

REGISTERED NUMBER: 03693911 (England and Wales)

**Annual Report and
Financial Statements for the Year Ended 31 December 2021
for
Accord Limited**

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Accord Limited

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for the Year Ended 31 December 2021**

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Accord Limited

**Company Information
for the Year Ended 31 December 2021**

Directors

A L Fisher
A L Nelson

Company Secretary

Sherard Secretariat Services Limited

Registered Office

Chancery Exchange
10 Fumival Street
London
EC4A 1AB
United Kingdom

Auditor

Deloitte LLP
4 Brindleyplace
Birmingham
B1 2HZ
United Kingdom

Accord Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their strategic report for the Year Ended 31 December 2021.

Principal activity

The Company's principal activity during the year is that of a holding company and the provision of employment services. 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 £845,000 (2020 - £905,000) and a loss after tax amounting to £3,437,000 (2020 - a profit of £14,584,000), all of which arose from continuing activities.

The reduction in revenue for the year reflects a lower level of additional contributions to the pension scheme due from fellow group undertakings and which has now been paid to those schemes. Incidental pension related expenses were also higher than in 2020 resulting in a small increase in the overall operating loss. The Directors remain confident that the 2021 level of activity will be maintained in 2022.

A credit arose in 2021 in respect of the provisions against impairments of investments in subsidiary and other group undertakings of £59,000 (2020 - £17,028,000). 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 value in use 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.

Post balance sheet events

Change in ultimate parent undertaking

The Company is a subsidiary of Amey UK Limited (the Group, formerly Amey UK plc). On 11 October 2022, the Group's ultimate parent undertaking, Ferrovial, S.A., announced that it had reached agreement to sell the whole of the share capital of Amey UK Limited and the other equity instruments held by Ferrovial as issued by Amey UK Limited and its subsidiary undertaking, Amey Limited (formerly Amey plc) to a company controlled by One Equity Partners and Buckthorn Partners. The sale of the Group is conditional on the completion of the transfer of the Waste Treatment CGU to Ferrovial, as this CGU does not form part of the Group's ongoing business that One Equity Partners and Buckthorn Partners have agreed to purchase and the approval by the Secretary of State for BEIS, as the transaction is subject to the National Security and Investment Act 2021. It is expected that the sale will be completed prior to 31 December 2022. Any change of ownership has no impact on the financial statements of the Group for the year ended 31 December 2021 and is also not expected to have any impact on the Group's operations and activities following completion of the sale.

The transaction represents an enterprise value of £400 million and an estimated equity value of approximately £245 million. The final consideration to be paid upon completion of the transaction will be adjusted by reference to the net debt and working capital figures resulting from a balance sheet prepared as of that date. The net consideration will be in the form of cash of £109 million and a vendor loan note of £136 million repayable over the next 5 years with an interest of 6% per annum, increasing to 8% after the third year. As part of the transaction, the Group consulted with the pension scheme trustees concerning the sale, who, upon advice, were content to execute a letter of agreement recording that the trustees do not consider the transaction (including the terms of the vendor loan note subordinated in favour of the pension schemes) will be materially detrimental to the ongoing employer covenant or the likelihood of accrued scheme benefits being received by members.

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

Accord Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

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 2021. 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 Accounts for the year ended 31 December 2021 as the Company is subject to the application of Group-wide policies and practices when assessing financial risk.

The Company does not hold any 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 2021 (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 2021 group accounts 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;
- (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, and ultimately the Ferrovial 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 2021 group accounts. 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.

Accord Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Approved by the Board on 13 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A L Nelson', is written over a horizontal dotted line.

A L Nelson
Director
13 December 2022

Accord Limited

Report of the Directors for the Year Ended 31 December 2021

The Directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2021.

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.

Dividends

No dividends were paid by the Company during the year (2020 - £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 group accounts of Amey UK Limited, of which this Company is a member. Full disclosure can be found in the Amey UK Limited Annual Report and Accounts for 2021.

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 part c) in the strategic report on page 3.

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 Fisher
A L Nelson

Directors' indemnity

Directors and Officers of the Company benefit from directors' and officers' liability insurance cover provided by the Amey Group in respect of legal actions brought against them for any of the directorships held within the Amey Group. In addition, Directors 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.

