REGISTERED NUMBER: 02507588 (England and Wales)

Annual Report and

Financial Statements for the Year Ended 31 December 2022

for

Amey Services Limited

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Amey Services Limited

Contents of the Financial Statements for the Year Ended 31 December 2022

Amey Services Limited

Company Information
for the Year Ended 31 December 2022

Directors

A L Milner
A L Nelson

Company Secretary

Sherard Secretariat Services Limited

Registered Office

Chancery Exchange
10 Furnival Street
London
EC4A 1AB
United Kingdom

Auditor

Mazars LLP
30 Old Bailey
London
EC4M 7AU
United Kingdom

Amey Services Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present their strategic report for the year ended 31 December 2022.

Ultimate parent undertaking

The Company is a member of the Amey UK Limited group of companies and, following the change of ownership of Amey UK Limited on 30 December 2022, is now wholly owned by a company (Project Ardent Bidco Limited) controlled by One Equity Partners and Buckthorn Partners, private equity investors. The Company is no longer a member of the Ferrovial, S.A. group of companies.

Principal activity

The Company is principally engaged in the activity of providing employment services on behalf of Amey UK Limited Group companies. The costs of the employees are fully recharged to other Amey UK Limited Group companies. 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 12 and shows revenue of £527,838,000 (2021 - £500,695,000) and a profit after tax amounting to £16,571,000 (2021 – a profit of £14,237,000), all of which arose from continuing activities.

Revenue has remained stable year on year. Operating profit has decreased by 30% reflecting significantly lower levels of pension deficit cash top up contributions from other Amey Group companies into the defined benefit pension schemes accounted for by the Company.

Following the disposal of the Thalia group of companies by the Amey Group in November 2022, the Company recognised a £11,845,000 loss on disposal. This was primarily in respect of the arrangements relating to the disposal of the Thalia Group of companies by the Amey Group.

The Directors anticipate that levels of activity by the Company will be maintained.

A credit arose in 2022 in respect of the provisions against impairments of investments in subsidiary and other group undertakings of £23,588,000 (2021 – a credit of £13,204,000). These provisions reflect the difficult trading conditions experienced by some of the Group's principal operating subsidiaries, though the outlook has considerably improved following the exit from loss-making contracts by the Amey Group and as a result of additional capital contributions made to those group companies in need of support. During the year, management has reassessed the carrying value of investments in group undertakings and the amounts due from fellow group undertakings for any change in the level of impairment provision against carrying value. For operating companies, the assessment may also consider whether the carrying value of the investment or receivable exceeds its recoverable amount which is the higher of the fair value of the investment or receivable and its value in use. The fair value is calculated using the present value of the future cash flows incorporating variations in the amount and timing of cash flows, time value of money, price for bearing the inherent uncertainty in the asset and other factors such as illiquidity. For non-operating companies the impairment provision reflects the net asset position of the related investment.

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

Restatement of comparative information - amendment to the tax associated with recognition of post-employment benefit assets

The Company has identified that under IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), withholding tax at the rate of 35% should have been applied against the post-employment benefit assets recognised on the balance sheet. The Company had previously and incorrectly provided for deferred tax at the 25% rate applicable at 31 December 2021 (2020: 19%). Accordingly, at 31 December 2021, the post-employment benefit assets had been overstated by £27,414,000 (2020: £13,284,000), the deferred tax asset understated by £5,897,000 (2020: £7,211,000) and the deferred tax liability overstated by £13,685,000 (2020: £nil). Net assets and shareholder funds were overstated by £7,832,000 (2020: £6,073,000).

This restatement has no impact on the previously reported profits of the Company. The movements in the statement of comprehensive income have also been restated with the credit of £12,371,000 in respect of tax on post-employment benefit assets now removed and the adverse impact of withholding taxes of £14,130,000 now included in the actuarial movements of post-employment benefit assets. Total comprehensive income was reduced by £1,759,000.

Key performance indicators

The Company's principal key performance indicators are revenue and profit after tax which are shown in the income statement for the year set out on page 12.

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 Limited ('the Group'), for the year ended 31 December 2022. The Company is a member of the Central Services division of the Group.

Financial risk management

A discussion of the objectives and policies employed in managing risk and the Company's use of financial instruments can be found in the Amey UK Limited Annual Report and Financial Statements for the year ended 31 December 2022 as the Company is subject to the application of Group-wide policies and practices when assessing financial risk.

The Company does not hold any cash flow hedge derivative financial instruments. There is no material financial risk arising on the assets and liabilities held by the Company.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2022 (see also the Corporate Governance statement and a detailed s172(1) statement on the Amey Group's website: www.amey.co.uk and the Amey UK Limited 2022 Annual Report and Financial Statements for more information).

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

(a) the likely consequences of any decision in the long-term, such as strategic planning, Brexit impact and business development opportunities;
(b) interests of the Group's employees including health and safety, employee involvement and initiatives, diversity, inclusion and gender pay gap issues (see employee engagement and employment policies section of the Directors Report);
(c) the need to foster relationships with suppliers, customers and others including supplier evaluation, social values and payment practices;
(d) to act fairly between members of the Company;
(e) impact of operations on community and the environment, including carbon management, climate crisis initiatives; and
(f) reputation for high standards of business conduct including adoption of corporate governance standards, training of Directors and whistleblowing reporting.

As the Company is a wholly owned subsidiary of the Amey group of companies, the Company's Directors discharge their duties within policies, procedures and authorisation limits set out on a group-wide basis. Further information on how officers within the Amey Group of companies discharge their duties is included in the Amey UK Limited 2022 Annual Report and Financial Statements. The Directors of this Company also achieve this through attendance at relevant executive meetings, involvement in executive briefings and training, and through having responsibility for implementation of group-wide initiatives to promote best practice.

