

REGISTERED NUMBER: 00889628 (England and Wales)

**Annual Report and
Financial Statements for the Year Ended 31 December 2017
for
Enterprise Managed Services Limited**



Enterprise Managed Services Limited

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for the Year Ended 31 December 2017**

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Enterprise Managed Services Limited

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

Directors R Edmondson
A L Milner
A L Nelson
R J Ward

Company Secretary Sherard Secretariat Services Limited

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

Auditor Deloitte LLP
Statutory Auditor
4 Brindleyplace
Birmingham
B1 2HZ

Enterprise Managed Services Limited

Strategic Report for the Year Ended 31 December 2017

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

Principal activity

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 during the year.

Review of business and future developments

The income statement for the year is set out on page 8 and shows revenue of £337,153,000 (2016 - £355,020,000) and a loss after tax amounting to £11,037,000 (2016 - £12,889,000), all of which arose from continuing activities.

Revenue for the year was 6% lower in 2017 reflecting the completion of a number of contracts and lower levels of activities elsewhere. Gross margin has reduced as a result of cost pressures and reduced volumes. Reduced contributions were noted on environmental services contracts whilst utilities contracts were impacted adversely by loss-making metering contracts. Administration costs also increased reflecting higher divisional overhead allocations and higher central cost recharges including an adjustment to previous year's management charges. The Directors remain confident that this level of activity will be maintained.

Charges for provisions against impairments to investments in subsidiary undertakings of £14,765,000 arose in the year (2016 - £nil).

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

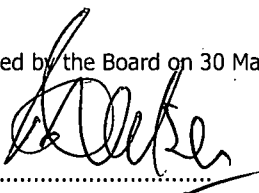
Key performance indicators

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

Principal risks and uncertainties

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

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



.....
A L Nelson
Director

30 May 2018

Enterprise Managed Services Limited

Report of the Directors for the Year Ended 31 December 2017

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

Dividends

No dividends were paid by the Company during the year (2016 - £nil). The Directors do not recommend the payment of a final dividend.

Directors of the Company

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

R Edmondson

K A Fowlie (appointed 3 January 2017 and resigned 28 April 2018)

A L Milner

A L Nelson

R J Ward

Going concern

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

Policy on slavery and human trafficking

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


Statement as to disclosure of information to the auditor

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

Reappointment of auditor

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

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



.....
A L Nelson
Director

30 May 2018

Enterprise Managed Services Limited

Statement of Directors' Responsibilities

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

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

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

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

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

Enterprise Managed Services Limited

Independent auditor's report to the members of Enterprise Managed Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Enterprise Managed Services Limited (the 'Company'), which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Enterprise Managed Services Limited

Independent auditor's report to the members of Enterprise Managed Services Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Enterprise Managed Services Limited

Independent auditor's report to the members of Enterprise Managed Services Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.



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

30 May 2018

Enterprise Managed Services Limited**Income Statement for the Year Ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
Revenue	4	337,153	355,020
Cost of sales		<u>(318,062)</u>	<u>(331,060)</u>
Gross profit		19,091	23,960
Administrative expenses		<u>(27,738)</u>	<u>(21,913)</u>
Operating (loss)/profit		(8,647)	2,047
Provision for investments in subsidiary undertakings	7	<u>(14,765)</u>	-
(Loss)/profit before interest and taxation		(23,412)	2,047
Interest receivable and similar income	6	<u>13,511</u>	<u>13,511</u>
		(9,901)	15,558
Finance expense	8	<u>(184)</u>	<u>(318)</u>
(Loss)/profit before taxation	9	(10,085)	15,240
Tax on (loss) profit	10	<u>(952)</u>	<u>(2,351)</u>
(Loss)/profit for the year		<u><u>(11,037)</u></u>	<u><u>12,889</u></u>

The notes on pages 12 to 30 form part of these financial statements.

Enterprise Managed Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017	2016
	£'000	£'000
(Loss)/profit for the year	<u>(11,037)</u>	<u>12,889</u>
Total comprehensive (loss)/income for the year	<u><u>(11,037)</u></u>	<u><u>12,889</u></u>

The notes on pages 12 to 30 form part of these financial statements.