The Directors have considered the implications behind the Ferrovial, S.A. Group's strategic decision to divest the Amey UK Limited Group. This decision does not impact the Company's day to day operations.

Policy on slavery and human trafficking

In accordance with the Modern Slavery Act 2015, the Amey Group of which this 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.

Accord Limited

Report of the Directors for the Year Ended 31 December 2021 (continued)

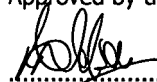
Statement as to disclosure of information to the auditor

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

Deloitte LLP have indicated to the Directors their intention to resign as auditor to the Company following completion of the 2021 financial statements. The Directors have appointed Mazars LLP as auditor of the Company for 2022.

Approved by the Board on 13 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A L Nelson', is written over a horizontal dotted line.

A L Nelson
Director
13 December 2022

Accord 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.

Accord Limited

Independent auditor's report to the members of Accord Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Accord Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Accord Limited

Independent auditor's report to the members of Accord Limited (continued)

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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Accord Limited

Independent auditor's report to the members of Accord Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation and COVID-19 UK Government relief; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Bribery Act, General Data Protection Regulation and health and safety laws and regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Risk of fraud in revenue recognition as a result of manual adjustments to revenue. We have isolated the significant risk within revenue recognition to be in respect of manual adjustments posted within and outside the finance system for which the journal entry impacts the revenue account balance. In addressing this significant risk, we have:
 - Obtained an understanding of management's process for posting journals both inside the accounting system and also outside the accounting system when management prepare their financial statements;
 - Used qualitative and quantitative criteria to identify journals of interest posted in the accounting records of the company;
 - Performed focused substantive testing on the journals selected by corroborating these to supporting documentation; and
 - Obtaining and challenging the business rationale for the adjustments made.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house/external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Accord Limited

Independent auditor's report to the members of Accord Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:



22APR05P393847A

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

13 December 2022

Accord Limited**Income Statement for the Year Ended 31 December 2021**

	Note	2021 £'000	2020 £'000
Revenue	4	845	905
Cost of sales		(2,048)	(1,968)
Gross loss		(1,203)	(1,063)
Release/(charge) for provision against investments in subsidiary undertakings	6	59	17,028
(Loss)/profit before interest and taxation		(1,144)	15,965
Interest receivable and similar income	7	38	84
		(1,106)	16,049
Finance expense	8	(1,485)	(1,537)
(Loss)/profit before taxation	9	(2,591)	14,512
Tax on (loss)/profit	10	(846)	72
(Loss)/profit after tax for the year		(3,437)	14,584

The notes on pages 16 to 38 form part of these financial statements.

Accord Limited**Statement of Comprehensive Income for the Year Ended 31 December 2021**

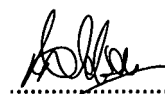
	2021 £'000	2020 £'000
(Loss)/profit for the year	(3,437)	14,584
Other comprehensive income/(expense)		
Items that will not be reclassified to income or (expense):		
Remeasurements of post-employment benefit obligations (see note 16)	11,611	(1,084)
Income tax relating to items that will not be reclassified to income or (expense)	(2,247)	403
Other comprehensive income/(expense) for the year, net of income tax	9,364	(681)
Total comprehensive income for the year	5,927	13,903

The notes on pages 16 to 38 form part of these financial statements.

Accord Limited (Registered number: 03693911)**Balance Sheet as at 31 December 2021**

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	11	90,875	90,816
Current assets			
Debtors: amounts falling due within one year	12	2,781	2,786
Debtors: amounts falling due after more than one year	12	16,135	3,162
Cash at bank and in hand		503	771
		19,419	6,719
Creditors:			
Amounts falling due within one year	13	(85,244)	(81,471)
Net current liabilities		(65,825)	(74,752)
Total assets less current liabilities		25,050	16,064
Provisions for liabilities	14	(3,407)	(348)
Net assets		21,643	15,716
Capital and reserves			
Share capital	17	28,616	28,616
Share premium reserve		1,508	1,508
Other equity instrument	18	7,039	7,019
Retained deficit		(15,520)	(21,427)
Shareholders' funds		21,643	15,716

The financial statements were approved by the Board of Directors on 13 December 2022 and signed on its behalf by:



A L Nelson

Director

13 December 2022

The notes on pages 16 to 38 form part of these financial statements.