Approved by the Board on 24 November 2023 and signed on its behalf by:

....
A L Nelson
Director
24 November 2023

The Directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2022.

Strategic Report

Details of future developments, post balance sheet events (if any) and financial risk management can be found in the Strategic Report on pages 2 to 4 and form part of this report by cross reference.

Employee engagement and employment policies

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

- 86% gave positive or neutral answers to having the skills and knowledge required to be successful in their job
- 83% chose positive or neutral answers to being treated fairly regardless of background, gender and ethnicity
- The majority of employees felt positively about engagement, empowerment and the ability to excel. But we recognise there is room to do more.

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

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

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

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

Dividends

No dividends were paid by the Company during the year (2021 - £nil). In view that the Company has a retained deficit, the Directors are unable to recommend the payment of any dividend.

Energy and Carbon Performance

The Company has taken exemption from reporting on Energy and Carbon Performance as this information is included in the consolidated Annual Report and Financial Statements of Amey UK Limited, of which this Company is a member. Full disclosure can be found in the Amey UK Limited Annual Report and Financial Statements for 2022.

Business Relationships

The Directors have had regard to the need to foster the company's business relationships with stakeholders. This is explained further within the s172 statement in the strategic report on page 4.

Directors of the Company

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

A L Milner (appointed 30 December 2022)
A L Nelson
A L Fisher (resigned 30 December 2022)

Directors' indemnity

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

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 Amey Group of which the Company is a member, 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 www.amey.co.uk and an abridged statement is included in the financial statements of the Company's intermediate parent company, Amey UK Limited.

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.

Auditors

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

Approved by the Board on 24 November 2023 and signed on its behalf by:

....

A L Nelson
Director
24 November 2023

Amey 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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.

Amey Services Limited

Independent Auditor's report to the members of Amey Services Limited

Opinion

We have audited the financial statements of Amey Services Limited (the 'company') for the year ended 31 December 2022 which comprise Income Statement, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 the financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

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

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

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, overstatement of assets, understatement of expenses/ liabilities, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

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

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

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

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

Independent Auditor's report to the members of Amey Services Limited (continued)

Use of the audit report

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

....

Karen Classen (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London, EC43 7AU
24 November 2023

Amey Services Limited

Income Statement for the Year Ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	527,838	500,695
Cost of sales		(521,357)	(491,469)
Operating profit		6,481	9,226
Release of provision against investments in fellow group companies	6	23,588	13,204
Write off of intercompany balances	7	(11,845)	-
Profit before interest and taxation		18,244	22,430
Interest receivable and similar income	8	1,223	168
Finance expense	9	(712)	(1,349)
Profit before taxation	10	18,735	21,249
Tax on profit	11	(2,164)	(7,012)
Profit after tax for the year		16,571	14,237

The notes on pages 16 to 39 form part of these financial statements.

Amey Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 £'000	2021 £'000 *restated*
Profit for the year	16,571	14,237
Other comprehensive (expense)/income items:		
Items that will not be reclassified to (expense) or income: Remeasurements of post-employment benefit assets and obligations (see note 18)	(40,447)	83,433
Movement on deferred tax relating to post-employment benefit obligations (see note 16)	4,935	(3,792)
Other comprehensive (expense)/income for the year, net of income tax	(35,512)	79,641
Total comprehensive (expense)/income for the year	(18,941)	93,878

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

The notes on pages 16 to 39 form part of these financial statements.

Amey Services Limited (Registered number: 02507588)

Balance Sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000 *restated*
Fixed assets			
Investments	12	65,439	41,851
Current assets			
Debtors: amounts falling due within one year	13	20,156	40,048
Debtors: amounts falling due after more than one year	13	37,190	61,310
Cash at bank and in hand		503	1,995
		57,849	103,353
Creditors: Amounts falling due within one year	14	(39,947)	(24,972)
Net current assets		17,902	78,381
Total assets less current liabilities		83,341	120,232
Provisions for liabilities - post employment benefit obligations	15	(4,181)	(22,131)
Net assets		79,160	98,101
Capital and reserves			
Share capital	17	157,200	157,200
Retained deficit		(78,040)	(59,099)
Shareholders' funds		79,160	98,101

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

The financial statements were approved by the Board of Directors on 24 November 2023 and signed on its behalf by:

....

A L Nelson
Director
24 November 2023

The notes on pages 16 to 39 form part of these financial statements.

Amey Services Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £'000	Retained deficit £'000 *restated*	Total £'000 *restated*
At 1 January 2021 – as previously reported	157,200	(146,904)	10,296
Impact of restatement (see note 2)	-	(6,073)	(6,073)
At 1 January 2021 – as restated	157,200	(152,977)	4,223
Profit for the year	-	14,237	14,237
Other comprehensive income	-	79,641	79,641
Total comprehensive income	-	93,878	93,878
At 31 December 2021	157,200	(59,099)	98,101
At 1 January 2022 – as previously reported	157,200	(51,267)	105,933
Impact of restatement (see note 2)	-	(7,832)	(7,832)
At 1 January 2022 – as restated	157,200	(59,099)	98,101
Profit for the year	-	16,571	16,571
Other comprehensive expense	-	(35,512)	(35,512)
Total comprehensive expense	-	(18,941)	(18,941)
At 31 December 2022	157,200	(78,040)	79,160

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

The notes on pages 16 to 39 form part of these financial statements.