Enterprise Managed Services Limited (Registered number: 00889628)

Balance Sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	11	8,159	8,410
Tangible assets	12	4,255	5,686
Investments	13	<u>48,276</u>	<u>53,041</u>
		<u>60,690</u>	<u>67,137</u>
Current assets			
Inventories	14	840	954
Debtors: amounts falling due within one year	15	400,916	400,080
Debtors: amounts falling due after more than one year	15	30,141	30,881
Cash in hand		<u>7,464</u>	<u>14,931</u>
		439,361	446,846
Creditors:			
Amounts falling due within one year	16	<u>(426,167)</u>	<u>(425,827)</u>
Net current assets		<u>13,194</u>	<u>21,019</u>
Total assets less current liabilities		73,884	88,156
Creditors:			
Amounts falling due after more than one year	17	(695)	(1,791)
Provisions for liabilities	20	<u>(9,966)</u>	<u>(12,105)</u>
Net assets		<u>63,223</u>	<u>74,260</u>
Capital and reserves			
Share capital	22	3	3
Retained earnings		<u>63,220</u>	<u>74,257</u>
Shareholders' funds		<u>63,223</u>	<u>74,260</u>

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



A L Nelson

Director

30 May 2018

The notes on pages 12 to 30 form part of these financial statements.

Enterprise Managed Services Limited

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

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2016	3	61,368	61,371
Profit for the year	-	12,889	12,889
Total comprehensive income	-	12,889	12,889
At 31 December 2016	3	74,257	74,260

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2017	3	74,257	74,260
Loss for the year	-	(11,037)	(11,037)
Total comprehensive loss	-	(11,037)	(11,037)
At 31 December 2017	3	63,220	63,223

The notes on pages 12 to 30 form part of these financial statements.

Enterprise Managed Services Limited

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

1 General information

The principal activity of Enterprise Managed Services Limited (the Company) is the provision of management services for the maintenance of utility infrastructures within water, gas and electricity sectors and it operates principally within the UK. The Company is a private company limited by share capital, incorporated and domiciled in the UK and registered in England and Wales.

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

Sherard Secretariat Services Limited

The Sherard Building
Edmund Halley Road
Oxford
Oxfordshire
OX4 4DQ

2 Accounting policies

Basis of preparation

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

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

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

IFRS 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. The estimated total negative adjustment to reserves arising at 31 December 2017 from the first-time application of IFRS 15 amounts to approximately £6.8 million (net of associated tax).

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

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. Amounts in the balance sheet will be increased due to the recognition of right-of-use assets and financial liabilities for future payment obligations related to leases classified to date as operating leases. The Company will adopt the recognition exemptions permitted for short-term leases of less than twelve months. Based on a preliminary analysis of operating leases at the end of the financial year, an impact of £6.3 million is estimated.

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

Enterprise Managed Services Limited

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

2 Accounting policies (continued)

Summary of disclosure exemptions

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

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

Basis of consolidation

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

Going concern

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

Enterprise Managed Services Limited

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

2 Accounting policies (continued)

Going concern (continued)

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

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

Other principal accounting policies

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

Revenue recognition

Revenue is the total amount receivable by the Company for goods supplied and services provided, excluding VAT and trade discounts.

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.

Intangible assets (software)

Costs associated with computer software maintenance are recognised as an expense as incurred. Computer software purchase and development costs are recognised as assets and are amortised over their estimated useful lives, which does not exceed five years.

Intangible assets (goodwill and other 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.

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.

2 Accounting policies (continued)

Tangible fixed assets

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

Short leasehold land and buildings - 5 years

Plant and machinery - 10% to 33%

Operating leases

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

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.

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 ventures

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 determined using either the weighted average method or the first-in, first-out method as appropriate.

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.

Enterprise Managed Services Limited

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

2 Accounting policies (continued)

Financial assets

Classification

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

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

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

Recognition and measurement

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

Financial liabilities

Classification

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

Recognition and measurement

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

Current and deferred income tax

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

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

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

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

Enterprise Managed Services Limited

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

2 Accounting policies (continued)

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.

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

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

3 Critical accounting estimates and judgements

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

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.

4 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 in the UK.

