Amey's mix of data science, engineering consultancy and operational delivery across the whole asset lifecycle is unique and the group is highly differentiated with no single competitor across the whole business.

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities *(continued)*

(f) Resilience of our business model and strategy, taking into consideration different climate-related scenarios *(continued)*

In recognising the increasing demand for decarbonisation related consulting services and maintenance of public sector infrastructure, in 2023 Amey put sustainability and decarbonisation at the centre of its refreshed purpose and re-brand. Our purpose is to "Deliver sustainable solutions, enhance life and protect our shared future" and we are on the journey of embedding this into our strategy and operations.

A core part of strategy is our ESG Plan (published in 2023), within in which we have identified four key commitments:

- **Decarbonisation and energy efficiency:** Reduce and optimise the use of energy and natural resources across infrastructure management
- **Nature positive:** Protect biodiversity and enable nature recovery so that it can thrive across the places we work
- **Infrastructure resilience:** Upgrade infrastructure so it can both absorb environmental shocks, and deliver on the energy transition
- **Net Zero organisation:** Getting our own house in order - achieving Net Zero by 2040

Each commitment is aligned the UN Global Compact Value Model, which ensures all activities and initiatives to deliver the commitment either reduces risk, enhances productivity or supports growth. In addition to organic growth, Amey has an active mergers and acquisition pipeline, focused on consulting, energy transition and decarbonisation capabilities.

Resilience against climate-related risks	Progress against climate-related opportunities
Research and Development – participation in a range of sector collaborations and partnerships such as Centre of Excellence for material decarbonisation in local roads. **Client engagement** – client engagement surveys and workshops to better understand decarbonisation aims and goals. Participation in forums such as ADEPT and SOLACE (Local Authorities) and the BSA for Central Government. **Science-based targets** – We are committed to science-based targets and are seeking approval these with the SBTi. **Supply chain literacy** – partner and active member of the Supply Chain Sustainability School, support our suppliers particularly SMEs to raise their carbon awareness, literacy and action for climate change mitigation. **Supply chain engagement** – targeted engagement with strategy suppliers in high carbon procurement categories. We have set targets for Tier 1 suppliers to have also set SBTi approved targets.	**Decarbonisation services –** provision of a growing range of services across the rail, road and complex facility sectors • Net Zero strategies and roadmaps for buildings, estate, and infrastructure projects • End-to-end climate-resilient, low-carbon design, build and operations of new infrastructure • Data strategies to generate actionable insights, drive decisions and integrate decarbonisation plans • Whole life carbon assessments and effective management aligned with PAS 2080 • Novel nature-based solutions to lower carbon emissions, improve biodiversity and create new community spaces **Building Energy Management –** achieving ISO50001 and PAS 2060 based processes and analytics to create a detailed plans and roadmaps for public buildings including courts, schools, defence and justice estates. **Nature focus** – we have developed a growing capability to offer nature based solutions, and biodiversity net gain. **LED Street Lighting solutions** – design, installation and maintenance of leading LED technology targeted for Local Authorities.

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities *(continued)*

(g) Targets used to manage climate-related risks and to realise climate-related opportunities and of performance against those targets

Amey has set the following carbon reduction targets:

- 2030 – 43% absolute reduction across Scope 1, 2 and 3
- 2035 – 80% absolute reduction across Scope 1 and 2, 68% absolute reduction across Scope 3
- 2040 – 100% Net Zero across Scope 1, 2 and 3 with a maximum of 10% off-setting

These targets have been set in line with science-based carbon reduction targets in line with the latest climate science recommendations necessary to meet the goals of the Paris Agreement and limit global warming to 1.5°C, well below 2°C. We are currently seeking approval from the Science Based Target Initiative.
.
Our progress against these targets, and pro-active future plans are outlined in the table below:

What we have achieved (2019-2023)	Next 5 years to 2028	Next 10 years to 2035
Scope 1 and 2 • Scope 1 and 2 reductions by 50% (since 2019) • Moved to 100% renewable purchased electricity • Electric Vehicle 'first' policy for Company Cars Scope 3 • Achieved PAS 2080 Carbon Management in the Built Environment (Designer) • Early engagement with key suppliers, and integration of climate change considerations into supplier tendering and evaluation Sought and gained verification of our emissions against the ISO 14064 standard. Amey's full greenhouse gas emission data is outlined in the **ESG KPIs section on pages 56 to 63.**	Scope 1 and 2 • Transition to electric vehicles company vehicles car and LCVs • Working in partnership with clients and property teams to install electric vehicle charging infrastructure • Transition from fossil fuel fuelled kit and plant working with our key suppliers • Continuously track and trail new innovations Scope 3 • Achieved PAS 2080 Carbon Management in the Built Environment (Asset Manager and Constructor • Focus on top 10 procurement categories will have in place Carbon Reduction Roadmaps for agreed suppliers. Evidence of carbon reduction will be realised in year for each of these suppliers • Support suppliers to set a Science Based carbon reduction target Improve carbon reporting and tracking systems across the organisation.	Scope 1 and 2 • Work with manufactures to transition LCVs and HGVs to low carbon alternatives Scope 3 • Continue to innovate regarding materials and products procured from suppliers • Collaborate with client to review specifications, to ensure low carbon options are being maximised • Work with SMEs to ensure they are progressing through Net Zero roadmaps • Review and agree and appropriate off setting routes

Environment, Social and Governance *(continued)*

Climate Change Risks and Opportunities *(continued)*

(h) performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.

Risk/Opportunity Description	Key Performance Indicator
Market risk	• Bid strike rate for Decarbonisation, Climate Change and Energy Transition services • Growth of Amey teams in delivering Decarbonisation, Climate Change and Energy Transition services; number of new 'Green Jobs' opportunities advertised and filled
Reputation risk	• Progress against Amey carbon reduction targets (Scope 1-3)- using the GHG Protocol standard methodology • % of contracts that have a Carbon Reduction Plan agreed with client Customer feedback scores regarding Amey services and capabilities for Decarbonisation, Climate Change and Energy Transition services • Communication of project carbon reductions
Technology risk	• % of contracts when carbon reduction initiatives have been denied by client
Physical risk	• Number of incidents that have caused operational disruption due to extreme climate events • Number of insurance claims lodged and denied related to an extreme weather event
Opportunity – products and services	• Revenue associated with design and delivery of decarbonisation solutions, energy transition and nature-based solutions • Scores and feedback associated with Carbon and Climate Change sections of work winning opportunities • Revenue associated with design and delivery of decarbonisation and nature-based solutions in new markets
Opportunity - efficiencies	• Cost savings through energy efficiency

Environment, Social and Governance *(continued)*

Social

Investing in our people

At Amey we work as one team, and we value our people. We continually re-think the way we work so that we optimise every opportunity and help everyone fulfil their potential.

We embrace diversity and inclusivity, and value difference as a strength, helping us to achieve the very best results as individuals and as a team. Our people first approach ensures that everyone can access a wide range of opportunities.

Our partnership with Investors in People (IiP) began in late 2021. An accelerated programme, it is designed to take us from silver to platinum status over three years. By early 2022, we had achieved gold status, putting us among the top 1% of employers. Early in 2023, IiP confirmed that we are on track to achieve platinum status.

Safety

Amey is a complex organisation operating across multiple sectors and UK regions. Our first priority is the safety of our people and service users, and we continually strive to improve our approach to health and safety.

Our ‘Safety First Always’ approach is underpinned by our Zero Code framework. This ensures a consistent message and consistent understanding across our entire workforce and allows everyone to stop work and seek advice if they feel unsafe. Everyone who works for or on behalf of Amey is expected to follow this framework.

Our Health and Safety policies and performance are independently assessed. Amey has formal certification to BS EN ISO4500, with successful audits across our business in 2023. This independent assessment scrutinises policy, organisation, planning and implementation of risk mitigation and reviews improvement against performance. Further recognition comes through RoSPA awards for all our business units.

This year saw the creation of the Amey Safety Council to oversee and give strategic direction to our health and safety approach. The Council meets quarterly, and membership includes shareholders, board members and our Group Health and Safety Director along with key stakeholders. Health and Safety performance reviews also form part of our monthly CEO led Executive Committee meetings.

Three key focus areas were identified for 2023 and 2024: a review of our fatal and common risk categories, a focus on human factors and safety culture, and simplification of our health and safety operating systems including further digitisation. New initiatives coming out of these reviews include the creation of executive sponsored Safety Improvement Groups that operate collaboratively across our business.

Regrettably, the business saw one prosecution from an event that occurred in December 2019 where a colleague suffered extensive injuries. The Court acknowledged our good health and safety record and adequate health and safety procedures, but it also found that these had not been followed sufficiently. The regulator acknowledged that our cooperation and response to the incident was good and that relevant improvements had been implemented.

Environment, Social and Governance *(continued)*

Social *(continued)*

Safety (continued)

In 2023, performance showed a Lost Time Injury Rate (LTIR) improvement of 16% and a 55% reduction in High Potential Incidents on the previous year. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) injuries have seen a 26% improvement. Over six years we have achieved 52% improvement against LTIR.

We actively encourage and have a healthy reporting culture for the reporting of close calls and near misses to support our core value of ‘safety first, always’ with 21,977 close call events recorded by our workforce.

We recognise the impact of mental health, and we are proud to provide a range of employee assistance programmes. These include partnerships with MediGold-Health, our occupational health provider, and their EAP partner, Health Assured.

Wellbeing

This year has seen us link wellbeing to the core of our business with the development of our new wellbeing strategy. This is designed to support our ambition to make Amey best in sector for wellbeing, an ambition that acknowledges that what is harmful to the individual is also harmful to our business.

This new strategy promotes an innovative, scientific and data driven approach to wellbeing as well as systematic risk mitigation. Set to launch in early 2024, it promotes positive wellbeing – based on a proactive rather than reactive approach – and embraces diversity and difference.

Our approach is backed by significant resource and increased structure. This includes a new director level steering group chaired by our Chief People Officer and attended at director level across our business. We will further maximise the impact of our successful Affinity Groups, exploiting opportunity and increasing collaboration between groups.

Delivery will be driven through a comprehensive package of evidence-backed training and powerful new tools. These include a suite of innovative, bespoke digital resources developed in-house including a new wellbeing app. In-depth training for line managers business wide will be complemented by ongoing support, and managers will be held accountable for the wellbeing of their team members.

Importantly, our data-driven approach will give us a dynamic picture of wellbeing across our organisation, allowing us proactively address issues and further embed wellbeing into core business functions and activities.

Environment, Social and Governance *(continued)*

Social *(continued)*

Wellbeing (continued)

Highlights from 2023 include:

- Consolidating links between workplace wellbeing and our high-performance culture and operational goals as well as psychological risk and behavioural safety. In-house development – by Amey's Be Digital team – of a new bespoke psychological risk assessment app giving Amey leading-edge wellbeing and inclusion metrics, along with a pioneering new wellbeing app. Both are set to launch in spring 2024
- Development of new education resources for managers recognising the direct link between the wellbeing of a line manager and that of their team. This is supported by a suite of resources that encourage managers to be accountable and take ownership of wellbeing in the workplace.
- Line manager training included as a Wellbeing and Inclusion KPI for all business units with targets set by business unit People Managers
- Restructuring our affinity and ambassador groups to align them to our new strategy
- Encouraging individual accountability and responsibility through the development of new communications tools and interventions that help employees become accountable for both their own wellbeing and that of colleagues
- Strengthened partnerships with our occupational health, employee assistance programme and private medical insurance providers to better support colleagues
- New wellbeing support for key topics covering women's, men's, and transgender health issues
- More integrated, cost-effective workplace support for wellbeing at every stage of life
- Ongoing identification of key baseline wellbeing measures to track performance

Inclusive Workforce

Our Embracing Difference campaign supports an inclusive culture, allowing everyone to bring their unique self to work. It ensures that every voice is heard and helps us to bring out the best in each other, using every talent.

Inclusion is the thread that underpins this, and our network of Inclusion Ambassadors is a key element of this approach. We are committed to tackling all forms of inequality, nurturing talent from the widest possible pool to the benefit of both individuals and our business.

In 2023, we achieved the highest level of Disability Confident Leader accreditation and became the first facilities management provider to achieve RNIB Visibly Better Employer status. We continue to be signatories to Business in the Community's (BiTC) Race at Work Charter and will again publish our Ethnicity Pay Gap data in 2024.

Environment, Social and Governance *(continued)*

Social *(continued)*

Inclusive Workforce (continued)

Highlights for 2023 include:

- Amey-wide events celebrating International Women's Day, National Inclusion Week, Black History Month and Race Equality Week and - for the first time - Neurodiversity Celebration Week. We also encouraged participation in Pride activities
- The fourth cohort of our Women's Leadership Development programme (W@A) designed to nurture the skills, knowledge and potential of our most talented women
- The first cohort of our new Multicultural Leadership Development programme
- New policies and guidelines on a range of inclusivity topics including neurodiversity, miscarriage, fertility and domestic abuse
- Guidance for all managers on Ramadan, encouraging flexibility to support observant colleagues
- More inclusive recruitment, partnering with key organisations including STEM Returners, Renaisi, Astrid and Buildforce to attract diverse candidates
- A 5% improvement in diversity data, with 70% of employees now providing data

We entered a small number of nationally recognised awards in 2023. It is testament to our commitment to delivering excellence that we:

- Won the Prestigious Princess Royal Training Award for our W@A leadership programme along with a special award for Inclusivity in Learning
- Achieved the Gold award from the 5% Club for our commitment to having more than 5% of employees learning while earning
- Were shortlisted as a finalist in the Best Early Careers Strategy of the HR Excellence awards

Case study: Affinity Groups

Women@Amey

This established group supports women at Amey through a broad range of initiatives. These include focus groups improving the fit and available of PPE for female staff and Lean In Circle skills building and mentoring networks. Our new Male Allyship programme will offer further guidance and support.

Our annual W@A festival showcases our existing female talent, and we continue to support future talent through our Challenge Cup. This brings girls aged 13-15 into Amey to solve a real-life engineering problem, working alongside our engineers.

Parents and Carers

This new group is in its early stages, focusing on strategy and attracting membership. It aims to build a buddy network for parents and carers and develop guidance material setting out our support for all our people balancing work with caring responsibilities.

Environment, Social and Governance *(continued)*

Social *(continued)*

Inclusive Workforce (continued)

Case study: Affinity Groups (continued)

Neurodiversity Network

Key activity for this group includes monthly safe space calls and the development of guidance that helps colleagues identify and make reasonable adjustments to support neurodiverse colleagues. The group is also creating a Neurodiversity Challenge. This aims to increase awareness neurodiversity by asking colleagues to perform six simple tasks, experiencing these from a neurodiverse perspective.

Armed Forces

This Group proactively supports our Armed Forces community. Key activities include supporting-employment of reservists, veterans and forces families and mentoring those who are transitioning from the military. It also fundraises for causes that support the Armed Forces community.

It is part of our commitment as signatory to the Armed Forces Corporate Covenant and is key our to Gold status partnership with the Defence Employee Recognition Scheme.

Diversability

We are proud to be a Disability Confident organisation and as part of this commitment we encourage all our people to think differently about disabilities and actively work towards culture change both within Amey and in our wider communities.

Our Diversability Network is a voice to support people living with long term health conditions and disabilities and promote an inclusive culture within Amey. The group raises awareness and provides education, support and guidance to disabled employees and wider Amey colleagues.

The Group delivers lunch and learns, campaigns such as National Inclusion Week and safe space sessions. In 2023, the group introduced the Hidden Disabilities Sunflower to raise awareness of hidden disabilities and it works closely with the business to support inclusive recruitment initiatives.

Pride

Our Pride Network aims to build an environment that is safe and inclusive of lesbian, gay, bi and trans people and their allies. The group takes part in Pride nationwide and hosts online social and learning events.

Environment, Social and Governance *(continued)*

Social *(continued)*

Developing our people

Equipping our people to realise their potential is a key pillar of our People agenda, helping us to attract and retain talent.

Our 2023 highlights include:

- Further strengthening our digital learning, offering new Skillshub courses and offering business specific courses developed by our internal L&D consultants
- More than 800 people taking part in development programmes including early careers, graduates, apprenticeships and placements along with a range of other apprenticeships and learner agreement programmes
- Delivery of more than 4,000 external training courses attended by more than 11,000 colleagues along with 54,000 digital course enrolments

Use of Government Levy Summary

Although the levy received from central government (5%) was slightly down in 2023 compared to 2022, the total levy spent by Amey increased by 7%. The year saw a 20% increase in our use of the levy for both Early Career Recruited Apprenticeships and Funded Professional Development pathways.

While our uptake of Professional Development pathways is still low, we were able to reduce levy wastage by increasing our levy transfers to third parties for social benefit. This led to a 44% reduction in expired levy.

Levy transfers saw the largest increased compared to 2022 due to the commitment of £390,000 levy transfer to the Discovery Schools Trust.

Recruitment

We recruited 2,969 new people to Amey in 2023, with only 2% sourced through agencies. We are committed to developing our own, and 750 employees secured a promotion or other internal move.

Recruitment focused on developing a diverse talent pool, and the proportion of female employees recruited into senior roles increased from 25% in 2022 to 33% in 2023. High levels of recruitment into our 2023 early careers, graduate and apprentice programmes - 119 new recruits - reflects our commitment to developing our own talent. In 2024, we expect to welcome another 200 plus into these important programmes.

Our offer to new employees continues to develop, reflecting our ambition to make Amey an employer of choice. Improved paternity and maternity benefits and a new Applicant Tracking System that improves candidate journey are part of this commitment.

Environment, Social and Governance *(continued)*

Social *(continued)*

Engagement

An October 2023 IiP survey supported our 'one team' vision, revealing positive attitudes about Amey as a place to work. Amey was ranked top amongst competitor organisations for employee engagement and the vast majority of Amey employees feel that we work as a team. More than half value Amey as a great place to work and almost two thirds feel that we share companywide values.

Colleagues feel valued, empowered to make decisions and involved in meeting Amey's corporate ambitions. More than two thirds feel trusted to make the right decisions and that we work as a team to solve problems and create ideas. Close to two thirds report having regular performance check-ins to help shape their future careers.

Key findings include:

- 77% think we work as a team
- 52% think it is a great place to work
- 69% feel trusted to make the right decision
- 68% think we work together to solve problems and create ideas

In 2024, we will:

- Continue to make safety our first priority by building on our Zero Code framework, refreshing the Behaviour Safety Framework and focusing on common and fatal risk reduction
- We will continue our investment in improved HR systems, notably through the roll out of a new People Portal
- Focus on Digital Skills, including a first ever AI Fortnight
- Launch our new Wellbeing, Diversity and Inclusion strategy, supported by employee resources and new e-learning
- Use the learning management module SuccessFactors to better track the learning we offer colleagues and ensure compliance for those roles and areas where training is critical, most importantly Health and Safety

Early careers

At Amey, we give everyone the opportunity to learn regardless of age, background or experience, and in 2023 580 colleagues were supported through our Early Careers programmes. This included 119 new apprentices and graduates.

Our Early Careers programme acts as a springboard to new opportunities and a rewarding career. It offers three core programmes:

- Apprenticeships give participants real-world experience and a nationally recognised qualification while earning. Our programme includes degree apprenticeships in areas including rail, civil engineering, data science, environmental practice and digital
- Our two-year graduate programme gives participants the opportunity to work on flagship projects with leaders of industry while positively impacting communities
- Placements give students experience the world of work and help them develop professional and personal skills. Our programme includes yearlong and summer placements

Environment, Social and Governance *(continued)*

Social *(continued)*

Early careers (continued)

We also piloted a T-Level technical training programme on our Staffordshire account in 2023 and will consider wider roll out in 2024.

Our early careers community benefited from professional development training from the Skills Builder Partnership. This six-month module equips them with essential role-related skills, and these are reinforced by regular reviews and appraisals. Feedback from participants is overwhelmingly positive.

A partner of The Duke of Edinburgh's Award (DofE) charity for over twenty years, Amey recognises the award's significance in supporting the development of young people. This partnership supports our joint objectives of improving the life chances and employability of thousands of young people. In 2023, 28 of our young colleagues took the opportunity work towards their Gold DofE Award.

The year also saw us launch our Essential Skills Insights programme, again working with the Skills Builder Partnership. This gives young people from disadvantaged backgrounds the opportunity to develop essential transferable skills that help them move into work. Running across three schools, the programme reached more than 300 young people. Very well received by participating schools, this programme aligns with Gatsby Benchmarking 1 criteria regarding progressive careers programmes shaped and driven by a strategic careers plan.

Case study: Opening doors to engineering

The Amey Challenge Cup brings girls aged 13-15 into Amey to work with our engineers for day and solve a real-life engineering problem. The Cup showcases the variety of roles in the technology and engineering sectors and inspires participants from underprivileged backgrounds to consider a career in these sectors.

Over 500 girls from 50 schools took part in 20 events. More than 200 Amey volunteers took part, giving 1,200 hours of their time. The Skills Builder Essential Skills Framework used to assess the event's impact on participants showed:

- 90% improved their speaking skills
- 90% improved their problem-solving skills
- 83% increased their confidence

This year also saw us launch the Duke of Edinburgh Taster Day programme, giving young people insights into a career in a market-leading infrastructure and engineering organisation. The programme involved 16 young people completing their DofE award, giving them the opportunity to meet Amey senior managers and experts, use their skills to solve an engineering challenge, explore career opportunities and network with other participants.