Accord Limited**Statement of Changes in Equity for the Year Ended 31 December 2021**

	Share capital £'000	Share premium £'000	Other Equity Instrument £'000	Retained deficit £'000	Total £'000
At 1 January 2020	28,616	1,508	-	(35,311)	(5,187)
Profit for the year	-	-	-	14,584	14,584
Other comprehensive expense	-	-	-	(681)	(681)
Total comprehensive income	-	-	-	13,903	13,903
Other equity instrument (see note 18)	-	-	7,000	-	7,000
Other equity instrument interest (see note 18)	-	-	19	(19)	-
At 31 December 2020	28,616	1,508	7,019	(21,427)	15,716

	Share capital £'000	Share premium £'000	Other Equity Instrument £'000	Retained deficit £'000	Total £'000
At 1 January 2021	28,616	1,508	7,019	(21,427)	15,716
Loss for the year	-	-	-	(3,437)	(3,437)
Other comprehensive income	-	-	-	9,364	9,364
Total comprehensive income	-	-	-	5,927	5,927
Other equity instrument interest (see note 18)	-	-	20	(20)	-
At 31 December 2021	28,616	1,508	7,039	(15,520)	21,643

The notes on pages 16 to 38 form part of these financial statements.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The principal activity of Accord Limited (the Company) is of a holding company and the provision of employment services and it operates principally within the UK. The Company is a private company limited by share capital, incorporated and domiciled in the UK and registered in England and Wales.

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

Sherard Secretariat Services Limited

Chancery Exchange
10 Furnival Street
London
EC4A 1AB
United Kingdom

2 Accounting policies

Basis of preparation

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

During the year ended 31 December 2021, the following additional standards which might have had an impact on the financial statements came into force in the United Kingdom:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform
Amendment to IFRS 16	Covid related rent concessions
Amendments to IFRS 4	Applying IFRS 9 with IFRS 4

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 2022 are not expected to have a material impact on the Company and will also not be adopted early.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- IFRS 2, 'Share based payments';
- IAS 36, 'Impairment of assets' paragraphs 134 and 135;
- IFRS 15, 'Revenue from contracts with customers': second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129; and
- 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.

Basis of consolidation

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

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****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. The Company has also received written confirmation from the intermediate parent undertaking, Amey UK Limited, that it will continue to provide financial support to the Company for the 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 ultimate parent of the Group is Ferrovial, S.A.

The Group is financed through a mixture of shareholder equity, other equity instruments issued to Ferrovial companies, intercompany debt from Ferrovial companies, leases, non-recourse project-related bank term loans, other bank loans and overdrafts. Details of all bank loans and their maturity are set out in the Amey UK Limited financial statements as are details of finance risks.

The Directors have also considered the implications of the recently announced sale of the Group to One Equity Partners and Buckthorn Partners. This decision does not impact the Group's day-to-day operations and given that the Group does not rely on Ferrovial contractual guarantees there are no implications to the ongoing trading operations of the Group after completion of any sale. The impact on our financing arising from a change of control is considered below.

The Group's key external banking facilities are bilateral facility agreements of £38 million with each of HSBC and Santander and £44 million with Royal Bank of Canada. These agreements total £120 million and mature on the earlier of July 2023 or on the date of completion of the proposed sale of the Group. At 31 December 2021, all of the facilities in place at that time were undrawn and the Group also held £46.9 million of unrestricted cash on the Group balance sheet.

In October 2022, the Group received commitments from three lenders, HSBC, Natwest Group and ABN Amro, to enter into a four-year syndicated revolving credit facility. The facility is sized at £125 million and will be used to support the Group's future bonding and working capital requirements once the sale of the Group has been completed.