Enterprise Managed Services Limited

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

5 Employees and Directors

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

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

Remuneration of Directors paid by Amey Services Limited in respect of their services to the Company was as follows:

	2017 £'000	2016 £'000
Emoluments	801	757
Contributions to money purchase pension schemes	85	48
	<u>886</u>	<u>805</u>

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

	2017 £'000	2016 £'000
Emoluments	309	413
Contributions to money purchase pension schemes	48	14
	<u>357</u>	<u>427</u>

In respect of the Directors included above, three Directors (2016 - four) participated in a money purchase pension scheme.

In addition to the emoluments shown above, compensation for loss of office totalling £nil (2016 - £531,000) 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 undertaking, Amey LG Limited, are disclosed in those companies' financial statements. Their remuneration is deemed to be wholly attributable to their services to those companies.

6 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable from fellow group undertakings	<u>13,511</u>	<u>13,511</u>

7 Provision for investment in subsidiary undertakings

	2017 £'000	2016 £'000
Charge for the year	<u>(14,765)</u>	<u>-</u>

Enterprise Managed Services Limited

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

8 Finance expense

	2017	2016
	£'000	£'000
Foreign exchange losses	-	1
Finance lease interest payable	124	207
Other interest payable	60	110
	<u>184</u>	<u>318</u>

9 (Loss)/profit before taxation

The loss before taxation is stated after charging/(crediting):

	2017	2016
	£'000	£'000
Hire of plant and machinery	5,633	16,802
Other operating leases	1,323	1,582
Depreciation - owned assets	1,047	948
Depreciation - assets on finance leases	772	1,661
Development costs amortisation	162	162
Loss/(profit) on disposal of tangible fixed assets	34	(16)
Software amortisation	88	887

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.

10 Taxation

Analysis of tax (income)/charge

	2017	2016
	£'000	£'000
Current tax		
Tax - current year	1,064	3,300
UK corporation tax adjustment to prior periods	111	429
	<u>1,175</u>	<u>3,729</u>
Deferred tax	(223)	(1,378)
Total tax expense in income statement	<u>952</u>	<u>2,351</u>

Enterprise Managed Services Limited**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

10 Taxation (continued)**Factors affecting the tax expense**

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

The differences are reconciled below:

	2017 £'000	2016 £'000
(Loss)/profit before income tax	<u>(10,085)</u>	<u>15,240</u>
Tax on (loss)/profit calculated at standard rate	(1,941)	3,048
Effects of:		
Increase/(decrease) in tax from adjustment for prior periods	122	(878)
Increase/(decrease) from effect of expenses not deductible in determining taxable profit/(tax loss)	2,855	151
Deferred tax expense/(credit) relating to changes in tax rates or laws	(108)	30
Fixed asset differences	<u>24</u>	<u>-</u>
Tax charge	<u>952</u>	<u>2,351</u>

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

Enterprise Managed Services Limited

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

11 Intangible fixed assets

	Goodwill £'000	Computer software £'000	Contract rights £'000	Total £'000
Cost				
At 1 January 2017	7,239	25,646	2,818	35,703
Disposals	-	(403)	-	(403)
At 31 December 2017	<u>7,239</u>	<u>25,243</u>	<u>2,818</u>	<u>35,300</u>
Amortisation				
At 1 January 2017	-	25,557	1,736	27,293
Amortisation charge	-	88	162	250
Amortisation eliminated on disposals	-	(402)	-	(402)
At 31 December 2017	<u>-</u>	<u>25,243</u>	<u>1,898</u>	<u>27,141</u>
Net book value				
At 31 December 2017	<u>7,239</u>	<u>-</u>	<u>920</u>	<u>8,159</u>
At 31 December 2016	<u>7,239</u>	<u>89</u>	<u>1,082</u>	<u>8,410</u>

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.

Other intangible assets relate to contract rights that 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.

