REGISTERED NUMBER: 00889628 (England and Wales)

Annual Report and

Financial Statements for the Year Ended 31 December 2016

for

Enterprise Managed Services Limited

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Company Information
for the Year Ended 31 December 2016

Directors:	R Edmondson A L Milner A L Nelson R J Ward K A Fowlie
Secretary:	Sherard Secretariat Services Limited
Registered office:	The Sherard Building Edmund Halley Road Oxford Oxfordshire OX4 4DQ
Registered number:	00889628 (England and Wales)
Auditor:	Deloitte LLP Chartered Accountants and Statutory Auditor 4 Brindleyplace Birmingham Warwickshire B1 2HZ

The Directors present their strategic report for the year ended 31 December 2016.

Principal activities

The principal activity of the Company continues to be the provision of management services for the maintenance of utility infrastructures within water, gas and electricity sectors. In addition, the Company provides environmental services to several Local Authorities. Our role is to perform maintenance tasks such as fixing water leaks, repairing gas mains, installing utility supplies and repairing broken connections, as well as collecting domestic refuse. Nearly all of the work we do is essential and must happen in order for the infrastructure to operate. There have been no changes in the Company's activities in the year under review.

Review of business and future developments

The income statement for the year is set out on page 6 and shows revenue of £355,020,000 (2015 - £381,093,000) and a profit after tax amounting to £12,889,000 (2015 - £16,542,000), all of which arose from continuing activities.

Revenue for the year was 7% lower reflecting the completion the completion of a number of contracts and lower levels of activities on other contracts. Gross margin remained broadly the same with the lower contribution mitigated by a reduction in administrative expenses following lower group overhead allocations. The Directors remain confident that this level of activity will be maintained.

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

Key performance indicators

The Company's principal key performance indicators are revenue and profit before tax which are shown in the income statement for the year set out on page 6.

Principal risks and uncertainties

The Company's risks and other key performance indicators are only reported and managed on a Divisional basis. To gain a further understanding of this business, details of the principal risks and uncertainties and other key performance indicators are contained in the Annual Report and Financial Statements of the intermediate parent undertaking, Amey UK plc ('the Group'), for the year ended 31 December 2016. The Company is a member of the Environmental Services and Utilities and Facilities Management divisions of the Group.

On behalf of the board:

....

A L Nelson - Director

Date: 4 May 2017

Report of the Directors
for the Year Ended 31 December 2016

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2016.

Dividends

No dividends were paid by the Company during the year (2015 - £nil). The Directors do not recommend the payment of a final dividend.

Directors

The Directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

A L Nelson
R J Ward

Other changes in Directors holding office are as follows:

R Edmondson - appointed 24 August 2016
D L Holland - resigned 31 December 2016
A L Milner - appointed 19 February 2016
D Atherton - resigned 31 August 2016
M Ewell - resigned 31 March 2016
N M Gregg - resigned 31 May 2016

K A Fowlie was appointed as a Director after 31 December 2016 but prior to the date of this report.

Going concern

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

Policy on slavery and human trafficking

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

Statement as to disclosure of information to the auditor

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

Auditor

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

On behalf of the board:

....
A L Nelson - Director

Date: 4 May 2017

Statement of Directors' Responsibilities for the Year Ended 31 December 2016

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Report of the Independent Auditor to the Members of Enterprise Managed Services Limited

We have audited the financial statements of Enterprise Managed Services Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 a Report of the Auditor 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham

Date: 4 May 2017

Enterprise Managed Services Limited

Income Statement
for the Year Ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Revenue	3	**355,020**	381,093
Cost of sales		**(331,060)**	(348,491)
Gross profit		**23,960**	32,602
Administrative expenses		**(21,913)**	(25,276)
Operating profit		**2,047**	7,326
Interest receivable and similar income	5	**13,511**	13,551
		15,558	20,877
Finance expense	6	**(318)**	(524)
Profit before taxation	7	**15,240**	20,353
Tax on profit	8	**(2,351)**	(3,811)
Profit for the financial year		**12,889**	16,542

The notes on pages 10 to 24 form part of these financial statements.