1 General information

The principal activity of Amey Services Limited (the Company) is providing employment services on behalf of Amey UK Limited Group companies and it operates principally within the UK. The costs of the employees are fully recharged to other Amey UK Limited Group companies. 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

Chancery Exchange
10 Furnival Street
London
EC4A 1AB
United Kingdom

2 Accounting policies

Restatement of comparative information - amendment to the tax associated with recognition of post-employment benefit assets

The Company has identified that under IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), withholding tax at the rate of 35% should have been applied against the post- employment benefit assets recognised on the balance sheet. The Company had previously and incorrectly provided for deferred tax at the 25% rate applicable at 31 December 2021 (2020: 19%). Accordingly, at 31 December 2021, the post-employment benefit assets had been overstated by £27,414,000 (2020: £13,284,000), the deferred tax asset understated by £5,897,000 (2020: £7,211,000) and the deferred tax liability overstated by £13,685,000 (2020: £nil). Net assets and shareholder funds were overstated by £7,832,000 (2020: £6,073,000).

This restatement has no impact on the previously reported profits of the Company. The movements in the statement of comprehensive income have also been restated with the credit of £12,371,000 in respect of tax on post-employment benefit assets now removed and the adverse impact of withholding taxes of £14,130,000 now included in the actuarial movements of post-employment benefit assets. Total comprehensive income was reduced by £1,759,000.

Further information on the impact of this restatement is detailed in note 20.

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.

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

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

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

New standards or interpretations applicable to the Company for accounting periods commencing on or after 1 January 2023 are not expected to have a material impact on the Company and will not be adopted early.

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;
- IAS 36, 'Impairment of assets' paragraphs 134 and 135;
- IFRS 15, 'Revenue from contracts with customers': second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129;
- IFRS 16, 'Leases': paragraph 52, the second sentence of paragraph 89 and paragraphs 90, 91 and 93. Paragraph 58, provided that the disclosure of details of indebtedness required by paragraph 61(c) of Schedule 1 of the Regulations is presented separately for lease liabilities and other liabilities in total; and

2 Accounting policies (continued)

Going concern

The Company is a subsidiary of Amey UK Limited (the Group) and its financial resources are managed on a group basis. The Company is accordingly a cross-guarantor to certain liabilities of the Group as described in note 19 and the going concern assessment of the Company is intrinsically linked to the assessment for the Group as a whole. The Company has also received written confirmation from its parent undertaking, Amey UK Limited, that it will continue to provide financial support to the Company for a period of at least twelve months from the date of signing these financial statements in order to fund day-to-day operations and to meet liabilities to the extent that the Company is unable to do so.

The Group is financed through a mixture of shareholder equity, bank loans, overdrafts and leases. Details of all bank loans and their maturity are set out in the Amey UK Limited financial statements for 2022, as are details of finance risks.

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

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

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

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

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

2 Accounting policies (continued)

Going concern (continued)

In summary, the directors of the Group are satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least twelve months from the date of approving these financial statements and, for this reason, they continue to adopt the going concern basis in preparing the Group financial statements.

On the same basis, the Directors of this Company have adopted the going concern principle 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.

Investment in subsidiary undertakings

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

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 instruments

Recognition and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component, and which are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for applicable transaction costs. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: amortised cost; fair value through profit or loss (FVTPL); or fair value through other comprehensive income (FVOCI). The classification is determined by both the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

2 Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement of financial assets

(a) Financial assets at amortised cost - financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL): they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest.

(b) Financial assets at FVTPL - financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

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

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between: Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk; Stage 2 - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low; and Stage 3 - financial assets that have objective evidence of impairment at the reporting date. Twelve-month expected credit losses are recognised for the first category while lifetime expected credit losses are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(a) Trade and other receivables - trade receivables are initially recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is remote. The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Company assesses impairment of trade receivables on a collective basis. Where they possess shared credit risk characteristics, they have been grouped based on industry sector global default rates.

(b) Intercompany loans receivable - intercompany advances to other Group companies are all held to maturity, neither party has an option to call or prepay the loan before the contracted maturity date. Such assets are held under a business model to hold and collect contractual cash flows and therefore meet the 'solely payments of principal and interest' test. No embedded derivatives are currently recognised in these advances, and the amortised cost classification is not impacted. All intercompany advances are assessed for impairment under the ECL model using the simplified approach.

2 Accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that provides a residual interest in the assets of a business after deducting all other liabilities.

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

(a) Borrowings - borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they form part of a fair value hedge relationship. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the EIR method. Borrowings being novated or cancelled and re-issued, with a substantial modification of the terms, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any resulting gain or loss recognised in the income statement.

(b) Trade and other payables - trade and other payables are non-interest bearing and are stated at their fair value and subsequently measured at amortised cost using the EIR method.

Derivative financial instruments and hedging activities

(a) Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. Derivative financial instruments are accounted for at FVTPL except for cash flow hedge derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet the following requirements: there is an economic relationship between the hedged item and the hedging instrument; and the effect of credit risk does not dominate the value changes that result from that economic relationship. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives either as fair value hedges, where they hedge exposure to changes in the fair value of the hedged asset or liability or as cash flow hedges, where they hedge exposure to variability in cash flows that are attributable to a risk associated with any changes in the fair value of the hedged asset, liability or forecasted transaction. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents, both at hedge inception and on an ongoing basis, its assessment of whether the cash flow hedge derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair value of a derivatives is classified as a non-current asset or liability when the remaining maturity is more than 12 months and as a current asset or liability where it is less than 12 months.