Environment, Social and Governance *(continued)*

Social *(continued)*

Early careers (continued)

We delivered more than 50 work experience placements through our Paving the Way programme. This supports participants to develop essential skills and gives them valuable workplace experience. In July alone our Bristol office hosted 10 work experience students over two weeks. Students met Amey experts and worked on an engineering project. Several participants expressed an interest in our apprenticeship programme.

In 2023, we were awarded the Gold Excellence Mark by the Skills Builder Partnership in recognition of best practice in embedding essential skills into recruitment, employee development and outreach.

Breaking down barriers

Amey believes that diverse perspectives lead to improved collaboration and better outcomes for clients. Our employability team supports initiatives that break down barriers that prevent talented people building careers in our sector. In 2023, Amey became a founding member of the Social Recruitment Advocacy Group, attaining Gold Chartermark membership for work in social recruitment.

Armed Forces

Our exceptional support for the Armed Forces community saw us secure a further five-year revalidation under the MOD's Gold Employer Recognition Scheme (ERS). First awarded in 2018, this acknowledges our long-term commitment to the military community, highlighting our forces-friendly initiatives. We work alongside the Forces Transition Group, Forces Families Jobs and the Career Transition Partnership (CTP) to offer employment opportunities to service leavers.

We also partner with the industry led BuildForce programme to connect veterans and service leavers to opportunities in the construction sector. A fully trained network of Amey mentors gives guidance, support and assistance with CV writing as well mock interviews, and work experience placements, with the end goal of helping participants secure employment at Amey or in our supply chain.

In 2023, these partnerships helped us recruit 66 new employees from the military community.

Returners

Amey supports those who have taken an extended career break - often due to caregiving responsibilities, illness or other personal reasons – move back into work. Partnering with specialist provider Maximus and its Restart programme along with STEM Returners, we offer work placements to potential returners. These can lead to permanent employment.

Environment, Social and Governance *(continued)*

Social *(continued)*

Prison leavers

Our peer led post prison programme is delivered in partnership with Inside Job and New Futures Network. Our partners promote Amey employment opportunities to prison leavers, with the twin benefits of helping leavers to secure work and reducing reoffending.

Our CRED programme gives those in prison the opportunity to train in painting and decorating, building a pathway into employment on release.

Sector-Based Work Academy Programmes

Our long-standing relationship with the Department of Work and Pensions (DWP) includes our new SWAPS programme. This equips jobseekers with new skills and gives them valuable work experience, building confidence and improving prospects.

Piloted in Bradford in 2023, SWAPS supported nine participants. Two permanent job offers have been made, with an additional four interviews booked.

Journey to Work (JtW)

Our JtW programme supports those furthest from the labour market through employability workshops. These cover CV writing and interview skills and participants can apply for jobs and attend interviews on the day. They are also offered work experience with Amey or our partners. To date, 84 people have moved into work after taking part in JtW.

In 2024, we will:

- Further increase the breadth and quality of our offering. This will extend across entry routes including our placement, internship and work placement programmes
- Develop a new hybrid work experience, making work experience more accessible
- Strengthen partnerships that help break down barriers to work

Sustainable Supply Chain

Our sustainable procurement approach is a key part of our commitment to positive social impact. Purchasing decisions reflect not simply value and need but also their impact on society and the environment.

Collaborating with suppliers creates innovative solutions to drive value. And, by championing local businesses, SMEs and social enterprises, we develop a more diverse supply chain that supports the local economy.

Environment, Social and Governance *(continued)*

Social *(continued)*

Sustainable Supply Chain (continued)

In 2023, we partnered with BSI to review of our procurement approach in line with ISO 20400. This globally recognised guidance sets standards in sustainable procurement, emphasising ethical, social and environmental considerations. The review highlighted key strengths including our ESG strategy, supply chain collaboration, decarbonisation plans and metrics, and social value initiatives. We will use this guidance to drive further improvement.

We use the Constructionline fully hosted and vetted database to assess suppliers to a common industry standard.

Throughout the year, we partnered with more than 4,100 suppliers across the UK. More than half (58%) of this spend was with SMEs. And of our total supply chain spend of £1.287 billion, £6.5 million was with social enterprises. We are pleased to have paid 99% of our supplier invoices within 60 days.

Supply chain engagement

We remain committed members of Supply Chain Sustainability School, working with the wider sector equip employees and suppliers with the knowledge to create a sustainable future. Our membership supports our employees and suppliers to understand and embed social value through procurement. We have progressed to bronze-level membership and are currently 85% of the way to achieving silver.

Partnership with VCSEs

Our focus on creating opportunities for Voluntary Community and Social Enterprise organisations (VCSEs) is underpinned by our membership of Social Enterprise UK’s Buy Social Corporate Challenge. This helps us support the growth of the VCSE sector.

In 2023, we launched the Amey Hays Social Enterprise Initiative in partnership with our temporary recruitment supplier. This fosters sustainable growth for four VCSEs that prioritise inclusive recruitment. Support is primarily delivered through in-kind benefits, supplemented by a grant of £10,000 to each VCSE. Beneficiaries are the Community Driving School, Morgan Developments, Rising Stars Property Solutions and Standing Tall. These emerging VCSEs align with our social value purpose and have a significant positive impact on local communities.

A series of collaborative discovery sessions has seen us work with each VCSE partner to design a customised growth roadmap. This targets operational scalability and optimal use of the grant funding through partnership activities. Over the past eight months, professionals from Amey and Hays have supported our VCSE partners with business strategy, marketing, finance and business development.

Delivered through time, expertise, process review and networking, this support has significantly enhanced the visibility of the VCSEs. To date - eight months into the ten-month programme - we have recorded a social impact exceeding £97,000.

Environment, Social and Governance *(continued)*

Social *(continued)*

Partnership with VCSEs (continued)

Case study: Amey and EthStat partnership

In 2023, we celebrated the third year of our partnership with community interest company Ethstat. This allowed us to leverage Ethstat's expertise in sustainable procurement from a diverse supply chain of over 140 social enterprises and more than 300 'for purpose' businesses in the UK. Our strategic approach to procurement has empowered Ethstat to create significant social impact, reducing homelessness, supporting families affected by dementia and leading climate justice initiatives.

Our 2023 order of 10,984 hampers generated social value estimated at £2.2 million. This includes 4,780 hours of living wage employment, donation of 10,600 pairs of socks to the homeless and the removal of 267,000 single-use plastics.

One project involved repurposing of 25,000 coffee sacks, a by-product of Ethstat's sustainable coffee range. In collaboration with Downview Prison, these sacks were transformed into tote bags through a training program that helped prisoners achieve Level 1 and 2 NVQs in tailoring.

Case study: Supporting our veterans through buying signs

This year marked 15 years of our partnership with Royal British Legion Industries (RBLI), a national charity supporting veterans and people with disabilities through employment and training. Amey has spent more than £4.3 million with the RBLI and its social enterprises, contributing more than £730,000 in social value to the economy. The partnership has allowed RBLI to create five new employment opportunities every year, benefiting veterans and people with disabilities.

In 2023 RBLI's factories produced more than 26,000 signs for Amey's highways and rail network. To mark the fifteenth anniversary of our partnership, Amey and RBLI veterans visited their Scottish social enterprise Scotland's Bravest Manufacturing Company, sharing ideas for further strengthening our collaboration.

In 2024, we will:

- Continue to support the VCSE sector to access our supply chain, developing a roadmap of key opportunities across our procurement categories
- Develop and implement a clear plan to maximise our partnership with the Supply Chain Sustainability School. We aim to achieve gold status by the end of the year
- Strengthen and champion sustainable procurement through alignment with and advocacy of ISO 20400 Sustainable Procurement guidance

Environment, Social and Governance *(continued)*

Social *(continued)*

Creating Social Value

Our new Social Value reporting tool Thrive helps us track, audit and report on all our social value and broader ESG activities. The platform can be tailored to social value objectives of individual contracts, allowing us to track goals and targets and so ensure we deliver on agreed client KPIs.

Thrive uses the Impact Evaluation Standard to create tangible value for our social value activities. The Standard is fully aligned with the UK Government's Social Value Model (PPN 06/20), the Sustainable Development Goals and guided by an independent steering committee of recognised social impact leaders.

In total we delivered £306.3 million in social value in 2023, broken down to:

- £184.2 million social and environmental value
- £11.3 million local economic benefit
- £110.8 million non-local economic benefit

As part of this, we were pleased to:

- Recruit 153 people who face barriers into employment, including 57 who were previously unemployed, 75 veterans and seven prison leavers
- Gave 1,196 hours to support mock interviews, CV writing and careers advice
- Volunteered 16,927 hours, with 7,980 targeted towards environmental community action, 6,543 towards community projects and 2,404 towards education programmes
- Delivered 729,781 hours of education and skills development. More than 700,000 of these were for our CRED programme

This is our first year reporting through Thrive, and we have not yet achieved 100% coverage across all our operations and contracts. Our focus is on using robust, quality data sourced from Amey's central systems coupled with input from teams across our operational sites.

Partnership for change

We are in the second term of a two-year Partnership with Cancer Research UK (CRUK). Fundraising efforts will be channelled towards early detection research and supporting CRUK in pioneering diagnostic tests, treatments and prevention.

In 2023, we raised over £80,000 for CRUK of which £68,883 came from fundraising activities and £12,061 from our Donation Station initiative. This saw us collect 529 bags of items for sale in CRUK shops across the UK. Key fundraising initiatives included our Early Careers Challenge (£19,654), a pan-Amey 2for2 Challenge involving over 25 activities (£8,790) and the TRU West team (£16,400) along with numerous team and individual events such as Race for Life and Walk All Over Cancer.

We also increased cancer awareness amongst our team, reaching 3,336 employees through 31 face-to-face activities. These included 15 cancer awareness health stands, 15 workshops, a webinar and the monthly health communications. The vast majority (79%) of those who took part in these activities reported better understanding of health awareness and enhancement.

Environment, Social and Governance *(continued)*

Social *(continued)*

Giving back

Amey offers up to two paid Social Impact Days (SIDs) every year, giving all our people the opportunity to support communities and non-profit organisations by volunteering and in 2023 Amey's team volunteered 2,256 days.

We encourage people to support environmental, educational and employment initiatives and to help achieve local community goals. Activities have included painting community halls, restoring neglected community gardens, mentoring, and transforming food bank car parks. Where possible, volunteering activities are combined with fundraising.

We have cultivated strong relationships with nationwide charities including the Trussell Trust communities and CRUK. In 2023, 55 employees used SIDS to volunteer at 11 CRUK stores and superstores.

The Amey Foundation's *Amey Match Funding* initiative empowers any employee taking part in a fundraising event for a registered charity to apply for supplementary sponsorship. In 2023, the Foundation granted £5,710 in match funding, bolstering over 30 causes and augmenting the £23,027 raised by team members. Beneficiaries included Cyclists Fighting Cancer, Mind, SSAFA, Northwest Air Ambulance and Andy's Man Club.

Case study: Levy to supports schools' digital transformation

This year saw our largest levy transfer to date at Amey with £390,000 transferred to Discovery Trust Schools in Leicestershire. The Trust champions digital ways of learning in partnership with Primary Goal.

The transfer supports 30 dedicated staff to complete an 18-month Level 3 Digital Champion apprenticeship. This helps ensure future-ready education across the Trust's schools, benefiting both students and teachers. Together we are shaping a learning environment that creates tomorrow's leaders and lays the foundations for sustainable infrastructure and further decarbonisation.

In 2024, we will:

- Develop guidance for our supply chain to report social value via our Thrive platform
- Scope and review digital platforms to increase the uptake and range of volunteering
- Review and strengthen opportunities for schools and colleges and wider youth groups, inspiring young people and supporting them into careers in our sector

Environment, Social and Governance *(continued)*

Governance

ESG Governance

The Amey Board is ultimately accountable for our ESG contribution. The Board has established a new ESG Committee – made up of directors and Chaired by our Group Chairman – with oversight of all of Amey's ESG activities. The Committee meets quarterly and reports directly to the Board.

Three steering groups support the ESG Committee:

- Environment and Sustainability
- Social Value
- Wellbeing, Inclusion and Diversity

Our Executive Committee is updated by the ESG Director as part of the ongoing assessment of risk and opportunity management and internal control. The ESG Director is a new position, put in place in February 2023.

Further details on Risk Management and Amey Governance and can be found on pages 56 to 63 and 65 to 66 respectively.

Key Performance Indicators

We use number of financial and non-financial key performance indicators (KPIs) to evidence progress against our corporate strategy. Where applicable, these KPIs are also used to determine bonuses and other rewards.

Financial

- Revenue on continuing operations was £1,836.2 million compared with £2,082.8 million in 2022
- EBITDA[1] and operating profit on continuing operations before exceptional items were £107.1 million and £87.0 million respectively (2022 - £212.7 million and £190.7 million) representing margins of 5.8% and 4.7% respectively (2022 – 10.2% and 9.2%)
- Operating cash flow from all activities was a £79.9 million inflow (2022 - £10.1 million outflow). This inflow is after including payments made against historic contract loss provisions of £30.9 million (2022 - £39.4 million)

[1] EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation

ESG and Non-financial

KPI	2019	2020	2021	2022	2023
Greenhouse gas emissions (CO_2 tonnes equivalent)					
S1 – Energy Use - Fuel	62,607	49,280	45,291	38,477	30,356
S2 - Energy Use - Electricity	472	430	707	604	957
GHG emissions Scope 2S3 - Category 1 - Goods and services	430,346	416,227	574,370	416,474	205,572
S3 - Category 3 - Fuel & energy-related activities not in S1 or S2	15,765	12,720	12,776	9,973	9,735
S3 - Category 4 - Upstream transport and distribution	6,894	8,673	5,515	4,158	2,349
S3 - Category 5 - Waste generated in our operations	7,492	10,439	7,641	3,909	8,445
GHG emissions Scope 3S3 - Category 6 - Business travel	5,715	1,268	861	942	1,139
S3 - Category 7 - Employee commuting	27,927	14,919	16,772	14,131	14,268
Total	557,218	513,957	663,934	488,669	272,821
Environmental					
Energy consumption	313 GWh	276 GWh	249 GWh	191 GWh	170 GWh
Energy intensity (GWh/£m revenue)	0.12	0.12	0.10	0.09	0.09

Methodology

Greenhouse Gas 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 BSI in accordance with ISO 14064 (Greenhouse gases. Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals). 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.

Key Performance Indicators *(continued)*

ESG and Non-financial *(continued)*

Progress against targets

In 2023 under the Greenhouse Gas (GHG) Protocol our:

- Scope 1 and 2 emissions were 31,313 $tC0_2$equiv; this is a 20% reduction on our 2022 emissions, and a 50% reduction on our 2019 baseline year
- Scope 3 emissions were 272,821 $tC0_2$equiv; this is a 44% reduction on our 2022 emissions, and a 51% reduction on our 2019 baseline year

Streamlined Energy and Carbon Reporting (SECR)

Amey's SECR looks at UK operations and services. Currently this is only evident in this annual report.

KPI	2021		2022		**2023**	
Energy source	MWh	% of total consumption	MWh	% of total consumption	**MWh**	**% of total consumption**
EfW Parasitic consumption*	28,141	11%	27,574	14%	**0**	**0%**
Electricity	55,852	22%	19,139	10%	**9,882**	**6%**
Gas	2,058	1%	4,566	2%	**1,482**	**1%**
Diesel	110,414	44%	118,509	62%	**126,776**	**74%**
Unleaded	11,795	5%	11,348	6%	**15,541**	**9%**
Red Diesel	38,999	16%	8,490	4%	**2,890**	**2%**
Kerosene	193	<1%	345	<1%	**637**	**<1%**
LPG	0	0	0	0	**34**	**<1%**
Bottled LPG	571	<1%	772	<1%	**1,188**	**<1%**
Business travel in employee-owned vehicles	607	<1%	731	<1%	**11,793**	**7%**
Total	248,630	100%	191,473	100%	**170,224**	**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. Amey no longer operates Energy from Waste (EfW), data has been included for historical reference.

Our energy intensity is annual energy consumed per annual revenue. In 2023, this was 0.09 GWh/£m revenue (2022: 0.9 GWh/£m – updated in line with latest data). The energy consumption reported is all consumed within the United Kingdom.

Set out below is the total kWh from 2019 to 2023, as required by for Streamlined Energy and Carbon Reporting (SECR). The reduction in total consumption of total kWh from 2019 to 2023 is 46% reduction.

- 2019: 315,055,465 kWh
- 2020: 275,625,783 kWh
- 2021: 248,628,345 kWh
- 2022: 191,473,011 kWh
- 2023: 170,223,709 kWh

Key Performance Indicators *(continued)*

ESG and Non-financial *(continued)*

KPI	2019	2020	2021	2022	2023
Social					
Number of employees (at end of year)	15,648	15,300	13,890	10,672	**11,023**
Recruitment (new employees)	Not reported	Not reported	3,488	2,278	**2,969**
Female recruitment senior roles (Band D+)	20.4%	20.4%	28.9%	25.6%	**31.6%**
Total % female (as per GPG reporting)	26.3%	27.2%	29.6%	30.4%	**30%**
Apprentices and graduates (new starters)	Not reported	Not reported	160 (89 apprentices)	291	**119**
New recruits from target groups	Not reported	Not reported	27 (Kickstart) 91 (armed forces)	23 (Kickstart) 31 (armed forces)	**153***
All worker Lost Time Injury rate (2018 – 0.75)	0.37	0.29	0.37	0.43	**0.36**
Supply chain spend (£)	Approx £1.9bn	£1.1bn	£1.6bn	£1.7bn	**£1.3bn**
Total no. suppliers	5,700	Not reported	> 4,000	4,500	**> 4,100**
% SMEs | % spend SMEs	75% | 48%	Not reported	73% | Not reported	79%	**76% | £750m 48%**
VCSE spend	Not reported	£4.7m	£3.9m	£6.5m	**£5.2m**
Payment	Not reported	95% in 60 days	97% in 60 days	95% in 60 days	**99% in 60 days**
Volunteering	1,410 days	Not reported	395 days	965 days	**2,256 days**
Fundraising			£130,000 CRUK	£130,000 CRUK	**£80,000 CRUK**
Social value	Not reported	Not reported	Not reported	Not reported	**£306m**
Governance					
Board Gender Diversity	14%	14%	43%	9%	**9%**
Executive Committee Gender Diversity	Not reported	Not reported	33%	22%	**20%**

*Combined FTE recruitment of Veterans. Prison Leavers, Care Leaders, those previously unemployed and of not in education, employment of training (NEET).

Stakeholder engagement

We recognise the importance of effective communication with our key stakeholders to successful delivery of our strategy and to further enhancing Amey's reputation.

As set out in our strategic report, we engage with key stakeholders through multiple channels. The Board and Executive Committee have a robust programme of stakeholder engagement. This aims to identify and understand the priorities our customers, people, supply chain, communities and governments so that the interests of these stakeholders inform our decision making.

	Why are they important	**Our priorities**	**Engagement examples**	**Outcomes**
Shareholder	Providing sustained support to and investment for the Group	• To deliver the strategy • Generate responsible shareholder returns on investment	• Shareholder representation on the Board • Regular financial, commercial, operational and work winning updates • ESG Committee representation • Shareholder site visits	• Stable shareholder relationship
Our people	Developing our people and supporting them in gaining the skills they need to succeed.	• Develop and engage people within our workplaces • Create inclusive workplaces and diverse workforces • Achieve zero harm and promote healthy lifestyles for all • Understand the strategic priorities of the Group	• 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 • Investors in People Engagement survey sent to all employees in October 2023	• Won prestigious Princess Royal Training Award and achieved Gold Award from 5% Club • IiP gold status, putting us in top 1% of comparable employers • 77% of our people say we work as a team • More than 800 taking part in development programmes • 4.000 training courses attended by 11,000 colleagues along with 54,000 digital course enrolments
Our clients	Collaborative and long-term mutually beneficial relationships with our clients are the foundation of our success	• Be a Trusted Partner with a reputation to deliver • Client understanding of the broader capabilities of Amey • Demonstration of Amey's ability to support clients on their decarbonisation and Net Zero journey.	• Regular client engagement between Executive Committee and operational levels • Development of key customer account plans using Miller Heiman • Annual customer survey	• Contract renewals and new business wins as highlighted in Consulting, Transport Infrastructure and Complex Facilities sections • The customer survey was sent to 142 clients with a response rate of 26%
Our strategic partners and supply chain	Building healthy and diverse supply chains by engaging with our suppliers and making Amey an easier business to work with.	• Safe, compliant and resilient supply chain • Environmentally and sustainably responsible suppliers • Delivery of innovation and collaboration • Increased spending with SMEs and VCSEs • Paying suppliers promptly	• 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	• Partnered with more than 4,100 suppliers across the UK • 58% of spend with SMEs • Of total supply chain spend of £1.287 billion, £4.9 million was with social enterprises • 99% of our supplier invoices within 60 days.