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 up to the date of these accounts, the current forecast for 2022 and the strategic plan for 2023 to 2026);
- the obligation, on completion of the sale of the Group, to pay in full to Birmingham Highways Limited the outstanding £35 million liability;
- servicing additional debt post-completion of the sale of the Group;
- the availability of core and ancillary financing facilities;
- the compliance with the post completion related net debt/EBITDA banking covenant which must remain under 1.5x;
- 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 2022; and
 - a Reasonable Worst Case ('RWC') forecast which applies sensitivities against the Base Case

The RWC forecast looks at the following key sensitivities:

- £14 million net cash outflows due to unwind of working capital on contracts ending and other agreements in 2022 and 2023;
- the liquidity impact of lower-than-expected future revenue growth in each business stream through a lower bid win ratio; and
- consideration of a slowing down of working capital flows, in particular a market-wide increase in days sales outstanding.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern (continued)

The Group's cash flow forecasts show that there is sufficient liquidity to enable it to continue trading should all the above sensitivities materialise. In addition to the above sensitivities, management has also considered actions that can be taken to mitigate any significant additional reductions in headroom due to unforeseen events which would include actions such as delaying management fees and payments to suppliers. The increased liquidity of these actions give comfort to the Directors that it would have enough headroom to manage such unforeseen impacts.

The Directors have considered the pension risks and sensitivities in the Amey UK Limited financial statements and reviewed Value-at-Risk analysis. The Directors consider the exposure to be adequately mitigated by strong governance, de-risked scheme assets, various contingent assets and committed payments for the benefit of the schemes.

The Directors have also considered the impact on the Group's ability to continue as a going concern in the event of delayed completion of the sale to One Equity Partners and Buckthorn Partners. The Directors are comfortable that although commencement of the new syndicated revolving credit facility would be delayed, the existing facilities would remain in place until July 2023. The Group would seek to extend those facilities for a further period, but the Directors consider that even if an extension of those facilities were not granted, the Group has sufficient cash resources to enable it to continue operating in a normal manner.

In summary, since the Group's last set of financial statements for the year ended 2020 signed in May 2021, the Group's liquidity has strengthened and its external financing requirement reduced substantially. Accordingly, the Directors have adopted the going concern principle in preparing these financial statements.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 services provided, excluding VAT and trade discounts.

Investment in subsidiary undertakings

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

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.

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.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial instruments

Recognition and de-recognition

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

Classification and initial measurement of financial assets

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

Subsequent measurement of financial assets

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

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

(c) Financial assets at FVOCI - the Group accounts for financial assets at FVOCI if the assets meet the following conditions: they are held under a business model whose objective 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.

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****2 Accounting policies (continued)****Financial instruments (continued)***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 Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

(a) Trade and other receivables - trade receivables are 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 Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Group assesses impairment of trade receivables on a collective basis. Where they possess shared credit risk characteristics, they have been grouped based on industry sector global default rates.

(b) Intercompany loans receivable - intercompany advances to other Group companies are all held to maturity, neither parties have 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.

Classification and measurement of financial liabilities

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

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate (EIR) method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****2 Accounting policies (continued)****Financial instruments (continued)***Classification and measurement of financial liabilities (continued)*

(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.

(c) Derivative financial instruments and hedging activities - 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 derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet the following requirements: there is an economic relationship between the hedged item and the hedging instrument; and the effect of credit risk does not dominate the value changes that result from that economic relationship. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives either as fair value hedges, where they hedge exposure to changes in the fair value of the hedged asset or liability or as cash flow hedges, where they hedge exposure to variability in cash flows that are attributable to a risk associated with any changes in the fair value of the hedged asset, liability or forecasted transaction. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents, both at hedge inception and on an ongoing basis, its assessment of whether the 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.

(d) Fair value hedge - all hedging relationships that were hedging relationships under IAS 39 at the 31 December 2017 reporting date meet the IFRS 9's criteria for hedge accounting at 1 January 2020 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.

(e) 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.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

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

Cash 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.

Post-employment benefit obligations - defined benefit pension schemes

The Company accounts for post-employment benefit obligations 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.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Critical accounting estimates and judgements

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

The Company believes that the most critical accounting policies and significant areas of judgement and estimation arise from the accounting for post-employment benefit obligations arising on defined benefit pension schemes under IAS 19 (Employee Benefits) and impairment of investment in subsidiary undertakings including amounts due from fellow group undertakings.

IAS 19:

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.

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 value in use 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.