(b) Fair value hedge - all hedging relationships that were hedging relationships under IAS 39 meet the IFRS 9's criteria for hedge accounting at 1 January 2022 and are therefore regarded as continuing hedging relationships. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value gains and losses on any underlying hedged items that are part of a fair value hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the EIR method is used is amortised in the income statement over the period to maturity.

2 Accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments and hedging activities (continued)

(c) Cash flow hedge - the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in OCI and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When or if a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(d) Derivatives at fair value through profit and loss - certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the income statement. When derivatives are designated in a hedge relationship, the net interest payable or receivable on those derivatives is recorded net of the interest on the underlying hedged item in the income statement. When derivatives are not in a hedge relationship, the fair value changes on these derivatives are recognised within fair value gains or losses on financial instruments in the income statement. The interest payable and receivable on those derivatives are recorded at their net amount in finance costs in the income statement.

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.

2 Accounting policies (continued)

Cash at bank and in hand

Cash at bank and 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.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants that compensate the Company for expenses incurred are recognised in the income statement in the relevant financial statement line on a systematic basis in the periods in which the expenses are recognised to present the net expense to the Company.

Pension costs - defined contribution schemes

All contributions to defined contribution schemes are recognised as an expense when they fall due.

Post-employment benefit obligations - defined benefit pension schemes

The Company accounts for post-employment benefits arising on defined benefit pension schemes in accordance with IAS 19.

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

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

3 Critical accounting estimates and judgements

Accounting estimates

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

(i) The assessment of possible legal contingencies
(ii) The assessment of possible impairment losses on certain assets
(iii) Business performance projections that affect the estimates of the recoverability of tax assets and the expected period over which it is probable such assets can be recovered
(iv) The assumptions used in the actuarial calculation of pension and other obligations to employees and inherent estimation uncertainty arising from predicting levels of mortality and inflation/discounting assumptions

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

The key accounting estimates and judgements are further considered below:

Key sources of estimation uncertainty

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

Impairments of investment in subsidiary undertakings and amounts due from fellow group undertakings:

Management have assessed the carrying value of investments in subsidiary undertakings and the amounts due from fellow group undertakings for any change in the level of impairment provision against carrying value. For operating companies, the assessment considers whether the carrying value of the investment or receivable exceeds its recoverable amount which is the higher of the fair value of the investment or receivable and its value in use. The fair value is calculated using the present value of the future cash flows incorporating variations in the amount and timing of cash flows, time value of money, price for bearing the inherent uncertainty in the asset and other factors such as illiquidity. For non-operating companies the impairment provision reflects the net asset position of the related subsidiary undertaking.

IAS 19 Post employment benefit obligations:

Post-employment benefit obligations arising on defined benefit pension schemes are accounted for in accordance with the advice of independent qualified actuaries, but significant estimates arise with regard to the assumptions used in the actuarial calculation of pension and other obligations to employees and inherent estimation uncertainty arises from predicting levels of mortality and inflation /discounting assumptions.

Key judgements

No key judgements have been identified during the preparation of these financial statements.

4 Revenue

Revenue is wholly attributable to the principal activity providing employment services on behalf of Amey UK Limited Group companies. The costs of the employees are fully recharged to other Amey UK Limited Group companies. All revenue arises solely in the UK.

5 Employees and Directors

	2022 £'000	2021 £'000
Wages and salaries	403,336	414,184
Social security costs	47,126	44,927
Other pension costs – defined contribution schemes	35,568	29,682
Other pension costs – defined benefit schemes (see note 18)	1,945	1,887
	487,975	490,680

Pension administration costs of £789,000 were wrongly included in 2021 within 'Other pension costs – defined benefit scheme'. This has been corrected in the 2021 figures shown above.

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

	2022	2021
Contract-based employees	9,926	11,513
Management and administration	614	638
Total	10,540	12,151

Details of the remuneration of the Directors, whose services are of a non-executive nature and who are also directors of the Company's intermediate parent undertaking, Amey UK Limited, are disclosed in that company's financial statements. Their remuneration is deemed to be wholly attributable to their services to that company.

The Company operates principally as an employment agent on behalf of Amey UK Limited Group companies. All costs of employees are fully recharged to other Group companies.

During the year, the Company received Government grants in respect of the Coronavirus Job Retention Scheme to the value of £nil (2021 - £3,000).

6 Provision for investments in fellow group companies

	2022 £'000	2021 £'000
Charge/(release) of provision for the year	23,588	(13,204)

Further detail on the change in investment provision recorded in the year is included in note 12.

7 Write off of intercompany balances

	2022 £'000	2021 £'000
Write off of intercompany balances	11,845	-
Write off of intercompany balances	11,845	-

The write off of intercompany balances arose in respect of the arrangements relating to the disposal of the Thalia Group of companies by the Amey Group.

8 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from fellow group undertakings	108	168
Finance income on post-employment benefit assets and obligations (see note 18)	1,115	-
Interest receivable from fellow group undertakings	1,223	168

9 Finance expense

	2022 £'000	2021 £'000
Interest payable to fellow undertakings	712	814
Finance expense on post-employment benefit obligations (see note 18)	-	535
	712	1,349

10 (Loss)/profit before taxation

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

	2022 £'000	2021 £'000
Charge/(release) of provision against equity investment loan (see note 6)	23,588	(13,204)
Write off of intercompany balances (see note 7)	11,845	-
Government grant in respect of Covid-19 furlough scheme (see note 5)	-	(3)
Charges arising under post-employment benefit assets and obligations (see note 18)	1,799	3,211

The auditor's remuneration is borne by Amey Group Services Limited, a fellow subsidiary undertaking of the Company, and is not recharged. The allocation to the Company of the auditor's fees, which are attributable solely to the audit of these financial statements, is £36,000 (2021 - £51,000).