Stakeholder engagement *(continued)*

	Why are they important	Our priorities	Engagement examples	Outcomes
Communities	Delivering positive and lasting change to communities that's built on a foundation of trust.	• 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 •	• A continuous programme to raise funds for our corporate charity • Thrive - social value reporting tool to track, audit and report on social value and broader ESG activities	• £306.3 million social value delivered • Over £80,000 raised for CRUK • 2,256 volunteering days • Recruited 303 people facing barriers to employment • Delivered 729,781 hours of education and skills development
Government	Government set the policy in the environment in which we operate. Additionally, Government departments are our largest customers.	• 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	• Weekly cabinet office meetings with our Crown representative • Monthly update provided to the Cabinet Office • Increasing involvement in round table policy discussions • Set of policy standpoints developed.	• Positioning ourselves as Trusted Partners to Government • Improved Cabinet Office feedback • Feeding into debate around infrastructure policy
Pensions Trustees	The trustees of the Group's pension schemes are responsible for ensuring that the schemes are run properly and that members' benefits are secure	• 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	• Regular meetings between the Group's in-house pensions team and trustees	• Assurance of management of risk in accordance with internal controls procedures • Financial considerations are explained fully in note 21 to the accounts
Banks, lenders and insurers	As providers of banking, debt and other financial support to the group	• Generating cash from operations • Strengthening the balance sheet • Meeting covenant obligations	• Effective cash forecasting and working capital management • Regular updates to financial partners • Reporting on covenant obligations	• 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 Amey Group delivers the very best sustainable infrastructure solutions spanning asset management, engineering and strategic consulting services and projects. Our business strategy is focused on improvement and sustainability in our chosen markets while promoting innovation and environmental, social and governance excellence.

The Board of Directors of Amey UK Limited considers, 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 and having regard to our stakeholders and matters set out in s172(1) (a-f) of the Act in the decisions taken during the year ended 31 December 2023.

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. This engagement plays a key role in ensuring directors fully understand stakeholder needs and make well informed decisions address differing priorities. An overview of our stakeholder engagement can be found on pages 52 to 53.

The Board, supported by the Executive Committee, has a diverse set of skills, knowledge and experience. This allows for informed decision-making that promotes Amey's long-term success but also considers stakeholder needs. Further information on our Board composition, including the skills and experience of the directors, can be found in the Board Leadership section on pages 67 to 69.

The Board receives detailed papers and in-person updates from management. This includes stakeholder priority and outcome analysis, which is reviewed and challenged to ensure careful consideration of conflicting views. Progress reports on agreed actions allow the Board to review and adapt to evolving stakeholder priorities. During the year, the Directors also received refresher training on director duties and responsibilities, including decision making and conflicts of interest, from an external law firm.

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 long-term consequences of any decision	The Board monitors the Strategic Plan using financial and non-financial Key Performance Indicators. The 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. Other activities included: • Agreeing the 2024 budget • Monitoring a 100 day plan to control and reposition Amey with stakeholders following the acquisition of the Amey Group by OEP and Buckthorn • Launching an ESG strategy • Reviewing the work winning capability of the business which resulted in the adoption of the Miller Heiman work winning methodologies and additional resources • The review and approval of key bids More information can be found in the: • CEO foreword, pages 2 to 6

Companies Act Section 172 Statement *(continued)*

The interests of our employees	The Board recognises the value of its ongoing focus on creating an engaged workforce to supporting long-term growth. It is committed to creating a diverse workforce, keeping our people engaged and safe and nurturing our culture of wellbeing. Feedback from employee surveys - in addition to directors' site visits and attending corporate events - influence Board decisions regarding our people. Gender and Ethnicity Pay Gap Reports influence decisions on attracting talent and diversity initiatives Amey-wide. The impact of the cost of living was a consideration in determining our 2023 pay awards and Amey's ongoing commitment to being a Real Living Wage employer supports retention and recruitment. Regular Safety Council reports ensure that best practice is shared across the business, reducing accidents in the workplace. More information can be found in the following sections: • Social section of the Environment, Social and Governance part of the Strategic Report on pages 20 to 48
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 ESG Committee and from the Operational and Financial reviews as well as routine business updates and presentations. The Board and Executive Committee met key clients during the year and undertook reviews of significant contracts. There was also dialogue and regular meetings with the Crown representative, including an annual supplier assessment which informed our strategy. Amey has 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: • Environment and Social sections of the Environment, Social and Governance part of the Strategic Report on pages 20 to 24 and pages 34 to 47 respectively • Stakeholder engagement, pages 52 to 53
The impact of the Group's operations on the community and the environment	The Board recognises the urgency and focus needed to reduce carbon emissions. As well as approving our long-term corporate commitment to be a net zero organisation by 2040, the Board has focused on reducing our resource consumption and investing in reducing the carbon emissions of our customers and the UK at large through the services we deliver. The Board approved the adoption of the UN Sustainable Development Goals (SDGs) as part of our ESG strategy. In particular, Amey contribute to SDG 9 industry, innovation, and infrastructure and SDG 11 sustainable cities and communities. 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 following sections: • Environment, Climate Change and Social sections of the Environment, Social and Governance part of the Strategic Report on pages 20 to 24, pages 25 to 33 and pages 34 to 47 respectively

Risk and Assurance

Effective risk management is embedded in our business. In 2023, our Risk Team's primary focus was evolving our culture and developing our risk management framework. Key developments include:

- Identifying opportunities to continuously improve the quality of our risk data to better inform decision making.
- Reviewing Amey's risk appetite in line with our change of ownership.
- Developing our risk culture to integrate the framework across all core processes.
- A focus on opportunity management to support Amey's growth agenda.

Embedding Amey's Risk Management System into core processes is key to our Amey-wide insight driven approach, allowing data to inform decision making. A new training course has been developed and delivered to support this and to further enhance maturity. In addition, a new project involving a detailed bottom-up review emphasised the importance of risk treatment.

Amey's risk management policy was reviewed as part of our wider corporate governance review. A risk appetite review and associated projects further reappraised Amey's risk appetite following our change of ownership. Our Risk Interest Group continued to bring together representatives from all areas of the business on a bi-monthly basis to focus on risk topics and feedback on procedure.

We were shortlisted for three awards in recognition of our excellence in this important area. These were Risk Manager of the Year, Best Use of Technology in Risk Management and Enterprise Risk Management Strategy of the Year.

Integrated Risk Management and Assurance Framework

Effective risk management is the responsibility of each and every one of our employees, with specialist groups owning key risk responsibilities allocated to each of the three levels of our risk management defence. These three lines of defence represent our Amey-wide governance process spanning every level of our business. This comprises of a range of risk management activities including internal controls, reporting and assurance.

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	
	Audit Committee	• Sub-committees of Executive Committee represented by executive members from Finance team • Focus on measurement and testing of the risk	3rd Line of Defence
	Risk-Team	• Defines group risk policy and process development • Proactive risk & opportunity management 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

Risk and Assurance *(continued)*

Integrated Risk Management and Assurance Framework

The Three Lines of Defence are:

- First line of defence – Operational Risk Management

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

- Second line of defence – Risk Team

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

- Third line of defence – Audit Committee

  The Audit Committee focuses on measurement and testing of the Risk Management strategy and advises our Executive Committee on the most effective methodology for strategic and principal risk management. 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 are managed by the Audit Committee and reported to the Amey Executive Committee, with individual feedback and instruction given to principal risk owners.

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

Throughout 2023, principal risks were managed and monitored by respective risk owners, with all risks managed within our risk appetite.

Risk and Assurance *(continued)*

Principal risks

The principal risks relating to the Group are listed below. These are constantly monitored in line with our risk management procedure. Mitigation plans were routinely checked by the Audit Committee throughout 2023.

			Current Score		**Forecast score (post-mitigation)**	
			Likelihood	Impact	Likelihood	Impact
1	**Health and safety**	Unsafe/unlawful operating practice which could lead to injury, fine, prosecution and reputational damage. Any breach in legislation or regulation could have consequences to securing future work	High	Medium	Low	Medium
2	**Cash and credit**	Inability to maintain adequate funding and liquidity profile and failure to meet financial covenants tests as set out in the debt facility agreements	Very Low	High	Very Low	Medium
3	**Pensions**	Corporate and commercial transactions that may impact the strength of the employer covenant	Medium	Very High	Low	Medium
4	**Supply chain Management**	Failure on the part of Amey or the third party to manage and meet contractual requirements	Medium	High	Medium	Medium
5	**Business continuity planning**	Failure of Amey's business continuity plans or contingency measures	Medium	Very Low	Medium	Very Low
6	**Future work pipeline / order book**	Failure due to market conditions to fulfill Amey's organic growth strategy and secure a sufficient order book	Medium	Medium	Low	Low
7	**Cyber threat**	Loss of critical systems or data unavailability leading to failures in Amey's business operations	Medium	Medium	Medium	Medium
8	**Data protection**	A significant data breach that leads to the loss of personal information	Low	Medium	Low	Medium
9	**Contract management**	Failure to effectively manage operating contracts and satisfy required contract deliverables to time/cost/quality	High	Medium	High	Low
10	**Insurance**	Inability to obtain insurance due to claims history and shift in global insurance markets	Low	Low	Very Low	Low
11	**Recruitment and retention**	Inability to recruit and retain key employees, skills and expertise necessary for fulfilling Amey's obligations and to support core processes	Medium	Low	Low	Low
12	**Climate change**	Failure to meet Amey's obligations in carbon reduction in support of our clients' (and the nation's) accelerating decarbonisation agenda	Low	Medium	Very Low	Low

Risk and Assurance *(continued)*

Principal risks *(continued)*

Health and safety

Amey designs and operates in complex, high-risk environments including road and rail networks, defence establishments, civil engineering structures, schools and prisons. We also operate a large fleet of rail and road vehicles. Delivering risk-reducing designs and incident-free operations is central to our commitment to putting safety first, always. Our robust governance structure ensures employee engagement, organisational learning, compliance and a proactive approach to health and safety.

Cash and credit risk

Amey'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 and existing clients, ensuring that risk transfer is appropriate, and by monitoring payments against contractual agreements. Cashflow is monitored as part of day-to-day control procedures. Directors regularly review our cashflow projections, ensuring 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 14 to the Group financial statements. Our objectives and policies for managing the financial risk of the Group are also outlined in note 14.

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 pension position is optimised within parameters set by the Executive Committee and the Amey Board.

We continue to make good progress with our pension de-risking programme. This seeks to reduce exposure to growth assets and explore further insurance solutions.

Supply chain management

In 2023, we made significant progress in developing our Supply Chain Excellence strategy, building on existing strong foundations. Changes to our Operating Model and a reinvigorated strategy have created a clear roadmap for excellence.

This will be delivered through:

- A safe, compliant and resilient supply chain
- Effective work-winning and contract delivery
- Governance and management of risk and opportunity
- Environmentally and sustainably responsible suppliers
- Innovation and collaboration

We updated our policies and procedures to reflect improvements implemented over recent years. These include our new Sustainable Procurement Policy aligned with our new corporate Vision, Aims and Values, further demonstrating our commitment to driving the ESG agenda. These were presented in a BSI audit against the ISO 20400 Sustainable Procurement Standard, passed in November 2023.

Risk and Assurance *(continued)*

Principal risks *(continued)*

Supply chain management (continued)

Amey continues to engage and collaborate with supply chain partners. Wherever possible, we keep spending local to support local economic prosperity, and we embed sustainability and social value into procurement decision-making. To support this, we have continued to simplify the way we do business with our suppliers, encouraging Small and Medium Enterprises (SMEs) and Voluntary Community Social Enterprises (VCSEs) to work with us.

We have also strengthened our relationship with the Sustainability School so that training to increase understanding of sustainability and social value can be provided to SMEs and VCSEs free of charge. We continue work on our prompt payment performance which is currently best in class.

In 2023, we saw a softening of a few significant challenges for our supply chain. These include economic factors, supply chain disruption and availability of raw materials. We continue to work closely with suppliers and have piloted a 360 Supplier Engagement Programme, giving our suppliers the opportunity to feedback on what we do well and areas for improvement. We continued giving the wider business regular updates on cost and availability and have ensured that any interruptions in supply have been minimised. Alternative plans are in place to manage disruptions.

Our robust approach to our responsibilities in relation to slavery and human trafficking continues. We have a zero-tolerance policy of non-compliance with the Modern Slavery Act in any part of our business or our supply chain. In 2023, we introduced a more stringent question set to audit suppliers and industries at a high risk of Modern Slavery. Developed in partnership with Constructionline, this is part of our supply chain monitoring methodology.

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

We continue to develop our Procurement team to ensure that issues such as the economic climate and global supply chain disruptions do not impact delivery.

Business continuity planning

All risks threatening continuity of business operations or a widespread impact on client services are part of our centrally driven business continuity planning. This includes regular reviews of Amey’s contingency planning to ensure we are covering key risks including:

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

Governance of our business continuity process is overseen by an executive sponsor - the Group Head of Property - supported by a Business Support Manager. In 2023, all 62 business continuity plans were held both centrally and locally and all were audited. We undertook 12 tests of plans. We are currently developing a new business continuity management system to launch in the first part of 2024. Auditing and testing will continue throughout 2024.

Risk and Assurance *(continued)*

Principal risks *(continued)*

Future work pipeline/orderbook

During 2023, Amey 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 work pipeline or from increased competitive pressures. Dedicated bidding resources – including Business Development and the Key Account Management/Capture processes – are devoted to securing new contracts. As investment in this process is only recouped when we win contracts, we regularly review potential risks and rewards. Our Governance Gateway system ensures all opportunities are approved in line with our General Authority Schedule (GAS) and that all bids are given proper scrutiny and appropriate approvals are obtained at all stages of the bidding process.

We secure new contracts and mitigate the risk of losing expired contracts by providing added value services, improving the quality of services, and maintaining strong relationships with key customers. Improvements to our work winning processes in 2023 include multiple additional stage reviews for both quality and price submissions. Our commercial enabling function carries out additional independent Group Commercial Tender Reviews (GCTR) for all strategic bids, mitigating risks and providing independent observations on pricing and commercial strategy.

From January 2024, our estimating teams will be centralised and report into our commercial enabling function. This facilitates sharing of best practice, knowledge and experience. It also improves utilisation, provides learning and development opportunities, and establishes consistent competitive and sustainable pricing. Our newly formed central estimating function will support and challenge the business to create profitable and sustainable opportunities.

To strengthen our pre-bid effectiveness, we introduced the Miller Heiman approach to Strategic Selling, rolled out Key Account Management (KAM) and introduced a fully enabled MS Dynamics customer relationship management (CRM) system with the Miller Heiman module, KF Sell. This ensures effective management of pre-engagement bidding activity, client relationships and opportunity/client knowledge to maximise our bidding success and ensure effective contract delivery.

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. Threat actors continue to refine their approach, increasing the number of breaches across government and the private sector.

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

- Business email compromise
- Supply chain compromise
- Ransomware

To mitigate these risks, we continue our investment in improved cyber protection technology, threat monitoring services, legacy systems modernisation, process development and user awareness training. However, the scale of this challenge grows year on year as threat actors adapt and respond, using increasingly sophisticated techniques and tools.

There is increasing pressure from clients and potential clients to demonstrate high levels of maturity across our information security programme. This includes external certification against UK and international standards. This adds a new dimension to potential financial risks associated with cybersecurity.

Risk and Assurance *(continued)*

Principal risks *(continued)*

Data protection

Regulatory alignment across all relevant data protection legislation, and how we as an organisation handle personal data entrusted to us, continues to carry significant risk. We are actively reducing this risk and ensuring compliance.

We completed a comprehensive regulatory gap analysis working with an external body and established a roadmap of improvement activities for 2024 based on its recommendations. We are now focused on implementing these improvements. This is driving significant changes to policies and processes, as well as technology controls aimed at protecting personal data. This includes a focus on the use of personal devices, data classification, data loss prevention (DLP), and updated mandatory training for all staff.

These improvements are also designed to help us achieve ISO/IEC 27701:2019 accreditation for our privacy programme by February 2025. This will demonstrate regulatory compliance and support client assurance activities.

External risk factors include proposed government changes to existing UK privacy legislation. This brings a level of uncertainty, particularly regarding how the EU will react to proposed changes which could impact cross-border information sharing, bringing additional management overhead.

Contract management

Amey uses coordinated measures including regular reviews of contract performance and monthly oversight of key contracts by the Amey Executive.

Constant review of management risk allows for analysis of key risk contributors – resources, competencies, processes and procedures, systems and reporting – to determine any need for additional mitigations. Our contract management teams collaborate with clients to understand root cause analysis of risk events and determine lessons learned to feed back into our operating model.

Insurance

There is a risk that professional indemnity insurance products with adequate cover to meet all our contractual obligations will not be available at commercially reasonable rates. Claims history and a shift in global insurance markets could also impact the availability of other insurances. Our insurance team and strategic relationships with insurance brokers manage and mitigate this risk.

Risk and Assurance *(continued)*

Principal risks *(continued)*

Recruitment and retention

Amey is a modern and progressive organisation that attracts and retains employees by providing industry-leading pay and benefits. We continue our firm commitment to matching the Real Living Wage (RLW) and implementing a competitive salary review across our business. There has been no significant increase in employee turnover in 2023, down to 12% from over 13% in 2022 and below the industry average.

All roles are matched against our Career Path Framework which is regularly updated and tied to a comprehensive external salary and benefits benchmarking tool. This allows us to closely monitor wage growth in what continues to be a challenging economic climate.

We have strengthened our resourcing activities by moving our internal recruitment teams into the business areas they support. This will be further enhanced by the development of a new Employee Value Proposition based on our new corporate values and branding.

To optimise our recruitment process, a new SAP-based applicant tracking tool will improve applicant data metrics, allowing us to better focus our activities on more diverse candidate pools and improve social value through our recruitment process.

Finally, we will implement a new Learning Management System that facilitates better access to learning for all. This will also ensure that all our Health and Safety training, and in particular the learning required for those roles where safety is critical, is continuously tracked. These changes ensure that everyone at Amey has the right skills to perform their role safely, in line with our Safety First, Always commitment.

Artificial Intelligence

The rapid development of artificial intelligence (AI) and machine learning capabilities, and in particular generative AI, has led to a major increase in the commercial use of these technologies. This offers great potential benefits for organisations that are able to leverage these advancements. However, use of this technology also brings potential challenges and risks. Amey has deployed a robust governance framework to manage these risks and opportunities.

Climate change

Our leadership team continues to improve understanding of 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. The management of our climate risk is further explained in the Environment and Climate Change sections of the Environment, Social and Governance section of this Strategic Report on pages 20 to 34.

Strategic Report Approval

The Strategic Report on pages 3 to 64 contains the strategic review of the business for 2023. This Report was approved and authorised for issue by the Board of Directors on 29 May 2024.

Signed on behalf of the Board by:

Andy Milner
Chief Executive Officer, Amey

29 May 2024

Corporate Governance Overview

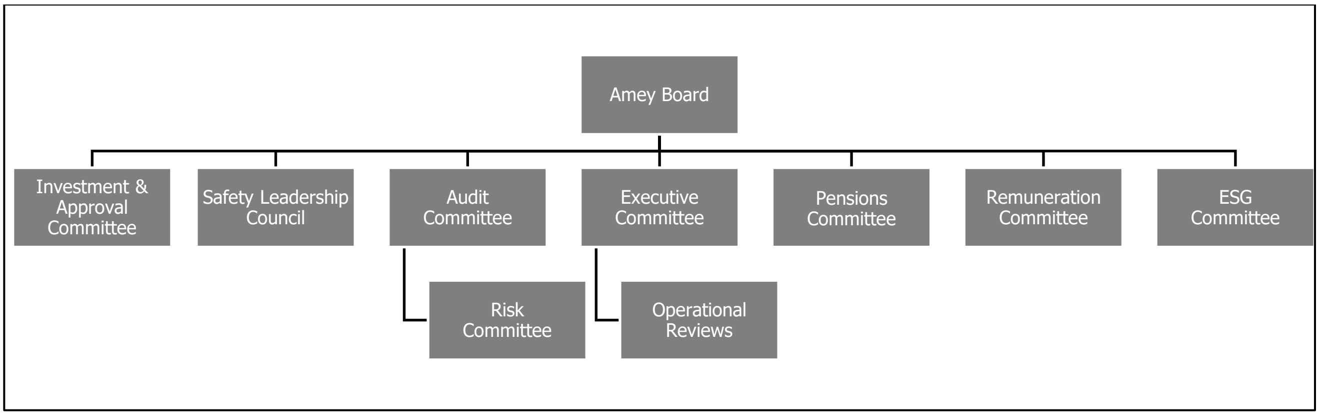
The Board's objective is to run the business responsibly, fairly and transparently, always considering the impact on the wider community and environment. It believes that business growth can be sustainable, ethical, and have a positive impact on society. To achieve this, Amey consults with employees, clients and the communities it works with to understand what matters to stakeholders and to work towards common goals.

The Directors have opted to apply 'The Wates Corporate Governance Principles for Large Private Companies' for the year ended 31 December 2023. 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.

The governance framework is critical for helping to deliver on ESG commitments. To this end, the Board approved aligning with the UN Global Compact Value Model which ensures that sustainability actions are driving growth, value and making a measurable impact where it matters.

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, is as follows:



Corporate Governance Overview

Terms of reference

Terms of reference for all committees were reviewed and updated during the year.