Other Equity Instrument

Significant judgement has been applied in respect of the recognition of the subordinated loan facility as an Other Equity Instrument (see note 18).

4 Revenue

Revenue is wholly attributable to the principal 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. All revenue arises solely in the UK.

5 Employees and Directors

The Company had no direct employees in either 2021 or 2020.

No Directors were remunerated through the Company in either 2021 or 2020.

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

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****6 Provision for investments in subsidiary undertakings**

	2021 £'000	2020 £'000
Release for the year	59	(17,028)

Further detail on the change in investment provision recorded in the year is included in note 11.

7 Interest receivable

	2021 £'000	2020 £'000
Other interest receivable	-	19
Interest income arising on post-employment benefit obligations (see note 16)	38	65
	<u>38</u>	<u>84</u>

8 Finance expense

	2021 £'000	2020 £'000
Payable to subsidiary undertakings	<u>1,485</u>	<u>1,537</u>

9 (Loss)/profit before taxation

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

	2021 £'000	2020 £'000
Charges arising under post-employment benefit obligations (see note 16)	<u>877</u>	<u>922</u>

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 £60,000 (2020 - £60,000).

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****10 Taxation****Analysis of tax expense/(income)**

	2021 £'000	2020 £'000
Current tax		
Tax - current year	(531)	(854)
Tax - adjustment in respect of prior periods	565	189
Total current tax charge/(credit)	34	(665)
Deferred tax charge arising on origination and reversal of timing differences	26	358
Deferred tax charge relating to changes in tax laws	786	235
Total deferred tax	812	593
Total tax expense/(income) in income statement	846	(72)

Factors affecting the tax expense/(income)

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%).

The differences are reconciled below:

	2021 £'000	2020 £'000
(Loss)/profit before income tax	(2,591)	14,512
Tax on (loss)/profit calculated at standard rate	(492)	2,757
Effects of:		
Increase from effect of expenses not deductible in determining taxable profit	5	-
Change in tax rate	786	216
Tax effect of asset impairments not deductible in determining taxable profit	(12)	(3,234)
Increase in current tax from unrecognised temporary difference from a prior period	565	189
Rate differential between current and deferred tax	(6)	-
Tax expense/(income)	846	(72)

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****10 Taxation (continued)****Tax effects relating to effects of other comprehensive income**

	Gross £'000	Tax £'000	2021 Net £'000
Actuarial gain on post-employment benefit obligations	11,611	(2,247)	9,364
	Gross £'000	Tax £'000	2020 Net £'000
Actuarial (loss) on post-employment benefit obligations	(1,084)	403	(681)

11 Investments

	Shares in group undertakings £'000
Subsidiaries	
Cost or valuation	
At 1 January 2021 and at 31 December 2021	91,966
Provision for impairment	
At 1 January 2021	1,150
Release in the year	(59)
At 31 December 2021	1,091
Carrying amount	
At 31 December 2021	90,875
At 31 December 2020	90,816

A credit arose in 2021 in respect of the provisions against impairments of investments in subsidiary and other group undertakings of £59,000 (2020 - £17,028,000). 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 value in use 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.

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****11 Investments (continued)**

At 31 December 2021, the Company held share capital of the following subsidiary undertakings, none of which are publicly traded and all of which are registered in England and Wales and operate in the UK:

Undertaking	Nature of business	Class of share capital held	Share capital held
Accord Asset Management Limited	Dormant	Ordinary	100%
Accord Network Management Limited*	Dormant	Ordinary	100%
Accord Consulting Services Limited	Dormant	Ordinary	100%
Accord Environmental Services Limited	Dormant holding Company	Ordinary	100%
Slough Enterprise Limited*	Provision of environmental services	Ordinary	100%
Enterprise (AOL) Limited	Outsourced support services, facilities management, transportation services and professional services	Ordinary	100%
Enterprise Islington Limited	Dormant	Ordinary	100%
Haringey Enterprise Limited	Dormant	Ordinary	100%
JDM Accord Limited	Dormant	Ordinary	100%

* indicates indirect investment

The registered office of all subsidiary and joint venture undertakings is Chancery Exchange, 10 Furnival Street, London, EC4A 1AB United Kingdom.