11 Taxation

	2022	2021
Analysis of tax expense	£'000	£'000
Current tax		
Tax - current year	(1,693)	346
Tax - adjustment in respect of prior periods	10	(263)
Total current tax (credit)/charge	(1,683)	83
Deferred tax - current year charge	3,858	1,556
Deferred tax – charge relating to changes in tax laws	-	5,373
Deferred tax - adjustment in respect of prior period	(11)	-
Total deferred tax charge	3,847	6,929
Total tax expense in income statement	2,164	7,012

The 2021 figure of £5,313,000 on 'Deferred tax – charge relating to changes in tax laws' was incorrect in the 2021 annual report and financial statements and did not reconcile to the table below. This has now been corrected to show £5,373,000 for 2021.

11 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 19.00% (2021 - 19.00%).

The differences are reconciled below:

	2022 £'000	2021 £'000
Profit before income tax	18,735	21,249
Tax on profit calculated at standard rate	3,560	4,037
Effects of:		
Decrease in tax from adjustment for prior periods	(1)	(263)
Expenses not deductible	2,251	-
Rate differential between current and deferred tax	836	373
Tax effect of asset impairments not deductible in determining taxable profits	(4,482)	(2,508)
Difference between deferred tax rate and standard tax rate	-	5,373
Tax expense	2,164	7,012

Tax effects relating to effects of other comprehensive (expense)/income:

	Gross £'000	Tax £'000	2022 Net £'000
Actuarial loss on pension scheme	(40,447)	4,935	(35,512)
Total comprehensive (expense)/income	(40,447)	4,935	(35,512)

	Gross £'000	Tax £'000	2021 Net £'000 *restated*
Actuarial gain on pension scheme	83,433	(3,792)	79,641
Total comprehensive income/(expense)	83,433	(3,792)	79,641

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

12 Investments

On 30 July 2019, the Company granted loan facilities totalling £148,026,000 to fellow group undertakings, Amey LG Limited and Enterprise Limited, for £55.2 million and £92.8 million respectively. These are perpetual investment loans with an applicable interest rate of 12-month LIBOR plus 200 basis points, payment of which is at the discretion of loan grantees.

	Investment in fellow group companies £'000
Equity loans to fellow group companies	
At 1 January 2022 and at 31 December 2022	148,026
Provision for impairment	
At 1 January 2022	106,175
Release in the year	(23,588)
At 31 December 2022	82,587
Carrying amount	
At 31 December 2022	65,439
At 31 December 2021	41,851

A credit arose in 2022 in respect of the provisions against impairments of equity investments in subsidiary and other group undertakings of £23,588,000 (2021 – a credit of £13,204,000). These provisions reflect the difficult trading conditions experienced by some of the Group's principal operating subsidiaries, though the outlook has considerably improved following the exit from loss-making contracts by the Amey Group and as a result of additional capital contributions made to those group companies in need of support. During the year, management has reassessed the carrying value of investments in group undertakings and the amounts due from fellow group undertakings for any change in the level of impairment provision against carrying value. For operating companies, the assessment may also consider whether the carrying value of the investment or receivable exceeds its recoverable amount which is the higher of the fair value of the investment or receivable and its value in use. The fair value is calculated using the present value of the future cash flows incorporating variations in the amount and timing of cash flows, time value of money, price for bearing the inherent uncertainty in the asset and other factors such as illiquidity. For non-operating companies the impairment provision reflects the net asset position of the related investment.

The recoverable amounts are based on fair value which reflects forecast cash flows as derived from approved budgets and plans for the next five years. The future cash flows are based on the completed Budget 2023 and the 2024-2027 Strategic Plan. Residual values have also been included which are based on the normalised activity cash flow plus a growth factor. The growth rate used has been 1.76% (2021: 1.76%). The underlying assumptions of these cash flows are based on the existing contract order book, management's past experience and on probability ratios for new business generation. The cash flows have been discounted using a risk-based discount rate of 15.4% (2021: 9.52%). This pre-tax discount rate is a measure based on the 10-year UK bond rate adjusted for a risk premium to reflect both the increased risk of investments generally in the sector.

13 Trade and other receivables

	2022 £'000	2021 £'000 *restated*
Amounts falling due within one year:		
Trade debtors	58	18
Amounts owed by other fellow subsidiaries of the Amey UK Limited group	18,592	20,134
Amounts owed by parent company	-	18,966
Amounts owed by joint ventures of the group	13	36
Other debtors	1,493	894
	20,156	40,048
Amounts falling due after more than one year:		
Financial assets	-	4,500
Deferred tax asset (see note 16)	6,985	5,897
Retirement benefit net asset (see note 18)	30,205	50,913
	37,190	61,310
Aggregate amounts	57,346	101,358

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

Due to the funding levels in the Amey OS Pension Scheme APS section at the last valuation, the Trustee agreed that no Deficit Repair Contributions would be required if the Company maintains its payments to a dedicated escrow account which is disclosed as financial assets above. In 2022, the funds in the escrow account were transferred to the pension scheme.