Committee	Description
Executive Committee	This oversees the implementation of our strategy and operations including consideration of business performance, risk, health and safety and people matters. Chaired by the Chief Executive Officer (CEO) the members are the Chief Finance Officer (CFO), Chief Operating Officer, Chief Commercial Officer (CCO), General Counsel, Managing Directors of the business units, Chief People Officer and Director of Marketing and Communications.
Investments and Approvals Committee	A sub-committee of the Board, this committee reviews all approval requests in accordance with the Authorities Schedule. Such approvals matters include key bids and significant capital expenditure or finance related transactions. Chaired by the CEO, members are the CFO, CCO and General Counsel. Other attendees are dependent on the matter for approval and consist of the Executive and senior managers of the business unit or function seeking investment or approval.
Audit Committee	Established in 2023, this is a separate sub-committee for Amey Group with non-executive directors as members. It oversees preparation of audited accounts and audits underlying financial processes. It also receives the relevant findings of the Risk Management Committee. Members of the Committee are the CFO, Group Financial Controller and shareholder directors.
Safety Leadership Council	The Council is chaired by the Chairman of the Board and its members are the CEO, Group Health and Safety Director and key people from the business who monitor, assess and seek to prevent Health and Safety incidents. The wellbeing of our employees, suppliers, customers and the wider community is paramount, and Amey regularly reviews every aspect of safety within its business.
Environment, Social and Governance Committee (ESG)	This provides oversight into the development and implementation of ESG policy and strategy. It also monitors the group's ESG performance. The Committee is chaired by the Chairman of the Board and includes the CEO, COO and a representative of the shareholder and is attended by the Group Communications Director and ESG Director.
Remuneration Committee	This Committee is responsible for determining the approach to all elements of remuneration. It defines and implements policies and procedures relating compensation and benefits for all Amey employees including the Executive team and Board directors.
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. It is chaired by the CFO and has senior HR, legal shareholder and pensions team representatives. Recommendations on key pension decisions are made to the Board for approval.
Risk Management Committee	Chaired by the Head of Risk Management, this is attended by the CFO, General Counsel, CCO and a Managing Director. The Committee undertakes quarterly appraisals of strategic and corporate risks/opportunities as well as low probability and high impact risks including key mitigation actions.
Operational and Financial Reviews	These are chaired alternately by the CEO and CFO. Attendees are the General Counsel, CCO and the executive management teams of the business units. The reviews are conducted monthly and cover business unit performance, top risks along with mitigations, financial performance, innovation, work winning, people issues and future market positions.

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 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

A Chartered Civil Engineer, Andy joined Amey in 2006 following the acquisition of Owen Williams. He was appointed Managing Director of 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 - with contracts in Australia, Qatar and the United States of America - 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 steered the business through a period of transition that included growing our strategic infrastructure business – winning the Wales and Borders and Transpennine rail route upgrade contracts – and fully establishing the Complex Facilities business from the defence joint venture.

Andrew Nelson, Chief Financial Officer

Andrew is responsible for financial matters relating to strategy. He also oversees the treasury, pensions, IT, insurance and property functions and plays a key role in acquisitions and disposals. He is experienced in debt financing, restructuring and creating strategic value through public-private partnerships for the delivery of public services and infrastructure.

Prior to joining Amey, Andrew spent five years in corporate finance with the investment bank Robert Fleming and a further five years with London Electricity post-privatisation and through two changes of ownership. Andrew is a non-executive director of The Altro Group and chair of its Audit and Risk Committee and a trustee of Student Minds, the UK's student mental health charity. He is also a member of the Institute of Chartered Accounts in England and Wales.

Chris Ahrens, Advisor One Equity Partners

Chris is an advisor to OEP and to 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.

Mark Chaichian, Managing Partner Buckthorn Partners

Mark is a managing partner at Buckthorn Partners. Prior to this he worked at 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, he worked at Marble Bar Asset Management, Clipper Windpower Plc and Morgan Stanley. Mark was a member of the British Olympic Association Audit Committee.

Board Leadership *(continued)*

Peter Charrington, Operating Advisor One Equity Partners

Peter is a former CEO of Citi Private Bank. He worked for Citi for 26 years in various countries and ran the Global Private Banking business based in New York. The business covered 15,000 families globally with 4,000 employees providing a full range of financial services and strategic advice. Peter 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 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 OEP and UST Global.

Joe Connolly, Founding Partner and Chief Financial Officer Buckthorn Partners

Joe is the CFO and founding partner at Buckthorn Partner. Prior to this, he 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. Joe was an equity analyst in Morgan Stanley's industrial team and spent six years in Deloitte's energy & resources group.

Nicholas Gee, Founding Partner Buckthorn Partners

Nick is a founding partner at Buckthorn Partners. Prior to this, he 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. He also established and developed companies and technologies in the energy sector, during which time he was Chairman of an AIM listed renewable fuels company.

Ante Kusurin, Managing Director One Equity Partners

Ante joined OEP in 2011 and is based in New York. During his tenure at OEP, he has worked on investments in the industrial and technology sectors. Ante is a member of the Board of Directors of Dragonfly Financial Technologies, Orion, W W Williams, and Infobip. He is 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.

Jordan Lawrie, Vice President One Equity Partners

Jordan Lawrie joined OEP in 2020 and is based in New York. He 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.

Board Leadership *(continued)*

The Company Secretary who attends Board meetings is:

Jayne Bowie, Amey General Counsel

Jayne joined Amey in 2012 and was appointed to the role of General Counsel and Company Secretary of the Amey Group board in April 2017. She qualified as a solicitor in 2003, specialising in project finance, and then worked at Eversheds and Freshfields Bruckhaus Deringer on complex infrastructure projects and leveraged corporate transactions. Jayne leads the Legal and Corporate Services team, advising the business on all legal and corporate governance matters. Jayne has led the team on complex litigation and key M&A opportunities.

Both Rob Willings (resigned 24 January 2023) and Todd Bradley (resigned 28 March 2023) also served as directors early in 2023.

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 2023. 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 29 to the financial statements. The Company is a private limited company, is limited by shares and is privately owned.

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	65 to 66
Directors	Board leadership	67 to 69
Employee engagement	Social part of the Environment, Social and Governance section of the Strategic Report	34 to 47
Engagement with suppliers, customers and other	Stakeholder engagement	52 to 53
Greenhouse gases and climate change	Environment and climate change part of the Environment, Social and Governance section of the Strategic Report	20 to 33
Important events since the end of the financial year	CEO overview	2 to 6
Likely future developments	CEO overview	2 to 6

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 (pages 56 to 63).

Results and Dividends

The Group income statement is set out on page 81 and shows a profit after tax for the year on continuing operations amounting to £84.4 million (2022 - £72.4 million) on Group revenue on continuing operations of £1.84 billion (2022 - £2.08 billion). The profit after tax on discontinued operations for the year was £nil (2022 - £2.8 million).

EBITDA[1] and operating profit on continuing operations before exceptional items were respectively £107.1 million and £87.0 million (2022 - £212.7 million and £190.7 million) representing margins of 5.8% and 4.7% respectively (2022 – 10.2% and 9.2%).

The operating profit on continuing operations after exceptional items was £87.0 million (2022 - £78.5 million). No operating exceptional items arose in the year (2022 - £112.2 million charge), full details of which can be found in note 4 to the Group financial statements.

In 2023, the Group recorded an exceptional gain of £8.0 million in respect of repayment of a previously impaired loan to a joint venture (2022 - £nil). In 2022, the Group realised an exceptional profit of £5.1 million on disposal of a subsidiary operation (2023 - £nil).

Net finance expense on continuing operations was £3.0 million (2022 - £1.2 million). The Group's share of profit after tax of joint ventures on continuing operations was £4.9 million (2022 - £4.0 million).

[1] EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation

Report of the Directors *(continued)*

Results and Dividends *(continued)*

The overall profit after tax for the year on all operations was £84.4 million (2022 - £75.2 million).

Group operating cash flows from all activities were £79.9 million inflow (2022 - £10.1 million outflow). This inflow is after including payments made against historic contract loss provisions of £30.9 million (2022 - £39.4 million). The Group has also made £6.4 million (2022 - £53.9 million) of additional pension top-up contributions in the year.

Equity shareholder funds at 31 December 2023 stood at £240.4 million (2022 - £173.0 million).

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 balance sheet information

The Group has identified that certain liabilities on street lighting contracts previously classed as deferred income do not arise in respect of performance obligations under the considerations of IFRS 15 Revenue from Contracts but fall to be accounted for as provisions under the requirements of IAS37 Provisions, Contingent Liabilities and Contingent Assets as they form part of the hand back obligations arising on the contract rather than a performance obligation. The amount misclassified was £24,570,000 at 31 December 2022 and £20,520,000 at 31 December 2021. The Group has also identified that £20,306,000 was incorrectly included as current liabilities when it should have been classed as non-current liabilities (2021 – £20,520,000). This classification amendment has no impact on the reported profits for the year ended 31 December 2022 or on the shareholder funds at 31 December 2022 and at 31 December 2021.

Post balance sheet events

Replacement of existing borrowing facilities

On 4 April 2024, the Group completed the refinancing of its £150 million Revolving Credit Facility (RCF). The existing RCF was replaced by a £235 million, five-year, syndicated facility with six lenders comprising a £110 million Term Loan, £55 million amortising (over four and a half years) and £55 million non-amortising, and a £125 million RCF. Up to £75 million of the RCF is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The Term Loan was fully drawn. The facility is secured by way of a third party limited recourse share charge over the shares of Amey UK Limited.

Partial repayment of Other equity instruments

Also on 5 April 2024, the proceeds of the new Term Loan, together with excess cash on the Group’s balance sheet were used by the Group to repay £159.0 million of the subordinated hybrid loans issued by the Company and classified as Other equity instruments. Subordinated hybrid loans of £100.6 million and £25.0 million were paid in full, with the balance being applied against the remaining £138.1 million subordinated hybrid loan. All of these subordinated hybrid loans are held by the Company’s immediate parent shareholder, Project Ardent Bidco Limited.

Report of the Directors *(continued)*

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 20 to the financial statements whilst details of finance risks are set out in note 14.

As at 31 December 2023, the Group had a £150 million committed, syndicated Revolving Credit Facility agreement available. This was provided by 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. As of 31 December 2023, no borrowings were drawn against the facility and the Group also held £105.2 million of unrestricted cash on the Group balance sheet.

On 4 April 2024, the Group completed the refinancing of its external borrowing facilities. The existing RCF was replaced by a £235 million, five-year, syndicated facility comprising a £110 million Term Loan, (split £55 million amortising (over four and a half years) and £55 million non-amortising), and a £125 million Revolving Credit Facility ('RCF'). Up to £75 million of the RCF is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. These facilities are provided by ABN AMRO Bank N.V., The Governor and Company of the Bank of Ireland, Citibank N.A. London Branch, HSBC UK Bank plc, JPMorgan Chase Bank N.A. London Branch and National Westminster Bank plc acting as lenders and with HSBC Bank plc acting as agent. It is secured by way of a third party limited recourse share charge over the shares of Amey UK Limited.

Notwithstanding this continuity of available 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 2024 and the strategic plan for 2025 to 2028);
- 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 and strategic plan for 2024-25;
  - a Reasonable Worst Case ('RWC') forecast which applies sensitivities against the Base Case; and
  - Reverse stress testing group liquidity resilience against extreme events.

The sensitivities applied to the RWC include specific, unbudgeted cash flows in 2024 and cash flow stress cases in 2025 ranging from 34% to 55%. 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 15% of central government and 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.

The Directors have considered the pension risks and sensitivities in note 21 and reviewed Value at Risk analysis. The Directors consider the exposure to be adequately mitigated by strong governance, de-risked scheme assets (including insurance policies), various contingent assets and committed payments for the benefit of the schemes.

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 the financial statements.

Report of the Directors *(continued)*

Financial risk management

Details of the objectives and policies employed in managing financial risk and the Group's use of financial instruments can be found in note 14 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	
A L Milner	
A L Nelson	
C Ahrens	
M R Chaichian	
N W Gee	
A Kusurin	
J Lawrie	
J A Connolly	appointed 24 January 2023
P C Charrington	appointed 28 March 2023
R A Willings	resigned 24 January 2023
R T Bradley	resigned 28 March 2023

Directors' indemnity

Directors and Officers of the Company (and those employees who are also Directors of the Group's subsidiary companies) benefitted during 2023 from group-wide Directors' and officers' liability insurance cover in respect of legal actions brought against them. 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 demonstrate this commitment, the Amey has signed up to the UK Government's Disability Confident campaign. This helps people with disabilities or health conditions to secure full-time employment and gives them the support they need while they are at work. As part of this commitment, Amey makes reasonable adjustments for customers and employees, guarantees job interviews for people with disabilities who meet essential requirements, and audits sites, systems and communications to ensure that they are accessible.

Disabled employees have full access to training, career development and promotion opportunities. Line Managers regularly discuss training and development needs with all employees as part of our Continuous Performance Management (CPM) process. This allows us to offer appropriate training bespoke to individual requirements. Appropriate training support and workplace adjustments are provided where necessary. CPM processes also ensure there are no barriers to progression for disabled employees.

Report of the Directors *(continued)*

Modern Slavery

Amey remains committed to reducing the risk of modern slavery or human trafficking in its supply chain or in any part of its business and has a zero tolerance approach to non-compliance. This is supported by our Anti-Slavery and Human Trafficking Policy and other ethical policies. Together with our Slavery and Human Trafficking Statement for 2023 pursuant to the Modern Slavery Act, this sets out the steps we have taken to address the risk of slavery and human trafficking in our supply chain. These documents can be found on our website.

An annual Action Plan to continuously reduces the risk of modern slavery in our operations and supply chain. A Modern Slavery Working group reviews this approach, co-ordinates delivery of the plan and drafts the annual statement. Its activities are monitored by the ESG Committee.

In 2023, Amey conducted an extensive internal audit encompassing personal data, including bank account details, next-of-kin information, and home addresses for all employees. Its primary aim was to identify potential indicators of Modern Slavery. We have introduced enhanced protocols to our onboarding process, further demonstrating our commitment to proactively tackling any signs of modern slavery.

An effective grievance and whistle blowing process and policy guides the management and investigation of concerns. All new employees are given a copy of the mandatory Amey Code.

Our supply chains

Procurement of services and supplies is done by specialists, either in our central procurement function or in our business units. Ongoing engagement with our supply chain is key, and failure to respond to enquiries carries consequences including exclusion.

We continue to use Constructionline for identification and prequalification assessment of our suppliers to common industry standards. This includes questions specific to modern slavery and a requirement, where relevant, to provide copies of suppliers own Modern Slavery statements along with information on how risk is managed. Failure to comply is a bar to pre-qualification.

Supply chain modern slavery risk mapping assessments are undertaken every two years. These take a category specific approach and assess both the risk of modern slavery occurring and the strategic risk to Amey. These place emphasis on those categories considered most at risk. Outputs inform onward review and, where relevant, auditing.

Recruitment and training

Amey‘s pre-employment screening includes identity and confirmation of entitlement to work in the UK checks on all potential employees. These include regular reviews of bank account, next of kin and home address duplications as potential indicators of Modern Slavery.

Web-based modern slavery training is available to all employees, and training and briefing for offline employees is cascaded by supervisors along with posters and communications materials on what to do if concerned about a potential issue.

Report of the Directors *(continued)*

Modern Slavery *(continued)*

Key Performance Indicators (KPIs)

Measures combatting Modern Slavery are under constant review and our proactive regime of training and diligence has continued throughout 2023.

Key KPIs ensuring effectiveness in risk reduction for slavery and human trafficking include:

- Actual and potential incidents raised through any provided channel
- Employee completion of Modern Slavery training
- Screening for duplications in employee data
- Percentage of suppliers using Constructionline

Amey completed the Government's Modern Slavery Assessment Tool for the fourth time in 2023, with a score of 97%.

Industry engagement

In 2023, Amey was an active member of the Service and Infrastructure Project Providers Modern Slavery Council, co-ordinated by the Business Services Association. The Council works collaboratively across the sector, providing tools and support to ensure a collective reduction in the risk of modern slavery. We also contributed to a new SME Toolkit that has been widely adopted.

In addition, Amey joined the Action Sustainability and Supply Chain Sustainability School Modern Slavery Working Group in 2023. This examines how our industry can further reduce the risk of modern slavery. We are also active in roundtables and webinars hosted by Government and the Business Services Association.

Political donations

No contributions were made to any political parties.

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

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

Approval

This Report was approved and authorised for issue by the Board of Directors on 29 May 2024 and signed on behalf of the Board by:

Jayne Bowie
Company Secretary
29 May 2024

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

We have audited the financial statements of Amey UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 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 material accounting policy information.

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 2023 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 2023 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.

Independent auditor's report to the members of Amey UK Limited *(continued)*

Conclusions relating to going concern *(continued)*

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.

Independent auditor's report to the members of Amey UK Limited *(continued)*

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 76 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 and environmental laws.

Independent auditor's report to the members of Amey UK Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

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 the fraud risk related to revenue recognition which we pinpointed to the valuation and cut-off of year-end work in progress (WIP) balances and whether the amounts recognized are recoverable from customers, 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 May 2024

Group income statement for the year ended 31 December 2023

	Note	Before exceptional items 2023 £'000	Exceptional items (see note 4) 2023 £'000	Total 2023 £'000	Before exceptional items 2022 £'000 *(re-presented)*	Exceptional items (see note 4) 2022 £'000 *(re-presented)*	Total 2022 £'000 *(re-presented)*
Continuing operations:							
Group revenue	3	**1,836,189**	**-**	**1,836,189**	2,082,828	-	2,082,828
Staff costs		**(571,445)**	**-**	**(571,445)**	(520,595)	-	(520,595)
Other costs		**(1,157,612)**	**-**	**(1,157,612)**	(1,349,530)	(112,219)	(1,461,749)
Operating costs	3	**(1,729,057)**	**-**	**(1,729,057)**	(1,870,125)	(112,219)	(1,982,344)
EBITDA[1]		**107,132**	**-**	**107,132**	212,703	(112,219)	100,484
Depreciation and amortisation		**(20,109)**	**-**	**(20,109)**	(21,957)	-	(21,957)
Operating profit	3	**87,023**	**-**	**87,023**	190,746	(112,219)	78,527
Share of profit after tax of joint ventures	3	**4,903**	**-**	**4,903**	4,023	-	4,023
Reversal of impairment of financial asset	3,4	**-**	**8,039**	**8,039**	-	-	-
Profit on disposal of investments	3,4	**-**	**-**	**-**	-	5,059	5,059
Profit before net finance expense and tax	3,5	**91,926**	**8,039**	**99,965**	194,769	(107,160)	87,609
Finance income		**8,463**	**-**	**8,463**	6,240	-	6,240
Finance costs		**(11,443)**	**-**	**(11,443)**	(7,429)	-	(7,429)
Net finance expense	3,8	**(2,980)**	**-**	**(2,980)**	(1,189)	-	(1,189)
Profit before tax	3	**88,946**	**8,039**	**96,985**	193,580	(107,160)	86,420
Tax	9	**(12,537)**	**-**	**(12,537)**	(21,596)	7,594	(14,002)
Profit after tax from continuing operations		**76,409**	**8,039**	**84,448**	171,984	(99,566)	72,418
Discontinued operations:							
Profit from discontinued operations, net of tax	2	**-**	**-**	**-**	(21,195)	23,985	2,790
Net profit after tax from discontinued operations		**-**	**-**	**-**	(21,195)	23,985	2,790
Profit after tax for the year		**76,409**	**8,039**	**84,448**	150,789	(75,581)	75,208
Attributable to:							
Equity holders of the Company				**84,447**			(4,041)
Non-controlling interests				**1**			79,249
				84,448			75,208

[1]EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is operating profit before depreciation and amortisation.

Comparative information has been re-presented following a review of the Group's adopted profit measures and to aid understanding of the Income Statement (see note 1(b)(i) for further information).

The notes on pages 86 to 137 form part of these Group financial statements.

Group statement of comprehensive income for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Profit after tax for the year		**84,448**	75,208
Other comprehensive expense			
Items not subject to recycling:			
Actuarial losses and adjustments on pension schemes	21	**(15,915)**	(58,359)
Deferred tax on pension schemes	9	**(567)**	7,906
Items subject to recycling:			
Gain on change in fair value of cash flow hedge derivatives	14	**-**	11,150
Deferred tax on cash flow hedge derivatives		**-**	(2,787)
Cash flow hedge derivatives recycled through profit and loss		**-**	(8,252)
Deferred tax on recycled amount		**-**	2,063
Share of joint ventures' other comprehensive (expense) income			
- (loss) gain on change in fair value of cash flow hedge derivatives	14	**(775)**	7,569
- deferred tax on cash flow hedge derivatives		**194**	(1,892)
- cash flow hedge derivatives recycled through profit and loss		**-**	(164)
- deferred tax on recycled amount		**-**	41
Other comprehensive expense for the year after tax		**(17,063)**	(42,725)
Total comprehensive income for the year		**67,385**	32,483
Attributable to:			
Equity holders of the Company		**67,384**	(54,093)
Non-controlling interests		**1**	86,576
		67,385	32,483

The notes on pages 86 to 137 form part of these Group financial statements.

Group balance sheet at 31 December 2023

	Note	2023 £'000	2022 £'000 *restated*	2021 £'000 *restated*
Non-current assets				
Goodwill on acquisition of subsidiary undertakings	10	**305,319**	305,319	305,319
Other intangible assets	11	**2,092**	2,406	2,871
Property, plant and equipment	12	**68,447**	62,826	79,872
Investments in joint ventures	13	**30,735**	33,831	28,678
Retirement benefit assets	21	**20,185**	33,527	60,263
Deferred tax assets	9	**39,982**	45,921	69,806
Trade and other receivables	16	**50,268**	51,685	83,905
		517,028	535,515	630,714
Current assets				
Assets classified as held for sale and from discontinued operations		-	-	201,014
Inventories	17	**11,589**	13,028	8,466
Trade and other receivables	16	**302,074**	333,618	237,793
Current tax assets		**1,471**	5,363	6,209
Cash and cash equivalents	18	**115,923**	41,908	65,221
		431,057	393,917	518,703
Total assets		**948,085**	929,432	1,149,417
Current liabilities				
Liabilities classified as held for sale and from discontinued operations		**-**	-	(259,037)
Trade and other payables	19	**(444,317)**	(485,791)	(525,446)
Provisions for other liabilities and charges	22	**(30,413)**	(50,591)	(29,796)
External borrowings	20	**(18,928)**	(17,648)	(22,340)
		(493,658)	(554,030)	(836,619)
Non-current liabilities				
Trade and other payables	19	**(11,457)**	(10,506)	(8,116)
Deferred tax liabilities	9	**(102)**	(351)	(21,468)
Retirement benefit obligations	21	**(1,666)**	(4,181)	(24,893)
Provisions for other liabilities and charges	22	**(150,356)**	(143,076)	(61,013)
External borrowings	20	**(50,412)**	(44,239)	(56,742)
		(213,993)	(202,353)	(172,232)
Total liabilities		**(707,651)**	(756,383)	(1,008,851)
Net assets		**240,434**	173,049	140,566
Capital and reserves				
Share capital	23	**203,677**	203,677	203,677
Share premium account		**153,134**	153,134	153,134
Other reserve		**-**	61,887	61,887
Other equity instruments	24	**287,425**	276,688	549,390
Hedge reserve		**2,069**	2,650	(3,321)
Retained deficit		**(405,958)**	(525,073)	(737,711)
Equity attributable to equity holders of the Company		**240,347**	172,963	227,056
Non-controlling interests	25	**87**	86	(86,490)
Total equity		**240,434**	173,049	140,566

Comparative information has been restated for the reclassification of certain liabilities. See note 1(b)(ii) for further information.