Enterprise Managed Services Limited

Other Comprehensive Income
for the Year Ended 31 December 2016

	2016 £'000	2015 £'000
Profit for the year	**12,889**	16,542
Total comprehensive income for the year	**12,889**	16,542

The notes on pages 10 to 24 form part of these financial statements.

Enterprise Managed Services Limited (Registered number: 00889628)

Balance Sheet
31 December 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	**8,410**	9,531
Tangible assets	10	**5,686**	8,903
Investments	11	**53,041**	53,041
		67,137	71,475
Current assets			
Inventories	12	**954**	1,855
Trade and other receivables	13	**430,961**	426,067
Cash in hand		**14,931**	541
		446,846	428,463
Creditors			
Amounts falling due within one year	14	**(425,827)**	(429,085)
Net current assets/(liabilities)		**21,019**	(622)
Total assets less current liabilities		**88,156**	70,853
Creditors			
Amounts falling due after more than one year	15	**(1,791)**	(3,826)
Provisions for liabilities	18	**(12,105)**	(5,656)
Net assets		**74,260**	61,371
Capital and reserves			
Share capital	20	**3**	3
Retained earnings		**74,257**	61,368
Shareholders' funds		**74,260**	61,371

The financial statements were approved by the Board of Directors on 4 May 2017 and were signed on its behalf by:

....

A L Nelson - Director
4 May 2017

The notes on pages 10 to 24 form part of these financial statements.

Enterprise Managed Services Limited

Statement of Changes in Equity
for the Year Ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015	3	44,826	44,829
Changes in equity			
Total comprehensive income	-	16,542	16,542
Balance at 31 December 2015	3	61,368	61,371
Changes in equity			
Total comprehensive income	-	12,889	12,889
Balance at 31 December 2016	3	74,257	74,260

The notes on pages 10 to 24 form part of these financial statements.

1. General information

The principal activity of Enterprise Managed Services Limited (the Company) within the UK is the provision of management services for the maintenance of utility infrastructures within water, gas and electricity sectors. In addition, the Company provides environmental services to several Local Authorities. The Company is a private company and is incorporated and domiciled in the UK. The address of the registered office is The Sherard Building, Edmund Halley Road, Oxford, OX4 4DQ, United Kingdom.

2. Accounting policies

Basis of preparation

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

The new or revised standards or interpretations that are effective for accounting periods commencing on or after 1 January 2016 and that are applicable to the Company were as follows. The adoption of these standards did not lead to any changes in the Company's accounting policies and has had no material impact on the financial statements.

IFRS 10, IFRS 12 and IAS 28 (amendments): Investment entities: applying the consolidation exemption
IFRS 11 (amendment): Accounting for acquisitions of interests in joint operations
IAS 1 (amendment): Disclosure initiative
IAS 16 and IAS 38 (amendments): Clarification of acceptable methods of depreciation and amortisation
IAS 27 (amendment): Equity method in separate financial statements
Annual improvements 2010 – 2012
Annual improvements 2012 – 2014

New standards applicable to the Company which have a significant impact and which will be adopted early in the accounting period commencing on 1 January 2017:

IFRS 15 – Revenue from Contracts with Customers: This standard assesses revenue recognition and establishes principles for reporting information about the nature, timing and uncertainty of revenue arising from the Company's contracts with customers. Although this standard is not mandatory until 2018, in view of its significance to the business activities of the Company, the Company has decided to adopt it early in 2017. The estimated total negative adjustment to reserves arising at 31 December 2016 from the first-time application of IFRS 15 amounts to approximately £6 million (net of associated tax). However, the precise quantification of this adjustment remains to be completed.