14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	107	216
Social security and other taxes	11,855	17,657
Amounts owed to other fellow subsidiaries of the Amey UK Limited group	1,385	1,131
Amounts owed to parent undertaking of the Company	21,071	-
Other creditors	5,339	5,782
Accruals and deferred income	190	186
	39,947	24,972

15 Provisions for liabilities

	2022 £'000	2021 £'000 *restated*
Post-employment benefit obligations (see note 18)	4,181	22,131

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

16 Deferred tax

The deferred tax asset arises in respect of:

	Other timing differences £'000	Post-employment benefit assets (obligations) £'000 *restated*	Total £'000 *restated*
Balance at 31 December 2021 – as previously reported	364	(14,049)	(13,685)
Impact of restatement	-	19,582	19,582
Balance at 1 January 2022 – as restated	364	5,533	5,897
Credited to other comprehensive income	-	4,935	4,935
(Charged)/credited to income statement	5,576	(9,423)	(3,847)
At 31 December 2022	5,940	1,045	6,985

	2022 £'000	2021 £'000 *restated*
Deferred tax asset comprises:		
Other timing differences	5,940	364
Post-employment benefit obligations	1,045	5,533
Balance at 31 December	6,985	5,897
Falling due after more than one year	6,985	5,897

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

The Company has recognised deferred tax assets only in respect of other timing differences and net pension schemed deficits as the reversal of those items is foreseeable in future periods. All deferred tax assets have been recognised in full.

The current main rate of UK corporation tax is 19%. On 10 June 2022, Finance Act 2022 gained Royal Assent and included provision for the main rate of UK corporation tax to increase to 25% on 1 April 2023. All deferred tax assets have been measured at a rate of 25% (2021 - 25%).

17 Share capital

Ordinary shares of £1 each	Number	£'000
Authorised issued and fully paid at 31 December 2021	157,200,002	157,200
Authorised issued and fully paid at 31 December 2022	157,200,002	157,200

18 Post-employment benefit assets and obligations

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

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

- Amey OS Pension Scheme
    - APS section - previously offered to eligible staff that had not been transferred into the Group via acquisition or outsourcing. However, this scheme does include staff that transferred out of the Ministry of Defence at the time the Comax business separated from the Defence Evaluation and Research Agency. This scheme is closed to new entrants and future accrual ceased for existing members with effect from 5 April 2012
    - Amey section - offered historically to former public sector employees who transferred into the Group under a variety of public sector outsourcing contracts. This is now essentially closed to new members
    - Accord section - offered historically for those eligible employees who worked principally within Accord Limited, a subsidiary of Enterprise plc (now Enterprise Limited) acquired in 2013. This is now essentially closed to new members

- Railways Pension Scheme, - this is an industry-wide pension scheme for railways employees and provides benefits for those eligible employees who are working within Amey Rail Limited, Amey OWR Limited or elsewhere in the Group. Amey has two shared-cost sections; the Amey Rail Section and Owen Williams Section. The Group accounts for its share of the separately identified assets and liabilities of these Sections and the Group cannot be held liable for the obligations of other entities that participate in this scheme and as such only makes contributions in respect of its sections.

- Citrus Pension Scheme, this scheme is now closed to new entrants and future accrual ceased for existing members with effect from 31 October 2016. The Group accounts for its share of the separately identified assets and liabilities of its section of this industry-wide scheme

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

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

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

18 Post-employment benefit assets and obligations (continued)

No past service costs/credits have been recognised in respect of plan amendments during 2022 or 2021. All of the schemes are now essentially closed to new members.

The Company has determined that it has a right to the refund of surplus on wind-up from each of the principal defined benefit pension schemes and has therefore recognised any balance sheet surpluses that have emerged at the balance sheet date. Where surpluses have been recognised, the Company has also recognised the corresponding withholding tax applicable to that surplus at the enacted rate of 35%.

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

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

	Date of latest valuation
Amey OS Pension Scheme - all sections	30 September 2020
Railways Pension Scheme	31 December 2019
Citrus Pension Scheme	31 March 2021

The principal actuarial assumptions used are as follows:

	2022 %	2021 %
Rate of increase in salaries	Nil - 0.45	Nil - 0.45
Rate of increase in pensions in payment	1.75 – 3.65	2.35 – 3.20
Discount rate	4.80	1.85
Inflation assumption - RPI	3.10	3.20
Inflation assumption – CPI pre-2030	2.10 – 3.00	1.80
Inflation assumption – CPI post-2030	Nil - 0.45	Nil - 0.45

18 Post-employment benefit assets and obligations (continued)

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

	2022 Years	2021 Years
Remaining life of members aged 65		
- men	20.7 – 21.4	21.4 – 22.1
- women	22.8 – 23.7	22.3 – 24.1
Remaining life of members aged 45		
- men	21.9 – 22.7	22.7 – 23.4
- women	24.2 – 25.2	23.8 – 25.6

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

The amount recognised in the balance sheet was as follows:

	2022 £'000	2021 £'000 *restated*
Fair value of plan assets	608,268	849,915
Present value of funded obligations	(565,978)	(793,719)
Net asset on the balance sheet before withholding taxes	42,290	56,196
Withholding taxes	(16,266)	(27,414)
Net asset on the balance sheet after withholding taxes	26,024	28,782

As presented on the balance sheet:		
Retirement benefit assets	30,205	50,913
Retirement benefit obligations	(4,181)	(22,131)
	26,024	28,782

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

The amount recognised in the income statement was as follows:

	2022 £'000	2021 £'000
Current service cost	1,945	1,887
Total included under staff costs	1,945	1,887
Pension scheme administration costs	969	789
Finance (expense)/income	(1,115)	535
Total income statement charge	1,799	3,211

Pension expense, excluding interest, is charged to cost of sales. The best estimate of the contributions expected to be paid to the defined benefit schemes for the next financial year is £1,002,000 (2021 - £1,108,000) for regular payments and £4,956,000 (2021 - £5,200,000) for additional top-up payments.