The notes on pages 86 to 137 form part of these Group financial statements. The financial statements on pages 81 to 137 were approved and authorised for issue by the Board of Directors on 29 May 2024 and signed on its behalf by:

A L Nelson
Director
29 May 2024

Group statement of changes in equity for the year ended 31 December 2023

	Share capital £'000	Share premium account £'000	Other reserve £'000	Other equity instrument £'000	Hedge reserve £'000	Retained deficit £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2022	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 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 24)	-	-	-	(277,232)	-	277,232	-	-
At 31 December 2022	203,677	153,134	61,887	276,688	2,650	(525,073)	86	173,049
At 1 January 2023	**203,677**	**153,134**	**61,887**	**276,688**	**2,650**	**(525,073)**	**86**	**173,049**
Profit after tax for the year	**-**	**-**	**-**	**-**	**-**	**84,447**	**1**	**84,448**
Other comprehensive expense	**-**	**-**	**-**	**-**	**(581)**	**(16,482)**	**-**	**(17,063)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(581)**	**67,965**	**1**	**67,385**
Reserves transfer in respect of Other reserve	**-**	**-**	**(61,887)**	**-**	**-**	**61,887**	**-**	**-**
Reserves transfer in respect of Other equity instruments	**-**	**-**	**-**	**10,737**	**-**	**(10,737)**	**-**	**-**
At 31 December 2023	**203,677**	**153,134**	**-**	**287,425**	**2,069**	**(405,958)**	**87**	**240,434**

The Other reserve related to a capital contribution made by Group's immediate parent company in 2003. The Directors' have reviewed the status of this reserve and now consider this reserve to be distributable in nature and have accordingly reclassified the balance as part of retained deficit.

The notes on pages 86 to 137 form part of these Group financial statements.

Group cash flow statement for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Operating activities			
Cash flows generated by operating activities	26	**79,914**	(10,054)
Net income tax paid		**(1,031)**	(6,429)
		78,883	(16,483)
Cash flows from investing activities			
Additions of property, plant and equipment		**(1,593)**	(2,182)
Disposal of property, plant and equipment and other intangible assets		**818**	303
Acquisition of equity in and loan advances made to joint ventures		**-**	(857)
Repayment of loan advances made to joint ventures	13	**10,406**	162
Disposal of investments, net cash impact		**-**	(15,226)
Interest received		**6,066**	8,377
Dividends received from joint ventures	13	**3,804**	3,972
		19,501	(5,451)
Cash flows from financing activities			
Repayment of bank loans		**-**	(2,475)
Movements on loans with Ferrovial, S.A. subsidiary undertakings		**-**	796
Repayment of lease principal		**(16,675)**	(19,181)
Interest paid		**(7,694)**	(9,723)
		(24,369)	(30,583)
Net increase (decrease) in cash and cash equivalents		**74,015**	(52,517)
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		**41,908**	65,221
Cash and cash equivalents at 31 December		**115,923**	41,908

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

	2023 £'000	2022 £'000
Continuing		
- from operating activities	**78,883**	26,524
- from investing activities	**19,501**	(4,867)
- from financing activities	**(24,369)**	(29,565)
Total continuing	**74,015**	(7,908)
Discontinued		
- from operating activities	**-**	(43,007)
- from investing activities	**-**	(584)
- from financing activities	**-**	(1,018)
Total discontinued	**-**	(44,609)
Net increase (decrease) in cash and cash equivalents	**74,015**	(52,517)

The notes on pages 86 to 137 form part of these Group financial statements.

Notes forming part of the Group financial statements for the year ended 31 December 2023

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 2023.

(b) Amendments to comparative information

(i) Change in Income Statement presentation and adoption of alternative performance measures

The Group has reviewed the presentation format previously adopted for the Income Statement and the relevance of the prior presentation to the main users of these financial statements and have concluded that the presentation needs to be updated. In accordance with IAS 1 (Presentation of Financial Statements) the amendment of presentation of the Income Statement is considered to be a change in accounting policy albeit with no impact on previously reported overall profits.

The amendments made are as follows

(I) Operating profit has been redefined to exclude the impact of gains and losses on disposal of investments, adjustments in respect of the impairment of investments and the share of joint venture profit after tax as these are matters relating to investing rather than trading activity. Previously, operating profit reflected profit before net finance costs and taxation. There is no impact overall on the previously reported overall profits of the Group.

The reconciliation of the operating profit on continuing activities between the amount previously reported and the amount now reported is as follows

	£'000
Operating profit for 2022 as reported in the Group Income Statement in the prior year financial statements	87,609
Less: Share of joint venture profit after tax	(4,023)
Less: Profit on disposal of investments	(5,059
Operating profit for 2022 as reported in the Group Income Statement of these financial statements	78,527

(II) The Group has also adopted EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) as an alternative performance measure (APM). EBITDA represents operating profit before depreciation, amortisation and impairment of assets other than investments. This APM is widely used for financial reporting for all forms of businesses and is of more relevance to the main users of these financial statements including the Group's shareholders and lenders. EBTIDA is presented on the Income Statement for the first time this year and comparative information has been re-presented accordingly to report this new APM.

(III) The Group has also re-analysed operating costs by broad type. The previous analysis was in respect of cost of sales (which included depreciation and amortisation) and administrative expenses which was of relevance to the Group's previous ultimate parent company. The revised analysis of operating costs now excludes depreciation and amortisation (as these are not included in EBITDA) and also separately identifies staff costs from other operating costs. This presentation of operating costs in the Income Statement is of more relevance to the current main users of these financial statements.

(ii) Reclassification of certain liabilities on the balance sheet

The Group has identified that certain liabilities on street lighting contracts previously classed as deferred income do not arise in respect of performance obligations under the considerations of IFRS 15 Revenue from Contracts but fall to be accounted for as provisions under the requirements of IAS37 Provisions, Contingent Liabilities and Contingent Assets as they form part of the hand back obligations arising on the contract rather than a performance obligation. The amount misclassified was £24,570,000 at 31 December 2022 and £20,520,000 at 31 December 2021. The Group has also identified that £20,306,000 was incorrectly included as current liabilities when it should have been classed as non-current liabilities (2021 – £20,520,000). This classification amendment has no impact on the reported income statement and cash flow statement for the year ended 31 December 2022 or on the shareholder funds at 31 December 2022 and at 31 December 2021.

The full impact of this restatement if fully detail in note 34 to the financial statements.

1 Accounting policies *(continued)*

(c) 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 20 to the financial statements whilst details of finance risks are set out in note 14.

As at 31 December 2023, the Group had a £150 million committed, syndicated Revolving Credit Facility agreement available. This was provided by 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. As of 31 December 2023, no borrowings were drawn against the facility and the Group also held £105.2 million of unrestricted cash on the Group balance sheet.

On 4 April 2024, the Group completed the refinancing of its external borrowing facilities. The existing RCF was replaced by a £235 million, five-year, syndicated facility comprising a £110 million Term Loan, (split £55 million amortising (over four and a half years) and £55 million non-amortising), and a £125 million Revolving Credit Facility ('RCF'). Up to £75 million of the RCF is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. These facilities are provided by ABN AMRO Bank N.V., The Governor and Company of the Bank of Ireland, Citibank N.A. London Branch, HSBC UK Bank plc, JPMorgan Chase Bank N.A. London Branch and National Westminster Bank plc acting as lenders and with HSBC Bank plc acting as agent. It is secured by way of a third party limited recourse share charge over the shares of Amey UK Limited.

Notwithstanding this continuity of available 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 2024 and the strategic plan for 2025 to 2028;
- 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 and strategic plan for 2024-25;
  - a Reasonable Worst Case ('RWC') forecast which applies sensitivities against the Base Case; and
  - Reverse stress testing group liquidity resilience against extreme events.

The sensitivities applied to the RWC include specific, unbudgeted cash flows in 2024 and cash flow stress cases in 2025 ranging from 34% to 55%. 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 15% of central government and 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.

The Directors have considered the pension risks and sensitivities in note 21 and reviewed Value at Risk analysis. The Directors consider the exposure to be adequately mitigated by strong governance, de-risked scheme assets (including insurance policies), various contingent assets and committed payments for the benefit of the schemes.

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 the financial statements.

1 Accounting policies *(continued)*

(d) New accounting standards

(i) Other new standards, amendments and interpretations adopted by the United Kingdom and mandatorily applicable for the first time in 2023

During the year ended 31 December 2023, the following additional standards which might have had an impact on the consolidated financial statements came into force in the United Kingdom:

IFRS 17	Insurance contracts
IFRS 17 and IFRS 9	Initial application and comparative information
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies
Amendment to IAS 8	Definition of accounting estimates
Amendment to IAS 12	Deferred Tax relating to assets and liabilities arising from a single transaction and International Tax Reform – Pillar Two Model rules

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 2023

The other new standards, amendments and interpretations approved by the IASB and for use in the United Kingdom at 31 December 2023 but which are not applicable at this date are as follows.

New standards, amendments and interpretations		Date applicable from
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 2023 but will adopt them in line with the commencement date stated above. They are not expected to have a significant impact on the Group.

(e) 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.

1 Accounting policies *(continued)*

(f) Critical accounting estimates and judgements

Accounting estimates

In the consolidated financial statements for 2023, 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

(iii) 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 24)

Although these estimates were made on the basis of the best information available at 31 December 2023 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 assessment of key accounting estimates and judgements does include the impact of macro-economic factors which are outside the influence of the Group such as armed conflicts, climate change, excess inflationary pressures and the overall political landscape.

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.

1 Accounting policies *(continued)*

(f) Critical accounting estimates and judgements *(continued)*

Key sources of estimation uncertainty *(continued)*

Intangible asset impairments (continued)

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 Rail sector, 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 £136.8 million are held at 31 December 2023, 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.

(g) Other principal accounting policies

Alternative performance measures (APMs)

The Group uses EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) as an APM. EBITDA represents operating profit before depreciation, amortisation and impairment of assets other than investments and is presented on the face of the Income Statement

The Group also uses operating profit as an APM. Operating profit is profit before net finance costs and taxation and exclude the impact of gains and losses on disposal of investments, adjustments in respect of the impairment of investments and the share of joint venture profit after tax. Operating profit is also presented on the face of the Income Statement.

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.

1 Accounting policies *(continued)*

(g) Other principal accounting policies *(continued)*

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.

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.

1 Accounting policies *(continued)*

(g) Other principal accounting policies *(continued)*

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.

1 Accounting policies *(continued)*

(g) Other principal accounting policies *(continued)*

Revenue *(continued)*

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

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 opinion 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.

1 Accounting policies *(continued)*

(g) Other principal accounting policies *(continued)*

Revenue *(continued)*

(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.

1 Accounting policies *(continued)*

(g) Other principal accounting policies *(continued)*

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. 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 ultimately paid out of the scheme assets, then that pension surplus is measured at the net amount after accounting for that withholding tax. Movements on the withholding tax balance are accounted for through the Income Statement and the SOCI in line with accounting for the amounts on which withholding tax is attributable.

1 Accounting policies *(continued)*

(g) Other principal accounting policies *(continued)*

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.

1 Accounting policies *(continued)*

(g) Other principal accounting policies *(continued)*

Financial instruments *(continued)*

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.

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.

1 Accounting policies *(continued)*

(g) Other principal accounting policies *(continued)*

Financial instruments *(continued)*

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

The disposal of the following Cash Generating Units (CGUs) which were held for sale at 31 December 2021 was completed during 2022.

No segments are held for sale at 31 December 2022 or at 31 December 2023. 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:

	2023 £'000	2022 £'000 *(re-presented)*
Group revenue	-	153,392
Staff costs	-	(35,255)
Other operating costs	-	(130,764)
Exceptional impairment of inventories (see note 4)	-	(412)
Total operating costs	-	(166,431)
EBITDA[1]	-	(13,039)
Depreciation and amortisation	-	(4,592)
Exceptional impairment of property, plant and equipment (see note 4)	-	(653)
Operating profit	-	(18,284)
Share of loss after tax of joint ventures	-	(326)
Profit on divestment of discontinued activities	-	24,848
Operating profit	-	6,238
Finance income	-	3,476
Finance expense	-	(5,476)
Net finance expense	-	(2,000)
Profit before tax	-	4,238
Tax charge – excluding exceptional items	-	(1,650)
Tax credit – on exceptional items	-	202
Tax charge – total	-	(1,448)
Net profit after tax from discontinued operations	-	2,790
Attributable to:		
Equity holders of the company	-	(76,459)
Non-controlling interests	-	79,249
	-	2,790

[1]EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is operating profit before depreciation and amortisation.

Comparative information has also been re-presented following a review of the Group's adopted profit measures and to aid understanding of the Income Statement (see note 1(b)(i) for further information).

3 Segmental analysis

The Group's segments and their activities are described in more detail in the Strategic Report on pages 2 to 64.

During 2023, management responsibility for certain contracts previously allocated to the Transport Infrastructure, Complex Facilities and Consulting segments have been re-allocated to the Non-core segment. Comparative information in the segmental analysis has been re-analysed accordingly for consistency.

	Group revenue 2023 £'000	**Operating profit before exceptional items 2023 £'000**	**Exceptional operating items 2023 £'000**	**Operating profit after exceptional items 2023 £'000**	Group revenue *(re-presented)* 2022 £'000	Operating profit before exceptional items *(re-presented)* 2022 £'000	Exceptional operating items *(re-presented)* 2022 £'000	Operating profit after exceptional items *(re-presented)* 2022 £'000
Continuing operations:								
Transport Infrastructure	**1,178,484**	**34,953**	**-**	**34,953**	1,052,824	34,248	(112,219)	(77,971)
Complex Facilities	**503,505**	**24,048**	**-**	**24,048**	438,575	33,675	-	33,675
Consulting	**203,822**	**22,458**	**-**	**22,458**	201,565	22,654	-	22,654
Rest of Group and Central Services	**78,480**	**(4,078)**	**-**	**(4,078)**	78,078	20,389	-	20,389
Inter-segment revenue elimination	**(188,781)**	**-**	**-**	**-**	(218,078)	-	-	-
Non-core	**60,679**	**9,642**	**-**	**9,642**	529,864	79,780	-	79,780
	1,836,189	**87,023**	**-**	**87,023**	2,082,828	190,746	(112,219)	78,527
Discontinued operations:								
Waste Treatment	**-**	**-**	**-**	**-**	121,324	(12,103)	(1,065)	(13,168)
Utilities Water	**-**	**-**	**-**	**-**	32,068	(5,116)	-	(5,116)
	-	**-**	**-**	**-**	153,392	(17,219)	(1,065)	(18,284)
	1,836,189	**87,023**	**-**	**87,023**	2,236,220	173,527	(113,284)	60,243

	2023 £'000	2022 £'000
Revenue – by geographical location		
United Kingdom	**1,826,690**	2,227,021
Rest of Europe	**9,499**	9,199
	1,836,189	2,236,220

All of the revenue and operating profit 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 £4.6 million (2022: £15.8 million).

Comparative information has also been re-presented following a review of the Group's adopted profit measures and to aid understanding of the Income Statement (see note 1(b)(i) for further information).

3 Segmental analysis *(continued)*

	Before exceptional items 2023 £'000	**Exceptional items 2023 £'000**	**Total 2023 £'000**	Before exceptional items 2022 £'000 *(re-presented)*	Exceptional items 2022 £'000 *(re-presented)*	Total 2022 £'000 *(re-presented)*
Non-operating items						
Transport Infrastructure	**1,520**	**8,039**	**9,559**	802	-	802
Complex Facilities	**3,089**	**-**	**3,089**	3,600	-	3,600
Consulting	**-**	**-**	**-**	7	-	7
Rest of Group and Central Services	**294**	**-**	**294**	(386)	5,059	4,673
Continuing operations	**4,903**	**8,039**	**12,942**	4,023	5,059	9,082
Waste Treatment	**-**	**-**	**-**	(326)	23,330	23,004
Utilities Water	**-**	**-**	**-**	-	1,518	1,518
Discontinued operations	**-**	**-**	**-**	(326)	24,848	24,522
Total Group non-operating items	**4,903**	**8,039**	**12,942**	3,697	29,907	33,604
Net finance expense						
Finance income			**8,463**			6,240
Finance expense			**(11,443)**			(7,429)
Continuing operations			**(2,980)**			(1,189)
Finance income			**-**			3,476
Finance expense			**-**			(5,476)
Discontinued operations			**-**			(2,000)
Total Group net finance expense			**(2,980)**			(3,189)
Profit before tax						
Continuing operations			**96,985**			86,420
Discontinued operations			-			4,238
Total Group profit before tax			**96,985**			90,658

Comparative information has been re-presented following a review of the Group's adopted profit measures and to aid understanding of the Income Statement (see note 1(b)(i) for further information).

3 Segmental analysis *(continued)*

	Non-current assets 2023 £'000	**Current assets 2023 £'000**	**Total liabilities 2023 £'000**	**Net assets 2023 £'000**	Non-current assets 2022 £'000	Current assets 2022 £'000	Total liabilities 2022 £'000	Net assets 2022 £'000
Net assets (liabilities)								
Transport Infrastructure	**144,301**	**175,537**	**(367,903)**	**(48,065)**	134,247	178,078	(384,781)	(72,456)
Complex Facilities	**118,113**	**77,385**	**(93,043)**	**102,455**	121,295	68,577	(100,265)	89,607
Consulting	**179,780**	**15,777**	**(21,664)**	**173,893**	179,730	17,643	(27,609)	169,764
Rest of Group and Central Services	**34,852**	**41,429**	**(59,117)**	**17,164**	54,322	39,372	(52,486)	41,208
Non-core	**-**	**14,241**	**(96,482)**	**(82,241)**	-	51,201	(129,004)	(77,803)
Tax and net debt (excluding ringfenced cash)	**39,982**	**106,688**	**(69,442)**	**77,228**	45,921	39,046	(62,238)	22,729
Total Group	**517,028**	**431,057**	**(707,651)**	**240,434**	535,515	393,917	(756,383)	173,049

	Capital additions 2023 £'000	**Dep-reciation charge 2023 £'000**	**Amort-isation of intangibles 2023 £'000**	**Imp-airment charge 2023 £'000**	Capital additions 2022 £'000	Dep-reciation charge 2022 £'000	Amort-sation of intangibles 2022 £'000	Imp-airment charge 2022 £'000
Other disclosures								
Transport Infrastructure	**26,045**	**14,626**	**229**	**-**	12,038	14,918	229	-
Complex Facilities	**532**	**151**	**-**	**-**	53	121	124	-
Consulting	**463**	**352**	**-**	**-**	494	253	120	-
Rest of Group and Central Services	**-**	**4,703**	**48**	**-**	6,389	6,068	29	-
Non-core	**-**	**-**	**-**	**-**	-	95	-	-
Continuing operations	**27,040**	**19,832**	**277**	**-**	18,974	21,455	502	-
Waste Treatment	-	-	-	-	1,367	3,687	641	1,065
Utilities Water	-	-	-	-	-	132	131	-
Discontinued operations	-	-	-	-	1,367	3,819	772	1,065
Total Group	**27,040**	**19,832**	**277**	**-**	20,341	25,274	1,274	1,065

Impairment charges on assets held for sale were included within exceptional items in 2022 (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. All of the items below for 2023 and for 2022 are considered to be exceptional due to their individual incidence, size and timing.

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

	2023 £'000	2022 £'000
Continuing operations:		
Contract loss provision charge [(i)]	**-**	(112,219)
Included in operating costs	**-**	(112,219)
Reversal of impairment of non-current asset [(ii)]	**8,039**	-
Profit on disposal of investments [(iii)]	**-**	5,059
Included in non-operating items	**8,039**	5,059
Included in profit before tax	**8,039**	(107,160)
Exceptional tax credit [(iv)]	**-**	7,594
Total exceptional items credited (charged) on continuing operations, net of tax	**8,039**	(99,566)
Discontinued operations:		
Included in operating costs - impairment of other non-current assets [(v)]	**-**	(1,065)
Included in non-operating items - profit on disposal of investments [(vi)]	**-**	24,848
Included in profit before tax for discontinued operations	**-**	23,783
Exceptional tax credit [(vii)]	**-**	202
Total exceptional items credited on discontinued operations, net of tax	**-**	23,985
Total exceptional items	**8,039**	(75,581)

Continuing operations:

(i) *Contract loss provisions*

No future loss provisions arose in 2023. In 2022, future loss provisions of £108.7 million were included in the income statement which reflected 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 Group incurred an exceptional charge of £3.5 million (2022: £nil) in respect of a Waste Collections contract where future losses were considered to be highly likely and unavoidable.

