

REGISTERED NUMBER: 01809458 (England and Wales)

**Annual Report and
Financial Statements for the Year Ended 31 December 2017
for
Byzak Limited**



Byzak Limited**Contents of the Financial Statements
for the Year Ended 31 December 2017**

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Byzak Limited

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

Directors 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

Byzak 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 Company's principal activity during the year remained primarily within the UK water industry for works utilising our civil, electrical and mechanical expertise. 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 8 and shows revenue of £46,806,000 (2016 - £35,158,000) and a profit after tax amounting to £145,000 (2016 - a loss of £3,072,000), all of which arose from continuing activities.

Revenue increased by 33% with notable increase in volumes with Scottish Water. 2016 also saw the one-off loss on Yorkshire Water which impacted the results of that year, with the Company now able to report gross profits. Administration expenses have increased in line with revenue due to group management charges and divisional overhead allocations. The Directors remain confident that this level of activity will be maintained.

On 28 September 2017, the authorised and issued share capital of the Company was increased by 4,000,000 ordinary shares of £1 each with the proceeds of £4,000,000 being used to repay amounts due to fellow group undertakings.

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

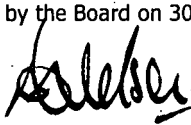
Key performance indicators

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 Utilities division of the Group.

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


.....
A L Nelson
Director

30 May 2018

Byzak 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).

Directors of the Company

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

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.

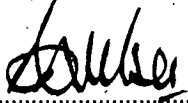
Statement as to disclosure of information to the auditor

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

Byzak 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.

Byzak Limited

Independent auditor's report to the members of Byzak 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Byzak 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 20.

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.

Byzak Limited

Independent auditor's report to the members of Byzak 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.

Byzak Limited

Independent auditor's report to the members of Byzak 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.

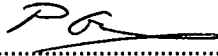
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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

Byzak Limited**Income Statement for the Year Ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
Revenue	4	46,806	35,158
Cost of sales		<u>(45,001)</u>	<u>(38,025)</u>
Gross profit/(loss)		1,805	(2,867)
Administrative expenses		<u>(1,848)</u>	<u>(1,035)</u>
Operating loss		(43)	(3,902)
Interest receivable and similar income	6	<u>4</u>	<u>9</u>
Loss before taxation	7	(39)	(3,893)
Tax on loss	8	<u>184</u>	<u>821</u>
Profit/(loss) for the year		<u>145</u>	<u>(3,072)</u>

The notes on pages 12 to 23 form part of these financial statements.

Byzak Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017	2016
	£'000	£'000
Profit/(loss) for the year	<u>145</u>	<u>(3,072)</u>
Total comprehensive income/(loss) for the year	<u><u>145</u></u>	<u><u>(3,072)</u></u>

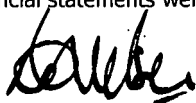
The notes on pages 12 to 23 form part of these financial statements.

Byzak Limited (Registered number: 01809458)

Balance Sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	-	73
Investments	11	-	10
		<u>-</u>	<u>83</u>
Current assets			
Inventories	12	-	198
Debtors: amounts falling due within one year	13	19,980	14,697
Cash in hand		<u>11,274</u>	<u>10,086</u>
		31,254	24,981
Creditors:			
Amounts falling due within one year	14	<u>(26,760)</u>	<u>(24,715)</u>
Net current assets		<u>4,494</u>	<u>266</u>
Net assets		<u>4,494</u>	<u>349</u>
Capital and reserves			
Share capital	17	7,050	3,050
Retained earnings		<u>(2,556)</u>	<u>(2,701)</u>
Shareholders' funds		<u>4,494</u>	<u>349</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 23 form part of these financial statements.

Byzak 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	50	371	421
Loss for the year	-	(3,072)	(3,072)
Total comprehensive loss	-	(3,072)	(3,072)
New share capital subscribed	3,000	-	3,000
At 31 December 2016	3,050	(2,701)	349

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2017	3,050	(2,701)	349
Profit for the year	-	145	145
Total comprehensive income	-	145	145
New share capital subscribed (see note 17)	4,000	-	4,000
At 31 December 2017	7,050	(2,556)	4,494

The notes on pages 12 to 23 form part of these financial statements.

Byzak Limited

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

1 General information

The principal activity of Byzak Limited (the Company) is within the UK water industry for works utilising our civil, electrical and mechanical expertise and it operates principally in 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 £100,000 (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.

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

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.

Byzak 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 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.

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.

Tangible fixed assets

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

Short leasehold land and buildings - term of the lease
Plant and machinery -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.

Investment in subsidiary undertakings

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

Byzak Limited

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

2 Accounting policies (continued)

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.

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.

Byzak Limited

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

2 Accounting policies (continued)

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.

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.

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 providing services primarily within the UK water industry for works utilising our civil, electrical and mechanical expertise. All revenue arises solely in the UK.

Byzak 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.