Pension administration costs of £789,000 were wrongly included in 2021 within 'Current service cost'. This has been corrected in the 2021 figures shown above.

18 Post-employment benefit assets and obligations (continued)

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

	2022 £'000	2021 £'000 *restated*
Actuarial (losses)/gains	(40,447)	83,433
Total (expense)/income recognised in the SOCI	(40,447)	83,433

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

Actuarial gains and losses have been reported in the SOCI. The Company's share of the actual performance of fund assets was a decrease of £261,360,000 (2021 - increase of £63,295,000).

The movements in the net post-employment benefit asset after withholding taxes were as follows:

	2022 £'000	2021 £'000 *restated*
At 31 December – as previously reported	56,196	(47,574)
Impact of restatement	(27,414)	(13,284)
At 1 January – as restated	28,782	(60,858)
Total income statement charge	(1,799)	(3,211)
Total (expense)/income recognised in the SOCI	(40,447)	83,433
Employer contributions – regular payments	1,058	1,263
Employer contributions - additional top-up payments	38,430	8,155
At 31 December	26,024	28,782

Comparative information has been restated for correction to tax on post-employment benefit assets (see note 2).

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

	2022 £'000	2021 £'000
At 1 January	793,719	848,465
Service cost, including employees' share	1,960	1,903
Actuarial gains due to changes in financial assumptions	(311,106)	(37,171)
Actuarial losses/(gains) due to changes in demographic assumptions	67,239	(7,019)
Interest cost	14,481	10,457
Deferred buy in premium	23,601	-
Benefits paid	(23,916)	(22,916)
At 31 December	565,978	793,719

The movements in the withholding taxes on the post-employment benefit assets were as follows:

	2022 £'000	2021 £'000
At 1 January	27,414	13,284
(Income)/expense included in the statement of other comprehensive income for the year	(11,148)	14,130
At 31 December	16,266	27,414

18 Post-employment benefit assets and obligations (continued)

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

	2022 £'000	2021 £'000
At 1 January	849,915	800,891
Interest on assets	15,596	9,922
Actuarial (losses)/gains arising from changes in financial assumptions	(271,861)	53,373
Employer contributions - regular payments	1,058	1,263
Employer contributions - additional top-up payments	38,430	8,155
Contributions by scheme participants	15	16
Benefits paid	(23,916)	(22,916)
Administration expenses paid	(969)	(789)
At 31 December	608,268	849,915

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

	2022 £'000	2021 £'000
Cash and cash equivalents	283,434	(110,424)
Fixed income	66,764	179,749
Property	83,667	47,910
Alternatives	13,038	152,483
Buy in policies	101,384	580,197
Other	59,981	-
	608,268	849,915

The assets held by the various schemes do not directly include any of the Company's or Group's own financial instruments, nor any property occupied by, nor any other assets used by the Company or Group.

All of the schemes hold a proportion of their assets in liability-matching asset classes in order to either partially or fully hedge for movements in interest rates and inflation. The asset-liability matching strategies are not measured against the accounting position and as such the changes in assets to market movements may not match the movement in accounting liability.

18 Post-employment benefit obligations (continued)

The sensitivity of the balance sheet position to changes in the key assumptions based on a reasonable approximation of possible changes is set out below. The sensitivities have been calculated using the same approach at the previous year end, which involves calculating new values for the liabilities and assets under the scenarios set out below, whilst keeping all other assumptions constant.

	(Reduction)/increase in asset on the balance sheet (before taxes) £'000
+0.5% change to the RPI assumption	(11,687)
+0.5% change to the discount rate assumed	13,251
-0.5% change to discount rate assumed	(14,732)
Members' life expectancy increases by one year	(7,407)

The key risks impacting the Company's pension schemes are set out below:

Investment Risk: The Schemes' accounting liabilities are calculated using a discount rate set with reference to the yield available on high-quality corporate bonds as required by the standard. If the Schemes' assets underperform this yield, this will cause a deficit to emerge in the Schemes over time. The Schemes hold growth assets, such as equities, property and hedge funds. These asset classes are expected to outperform corporate bonds over the long-term but are more volatile and generate risk for the Schemes in the short-term. However, the Schemes hold a diversified portfolio of assets to minimise this risk. The Schemes also hold multiple insurance policies in respect of all deferred and pensioner members for the sections of the Amey OS Pension Scheme. These policies broadly match the benefits provided by the Schemes in respect of the covered members, and therefore act to reduce investment risk. The Company has ensured that a robust investment management framework is in place to mitigate as much as possible the risks associated with the investment strategy.

Changes in bond yields: A decrease in corporate bond yields will increase the value placed on the Schemes' liabilities. This will be partially offset by an increase in the value of the Schemes' holdings in gilts, corporate bonds and insurance policies, which the Schemes hold in order to match some of the movement in their liabilities. However, some of the assets held to match movements in liabilities are held to match movements in gilt yields. This will match movement in the accounting liabilities to the extent that the corporate bond yields move alongside gilt yields. As such the Schemes are exposed to movement in the spread between gilt yield and corporate bond yields.