(ii) *Reversal of impairment of non-current asset*

In 2023, the Group received a partial payment in full and final settlement of a loan to a joint venture undertaking. This loan had previously been impaired in full and accordingly the Group has been able to release £8.0 million of the impairment provision. No reversal of impairment arose in 2022.

(iii) *Loss on disposal of investments*

No loss on disposal of investments arose in 2023. 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.

(iv) *Tax on exceptional items*

In 2023, no tax was attributable to the reversal of impairment of non-current asset. In 2022, the additional contract loss provisions had an attributable tax credit of £7.6 million.

4 Exceptional items *(continued)*

Discontinued operations:

No exceptional items in respect of discontinued activities arose in 2023.

(v) Impairment of other non-current assets

In 2022, an impairment charge of £1.1 million was recognised in respect of inventories, property, plant and equipment held in the Isle Of Wight waste management contract as ultimate recovery of these assets was considered to be highly unlikely.

(vi) 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 the previous ultimate parent undertaking, Ferrovial, S.A., resulting in a gain on disposal of £23.3 million.

(vii) Exceptional tax credit

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

The impact of exceptional items on the cash flow reported for 2023 is only in respect of the partial repayment of £8.0 million on the previously fully impaired loan to a joint venture undertaking. In 2022, the cash flows included the net consideration outflow of £15.2 million on the disposal of investments which gave rise to the overall gain on disposals of £29.9 million.

5 Profit before net finance expense and tax

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

		2023 £'000	2022 £'000
Deferred income recognised in the year		**(23,403)**	(50,355)
Research and development tax credits receivable and included in revenue		**(5,343)**	(4,467)
Amortisation	- other intangible assets	**277**	1,274
Depreciation	- owned assets	**756**	4,153
	- right of use assets	**19,076**	21,121
Amortisation of bid and mobilisation costs		**220**	220
Short-term and low value lease rentals	- land and buildings	**4,406**	1,597
	- hire of plant and machinery	**79,555**	85,205
	- IT licences and rentals	**27,252**	32,832
Cost of inventories recognised as an expense		**112,681**	146,368
Release of provision for credit losses arising on trade receivables (non-exceptional)		**(810)**	(4,399)
Gain on disposal of property, plant and equipment		**(513)**	(1,801)
Operating exceptional items (note 4)		**-**	112,219
Exceptional gain on disposal of investments (note 4)		**-**	(29,907)
Other non-operating exceptional items (note 4)		**(8,039)**	1,045
Auditor's remuneration	- audit of Company and Group financial statements	**115**	100
	- audit of subsidiary undertakings	**1,664**	1,450
	- audit-related assurance services	**16**	16

6 Employees (including Directors)

Staff costs during the year consisted of:

	2023 £'000	2022 £'000 *(re-presented)*
Wages and salaries	**426,821**	403,336
Social security costs	**45,650**	47,126
Other pension costs arising on defined benefit pension schemes (note 21)	**1,067**	2,303
Other pension costs arising on defined contribution pension schemes	**36,053**	35,568
Total direct staff costs	**509,591**	488,333
Total incidental staff costs	**61,854**	67,517
Total staff costs	**571,445**	555,850
Included in:		
Continuing operations	**571,445**	520,595
Discontinued operations	**-**	35,255
Total staff costs	**571,445**	555,850

Comparative information has been re-presented following a review of the Group's adopted profit measures and to aid understanding of the Income Statement (see note 1(b)(i) for further information).

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

	2023 Number	2022 Number
Contract-based employees	**9,572**	9,926
Management and administration	**697**	614
	10,269	10,540

7 Directors and key management remuneration

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

	2023 £'000	2022 £'000
Short-term employee benefits	**2,950**	3,117
Performance based Ferrovial, S.A. share-based awards	**-**	500
Compensation for loss of office	**-**	1,457
Total emoluments	**2,950**	5,074
Included above are the following amounts in respect of the highest paid Director:		
Emoluments	**1,502**	3,247

In 2023, no Directors (2022: 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 previously members. Following the sale of the Amey Group by Ferrovial on 30 December 2022, future benefits are no longer accruing in respect of that scheme (see note 33 for further information).

During the year, one Director (2022: one) was a member of the Group's original defined benefit pension scheme (which has been closed to future accrual) and no Directors (2022: two) were members of the Group's current defined contribution pension scheme to which the Company has made no contributions (2022: none) during the year.

During 2023 certain Directors were paid directly by the Group's shareholders, One Equity Partners and Buckthorn Partners and were recharged to the Group as part of a general management charge from the immediate parent company (see note 32) which was included in net operating costs. Their emoluments related to their services to Group's shareholders and were not separately identifiable.

During 2022, certain other Directors were paid directly by the Group's parent undertaking, Ferrovial, S.A. up to the point of the sale of the Amey Group on 30 December 2022 and were recharged to the Group as part of a general management charge by that undertaking (see note 32) which was included in net operating costs. Their emoluments related to their services to the Ferrovial Group as whole and were not separately identifiable.

8 Net finance expense

	2023 £'000	2022 £'000
Finance income		
Interest receivable from bank deposits	**3,589**	834
Interest receivable on loans to joint ventures (note 32)	**1,098**	1,377
Intercompany interest receivable in respect of discontinued operations	**-**	1,348
Other interest and similar income	**852**	171
Total finance income on financial assets at amortised cost	**5,539**	3,734
Foreign exchange gains	**527**	1,167
Finance income from defined benefit pension schemes (note 21)	**2,397**	1,339
Total finance income	**8,463**	6,240
Finance costs		
Interest payable on borrowings	**(199)**	(38)
Interest payable on lease liabilities	**(5,045)**	(2,938)
Other interest and similar charges	**(1,969)**	(685)
Total finance costs on financial liabilities at amortised cost	**(7,213)**	(3,661)
Foreign exchange losses	**(481)**	(1,654)
Provision discount unwind finance expense (note 22)	**(3,749)**	(2,114)
Total finance costs	**(11,443)**	(7,429)
Net finance expense	**(2,980)**	(1,189)

Finance income relates to items classified as financial assets measured at amortised cost and also relate to the net finance income arising on defined benefit pension schemes. 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 unwind of interest on discounted long-term provisions.

9 Tax charge

		2023 £'000	2022 £'000
Current tax			
UK		**2,340**	8,906
Overseas		**(32)**	20
Adjustment in respect of prior years	– UK	**2,615**	(2,830)
	– Overseas	**-**	11
Current tax charge		**4,923**	6,107
Deferred tax			
Credit to deferred tax provision relating to the origination and reversal of temporary differences		**(249)**	(21,118)
Charge to deferred tax asset relating to the origination and reversal of temporary differences		**5,311**	15,929
Deferred tax charge relating to employee benefit obligations relating to the origination and reversal of temporary differences		**61**	13,084
Deferred tax charge		**5,123**	7,895
Withholding tax			
Charge in respect of withholding tax on employee benefit assets (see note 21)		**2,491**	-
Withholding tax charge		**2,491**	-
Total tax charge		**12,537**	14,002

9 Tax charge *(continued)*

	2023 **£'000**	2022 £'000
Reconciliation of variances from standard rate of UK corporation tax		
Profit on ordinary activities before tax on continuing operations	**96,985**	86,420
Add: share of tax of joint ventures	**1,506**	944
	98,491	87,364
Profit before tax at the standard rate of corporation tax in the UK of 23.5% (2022: 19.0%)	**23,145**	16,599
Adjusted for:		
Expenses not deductible for tax purposes	**610**	(9,513)
Foreign permanent establishment exemption	**94**	20
Adjustment in respect of prior years	**8,876**	4,253
Utilisation of unrecognised losses	**-**	(1,837)
Impact on current year of loss recognition	**3,177**	28,838
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)
Impact of change in tax rate	**(1,898)**	(709)
Other temporary differences	**(19,961)**	545
	14,043	14,946
Less: share of tax of joint ventures	**(1,506)**	(944)
Total tax charge	**12,537**	14,002

The weighted average applicable tax rate was 12.9% (2022: 16.2%). The decrease in the effective tax rate is attributable to the impact of withholding tax on pension assets not attributable to tax on profits, changes to the recognition of deferred tax on losses and the impact of timing differences between the 2022 group financial statements and the finalised tax computations as offset by the utilisation of tax losses not previously recognised for deferred tax.

Deferred tax is calculated in full on temporary differences under the liability method using an expected tax rate for the UK of 25% (2022: 23.5%) on short-term timing differences and 25% (2022: 25%) on long-term timing differences. For balances arising in Spain an expected tax rate of 25% was used for 2022 up to the point of the sale of the Amey Group on 30 December 2022. These are the tax rates that have been substantively enacted at the balance sheet date.

Withholding tax is calculated with reference to retirement benefit assets using the rate effective for the year of 35% (2022: 35%). The future withholding tax rate on retirement benefit assets will reduce to 25% for future periods.

On 10 June 2021, Finance Act 2021 gained Royal Assent and included provision for the main rate of UK corporation tax to increase to 25% on 1 April 2023 from the previous 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.

Pillar Two legislation, reflecting the OECDs Base Erosion Profit Shifting ("BEPS") framework, seeks to enforce a minimum tax rate on large and multinational groups in each jurisdiction in which it operates. This legislation has been enacted or substantively enacted in the UK, and many other countries, and applies to groups with revenue exceeding €750 million through the tested period. The Group is within the remit of the rules.

The legislation is effective for the financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on most recent information available regarding the financial performance of the constituent entities of the Group. Based on the assessment performed, the Group is expected to fall within the available safe harbours and therefore does not expect a potential exposure to Pillar Two top-up taxes.

9 Tax charge *(continued)*

Deferred tax summary

	2023 £'000	2022 £'000
Deferred tax assets recognised	**39,982**	45,921
Deferred tax liabilities	**(102)**	(351)
	39,880	45,570

Deferred tax assets

	Accelerated depreciation £'000	Retirement benefit obligations £'000	Tax allowable goodwill £'000	Tax losses £'000	Other temporary differences £'000	Total £'000
At 1 January 2022	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**
Income statement	**(1,832)**	**(61)**	**(1,399)**	**3,585**	**(5,665)**	**(5,372)**
SOCI	**-**	**(567)**	**-**	**-**	**-**	**(567)**
At 31 December 2023	**8,406**	**417**	**-**	**23,270**	**7,889**	**39,982**

Deferred tax liabilities

	Accelerated capital allowances £'000	Accelerated tax relief on goodwill £'000	Intangible assets acquired £'000	Other temporary differences £'000	Total £'000
At 1 January 2022	29	21,099	145	195	21,468
Income statement	-	(21,099)	(19)	1	(21,117)
At 31 December 2022	**29**	**-**	**126**	**196**	**351**
Income statement	**(29)**	**-**	**(24)**	**(196)**	**(249)**
At 31 December 2023	**-**	**-**	**102**	**-**	**102**

Unrecognised deferred tax assets

	2023 £'000	2022 £'000
Capital losses	**3,841**	3,841
Trading losses	**130,806**	141,638
Accelerated depreciation	**1,784**	1,854
Other temporary differences	**23,119**	1,256
	159,550	148,589

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 (2022: three 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 2022, at 31 December 2022 and at 31 December 2023	**444,033**	**(138,714)**	**305,319**

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

	2023 £'000	2022 £'000
Consulting	**178,796**	178,796
Transport Infrastructure	**39,771**	39,771
Complex Facilities	**86,752**	86,752
	305,319	305,319

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 2024 and the 2025-2028 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% (2022: 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 weighted average risk-based discount rate of 16.5% (2022: 13.7%). This pre-tax discount rate is a measure based on the 30-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 improved when compared with the previous year, with lower uncertainty and instability in the markets in which the Group operates. As a result, management have updated the main assumptions and WACC to incorporate these improvements.

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 6.4% compound annual growth rate (CAGR) reduction and maintaining the 2023 normalised gross margin excluding exceptional impacts. 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 53% with a change in the working capital profile by which the payments on accounts received are fully unwound in 2025 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 2023 normalised gross margin excluding exceptional impacts. The outcome of the scenario shows enough headroom with no impairment arising. In addition, the WACC would have to increase by 20.5% 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 2.9% 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 2022	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**
Disposals	**(29,806)**	**(13,876)**	**-**	**(228)**	**(43,910)**
At 31 December 2023	**2,983**	**-**	**5,807**	**17,697**	**26,487**
Amortisation					
At 1 January 2022	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**
Charge for the year	**105**	**-**	**123**	**49**	**277**
Disposals	**(29,806)**	**(13,876)**	**-**	**(191)**	**(43,873)**
At 31 December 2023	**2,582**	**-**	**4,116**	**17,697**	**24,395**
Carrying amount					
At 31 December 2023	**401**	**-**	**1,691**	**-**	**2,092**
At 31 December 2022	506	-	1,814	86	2,406

Fully amortised other intangible assets (order books and customer relationships) that arose in respect of contracts taken on following the liquidation of Carillion plc in January 2018 have been included in disposals for the year, now that those contracts have ended.

The carrying amount on order books arose on 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			
	Long leasehold £'000	**Short leasehold £'000**	**Plant and machinery £'000**	**Total £'000**
Cost				
At 1 January 2022	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**
Additions	**181**	**-**	**26,859**	**27,040**
Disposals	**-**	**(2,388)**	**(16,996)**	**(19,384)**
At 31 December 2023	**476**	**38,800**	**112,578**	**151,854**
Depreciation				
At 1 January 2022	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**
Provided in year	**59**	**4,590**	**15,183**	**19,832**
Disposals	**-**	**(1,440)**	**(16,357)**	**(17,797)**
At 31 December 2023	**146**	**24,004**	**59,257**	**83,407**
Carrying amount				
At 31 December 2023	**330**	**14,796**	**53,321**	**68,447**
At 31 December 2022	208	20,334	42,284	62,826

Carrying amount of right of use assets included above (see note 28)				
At 31 December 2023	**-**	**14,795**	**51,088**	**65,883**
At 31 December 2022	-	20,330	40,509	60,839

13 Investments in joint ventures

Investments in joint ventures comprise:

	2023 £000	2022 £'000
Cost of shares	**695**	695
Share of post-acquisition profits	**19,002**	19,655
Loan advances (see note 32)	**12,553**	33,308
Total	**32,250**	53,658
Provision for impairment – shares	**(360)**	(360)
Provision for impairment – losses	**(1,155)**	(19,467)
Carrying value on the balance sheet	**30,735**	33,831

13 Investments in joint ventures *(continued)*

The movements during the year were as follows:

	Cost of shares £'000	Shares: provision for impairment £'000	Share of post-acquisition profits £000	Loan advances £'000	Joint venture loss provision £'000	Total £'000
At 1 January 2022	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**
Transfers	**-**	**-**	**(14)**	**(600)**	**305**	**(309)**
Share of profit after tax for the year	**-**	**-**	**3,746**	**-**	**219**	**3,965**
Share of movements in the SOCI:						
- cash flow hedge derivatives	**-**	**-**	**(775)**	**-**	**-**	**(775)**
- deferred tax thereon	**-**	**-**	**194**	**-**	**-**	**194**
Dividends paid by joint ventures	**-**	**-**	**(3,804)**	**-**	**-**	**(3,804)**
Loan repayments	**-**	**-**	**-**	**(10,406)**	**-**	**(10,406)**
Provision for impairment	**-**	**-**	**-**	**(9,749)**	**17,788**	**8,039**
At 31 December 2023	**695**	**(360)**	**19,002**	**12,553**	**(1,155)**	**30,735**

The transfer in 2023 arose on the acquisition of the joint venture partner's shareholding in Amey (AB) Limited (formerly AmeyBreathe Limited) resulting in that company becoming a subsidiary undertaking. The transfer in 2022 arose in respect of the issue of shares to Amey FMP Belfast Strategic Partnership Hold Co Limited, the proceeds of which were used to reduce the loan advance to that joint venture undertaking.

The Group's joint venture investments, including the percentage of interest held, are set out in note 29.

The Group's aggregate share of the results and net assets of joint ventures was as follows:

	2023 £'000	2022 £'000
Share of revenue	**147,250**	149,550
Share of profit after tax for the year	**4,903**	3,697
Share of other comprehensive (expense) income	**(581)**	5,554
Dividends received from joint ventures	**3,804**	3,972
Share of gross assets	**157,932**	88,310
Share of gross liabilities	**(138,595)**	(67,960)
Share of net assets	**19,337**	20,350
Loan advances (note 32)	**12,553**	33,308
Joint venture loss provision	**(1,180)**	(20,790)
Net investment in joint ventures	**30,710**	32,868
Included in:		
Investments in joint ventures	**30,735**	33,831
Provision for joint venture losses (note 22)	**(25)**	(963)
	30,710	32,868

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 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.

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 2023, the amount of credit risk on cash and cash equivalents totalled £115.9 million (2022: £41.9 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 2023, the amount of credit risk on all trade and other receivables amounted to £352.3 million (2022: £385.3 million).

The amount of unprovided credit risk on loans to joint venture undertakings was £11.4 million (2022: £13.8 million).

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.

14 Financial instruments *(continued)*

Financial risk *(continued)*

Financial risk management – funding and liquidity risk (continued)

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:

	2023 £'000	2022 £'000
(Losses) gains included in the SOCI:		
- in respect of cash flow hedge derivatives transferred from equity	**-**	11,150
- in respect of share of joint ventures change in fair value of cash flow hedge derivatives	**(775)**	7,569
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 joint venture investments is as follows:

	2023 £'000	2022 £'000
From 3 to 5 years	**760**	952
From 6 to 10 years	**53,542**	46,774
From 11 to 15 years	**21,919**	12,376
Over 15 years	**3,424**	7,821
Total	**79,645**	67,923

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 2023, 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.

The Group has little to no risk in respect of any changes in exchange rates.

14 Financial instruments *(continued)*

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:

	2023 **£'000**	2022 £'000
Lease liabilities (note 20)	**69,340**	61,887
Total external borrowings and shareholder loans	**69,340**	61,887
Total equity	**240,434**	173,049
	309,774	234,936

15 Financial assets and financial liabilities

The following financial assets and financial liabilities are held at amortised cost:

	2023 **£'000**	2022 £'000
Financial assets:		
Loan advances to joint ventures (net of provisions)	**11,398**	13,841
Trade receivables	**84,264**	92,864
Amounts due from parent undertaking	**21,311**	23,595
Amounts due from joint ventures	**7,311**	9,422
Cash and cash equivalents	**115,923**	41,908
Total financial assets measured at amortised cost	**240,207**	181,630
Financial liabilities:		
Trade payables	**42,940**	82,973
Payments received on account	**1,378**	1,750
Amounts due to parent undertaking	**1,870**	-
Amounts due to joint ventures	**506**	504
External borrowings	**69,340**	61,887
Total financial liabilities measured at amortised cost	**116,034**	147,114

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 Group operates a bank balance pooling arrangement with its principal banker. As at 31 December 2023, no bank overdrafts were held within this arrangement that had been set off against cash balances in hand (2022: none).

Further consideration on credit risk arising on financial assets is detailed in note 14.

The maturity analysis of financial liabilities is as follows:

	2023 **£'000**	2022 £'000
Due within one year	**66,327**	104,567
Due in one to two years	**15,652**	13,882
Due in two to five years	**32,188**	21,908
Due after more than five years	**12,275**	13,449
Total financial liabilities (undiscounted)	**126,442**	153,806
Less: impact of future finance costs	**(10,408)**	(6,692)
As reported on the balance sheet	**116,034**	147,114

16 Trade and other receivables

	2023 **£'000**	2022 £'000
Current		
Trade receivables	**84,264**	92,864
Amounts recoverable on contracts	**158,829**	177,892
Amounts due from joint ventures (note 32)	**7,311**	9,422
Amounts due from immediate parent undertaking (note 32)	**21,311**	23,595
Other debtors	**9,934**	9,496
Prepayments and accrued income	**20,425**	20,349
	302,074	333,618
Non-current		
Amounts recoverable on contracts	**50,268**	51,685
	50,268	51,685

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 £65.4 million (2022: £58.5 million) will be settled by payments over the remaining contract term of 13.7 years.

In addition to the amounts shown above, the Group has a non-current other debtor of £50.4 million (2022: £46.3 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).

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:

	2023 **£'000**	2022 £'000
At 1 January	**5,285**	15,382
Credited to the income statement	**(810)**	(4,251)
Utilised	**(882)**	(5,846)
At 31 December	**3,593**	5,285

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:

	2023 **£'000**	2022 £'000
Not past due	**100,890**	112,137
Up to 2 months past due	**11,996**	13,744
	112,886	125,881

17 Inventories

	2023 £'000	2022 £'000
Raw materials and consumable stocks	**10,838**	12,057
Bid and mobilisation costs	**751**	971
	11,589	13,028

18 Cash and cash equivalents

	2023 %	**2023 £'000**	2022 %	2022 £'000
Cash balances held at floating rate	**1.7**	**115,923**	0.2	41,908

Included within cash balances is £10.7 million (2022: £8.2 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, £2.6 million (2022: £2.2 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 Group operates a bank balance pooling arrangement with its principal banker. As at 31 December 2023, no bank overdrafts were held within this arrangement that had been set off against cash balances in hand (2022: none).