IFRS 9 – Financial Instruments: IFRS 9 may have a material impact on accounting for impairment of financial assets and also classification and measurement of financial assets. It is not practicable to provide a reasonable estimate of the effect of these standards since this impact will depend on both the financial instruments held by the Company and the economic conditions prevailing at the date of adoption.

New standards applicable to the Company which are expected to have a significant impact and which will be adopted in the accounting period commencing on 1 January 2019:

IFRS 16 – Leases

IFRS 16 may have a material impact on accounting for operating leases. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review is undertaken.

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

2. Accounting policies – continued

Basis of preparation - continued

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

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

Basis of consolidation

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

2. Accounting policies - continued

Going concern

The Company is a subsidiary of Amey UK plc (the Group) and its financial resources are managed on a group basis. In 2016, the Group maintained a high degree of liquidity. Available Group cash balances at 31 December 2016 were £123 million and, in addition, the Group held £160 million of undrawn bank loan facilities at that date, which expire in July 2021. The Group also has two additional credit facilities of £80 million and £70 million from Landmille Limited (a subsidiary of Ferrovial S.A., the ultimate parent company), both of which renew automatically each year until September 2019 and February 2021 respectively.

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

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

Other principal accounting policies

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

Revenue recognition

Revenue represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax.

Revenue from other contract activities represents fee income receivable in respect of services provided during the year. Estimates are included of amounts not yet invoiced. The Company manages customer expenditure and charges customers for goods purchased from suppliers and services performed by contractors. These amounts are included in revenue and costs of sales when the Company is acting as a principal, but where the Company is acting as an agent, transactions are recognised on a net basis. The Company defers other fees receivable and brings these fees into revenue in line with the degree of completion of the service delivery.

2. Accounting policies - continued

Intangible assets

Acquired intangible assets are included in the balance sheet at cost and amortised over their useful economic finite lives. The Company has no intangible assets with indefinite lives.

The Company reviews the carrying value of intangible fixed assets in the light of developments in its business and makes provision for any impairment in value as the need arises.

Impairment of non-financial assets (goodwill and other intangible assets)

Non-financial assets which are not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment where indications exist that the amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable value. Prior impairments (other than for goodwill) are reviewed for reversal at subsequent reporting dates.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Short leasehold land and buildings - 5 years
Plant and machinery - 10% to 33%

Finance leases

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

Operating leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Investment in subsidiary undertakings

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

Investment in joint venture undertakings

Investments by the Company in the shares of, or the loans to, joint venture undertakings are stated at cost less accumulated impairment losses.

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.

2. Accounting policies - continued

Trade and other receivables

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

Financial assets - classification

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

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

Financial assets - recognition and measurement

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

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities measured at amortised cost using the Effective Interest Rate (EIR) method. Bank borrowings are recognised at the amount advanced net of any directly attributable transaction costs. Finance costs calculated in accordance with this policy are recognised in finance costs in the income statement.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, unless it relates to items recognised in other comprehensive income (where it is then accordingly recognised).

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax balances are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. It is measured using tax rates that have been enacted or substantively enacted at the time when the temporary difference reverses. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Pre-contract costs and certain other costs arising on contracts

The Company expenses all pre-contract costs and other costs where recovery is not specifically provided for in accordance with the contract terms. The Company recognises on the balance sheet bid costs where it is virtually certain that a contract will be obtained and the contract is expected to result in future net cash inflows with a present value greater than the amount recognised as an asset and where recovery is specifically provided for in accordance with the contract terms. Costs, which have been expensed, are not subsequently reinstated when a contract award is achieved.

2. Accounting policies - continued

Cash in hand

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

Creditors

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

Provisions

Provisions for environmental restoration, onerous leases and legal claims are recognised where there is an obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. Provisions are measured at the present value of the amount required to settle the obligation. Where provisions have been discounted, the increase in the provision due to the passage of time is recognised as an interest expense.

Critical accounting estimates and judgements

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

IAS 11
A significant amount of the Company's activities are undertaken via long-term contracts. These contracts are accounted for in accordance with IAS 11 which requires estimates to be made for the contract costs and revenue.