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, Enterprise Managed Services 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	2016
	£'000	£'000
Other interest receivable	<u>4</u>	<u>9</u>

7 Loss before taxation

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

	2017	2016
	£'000	£'000
Hire of plant and machinery	1,157	1,238
Other operating leases	237	238
Depreciation - owned assets	11	11
Profit on disposal of tangible fixed assets	<u>(352)</u>	<u>(20)</u>

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 income**

	2017	2016
	£'000	£'000
Current tax		
Tax - current year	-	(762)
UK corporation tax adjustment to prior periods	<u>762</u>	<u>42</u>
	762	(720)
Deferred tax	<u>(946)</u>	<u>(101)</u>
Total tax income in income statement	<u>(184)</u>	<u>(821)</u>

Byzak Limited**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****8 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 before income tax	<u>(39)</u>	<u>(3,893)</u>
Tax on loss calculated at standard rate	(8)	(779)
Effects of:		
Increase/(decrease) in tax from adjustment for prior periods	(122)	(48)
Increase/(decrease) from effect of expenses not deductible in determining taxable profit/(tax loss)	3	4
Deferred tax expense/(credit) relating to changes in tax rates or laws	8	2
Fixed asset differences	<u>(65)</u>	<u>-</u>
Tax income	<u><u>(184)</u></u>	<u><u>(821)</u></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.

9 Intangible fixed assets

	Computer software £'000
Cost	
At 1 January 2017	<u>183</u>
At 31 December 2017	<u>183</u>
Amortisation	
At 1 January 2017	<u>183</u>
At 31 December 2017	<u>183</u>
Net book value	
At 31 December 2017	<u><u>-</u></u>
At 31 December 2016	<u><u>-</u></u>

Byzak Limited**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****10 Tangible fixed assets**

	Plant and machinery £'000
Cost	
At 1 January 2017	2,761
Disposals	<u>(2,495)</u>
At 31 December 2017	<u>266</u>
Depreciation	
At 1 January 2017	2,688
Charge for the year	11
Eliminated on disposal	<u>(2,433)</u>
At 31 December 2017	<u>266</u>
Net book value	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>73</u>

11 Investments

	Shares in group undertakings £'000
Subsidiaries	
Cost or valuation	
At 1 January 2017	10
Disposals	<u>(10)</u>
At 31 December 2017	<u>-</u>
Net book value	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>10</u>

During the year, the Company's subsidiary undertaking, Byzak Contractors (Scotland) Limited, was liquidated.

Byzak Limited**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****12 Inventories**

	2017	2016
	£'000	£'000
Raw materials and consumables	<u>-</u>	<u>198</u>

13 Trade and other receivables

	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1,272	2,530
Amounts recoverable on contracts	4,495	2,049
Amounts owed by group undertakings	11,183	7,884
Other debtors	590	576
Deferred tax asset (see note 16)	1,052	106
Prepayments and accrued income	<u>1,388</u>	<u>1,552</u>
	<u>19,980</u>	<u>14,697</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.

14 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	3,128	2,162
Social security and other taxes	608	981
Amounts owed to group undertakings	8,136	6,170
Amounts owed to joint ventures	-	1,701
Other creditors	744	704
Accruals and deferred income	<u>14,144</u>	<u>12,997</u>
	<u>26,760</u>	<u>24,715</u>

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.

Byzak Limited**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)****15 Leasing agreements****Operating leases**

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

	2017 £'000	2016 £'000
Within one year	14	93
In two to five years	-	306
In over five years	-	54
	<u>14</u>	<u>453</u>

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

16 Deferred tax asset

	£'000
Balance at 1 January 2017	106
Charged to Income Statement during year	<u>946</u>
Balance at 31 December 2017	<u>1,052</u>

	2017 £'000	2016 £'000
Deferred tax asset comprises:		
Other timing differences	21	14
Deferred capital allowances	86	92
Trading losses	<u>945</u>	<u>-</u>
Balance at 31 December	<u>1,052</u>	<u>106</u>

	2017 £'000	2016 £'000
Unrecognised deferred tax comprises:		
Deferred capital allowances	<u>-</u>	<u>238</u>
	<u>-</u>	<u>238</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%).

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

17 Share capital

Ordinary shares	Number	£
Ordinary A shares of £0.10 each	385,000	38,500
Ordinary B shares of £0.10 each	115,000	11,500
Ordinary shares of £1.00 each	<u>3,000,000</u>	<u>3,000,000</u>
Authorised and issued at 31 December 2016	3,500,000	3,050,000
Ordinary shares of £1.00 each issued during the year	<u>4,000,000</u>	<u>4,000,000</u>
Authorised and issued at 31 December 2017	<u><u>7,500,000</u></u>	<u><u>7,050,000</u></u>

On 28 September 2017, the authorised and issued share capital of the Company was increased by 4,000,000 ordinary shares of £1 each with the proceeds of £4,000,000 being used to repay amounts due to fellow group undertakings.

Class A shares carry voting rights and rights to dividends.

Class B shares carry no voting rights or rights to dividends.

18 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.

19 Capital commitments

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

Byzak Limited

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

20 Controlling parties

The immediate parent undertaking is Globemile 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