19 Trade and other payables

	2023 £'000	2022 £'000 *restated*	2021 £'000 *restated*
Current			
Trade payables	**42,940**	82,973	40,940
Payments received on account	**1,378**	1,750	2,776
Amounts due to parent undertaking (note 32)	**1,870**	-	6,857
Amounts due to joint ventures (note 32)	**506**	504	-
Other creditors	**57,103**	57,842	100,933
Deferred income	**99,872**	90,550	91,499
Accruals	**240,648**	252,172	282,441
	444,317	485,791	525,446
Non-current			
Deferred income			
- in more than 1 year but not more than 2 years	**608**	571	326
- in more than 2 years but not more than 5 years	**10,499**	9,512	7,367
- in more than 5 years	**350**	423	423
	11,457	10,506	8,116

Comparative information has been restated for the reclassification of certain liabilities. See note 1(b)(ii) for further information.

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.

20 External borrowings

	Current 2023 £'000	**Non-current 2023 £'000**	Current 2022 £'000	Non-current 2022 £'000
Lease liabilities	**18,928**	**50,412**	17,648	44,239

Lease liabilities are secured on the specific item which is provided to the Group under the terms of the lease.

Borrowing facilities

At 31 December 2023, the Group had a £150 million syndicated Revolving Credit Facility (2022: £150 million) which was undrawn at that date (2022: undrawn). Up to £100 million of the syndicated facility was available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The facility was committed for a remaining tenure of 3 years and was 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 was secured on the assets of the Group and hence had recourse to the Group balance sheet.

Post balance sheet event - replacement of existing borrowing facilities

On 4 April 2024, the Group completed the refinancing of its £150 million Revolving Credit Facility (RCF). The existing RCF was replaced by a £235 million, five-year, syndicated facility with six lenders comprising a £110 million Term Loan, £55 million amortising (over four and a half years) and £55 million non-amortising, and a £125 million RCF. Up to £75 million of the RCF is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The Term Loan was fully drawn. The facility is secured by way of a third party limited recourse share charge over the shares of Amey UK Limited.

The Group held £105.2 million (2022: £33.6 million) of unrestricted cash on the Group balance sheet.

External borrowings, which arise solely in respect of lease liabilities, mature as follows:

	2023 £'000	2022 £'000
Due within 1 year	**18,928**	17,648
Due within 1 to 2 years	**13,934**	11,803
Due within 2 to 5 years	**26,679**	19,131
Due after more than 5 years	**9,799**	13,305
	69,340	61,887

The weighted average interest rate on bank loans drawn down during the year was 6.26% (2022: 0.71%). The interest rate on the lease liabilities are fixed at a weighted average rate of 4.9% (2022: 4.0%).

There was no difference between the external borrowings shown above and their equivalent fair values for 2023 and 2022. 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.

At 31 December 2023, the Group had not drawn down any funds under its £150 million syndicated Revolving Credit Facility (2022: undrawn). Bank loans with recourse are drawn down periodically in accordance with business requirements under this facility that is due to expire in 2026.

In accordance with IFRS 7, the table below contains both the repayment of principal and associated interest payments for Group borrowings. These arise solely on lease liabilities at 31 December 2023 and at 31 December 2022.

	2023 £'000	2022 £'000
Due within 1 year	**19,633**	19,340
Due within 1 to 2 years	**15,652**	13,881
Due within 2 to 5 years	**32,188**	21,908
Due after more than 5 years	**12,275**	13,450
Total	**79,748**	68,579
Less: impact of future finance costs	**(10,408)**	(6,692)
As reported on the balance sheet	**69,340**	61,887

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

21 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 £36.1 million (2022: £35.6 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 closed 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.

21 Retirement benefit schemes *(continued)*

Defined benefit schemes *(continued)*

No past service costs/credits have been recognised in respect of plan amendments during 2023 or 2022.

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 2023 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 September 2020
Railways Pension Scheme	31 December 2019
Citrus Pension Scheme	31 March 2021
West Yorkshire Pension Fund	31 March 2022
West Midlands Pension Fund	31 March 2022

The principal actuarial assumptions used are as follows:

	2023 %	2022 %
Rate of increase in salaries	**0.45 – 3.35**	0.45 – 3.40
Rate of increase in pensions in payment	**1.65 – 3.65**	1.70 – 3.65
Discount rate	**4.55**	4.80
Inflation assumption – RPI	**3.00 – 3.05**	3.10
Inflation assumption – CPI – pre-2030	**2.00 – 2.05**	2.10
Inflation assumption – CPI – post-2030	**2.90 – 2.95**	3.00

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

	2023 Years	2022 Years
Remaining life of members aged 65		
- men	**19.7 – 23.6**	19.9 – 23.6
- women	**22.3 – 25.2**	22.7 – 25.2
Remaining life of members aged 45		
- men	**20.9 – 26.4**	21.1 – 26.4
- women	**23.8 – 26.9**	24.2 – 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.

21 Retirement benefit schemes *(continued)*

Defined benefit schemes *(continued)*

The amount recognised in the balance sheet was as follows:

	2023 **£'000**	2022 £'000
Present value of funded obligations	**(682,991)**	(682,124)
Fair value of plan assets	**708,238**	729,523
Net pension scheme asset before withholding taxes	**25,247**	47,399
Withholding taxes	**(6,728)**	(18,053)
Net pension scheme asset after withholding taxes	**18,519**	29,346
As presented on the balance sheet:		
Retirement benefit assets	**20,185**	33,527
Retirement benefit obligations	**(1,666)**	(4,181)
	18,519	29,346

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 expected tax rate at the balance sheet date of 25% (2022: 35%).

The amount recognised in the income statement was as follows:

	2023 **£'000**	2022 £'000
Current service cost (note 6)	**1,067**	2,303
Total included under staff costs	**1,067**	2,303
Pension scheme administration costs	**1,313**	1,849
Finance income (note 8)	**(2,397)**	(1,339)
Withholding tax charge on pension scheme surpluses (note 9)	**2,491**	-
Total income statement charge	**2,474**	2,813

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 £1.0 million for regular payments and £14.4 million for additional top-up payments.

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

	2023 **£'000**	2022 £'000
Actuarial losses	**15,915**	58,359
Total expense recognised in the SOCI	**15,915**	58,359

Actuarial gains and losses have been reported in the SOCI. The Group's share of the actual performance of fund assets was an increase of £18.0 million (2022: £349.2 million decrease).

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

	2023 **£'000**	2022 £'000
At 1 January	**29,346**	35,370
Total income statement charge	**(2,474)**	(2,813)
Total expense recognised in the SOCI	**(15,915)**	(58,359)
Employer contributions – regular payments	**1,196**	1,279
Employer contributions – additional top-up payments	**6,366**	53,869
At 31 December	**18,519**	29,346

21 Retirement benefit schemes *(continued)*

Defined benefit schemes *(continued)*

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

	2023 £'000	2022 £'000
At 1 January	**682,124**	986,285
Service cost, including employees' share	**1,108**	2,347
Interest cost	**32,135**	18,002
Actuarial loss (gain) due to changes in financial assumptions	**17,079**	(369,797)
Actuarial gain due to changes in demographic assumptions	**(7,730)**	(22,448)
Experience loss on defined benefit obligations	**4,076**	68,809
Deferred buy-in premium	**(18,848)**	27,603
Benefits paid	**(26,953)**	(28,677)
At 31 December	**682,991**	682,124

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

	2023 £'000	2022 £'000
At 1 January	**729,523**	1,054,104
Interest on assets	**34,532**	19,341
Actuarial loss	**(16,569)**	(368,588)
Assets contributed to deferred buy-in premium	**(18,585)**	-
Administration expenses	**(1,313)**	(1,849)
Contributions from employees	**41**	44
Employer contributions – regular payments	**1,196**	1,279
Employer contributions – additional top-up payments	**6,366**	53,869
Benefits paid	**(26,953)**	(28,677)
At 31 December	**708,238**	729,523

The movements in the withholding taxes on the pension scheme surpluses were as follows:

	2023 £'000	2022 £'000
At 1 January	**18,053**	32,449
Expense included in income statement	**2,491**	-
Included in the statement of other comprehensive income:		
- withholding tax arising on movements in the year	**(11,124)**	(14,396)
- withholding tax rate change impact	**(2,692)**	-
Total income included in statement of other comprehensive income	**(13,816)**	(14,396)
At 31 December	**6,728**	18,053

The fair values of the assets held by the various schemes were as follows:

	2023 £'000	2022 £'000
Equities	**5,029**	71,760
Fixed income	**196,480**	115,521
Property	**70,219**	86,013
Buy-in policies	**405,615**	390,766
Cash and cash equivalents	**30,895**	65,463
	708,238	729,523

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.

21 Retirement benefit schemes *(continued)*

Defined benefit schemes *(continued)*

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	**15,600**
-0.5% change to discount rate assumed	**(17,100)**
Members' life expectancy increases by one year	**(8,100)**

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 was 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 2022 to 0.3% for 2022 and onwards.

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.

22 Provisions for other liabilities and charges

	Onerous lease provision £'000	**Insurance reserve £'000**	**Contract loss and claims provision £'000**	**Other provision £'000 *restated***	**Joint venture loss provision £'000**	**Total £'000 *restated***
At 1 January 2022 – as previously reported	4,808	16,336	47,979	-	1,166	70,289
Impact of restatement (see note 1(b)(ii))	-	-	-	20,520	-	20,520
At 1 January 2022 – as restated	4,808	16,336	47,979	20,520	1,166	90,809
Income statement – cost of sales	1	2,244	111,942	4,050	-	118,237
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**	**24,570**	**963**	**193,667**
At 31 December 2022 – as previously reported	1,716	16,442	149,976	-	963	168,097
Impact of restatement (see note 1(b)(ii))	-	-	-	24,570	-	24,570
At 1 January 2023 – as restated	1,716	16,442	149,976	24,570	963	193,667
Income statement – cost of sales	**-**	**3,832**	**10,699**	**666**	**-**	**15,197**
Income statement – finance costs (discount unwind)	**-**	**-**	**3,749**	**-**	**-**	**3,749**
Share of profit after tax of joint ventures	**-**	**-**	**-**	**-**	**(938)**	**(938)**
Utilisation	**(6)**	**(3,312)**	**(27,588)**	**-**	**-**	**(30,906)**
At 31 December 2023	**1,710**	**16,962**	**136,836**	**25,236**	**25**	**180,769**
As presented on the balance sheet:						
Current liabilities	**342**	**4,972**	**18,733**	**6,366**	**-**	**30,413**
Non-current liabilities	**1,368**	**11,990**	**118,103**	**18,870**	**25**	**150,356**
At 31 December 2023	**1,710**	**16,962**	**136,836**	**25,236**	**25**	**180,769**
Current liabilities	286	4,769	41,272	4,264	-	50,591
Non-current liabilities	1,430	11,673	108,704	20,306	963	143,076
At 31 December 2022	1,716	16,442	149,976	24,570	963	193,667
Current liabilities	738	5,136	23,922	-	-	29,796
Non-current liabilities	4,070	11,200	24,057	20,250	1,166	61,013
At 31 December 2021	4,808	16,336	47,979	20,250	1,166	90,809

Comparative information has been restated for the reclassification of certain liabilities. See note 1(b)(ii) 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 £136.8 million are held at 31 December 2023, 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 other provision arises in respect of hand back obligations arising on contracts where there is a contractual requirement to deliver assets to customers before the end of a contract.

The joint venture loss provision represents the Group’s share of losses recognised which the Group is committed to funding.

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. The other provision will be utilised over a period of up to nine years. Contract loss provisions have been discounted at a rate of 3% per annum (2022: 3%).

23 Share capital

Ordinary shares of £1 each	Number	£'000
Authorised		
At 1 January 2022, 31 December 2022 and at 31 December 2023	**204,000,000**	**204,000**
Issued, allotted, called up and fully paid		
At 1 January 2022, 31 December 2022 and at 31 December 2023	**203,676,768**	**203,677**

24 Other equity instruments

	£'000
At 1 January 2022	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**
Accrued dividend for the year	**10,737**
At 31 December 2023	**287,425**

At 31 December 2023 and at 31 December 2022, Amey UK Limited had issued subordinated hybrid loans of £138.1 million and £25.0 million which are held by the immediate parent undertaking, Project Ardent Bidco Limited. These subordinated hybrid loans 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 are above a set threshold.

At 31 December 2023 and at 31 December 2022, a subsidiary undertaking of Amey UK Limited, Amey Limited, had issued a subordinated hybrid loan of £100.6 million which is also held by Project Ardent Bidco Limited. This subordinated hybrid 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 are above a set threshold.

On 29 December 2022, the previous holder of the subordinated hybrid loan issued by Amey Limited, Landmille Limited (a subsidiary undertaking of the Group's former ultimate parent undertaking, Ferrovial, S.A.), released Amey Limited from any and all obligations under a portion of its subordinated hybrid loan. The released amount was £277.2 million with the remaining outstanding hybrid loan principal due of £100.6 million.

All of the hybrid loans in issue at 31 December 2023 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 2023 was £23.7 million (2022: £12.9 million).

Post balance sheet event - partial repayment of Other equity instruments

On 5 April 2024, the Group repaid £159.0 million of the subordinated hybrid loans issued by the Group and classified as Other equity instruments. The subordinated hybrid loans of £100.6 million and £25.0 million were paid in full, with the balance being applied against the £138.1 million subordinated hybrid loan. All of these subordinated hybrid loans are held by the Company's immediate parent company, Project Ardent Bidco Limited.

25 Non-controlling interests

The aggregate share of non-controlling interests in the results and net assets of the Group was as follows:

	Thalia Waste Management Limited and subsidiary companies 2023 £'000	**Other group companies 2023 £'000**	**Total 2023 £'000**	Thalia Waste Management Limited and subsidiary companies 2022 £'000	Other group companies 2022 £'000	Total 2022 £'000
Share of revenue	**-**	**7,173**	**7,173**	41,301	7,019	48,320
Share of profit after tax	**-**	**1**	**1**	79,249	-	79,249
Share of other comprehensive income	**-**	**-**	**-**	7,327	-	7,327
Share of gross assets	**-**	**1,145**	**1,145**	-	1,090	1,090
Share of gross liabilities	**-**	**(1,058)**	**(1,058)**	-	(1,004)	(1,004)
Share of net assets	**-**	**87**	**87**	-	86	86

The non-controlling interest in Thalia Waste Management Limited and subsidiary companies was extinguished with the sale of the Thalia Waste Management Limited group in 2022. Detail of all subsidiary companies, and the percentage interest held in those subsidiaries, is shown in note 29.

26 Cash flow generated from operating activities

	Continuing operations 2023 £'000	**Discontinued operations 2023 £'000**	**Total 2023 £'000**	Continuing operations 2022 £'000	Discontinued operations 2022 £'000	Total 2022 £'000 *restated*
EBITDA	**107,132**	**-**	**107,132**	100,484	(13,040)	87,444
Movement in pensions and provisions with cash impact						
Employer contributions to pension schemes			**(7,562)**			(39,286)
Utilisation of provisions			**(30,906)**			(39,384)
			(38,468)			(78,670)
Movement in working capital						
Decrease (increase) in inventories			**1,439**			(5,792)
Decrease (increase) in receivables			**32,961**			(119,483)
Decrease in payables			**(40,214)**			(17,808)
			(5,814)			(143,083)
Adjustment for non-cash movements						
Non-cash pension credit			**2,380**			4,152
Non-cash provisions movement			**15,197**			121,904
Gain on disposal of property, plant and equipment			**(513)**			(1,801)
			17,064			124,255
Cash flow generated by operating activities			**79,914**			(10,054)

Comparative information has been restated for the reclassification of certain liabilities. See note 1(b)(ii) for further information.

27 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.

	2023 £'000	2022 £'000
Lease liabilities	**69,340**	61,887
Total finance liabilities forming part of financing	**69,340**	61,887

The changes in financial liabilities arising from financial activities are set out below:

	2023 £'000	2022 £'000
Total financial liabilities forming part of financing at the start of the year	**61,887**	79,082
Cash movements on financial liabilities:		
Repayment of leases	**(16,675)**	(18,794)
	(16,675)	(18,794)
Non-cash movements on financial liabilities:		
Inception of new leases	**25,447**	18,119
Early release from existing leases	**(1,319)**	(16,520)
	24,128	1,599
Total increase (reduction) in financial liabilities arising from financial activities	**7,453**	(17,195)
Total financial liabilities forming part of financing at the end of the year	**69,340**	61,887

28 Leases – additional disclosures

The changes in lease liabilities are set out below:

	2023 £'000	2022 £'000
At 1 January	**61,887**	79,082
Inception of new leases	**25,447**	18,119
Interest payable on leases	**5,045**	2,938
Early release from existing leases	**(1,319)**	(16,520)
Total leases before payments	**91,060**	83,619
Repayment of leases principal	**(16,675)**	(18,794)
Payment of leases interest	**(5,045)**	(2,938)
Total payments in respect of leases	**(21,720)**	(21,732)
At 31 December	**69,340**	61,887

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 weighted average interest rate applied on leases during both of the years was 4.1% (2022: 3.9%) for leasehold property and 5.2% (2022: 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.

28 Leases – additional disclosures *(continued)*

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.

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**	**3 months to 15 years**
Plant and machinery	**1,906**	**1 month to 9 years**

Right of use assets

Additional information on the right of use assets by class of assets is as follows:

	Land and buildings £'000	**Plant and machinery £'000**	**Total £'000**
Carrying value at 1 January 2022	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**
Additions	**-**	**25,447**	**25,447**
Disposals	**(945)**	**(382)**	**(1,327)**
Depreciation charge for the year	**(4,590)**	**(14,486)**	**(19,076)**
Carrying value at 31 December 2023	**14,795**	**51,088**	**65,883**

The right-of-use assets are included in the statement of financial position as part of property, plant and equipment and 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:

	2023 £'000	2022 £'000
Borrowings - Current	**18,928**	17,648
Borrowings - Non-current	**50,412**	44,239
Total	**69,340**	61,887

29 Subsidiary undertakings, joint venture undertakings and jointly controlled operations

Subsidiary undertakings

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 25). All interests in subsidiary undertakings are held indirectly 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	Holding company
Accord Limited	Holding company
Amey (AB) Limited	Energy efficiency design and installation
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 OW Ireland Limited *(Republic of Ireland)*	Professional services to highways market
Amey OWR Limited	Professional services to rail market
Amey OWR Ireland Limited *(Republic of Ireland)*	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 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	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

29 Subsidiary undertakings, joint venture undertakings and jointly controlled operations *(continued)*

Subsidiary undertakings *(continued)*

Dormant subsidiary undertakings	
Access Hire Services Limited	Enterprise Lighting Services Limited ++
Accord Environmental Services Limited ++	Enterprise Managed Services (BPS) Limited ++
Amey (JJMG) Limited ++	Enterprise Public Services Limited ++
Amey IT Services Limited ++	Haringey Enterprise Limited ++
Amey Roads (North Lanarkshire) Limited (67%)	JNP Ventures Limited ++
CRW Maintenance Limited ++	MRS St Albans Limited ++
Enterprise (ERS) Limited^	Novo Community Limited ++
Enterprise Business Solutions 2000 Limited ++	TPI (Holdings) Limited ++
Enterprise Fleet Limited ++	Transportation Planning (International) Limited
Enterprise Foundation (ETR) Limited	

^ Company has applied for voluntary strike off

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.

Joint ventures

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	2023 % held	2022 % held
ALC (FMC) Limited *(in voluntary liquidation)*	PFI asset management concession for the MOD	Ordinary	**50.0**	50.0
Amey (AB) Limited	Energy services	Ordinary	**-**	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 (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
Amey Technologies Limited (formerly AmeyVTOL Limited)	Railways maintenance	Ordinary	**60.0**	60.0
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
TfW Innovation Services Limited	Railways maintenance	Ordinary	**17.6**	17.6

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.

29 Subsidiary undertakings, joint venture undertakings and jointly controlled operations *(continued)*

Joint ventures *(continued)*

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	2023 % held	2022 % 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:

Jointly controlled operation	Participating subsidiary	Nature of business	2023 % Held	2022 % 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.

29 Subsidiary undertakings, joint venture undertakings and jointly controlled operations *(continued)*

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, USA
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	1 Park Row, Leeds. LS1 5AB
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 OW Ireland Limited	1st Floor, The Liffey Trust Centre, 117-126 Sheriff Street Upper, Dublin 1 D01 YC43, Republic of Ireland
Amey OWR Ireland Limited	1st Floor, The Liffey Trust Centre, 117-126 Sheriff Street Upper, Dublin 1 D01 YC43, Republic of Ireland
Amey Roads NI Limited	Murray House, Murray Street, Belfast, BT1 6DN
Amey Roads NI Holdings Limited	Murray House, Murray Street, Belfast, BT1 6DN
Amey Roads NI Financial plc	Murray House, Murray Street, Belfast, BT1 6DN
Amey Ventures Investments Limited	3rd Floor, 3-5 Charlotte Street, Manchester, M1 4HB
Amey-Webber LLC	1999, Bryan Street, Suite 900, Dallas, Texas 75201-3136, 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	19-21 Hatton Gardens, London, EC1M 8BA
Keolis Amey Docklands Limited	19-21 Hatton Gardens, London, EC1M 8BA
Keolis Amey Metrolink Limited	19-21 Hatton Gardens, London, EC1M 8BA
Keolis Amey Operations/Gweithrediadau Keolis Amey Limited	19-21 Hatton Gardens, London, EC1M 8BA
Keolis Amey Rail Limited	19-21 Hatton Gardens, London, EC1M 8BA
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	1 Park Row, Leeds. LS1 5AB
Services Support (Avon & Somerset) Holdings Limited	1 Park Row, Leeds. LS1 5AB
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

30 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:

	Low value leases 2023 £'000	Low value leases 2022 £'000
Within 1 year	**223**	1,248
In 2 to 5 years inclusive	**-**	269
	223	1,517

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 2023 or at 31 December 2022.