Management base their judgement of contract costs and revenue on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenue are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates are updated regularly and significant changes are highlighted through established internal review procedures. The impact of the change in accounting estimate is then reflected in current and future periods.

3. Revenue

Revenue is wholly attributable to the principal activity of providing management services for the maintenance of utility infrastructures within water, gas and electricity sectors. The Company also provides environmental services to several Local Authorities. All revenue arises solely within the UK.

4. Employees and Directors

	2016 £'000	2015 £'000
Emoluments	**757**	600
Contributions to money purchase pension schemes	**48**	84

The amounts set out below including remuneration in respect of the highest paid Director, as follows:

	2016 £'000	2015 £'000
Emoluments	**413**	327
Contributions to money purchase pension schemes	**14**	40

In respect of the Directors included above, four Directors (2015 - three) participated in a money purchase pension scheme.

In addition to the emoluments shown above, compensation for loss of office totalling £531,000 (2015 - £nil) was paid during the year.

Details of the remuneration of the other Directors, whose services are of a non-executive nature and who are also directors of the Company's intermediate parent undertaking, Amey UK plc, or of its fellow group undertakings, Amey LG Limited and Amey OW Limited, are disclosed in those companies' financial statements. Their remuneration is deemed to be wholly attributable to their services to those companies.

5. Interest receivable and similar income

	2016 £'000	2015 £'000
Foreign exchange gains	**-**	3
Other interest receivable	**-**	37
Interest receivable from fellow subsidiary undertakings	**13,511**	13,511
	13,511	13,551

6. Finance expense

	2016 £'000	2015 £'000
Foreign exchange losses	**1**	-
Finance lease interest payable	**207**	377
Other interest payable	**110**	147
	318	524

7. Profit before taxation

The profit before taxation is stated after charging:

	2016 £'000	2015 £'000
Other operating leases	**18,384**	26,052
Depreciation - owned assets	**948**	921
Depreciation - assets on finance leases	**1,661**	2,294
Contract rights amortisation	**162**	162
Computer software amortisation	**887**	960
(Profit) on disposal of property, plant and equipment	**(16)**	-

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

Operating lease charges include recharge of costs incurred by fellow group undertakings on behalf of the Company.

8. Taxation

Analysis of tax expense

	2016 £'000	2015 £'000
Current tax:		
Tax - current year	**3,300**	3,198
Adjustment in respect of prior periods	**429**	681
Total current tax	**3,729**	3,879
Deferred tax	**(1,378)**	(68)
Total tax expense in income statement	**2,351**	3,811

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £'000	2015 £'000
Profit before income tax	**15,240**	20,353
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	**3,048**	4,121
Effects of:		
Expenses not deductible for tax purposes	**151**	51
Losses utilised	**-**	(705)
Adjustment in respect of prior periods – current	**429**	681
Adjustment in respect of prior periods – deferred	**(1,307)**	(331)
Impact of change in statutory rate	**30**	(6)
Tax expense	**2,351**	3,811

The UK Finance Act (No.2) 2015, enacted on 26 October 2015, included provision for the main rate of corporation tax to reduce from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. This will reduce the Company's future tax charge accordingly.

9. **Intangible fixed assets**

	Goodwill £'000	Contract rights £'000	Computer software £'000	Total £'000
Cost				
At 1 January 2016	7,239	2,818	25,718	35,775
Additions	-	-	265	265
Disposals	-	-	(337)	(337)
At 31 December 2016	7,239	2,818	25,646	35,703
Amortisation				
At 1 January 2016	-	1,574	24,670	26,244
Amortisation for year	-	162	887	1,049
At 31 December 2016	-	1,736	25,557	27,293
Net book value				
At 31 December 2016	7,239	1,082	89	8,410
At 31 December 2015	7,239	1,244	1,048	9,531

Goodwill relates to the acquisition of the Subterra business in a prior period, part of the Thames Water Group, engaged in the replacement and maintenance of water services.