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****12 Trade and other receivables**

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	2,781	2,786
	<u>2,781</u>	<u>2,786</u>
Amounts falling due after more than one year:		
Financial assets	1,750	356
Post-employment benefit obligations (see note 16)	14,385	2,806
	<u>16,135</u>	<u>3,162</u>
Aggregate amounts	<u>18,916</u>	<u>5,948</u>

Due to the funding levels of the Amey OS Pension Scheme - Accord 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.

Amounts owed by group undertakings are repayable on demand and bear interest at a market rate of 0.4% (2020 - 0.4%). There is no difference between the book value and the fair value of amounts owed by group undertakings.

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	66,908	63,063
Amounts owed to parent undertaking of the Company	18,336	18,369
Accruals and deferred income	-	39
	<u>85,244</u>	<u>81,471</u>

Amounts due to fellow group undertakings are payable on demand and bear interest at a market rate of 1.9% (2020 - 1.9%). There is no difference between the book value and the fair value of amounts owed to group undertakings.

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****14 Provisions for liabilities**

	2021 £'000	2020 £'000
Deferred tax (see note 15)	3,407	348

15 Deferred tax liability

	Capital allowances £'000	Post-employment benefit obligations £'000	Total £'000
Balance at 1 January 2021	166	(514)	(348)
Charge to the income statement during the year	23	(835)	(812)
Credited to other comprehensive income during the year	-	(2,247)	(2,247)
At 31 December 2021	189	(3,596)	(3,407)

Deferred tax is calculated in full on temporary differences under the liability method using an expected tax rate for the UK of 19% (2020: 19%) on short-term timing differences and 25% (2020: 19%) on long-term timing differences. For balances arising in Spain, an expected tax rate of 25% (2020: 25%) is used. These are the tax rates that have been substantively enacted at the balance sheet date.

The UK Finance Act 2017 included provision for the main rate of corporation tax to reduce from 19% to 17% from 1 April 2022. A budget resolution passed on 17 March 2021 included provision for the main rate of UK corporation tax to remain at 19% from 1 April 2021 and not reduce to 17% as previously legislated. The anticipated decrease in the Company's tax charge will now not materialise. On 10 June 2021, Finance Act 2021 gained Royal Assent and included provision for the main rate of UK corporation tax to increase to 25% from 1 April 2023.

The Company has recognised deferred tax assets in full in respect of deferred capital allowances as the reversal of those items is foreseeable in future periods. Deferred tax assets on trading losses held by the Company have been recognised dependent on the availability of trading profits of the Amey Group that are expected to arise in the foreseeable future and which can be accessed by the Company.

Unrecognised deferred tax assets comprise:	2021 £'000	2020 £'000
Losses	193	146

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****16 Post-employment benefit obligations**

The Company operates a number of defined contribution pension schemes for the benefit of certain employees of the Group 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 principal defined benefit schemes are as follows:

- Amey OS Pension Scheme - 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.
- Amey OS Pension Scheme - Accord section, provided historically for those eligible employees who worked principally within Accord Limited, a subsidiary of Enterprise Limited (formerly Enterprise plc) acquired in 2013. This is now essentially closed to new members.

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

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

The Group has determined that it has a right to the refund of surplus on wind-up from each of the principal defined benefit pension schemes and has therefore recognised any balance sheet surpluses that have emerged at the balance sheet date.

The latest actuarial funding valuations of the Company's principal defined benefit schemes have been updated by the actuaries to 31 December 2021 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 Valuation	
Amey OS Pension Scheme - Amey section	30 September 2020	
Amey OS Pension Scheme - Accord section	30 September 2020	
The principal actuarial assumptions used are as follows:		
	2021	2020
	%	%
Rate of increase in salaries	3.45	3.10
Rate of increase in pensions in payment	0.00 – 5.00	2.25 – 5.00
Discount rate	1.85	1.25
Inflation assumption - RPI	3.20	2.80
Inflation assumption – CPI	2.35 – 2.65	1.95 – 2.15

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****16 Post-employment benefit obligations (continued)**

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

	2021 Years	2020 Years
Remaining life of a member aged 65		
- men	21.3 – 21.5	21.6
- women	23.3 – 23.6	22.9
Remaining life of a member aged 45		
- men	22.6 – 22.8	23.0
- women	24.7 – 25.0	24.5

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 duration is around 18.0 years reflecting the appropriate split of the defined benefit obligation between current employees, deferred members and pensioners.