Inflation risk: Many of the Schemes' benefits are linked to inflation so higher expectations of future inflation leads to a higher value being placed on the liabilities. However, there are caps on the level of inflationary increases which protect the Schemes in the extent of extreme inflation. The Schemes each hold assets to match a specified proportion of movements in inflation. The remainder of the assets are unaffected by (i.e. fixed interest bonds) or loosely correlated with (i.e. equities and property) inflation, meaning that an increase in inflation will also increase the deficit. The extent to which the Schemes' liabilities move due to inflation varies on a scheme-by-scheme basis, influenced by the benefits provided by the individual pension schemes. Liabilities will also increase should actual inflation be higher than expected in the liability valuation.

Following the Government's announcement in November 2020 that RPI would be aligned with CPIH from 2030, the approach for deriving the inflation assumptions has changed. There is a different approach to pre- and post-2030 assumptions with a term-dependent approach for deriving the CPI assumption and the Inflation Risk Premium was decreased from 0.40% in 2021 to 0.3% for 2022.

18 Post-employment benefit obligations (continued)

Life expectancy: The Schemes' obligations are to provide benefits for the life of the member after retirement and their spouse following the member's death. As a result, higher life expectancies will lead to a higher value being placed on the liabilities. This is particularly relevant where the Schemes have significant inflationary increases, as this results in a higher sensitivity to changes in life expectancy. The Company notes that this is a risk to which any defined benefit pension scheme is exposed, and that, alongside the trustee of the Amey OS Pension Scheme, it has taken steps to mitigate risk through purchasing insurance policies in respect of the majority of the Amey OS Pension Scheme's membership. Holding insurance policies reduces the sensitivity to changes in life expectancies, but this remains a risk in respect of active members of the Schemes whose obligations are more sensitive to increases in future improvements in life expectancies and are not covered by the insurance policies.

19 Contingent liabilities

As a member of the Amey UK Limited Group of Companies, the Company is a participating guarantor in respect of certain Group borrowings, bank account pooling arrangements, Group VAT registrations and HMRC UK Corporation Tax Group Payment arrangement and is jointly and severally liable with other group companies for the total Group balances outstanding. At 31 December 2022, the only net liabilities arising across the Amey Group were £nil (2021 - £nil) in respect of Group borrowings and £22,016,000 (2021 - £52,955,000) in respect of VAT.

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 2022 or at 31 December 2021.

20 Capital commitments

The Company had no capital commitments at 31 December 2022 or at 31 December 2021.

20 Restatement of comparative information - amendment to the tax associated with recognition of post-employment benefit assets

The Company has identified that under IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), withholding tax at the rate of 35% should have been applied against the post- employment benefit assets recognised on the balance sheet. The Company had previously and incorrectly provided for deferred tax at the 25% rate applicable at 31 December 2021 (2020: 19%). Accordingly, at 31 December 2021, the post-employment benefit assets had been overstated by £27,414,000 (2020: £13,284,000), the deferred tax asset understated by £5,897,000 (2020: £7,211,000) and the deferred tax liability overstated by £13,685,000 (2020: £nil). Net assets and shareholder funds were overstated by £7,832,000 (2020: £6,073,000).

This restatement has no impact on the previously reported profits of the Company. The movements in the statement of comprehensive income have also been restated with the credit of £12,371,000 in respect of tax on post-employment benefit assets now removed and the adverse impact of withholding taxes of £14,130,000 now included in the actuarial movements of post-employment benefit assets. Total comprehensive income was reduced by £1,759,000.

The impact on the previously reported financial information is set out below:

(a) Statement of other comprehensive income for the year ended 31 December 2021

	As previously reported £'000	*Impact of restatement £'000*	As restated £'000
Profit after tax for the year	14,237	-	14,237
Other comprehensive income			
Items that will not be reclassed to income or expense			
Remeasurements of post-employment benefit assets	97,563	(14,130)	83,433
Income tax relating to items that will not be reclassified to income or expense	(16,143)	12,371	(3,792)
Other comprehensive income for the year, net of tax	81,400	(1,759)	79,641
Total comprehensive income for the year, net of tax	95,637	(1,759)	93,878

20 Restatement of comparative information - amendment to the tax associated with recognition of post-employment benefit assets (continued)

(b) Balance sheet as at 31 December 2021

	As previously reported £'000	*Impact of restatement £'000*	Deferred tax balance reclassification £'000	As restated £'000
Fixed assets				
Investments	41,851	-	-	41,851
Current assets				
Debtors: amounts falling due within one year	40,048	-	-	40,048
Debtors: amounts falling due after more than one year	82,827	(27,414)	5,897	61,310
Cash at bank and in hand	1,995	-	-	1,995
	124,870	(27,414)	5,897	103,353
Creditors				
Amounts falling due after more than one year	(24,972)	-	-	(24,972)
Net current assets	99,898	(27,414)	5,897	78,381
Total assets less current liabilities	141,749	(27,414)	5,897	120,232
Provisions – deferred tax liabilities	(13,685)	19,582	(5,897)	-
Provisions – post employment benefit liabilities	(22,131)	-	-	(22,131)
Net assets	105,933	(7,832)	-	98,101
Capital and reserves				
Share capital	157,200	-	-	157,200
Retained deficit	(51,267)	(7,832)	-	(59,099)
Shareholders' funds	105,933	(7,832)	-	98,101

21 Controlling parties

The immediate parent undertaking is Amey Limited.

The ultimate parent undertaking, the ultimate controlling party and the largest group to consolidate these financial statements is Project Ardent Bidco Limited.

The Company is wholly owned by both the immediate and ultimate parent undertaking.

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

Copies of the Project Ardent Bidco Limited or Amey UK Limited consolidated financial statements can be obtained from the registered office as follows:

The Company Secretary
Chancery Exchange
10 Furnival Street
London EC4A 1AB
United Kingdom