The contract rights intangible asset arose in respect of a certain contracts acquired from Timemarks in a prior period, engaged in the maintenance of gas installations, and is being amortised over 20 years.

Intangible assets amortisation is recorded as cost of sales in the income statement.

10. **Tangible fixed assets**

	Short leasehold £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2016	2,814	18,804	21,618
Additions	-	11	11
Disposals	-	(2,658)	(2,658)
Reclassification/transfer	271	318	589
At 31 December 2016	3,085	16,475	19,560
Depreciation			
At 1 January 2016	563	12,152	12,715
Charge for year	653	1,956	2,609
Eliminated on disposal	-	(1,470)	(1,470)
Reclassification/transfer	-	20	20
At 31 December 2016	1,216	12,658	13,874
Net book value			
At 31 December 2016	1,869	3,817	5,686
At 31 December 2015	2,251	6,652	8,903

The net book value of tangible fixed assets includes £3,316,000 (2015 - £6,165,000) in respect of assets held under finance leases.

11. Investments

	Shares in group undertakings £'000	Interest in joint venture £'000	Total £'000
Cost			
At 1 January 2016 and 31 December 2016	**51,739**	**1,302**	**53,041**
Net book value			
At 31 December 2016	**51,739**	**1,302**	**53,041**
At 31 December 2015	51,739	1,302	53,041

At 31 December 2016, the Company held the Ordinary share capital of the following subsidiary undertakings, none of which are publicly traded. Unless shown otherwise, all companies have their registered office at The Sherard Building, Edmund Halley Road, Oxford, OX4 4DQ, United Kingdom.

Investments held in group undertakings are detailed in note 24.

12. Inventories

	2016 £'000	2015 £'000
Raw materials and consumables	**954**	1,855

13. Trade and other receivables

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	**10,161**	11,484
Amounts owed by group undertakings	**332,323**	321,138
Amounts recoverable on contracts	**19,924**	38,243
Amounts owed by Ferrovial, S.A group undertakings	**60**	-
Amounts owed by joint ventures	**1**	3
Other debtors	**13,980**	10,640
Group relief receivable	**7,325**	7,325
Deferred tax asset (see note 19)	**1,637**	259
Prepayments and accrued income	**14,669**	19,038
	400,080	408,130
Amounts falling due after more than one year:		
Amounts recoverable on contracts	**30,881**	17,937
Aggregate amounts	**430,961**	426,067

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

14. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank loans and overdrafts (see note 16)	**3,788**	-
Finance leases (see note 16)	**1,081**	2,057
Trade creditors	**29,574**	24,959
Amounts owed to group undertakings	**337,218**	326,733
Social security and other taxes	**6,235**	7,537
Accruals and deferred income	**47,931**	67,799
	425,827	429,085

The obligations under finance leases are secured over the assets to which they relate. Amounts due to fellow group undertakings are unsecured and are repayable on demand. There is no difference between the book value and fair value of amounts owed to group undertakings

15. Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Finance leases (see note 16)	**1,791**	3,826

16. Financial liabilities - borrowings

	2016 £'000	2015 £'000
Current:		
Bank overdrafts	**3,788**	-
Finance leases (see note 17)	**1,081**	2,057
	4,869	2,057
Non-current:		
Finance leases (see note 17)	**1,791**	3,826

Terms and debt repayment schedule

	1 year or less £'000	1-2 years £'000	2-5 years £'000	Totals £'000
Bank overdrafts	**3,788**	**-**	**-**	**3,788**
Finance leases	**1,081**	**1,098**	**693**	**2,872**
	4,869	**1,098**	**693**	**6,660**

The bank overdraft facilities are repayable on demand under the terms of the Group banking arrangements. Group balances and overdrafts are subject to pooling under this arrangement and no interest has arisen on the net amount.