The amount recognised in the balance sheet was as follows:

	2021 £'000	2020 £'000
Present value of funded obligations	(172,782)	(185,611)
Fair value of scheme assets	187,167	188,417
Liability on the balance sheet	14,385	2,806

Any surpluses in the schemes have been recognised on the basis that the Group has determined that it has a right to a refund of a surplus from all schemes under IFRIC 14.

The amount recognised in the income statement was as follows:

	2021 £'000	2020 £'000
Current service cost	446	574
Pension scheme administration costs	469	413
Finance income	(38)	(65)
Total income statement charge	877	922

Pension expense, excluding interest, is charged to cost of sales. The best estimate of the contributions expected to be paid to the defined benefit pension scheme for the next financial year is £258,000 (2020 - £623,000) for regular payments and £616,000 (2020 - £485,000) for additional top-up payments.

The amount recognised in other comprehensive income was as follows:

	2021 £'000	2020 £'000
Actuarial gains/(losses)	11,611	(1,084)
Total income/(expense) recognised in the SOCI	11,611	(1,084)

Actuarial gains and losses have been reported in the SOCI. The Company's share of the actual performance of fund assets was an increase of £2,573,000 (2020 - £20,351,000).

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****16 Post-employment benefit obligations (continued)**

The movements in the balance sheet trade and other receivables were as follows:

	2021	2020
	£	£
At 1 January	2,806	1,907
Total income statement charge	(877)	(922)
Total income/(expense) recognised in the SOCI	11,611	(1,084)
Employer contributions - regular payments	295	460
Employer contributions - additional top-up payments	550	2,445
Balance at 31 December (see note 12)	<u>14,385</u>	<u>2,806</u>

Scheme obligations

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

	2021	2020
	£'000	£'000
Present value at start of year	185,611	168,246
Service cost, including employees' share	474	627
Actuarial (gains)/losses arising from changes in financial assumptions	(11,370)	17,968
Interest cost	2,294	3,402
Benefits paid	<u>(4,227)</u>	<u>(4,632)</u>
Present value at end of year	<u>172,782</u>	<u>185,611</u>

Scheme assets

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

	2021	2020
	£'000	£'000
Fair value at start of year	188,417	170,153
Interest on assets	2,332	3,467
Actuarial gains arising from changes in financial assumptions	241	16,884
Employer contributions - regular payments	295	460
Employer contributions - additional top-up payments	550	2,445
Contributions by scheme participants	28	53
Benefits paid	<u>(4,227)</u>	<u>(4,632)</u>
Administration expenses paid	<u>(469)</u>	<u>(413)</u>
Fair value at end of year	<u>187,167</u>	<u>188,417</u>

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****16 Post-employment benefit obligations (continued)***Analysis of assets*

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

	2021 £'000	2020 £'000
Equities	21,509	42,021
Corporate bonds	37,424	21,180
Government bonds	136,040	87,640
Property	2,115	5,004
Cash and cash equivalents	(9,921)	32,572
	<u>187,167</u>	<u>188,417</u>

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.

Sensitivity analysis

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 as 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.

	Increase in liability on the balance sheet £'000
+0.5% change to the RPI assumption	9,950
-0.5% change to discount rate assumed	14,418
Members' life expectancy increases by one year	<u>6,412</u>

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

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

Changes in bond yields: A decrease in corporate bond yields will increase the value placed on the Schemes' liabilities. This will be partially offset by an increase in the value of the Schemes' holdings in Liability-Driven Investments (LDI), 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.

Accord Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****16 Post-employment benefit obligations (continued)**

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 increased from 0.20% to 0.40% and is maintained for 2021.