31 Contingent liabilities

As part of its activities, the Group is subject to contingent liabilities arising from the performance of certain contracts. At 31 December 2023, the Group has provided bank collateral totalling £53 million (2022: £47 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. 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.

32 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 2023:

	Revenue		Interest receivable on loans with joint ventures	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Amey FMP Belfast Strategic Partnership Hold Co Limited	**-**	-	**-**	220
Amey FMP Belfast Strategic Partnership SP Co Limited	**8**	5	**-**	-
Amey Hallam Highways Limited	**51,307**	37,617	**-**	-
Amey Infrastructure Management (1) Limited	**-**	-	**234**	95
Amey Infrastructure Management (2) Limited	**-**	8	**-**	241
Amey Infrastructure Management (3) Limited	**-**	8	**73**	195
Amey Ventures Investments Limited	**47,388**	46,601	**127**	41
AmeyBriggs Asset Holdings Limited	**-**	-	**664**	-
AmeyBriggs Services Limited	**1,540**	822	**-**	-
AWRP SPV Limited	**-**	16,274	**-**	-
GEO Amey Limited	**190**	15	**-**	-
Integrated Bradford SPV Two Limited	**9,466**	7,236	**-**	-
Integrated Bradford LEP Limited	**-**	52	**-**	-
Keolis Amey Docklands Limited	**1,529**	940	**-**	-
Keolis Amey Metrolink Limited	**1,025**	635	**-**	-
Thalia MK SPV Limited	**-**	(2,694)	**-**	585
	112,453	107,519	**1,098**	1,377

	Loan amounts outstanding with joint ventures		Net trading balance owed to (by) the Group	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Amey FMP Belfast Strategic Partnership Hold Co Limited	**-**	-	**2**	-
Amey Hallam Highways Limited	**-**	-	**-**	119
Amey Infrastructure Management (1) Limited	**1,412**	1,540	**40**	-
Amey Infrastructure Management (3) Limited	**2,720**	2,915	**(366)**	(357)
Amey Ventures Investments Limited	**1,171**	1,215	**4,751**	7,023
Amey (AB) Limited (formerly AmeyBreathe Limited)	**-**	600	**-**	-
AmeyBriggs Asset Holdings Limited	**7,250**	7,250	**663**	-
AmeyBriggs Services Limited	**-**	-	**464**	292
AmeyBriggs Services Holdings Limited	**-**	2,000	**-**	-
GEO Amey Limited	**-**	-	**151**	90
Integrated Bradford LEP Limited	**-**	-	**15**	15
Integrated Bradford SPV Two Limited	**-**	-	**769**	661
Keolis Amey Consulting Limited	**-**	-	**154**	-
Keolis Amey Docklands Limited	**-**	-	**93**	352
Keolis Amey Metrolink Limited	**-**	-	**32**	19
Keolis Amey Operations/Gweithrediadau Keolis Amey Limited	**-**	17,788	**39**	25
Keolis Amey Wales Cymru Limited	**-**	-	**-**	681
	12,553	33,308	**6,807**	8,920
Less: provision for impairment	**(1,155)**	(19,467)	**(2)**	(2)
	11,398	13,841	**6,805**	8,918

32 Related party transactions *(continued)*

Immediate parent company and its subsidiary undertakings

The Group's former ultimate parent undertaking, Ferrovial, S.A., completed the sale of the Group on 30 December 2022 to Project Ardent Bidco Limited, a company controlled by One Equity Partners and Buckthorn Partners.

Transactions with current ultimate parent undertaking

	2023 **£'000**	2022 £'000
Income statement		
Net operating expenses	**2,020**	-
Tax – current tax	**2,343**	-
	4,363	-
Balance sheet		
Trade receivables and other debtors	**21,311**	23,595
Trade payables and other creditors	**(1,870)**	-
	19,441	23,595

During 2023, the Group incurred management fees of £2.0 million (2022: £nil) from Project Ardent Bidco Limited (the ultimate parent undertaking). These fees included a recharge for the remuneration of the chairman. The unpaid portion of the management fees of £1.9 million is reported in trade payables (2022: £nil). This payable is interest free and payable on demand.

The Group also paid £2.3 million (2022: £nil) in respect of the surrender of tax losses by Project Ardent Bidco Limited which has been used to reduce the trade receivable balance to £21.3 million (2022: £23.6 million). This receivable is interest free and payable on demand.

Transactions with former ultimate parent undertaking and its subsidiary undertakings

	2023 **£'000**	2022 £'000
Income statement		
Net operating expenses	**-**	(7,456)
Net finance income	**-**	803
Net finance cost	**-**	(796)
	-	(7,449)

The Ferrovial Group ceased to be a related party on 30 December 2022.

In 2022, the Group was charged management fees and IT costs by the Ferrovial Group. The Group was charged finance costs by Thalia Holdco Limited. The Group recorded a foreign exchange gain of £0.7 million its deposits with Ferrofin, SL Group and received £0.1m of interest income on those deposits. Both of these companies are wholly owned subsidiaries of the Ferrovial Group. 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 that year. The Group also received £4.3 million from Ferrovial, S.A. in respect of the Group's 2021 Spanish tax losses.

33 Share-based payments

The Group previously participated in the Ferrovial, S.A. group (the former ultimate parent undertaking) performance–based share award plan. Following the sale of the Group by Ferrovial, S.A. on 30 December 2022, the Group no longer participates in this plan.

The share-based staff costs recharged by Ferrovial, S.A. in relation to this plan and recognised in the Group's income statement amounted to £nil (2022: £0.8 million).

34 Restatement of comparative balance sheet information

The Group has identified a misstatement which requires amendment to previously reported financial information.

Certain liabilities on street lighting contracts previously classed as deferred income do not arise in respect of performance obligations under the considerations of IFRS 15 Revenue from Contracts but fall to be accounted for as provisions under the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets as they form part of the hand back obligations arising on the contract rather than a performance obligation. The amount misclassified was £24,570,000 at 31 December 2022 and £20,250,000 at 31 December 2021. The Group has also identified that £20,306,000 was incorrectly included as current liabilities when it should have been classed as non-current liabilities (2021 – £20,250,000).

This classification amendment has no impact on the previously reported income statement or the cash flow statement for the year ended 31 December 2022 or on the shareholder funds at 31 December 2022 and at 31 December 2021.

Restatement of the Group balance sheet as at 31 December 2022 and 31 December 2021

	As previously reported 2022 £'000	Impact of restatement 2022 £'000	As restated 2022 £'000	As previously reported 2021 £'000	Impact of restatement 2021 £'000	As restated 2021 £'000
Non-current assets						
Goodwill on acquisition of subsidiary undertakings	305,319	-	305,319	305,319	-	305,319
Other intangible assets	2,406	-	2,406	2,871	-	2,871
Property, plant and equipment	62,826	-	62,826	79,872	-	79,872
Investments in joint ventures	33,831	-	33,831	28,678	-	28,678
Retirement benefit assets	33,527	-	33,527	60,263	-	60,263
Deferred tax assets	45,921	-	45,921	69,806	-	69,806
Trade and other receivables	51,685	-	51,685	83,905	-	83,905
	535,515	-	535,515	630,714	-	630,714
Current assets						
Assets classified as held for sale and from discontinued operations	-	-	-	201,014	-	201,014
Inventories	13,028	-	13,028	8,466	-	8,466
Trade and other receivables	333,618	-	333,618	237,793	-	237,793
Current tax assets	5,363	-	5,363	6,209	-	6,209
Cash and cash equivalents	41,908	-	41,908	65,221	-	65,221
	393,917	-	393,917	518,703	-	518,703
Total assets	929,432	-	929,432	1,149,417	-	1,149,417
Current liabilities						
Liabilities classified as held for sale and from discontinued operations	-	-	-	(259,037)	-	(259,037)
Trade and other payables	(510,361)	24,570	(485,791)	(545,966)	20,250	(525,716)
Provisions for other liabilities and charges	(46,327)	(4,264)	(50,591)	(29,796)	-	(29,796)
External borrowings	(17,648)	-	(17,648)	(22,340)	-	(22,340)
	(574,336)	20,306	(554,030)	(857,139)	20,250	(836,889)
Non-current liabilities						
Trade and other payables	(10,506)	-	(10,506)	(8,116)	-	(8,116)
Deferred tax liabilities	(351)	-	(351)	(21,468)	-	(21,468)
Retirement benefit obligations	(4,181)	-	(4,181)	(24,893)	-	(24,893)
Provisions for other liabilities and charges	(122,770)	(20,306)	(143,076)	(40,493)	(20,250)	(60,743)
External borrowings	(44,239)	-	(44,239)	(56,742)	-	(56,742)
	(182,047)	(20,306)	(202,353)	(151,712)	(20,250)	(171,962)
Total liabilities	(756,383)	-	(756,383)	(1,008,851)	-	(1,008,851)
Net assets	173,049	-	173,049	140,566	-	140,566
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	276,688	-	276,688	549,390	-	549,390
Hedge reserve	2,650	-	2,650	(3,321)	-	(3,321)
Retained deficit	(525,073)	-	(525,073)	(737,711)	-	(737,711)
Equity attributable to equity holders of the Company	172,963	-	172,963	227,056	-	227,056
Non-controlling interests	86	-	86	(86,490)	-	(86,490)
Total equity	173,049	-	173,049	140,566	-	140,566

35 Post balance sheet events

Replacement of existing borrowing facilities

On 4 April 2024, the Group completed the refinancing of its £150 million Revolving Credit Facility (RCF). The existing RCF was replaced by a £235 million, five-year, syndicated facility with six lenders comprising a £110 million Term Loan, £55 million amortising (over four and a half years) and £55 million non-amortising, and a £125 million RCF. Up to £75 million of the RCF is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The Term Loan was fully drawn. The facility is secured by way of a third party limited recourse share charge over the shares of Amey UK Limited.

Partial repayment of Other equity instruments

Also on 5 April 2024, the proceeds of the new Term Loan, together with excess cash on the Group's balance sheet were used by the Group to repay £159.0 million of the subordinated hybrid loans issued by the Company and classified as Other equity instruments. Subordinated hybrid loans of £100.6 million and £25.0 million were paid in full, with the balance being applied against the remaining £138.1 million subordinated hybrid loan. All of these subordinated hybrid loans are held by the Company's immediate parent company, Project Ardent Bidco Limited.

36 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Project Ardent Bidco Limited, a company incorporated in England and Wales. Up to 30 December 2022 the immediate parent undertaking was Ferrovial Services Netherlands B.V.i.o., a company incorporated in The Netherlands.

The Group's immediate parent undertaking is a company controlled by One Equity Partners and Buckthorn Partners.

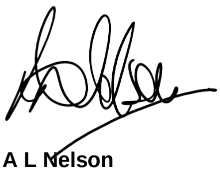
The former ultimate parent undertaking and controlling party was Ferrovial, S.A., a company incorporated in Spain.

Company balance sheet at 31 December 2023

Company number 04736639	Note	2023 £'000	2022 £'000
Fixed assets			
Investment in subsidiary undertakings	40	**557,867**	300,636
Current assets			
Trade and other receivables			
- due after more than one year	41	**169,000**	151,322
- due within one year	41	**35,005**	35,442
Cash and cash equivalents		**355**	621
Total current assets		**204,360**	187,385
Creditors – amounts falling due within one year	42	**(212)**	(356)
Net current assets		**204,148**	187,029
Total assets less current liabilities		**762,015**	487,665
Provisions for liabilities	43	**(90,523)**	-
Net assets		**671,492**	487,665
Equity			
Share capital	44	**203,677**	203,677
Share premium account		**153,134**	153,134
Other reserve		**-**	61,887
Other equity instrument	45	**186,785**	176,048
Retained earnings (deficit)		**127,896**	(107,081)
Equity shareholders' funds		**671,492**	487,665

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 £183.8 million (2022: £77.2 million).

The notes on pages 140 to 145 form part of these Company financial statements. The financial statements on pages 138 to 145 were approved and authorised for issue by the Board of Directors on 29 May 2024 and signed on its behalf by:



A L Nelson
Director
29 May 2024

Company statement of changes in equity for the year ended 31 December 2023

	Share capital £'000	Share premium account £'000	Other reserve £'000	Other equity instrument £'000	Retained earnings (deficit) £'000	Total equity £'000
At 1 January 2022	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
At 1 January 2023	**203,677**	**153,134**	**61,887**	**176,048**	**(107,081)**	**487,665**
Reserves transfer in respect of Other equity instrument	**-**	**-**	**-**	**10,737**	**(10,737)**	**-**
Reserves transfer in respect of Other reserve	**-**	**-**	**(61,887)**	**-**	**61,887**	**-**
Profit after tax and total comprehensive income for the year	**-**	**-**	**-**	**-**	**183,827**	**183,827**
At 31 December 2023	**203,677**	**153,134**	**-**	**186,785**	**127,896**	**671,492**

The Other reserve related to a capital contribution made by Group's immediate parent company in 2003. The Directors' have reviewed the status of this reserve and now consider this reserve to be distributable in nature and have accordingly reclassified the balance as part of retained earnings (deficit).

The notes on pages 140 to 145 form part of these Company financial statements.

Notes forming part of the Company financial statements for the year ended 31 December 2023

37 General information

The principal activity of the Amey UK Limited (the Company) is that of holding company. The Company is limited by share capital, is incorporated in the United Kingdom (registered in England and Wales) and is domiciled in the United Kingdom. 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.

38 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(c) 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(d) 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 the 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
- IFRS 15 (Revenue from contracts with customers): second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129.
- 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.

38 Accounting policies *(continued)*

(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 40 for further information), the judgement made in recognition for accounting purposes of the subordinated guaranteed hybrid loan as an Other equity instrument (see note 45) and the estimation of the amounts provided in respect of parent company guarantees issued by the Company which will ultimately result in a loss for the Company (see note 43).

39 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 none (2022: two) at a total staff cost of £nil (2022: £0.1 million).

40 Investment in subsidiary undertakings

	Cost of shares £'000	Subordinated loan £'000	Carrying value £'000
Cost			
At 1 January 2022, at 31 December 2022 and at 31 December 2023	**497,867**	**60,000**	**557,867**
Provision for impairment			
At 1 January 2022 and at 31 December 2022	**(257,231)**	**-**	**(257,231)**
Release of provision for the year	**257,231**	**-**	**257,231**
At 31 December 2023	**-**	**-**	**-**
Carrying value			
At 31 December 2023	**497,867**	**60,000**	**557,867**
At 31 December 2022	240,636	60,000	300,636

On 30 April 2018, the Company granted a subordinated hybrid loan facility to its subsidiary undertaking, Amey Holdings Limited, for an amount of £60.0 million. This 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 29 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 fully reversed.

The recoverable amounts of investments is 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 2024 and the 2025-2028 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%. 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 an overall risk-based discount rate of 16.0%. This pre-tax discount rate is a measure based on the 30-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.

In 2022, the recoverable amounts of investments of £300.6 million was based on the fair value ascribed to the Amey UK Limited Group of companies following its acquisition by Project Ardent Bidco Limited from Ferrovial, S.A., on 30 December 2022.

Post balance sheet event – additional investment in shares and repayment of subordinated loan

On 28 March 2024, the Company subscribed to one additional Ordinary Share of £1 in its only direct subsidiary undertaking, Amey Holdings Limited, for a total value of £60 million. The £60 million subordinated hybrid loan to Amey Holdings Limited was fully repaid on the same day with no interest income arising from the loan. The loan facility was also cancelled.

41 Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts due from subsidiary undertakings	**9,784**	9,483
Amounts due from parent undertaking	**23,595**	23,595
Value added tax debtor	**70**	-
Prepayments and deferred expenditure	**1,556**	2,364
	35,005	35,442
Amounts falling due after more than one year		
Amounts due from subsidiary undertakings	**169,000**	151,322
	169,000	151,322
	204,005	186,764

42 Creditors – amounts falling due within one year

	2023 £'000	2022 £'000
Accruals	**212**	356
	212	356

At 31 December 2023, the Company had a £150 million syndicated Revolving Credit Facility (2022: £150 million) which was undrawn at that date (2022: undrawn). Up to £100 million of the syndicated facility was available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The facility was committed for a remaining tenure of 3 years and was 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 was secured on the assets of the Group and hence had recourse to the Group balance sheet.

Post balance sheet event - replacement of existing borrowing facilities

On 4 April 2024, the Company completed the refinancing of its £150 million Revolving Credit Facility (RCF). The existing RCF was replaced by a £235 million, five-year, syndicated facility with six lenders comprising a £110 million Term Loan, £55 million amortising and £55 million non-amortising, and a £125 million RCF. Up to £75 million of the RCF is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The Term Loan was fully drawn. The facility is secured by way of a third party limited recourse share charge over the shares of the Company.

43 Provisions for liabilities

	Contract loss provision £'000	**Other provision £'000**	**Deferred tax £'000**	**Total £'000**
At 1 January 2022	**-**	-	10,750	10,750
Credited to the income statement	**-**	-	(10,750)	(10,750)
At 31 December 2022	**-**	**-**	**-**	**-**
Charged to the income statement	**87,915**	**2,608**	**-**	**90,523**
At 31 December 2023	**87,915**	**2,608**	**-**	**90,523**

During the year, the Company has recognised a contract loss provision of £87.9 million (2022: £nil) in respect of parent company guarantees issued by the Company to its subsidiary undertakings which are considered to be highly likely to crystallise in the foreseeable future. The other provision of £2.6 million (2022: £nil) is in respect of potential claims being made against the Company on certain transactions and on which the Directors have taken a specific insurance policy to lower the ultimate cost to the Company.

The timing of future utilisation of provisions can be uncertain. 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 (2022: 3%).

The deferred tax liability originally arose in respect of accelerated tax relief on goodwill available under tax rules in Spain. 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, the previously maintained deferred tax provision was extinguished in 2022.

44 Share capital

Ordinary shares of £1 each	**Number**	**£'000**
Authorised		
At 1 January 2022, 31 December 2022 and at 31 December 2023	**204,000,000**	**204,000**
Issued, allotted, called up and fully paid		
At 1 January 2022, 31 December 2022 and at 31 December 2023	**203,676,768**	**203,677**

45 Other equity instruments

	£'000
At 1 January 2022	171,518
Accrued dividend for the year	4,530
At 31 December 2022	**176,048**
Accrued dividend for the year	**10,737**
At 31 December 2023	**186,785**

At 31 December 2023 and at 31 December 2022, Amey UK Limited had issued subordinated hybrid loans of £138.1 million and £25.0 million which are held by the immediate parent undertaking, Project Ardent Bidco Limited. These subordinated hybrid loans 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 are above a set threshold.

The hybrid loans in issue at 31 December 2023 have no specified maturity date but can be redeemed by the Company at any time. The Company also has the power to delay timing of the interest payments 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 2023 was £23.7 million (2022: £12.9 million).

Post balance sheet event - partial repayment of Other Equity Instruments

On 5 April 2024, the Group repaid £58.4 million of the subordinated hybrid loans issued by the Company and classified as Other equity instruments. The subordinated hybrid loan of £25.0 million was paid in full, with the balance being applied against the £138.1 million subordinated hybrid loan. Both of these subordinated hybrid loans are held by the Company's immediate parent company, Project Ardent Bidco Limited.

46 Financial and capital commitments

The Company had no financial or capital commitments at 31 December 2023 or at 31 December 2022.

47 Contingent liabilities

At 31 December 2023, the Company has provided bank collateral totalling £53 million (2022: £47 million). The Company has provided guarantees to joint venture undertakings of the Group totalling £260 million (2022: £255 million), of which the most relevant are those provided to the UK Ministries of Justice and Defence and also Transport for Greater Manchester 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.

48 Post balance sheet events

Replacement of existing borrowing facilities

On 4 April 2024, the Group completed the refinancing of its £150 million Revolving Credit Facility (RCF). The existing RCF was replaced by a £235 million, five-year, syndicated facility with six lenders comprising a £110 million Term Loan, £55 million amortising (over four and a half years) and £55 million non-amortising, and a £125 million RCF. Up to £75 million of the RCF is available for loans and the remainder available for ancillary facilities, primarily bonding requirements. The Term Loan was fully drawn. The facility is secured by way of a third party limited recourse share charge over the shares of the Company.

Partial repayment of Other Equity Instruments

Also on 5 April 2024, part of the proceeds of the new Term Loan were used by the Company to repay £58.4 million of the subordinated hybrid loans issued by the Company and classified as Other equity instruments. The subordinated hybrid loans of £25.0 million was paid in full, with the balance being applied against the remaining £138.1 million subordinated hybrid loan. Both of these subordinated hybrid loans are held by the Company's immediate parent company, Project Ardent Bidco Limited.

Additional investment in shares and repayment of investment loan

On 28 March 2024, the Company subscribed to one additional Ordinary Share of £1 in its only direct subsidiary undertaking, Amey Holdings Limited, for a total value of £60 million. The £60 million subordinated hybrid loan to Amey Holdings Limited was fully repaid on the same day with no interest income arising from the loan. The loan facility was also cancelled.

49 Controlling parties

The immediate parent undertaking is Project Ardent Bidco Limited, a company incorporated in England and Wales. Up to 30 December 2022 the immediate parent undertaking was Ferrovial Services Netherlands B.V.i.o., a company incorporated in The Netherlands.

The Company's immediate parent undertaking is a company controlled by One Equity Partners and Buckthorn Partners.

The former 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