17. Leasing agreements

Minimum lease payments fall due as follows:

	Finance leases	
	2016	**2015**
	£'000	**£'000**
Gross obligations repayable:		
Within one year	**1,206**	2,318
Between one and five years	**1,877**	4,095
	3,083	6,413
Finance charges repayable:		
Within one year	**125**	261
Between one and five years	**86**	269
	211	530
Net obligations repayable:		
Within one year	**1,081**	2,057
Between one and five years	**1,791**	3,826
	2,872	5,883

17. Leasing agreements - continued

	Non-cancellable operating leases	
	2016	**2015**
	£'000	**£'000**
Within one year	**1,171**	1,189
Between one and five years	**2,931**	3,359
In more than five years	**3,870**	4,488
	7,972	9,036

These amounts all relate to operating leases in respect of land and buildings.

18. Provisions for liabilities

	2016 £'000	2015 £'000
Other provisions		
Contract loss and claims provision	**12,105**	5,656

	£'000
Balance at 1 January 2016	**5,656**
Charged to Income Statement during year	**6,505**
Utilised during year	**(56)**
Balance at 31 December 2016	**12,105**

19. Deferred tax

	Deferred tax £'000
Balance at 1 January 2016	**259**
Credit to Income Statement during year	**1,378**
Balance at 31 December 2016	**1,637**

The deferred tax asset comprises

	2016 £'000	2015 £'000
Other timing differences	**981**	-
Deferred capital allowances	**656**	259
	1,637	259

Unrecognised deferred tax comprises:	2016 £'000	2015 £'000
Deferred capital allowances	**-**	866
Losses	**16**	18
Other timing differences	**-**	1,128
	16	2,012

20. Share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £'000	2015 £'000
3,000	Ordinary shares	£1	**3**	3

21. Contingent liabilities

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

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

There were no other contingent liabilities at 31 December 2016 or at 31 December 2015.

22. Capital commitments

The Company had no capital commitments at 31 December 2016 or at 31 December 2015.

23. Controlling parties

The immediate parent undertaking is Amey Utility Services Limited.

The ultimate parent undertaking and the largest group to consolidate these financial statements is Ferrovial, S.A., a company incorporated in Spain. Copies of the Ferrovial, S.A. consolidated financial statements can be obtained from:

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

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

Amey UK plc is the ultimate holding company in the UK and the parent of the smallest group to consolidate these financial statements. Copies of the Amey UK plc consolidated financial statements can be obtained from:

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

24. Details of investments held

All subsidiary undertakings are incorporated in England and Wales and operate principally in the UK (unless otherwise indicated). The Company's voting rights and the interest in their equity shares are 100%.

Active subsidiary undertaking	Nature of business
Amey Metering Limited	Metering services
Amey Power Services Limited	Power network maintenance
Byzak Limited +	Water systems maintenance
EnterpriseManchester Partnership Limited (80%)	Environmental services
C.F.M. Building Services Limited *(Scotland)*	Buildings maintenance
Fleet and Plant Hire Limited	Specialist fleet support services
Globemile Limited	Holding company

+ interest held indirectly

Dormant subsidiary undertakings
Access Hire Services Limited
Enterprise Fleet Limited
Enterprise Managed Services (BPS) Limited

Joint venture undertaking	Nature of business	**2016 % held**	2015 % held
CarillionAmey Limited	Facilities management and buildings maintenance	**50.0**	50.0
CarillionAmey (Housing Prime) Limited	Housing maintenance on behalf of the MOD	**33.3**	33.3

Registered offices

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

Undertaking	Registered office
CarillionAmey Limited	84 Salop Street, Wolverhampton, WV3 0SR
CarillionAmey (Housing Prime) Limited	84 Salop Street, Wolverhampton, WV3 0SR
C.F.M. Building Services Limited	International House, Stanley Boulevard, Hamilton Intnl Technology Park, Blantyre, Glasgow, G72 0BN
Fleet and Plant Hire Limited	The Matchworks Pavillions 3 and 4, Garston, Liverpool, L19 2PH