Life expectancy: The Schemes' obligations are to provide benefits for the life of the member after retirement and their spouse following the member's death. As a result, higher life expectancies will lead to a higher value being placed on the liabilities. This is particularly relevant where the Schemes have significant inflationary increases, as this results in a higher sensitivity to changes in life expectancy. The Group notes that this is a risk to which any defined benefit pension scheme is exposed, and that, alongside the Trustee of the Amey OS Pension Scheme, it has taken steps to mitigate risk through purchasing insurance policies in respect of a portion of the Amey OS Pension Scheme's membership. Holding insurance policies in respect of some pensioner members reduces the sensitivity to changes in life expectancies, but this remains a risk in respect of non-pensioner 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.

17 Ordinary shares of £1 each

	Number	£'000
Authorised, issued and fully paid at 31 December 2021 and 31 December 2020	28,616,241	28,616
Authorised, issued and fully paid as at 31 December 2021	28,616,241	28,616

18 Other equity instruments

	£'000
Balance at 1 January 2021	7,019
Reserves transfer on other equity instruments	20
Balance at 31 December 2021	7,039

On 10 July 2020, a fellow Amey group company, Enterprise Limited, granted an equity loan facility to the Company for a total amount of £7.0 million. This is a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points.

This loan has no specified maturity date but can be redeemed by the Company at any time. The Company also has the power to delay timing of the interest payment at its sole discretion which cannot be claimed by the lenders.

As it is at the Company's discretion to decide both the repayment of the principal and the possibility of deferring the payment of interest, the loan does not satisfy the condition to be accounted for as a financial liability since it does not include a contractual obligation to pay cash or other financial assets to discharge the liability. Accordingly, it will be classified as an equity instrument and will be recognised as "Other equity instrument". The accrued interest will be recognised in reserves and treated in the same way as dividends.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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, the Group VAT registration 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 2021, the only net liabilities arising across the Amey Group were £nil (2020 - £nil) in respect of Group borrowings and £52,955,000 (2020 - £56,824,000) 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 2021 or at 31 December 2020.

20 Capital commitments

The Company had no capital commitments at 31 December 2021 or at 31 December 2020.

21 Post balance sheet events

Change in ultimate parent undertaking

The Company is a subsidiary of Amey UK Limited (the Group). On 11 October 2022, the Group's ultimate parent undertaking, Ferrovial, S.A., announced that it had reached agreement to sell the whole of the share capital of Amey UK Limited and the other equity instruments held by Ferrovial as issued by Amey UK Limited and its subsidiary undertaking, Amey Limited to a company controlled by One Equity Partners and Buckthorn Partners. The sale of the Group is conditional on the completion of the transfer of the Waste Treatment CGU to Ferrovial, as this CGU does not form part of the Group's ongoing business that One Equity Partners and Buckthorn Partners have agreed to purchase and the approval by the Secretary of State for BEIS, as the transaction is subject to the National Security and Investment Act 2021. It is expected that the sale will be completed prior to 31 December 2022. Any change of ownership has no impact on the financial statements of the Group for the year ended 31 December 2021 and is also not expected to have any impact on the Group's operations and activities following completion of the sale.

The transaction represents an enterprise value of £400 million and an estimated equity value of approximately £245 million. The final consideration to be paid upon completion of the transaction will be adjusted by reference to the net debt and working capital figures resulting from a balance sheet prepared as of that date. The net consideration will be in the form of cash of £109 million and a vendor loan note of £136 million repayable over the next 5 years with an interest of 6% per annum, increasing to 8% after the third year. As part of the transaction, the Group consulted with the pension scheme trustees concerning the sale, who, upon advice, were content to execute a letter of agreement recording that the trustees do not consider the transaction (including the terms of the vendor loan note subordinated in favour of the pension schemes) will be materially detrimental to the ongoing employer covenant or the likelihood of accrued scheme benefits being received by members.

Accord Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

22 Controlling parties

The immediate parent undertaking is Enterprise Limited (formerly Enterprise plc).

The ultimate parent undertaking, the ultimate controlling party and the largest group to consolidate these financial statements is Ferrovial, S.A., a company incorporated in Spain.

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

Copies of the Ferrovial, S.A. consolidated financial statements can be obtained from the Ferrovial, S.A. registered office as follows:

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

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

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

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

The Company Secretary
Amey UK Limited
Chancery Exchange
10 Fumival Street
London EC4A 1AB
United Kingdom