Enterprise Managed Services Limited

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

12 Tangible fixed assets

	Short leasehold £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2017	3,085	16,475	19,560
Additions	216	308	524
Disposals	-	(1,678)	(1,678)
Reclassification	-	229	229
At 31 December 2017	<u>3,301</u>	<u>15,334</u>	<u>18,635</u>
Depreciation			
At 1 January 2017	1,216	12,658	13,874
Charge for the year	795	1,024	1,819
Eliminated on disposal	-	(1,542)	(1,542)
Reclassification	-	229	229
At 31 December 2017	<u>2,011</u>	<u>12,369</u>	<u>14,380</u>
Net book value			
At 31 December 2017	<u>1,290</u>	<u>2,965</u>	<u>4,255</u>
At 31 December 2016	<u>1,869</u>	<u>3,817</u>	<u>5,686</u>

Included within the net book value of tangible fixed assets is £2,420,000 (2016 - £3,316,000) in respect of assets held under finance leases.

13 Investments

	2017 £'000	2016 £'000
Shares in group undertakings	61,739	51,739
Interest held in joint ventures	<u>1,302</u>	<u>1,302</u>
	<u>63,041</u>	<u>53,041</u>

Enterprise Managed Services Limited**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****13 Investments (continued)**

	Shares in group undertakings £'000
Subsidiaries	
Cost or valuation	
At 1 January 2017	51,739
Additions	<u>10,000</u>
At 31 December 2017	<u>61,739</u>
Provision for impairment	
At 1 January 2017	-
Provided in the year	<u>14,765</u>
At 31 December 2017	<u>14,765</u>
Net book value	
At 31 December 2017	<u>46,974</u>
At 31 December 2016	<u>51,739</u>

Additional share capital in its subsidiary undertaking

On 28 September 2017, the Company subscribed for £10,000,000 Ordinary Shares at £1 each in Amey Power Services Limited. The consideration was left outstanding on intercompany debt.

	Interest in joint venture £'000
Joint ventures	
Cost	
At 1 January 2017	<u>1,302</u>
At 31 December 2017	<u>1,302</u>
Net book value	
At 31 December 2017	<u>1,302</u>
At 31 December 2016	<u>1,302</u>

Enterprise Managed Services Limited

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

13 Investments (continued)

At 31 December 2017, the Company held share capital of the following subsidiary undertakings, none of which are publicly traded. All subsidiary undertakings are incorporated in England and Wales and operate principally in the UK (unless otherwise indicated).

Undertaking	Nature of business	Class of share capital held	Share capital held
Amey Metering Limited	Metering services	Ordinary share	100.00%
Amey Power Services Limited	Power network maintenance	Ordinary share	100.00%
Byzak Limited *	Water systems maintenance	Ordinary share	100.00%
EnterpriseManchester Partnership Limited	Environmental services	Ordinary share	80.00%
C.F.M. Building Services Limited (Scotland)	Buildings maintenance	Ordinary share	100.00%
Fleet and Plant Hire Limited	Specialist fleet support services	Ordinary share	100.00%
Globemile Limited	Holding company	Ordinary share	100.00%

* indicates investment held indirectly

Wholly owned dormant subsidiary undertakings

Access Hire Services Limited

Enterprise Fleet Limited

Enterprise Managed Services (BPS) Limited

Joint venture undertaking	Principal activity	Proportion of ownership interest and voting rights held	
		2017	2016
CarillionAmey Limited	Facilities management and buildings maintenance	50.00%	50.00%
CarillionAmey (Housing Prime) Limited	Housing maintenance on behalf of the MOD	33.30%	33.33%

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	Southside House, 135 Fifty Pitches Road, Carnold Business Park, Glasgow, G51 4EB
Fleet and Plant Hire Limited	The Matchworks Pavillions 3 and 4, Garston, Liverpool, L19 2PH

Enterprise Managed Services Limited

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

14 Inventories

	2017	2016
	£'000	£'000
Raw materials and consumables	<u>840</u>	<u>954</u>

15 Trade and other receivables

	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	10,582	10,161
Amounts recoverable on contracts	12,556	19,924
Amounts owed by group undertakings	347,577	332,323
Amounts owed by Ferrovial, S.A. group undertakings	-	60
Amounts owed by joint ventures	2	1
Other debtors	7,995	13,980
Corporation tax	7,325	7,325
Deferred tax asset (see note 21)	1,860	1,637
Prepayments and accrued income	<u>13,019</u>	<u>14,669</u>
	<u>400,916</u>	<u>400,080</u>
Amounts falling due after more than one year:		
Amounts recoverable on contracts	25,753	30,881
Prepayments and accrued income	<u>4,388</u>	<u>-</u>
	<u>30,141</u>	<u>30,881</u>
Aggregate amounts	<u>431,057</u>	<u>430,961</u>

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

Enterprise Managed Services Limited**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

16 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Bank loans and overdrafts (see note 18)	-	3,788
Finance leases (see note 18)	1,012	1,081
Trade creditors	45,106	29,574
Social security and other taxes	7,876	6,235
Amounts owed to group undertakings	313,804	337,218
Accruals and deferred income	<u>58,369</u>	<u>47,931</u>
	<u>426,167</u>	<u>425,827</u>

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

17 Creditors: amounts falling due after more than one year

	2017	2016
	£'000	£'000
Finance leases (see note 18)	<u>695</u>	<u>1,791</u>

Enterprise Managed Services Limited

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

18 Financial liabilities - borrowings

	2017 £'000	2016 £'000
Current:		
Bank overdrafts	-	3,788
Finance leases (see note 19)	<u>1,012</u>	<u>1,081</u>
	<u>1,012</u>	<u>4,869</u>
Non-current:		
Finance leases (see note 19)	<u>695</u>	<u>1,791</u>

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.

Terms and debt repayment schedule:

	1 year or less £'000	1-2 years £'000	2-5 years £'000	Total 2017 £'000
Finance leases	<u>1,012</u>	<u>623</u>	<u>72</u>	<u>1,707</u>
	<u>1,012</u>	<u>623</u>	<u>72</u>	<u>1,707</u>

	1 year or less £'000	1-2 years £'000	2-5 years £'000	Total 2016 £'000
Bank overdrafts	3,788	-	-	3,788
Finance leases	<u>1,081</u>	<u>1,098</u>	<u>693</u>	<u>2,872</u>
	<u>4,869</u>	<u>1,098</u>	<u>693</u>	<u>6,660</u>

Enterprise Managed Services Limited

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

19 Leasing agreements

Finance leases

	Finance leases	
	2017	2016
	£'000	£'000
Gross obligations repayable:		
Within one year	1,079	1,206
Between one and five years	713	1,877
	<u>1,792</u>	<u>3,083</u>
Finance charges repayable:		
Within one year	67	125
Between one and five years	18	86
	<u>85</u>	<u>211</u>
Net obligations repayable:		
Within one year	1,012	1,081
Between one and five years	695	1,791
	<u>1,707</u>	<u>2,872</u>

Operating leases

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£'000	£'000
Within one year	928	1,171
In two to five years	2,984	2,931
In over five years	3,409	3,870
	<u>7,321</u>	<u>7,972</u>

Enterprise Managed Services Limited

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

20 Provisions for liabilities

	2017 £'000	2016 £'000
Contract loss and claims provision	9,966	12,105
	<u>9,966</u>	<u>12,105</u>
		Contract loss and claims provision £'000
At 1 January 2017		12,105
Amounts recognised in operating profit or loss		(1,541)
Provisions used		<u>(598)</u>
At 31 December 2017		<u>9,966</u>

21 Deferred tax asset

	£'000
Balance at 1 January 2017	1,637
Charged to Income Statement during year	<u>223</u>
Balance at 31 December 2017	<u>1,860</u>

	2017 £'000	2016 £'000
Deferred tax asset comprises:		
Other timing differences	1,006	981
Deferred capital allowances	<u>854</u>	<u>656</u>
Balance at 31 December	<u>1,860</u>	<u>1,637</u>

	2017 £'000	2016 £'000
Unrecognised deferred tax comprises:		
Capital losses	<u>16</u>	<u>16</u>
	<u>16</u>	<u>16</u>

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

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

Enterprise Managed Services Limited

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

22 Share capital

Ordinary shares of £1 each

Authorised, issued and fully paid at 31 December 2017 and at 31 December 2016

Number	£'000
3,000	3

23 Contingent liabilities

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

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

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

24 Capital commitments

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

25 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

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

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

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