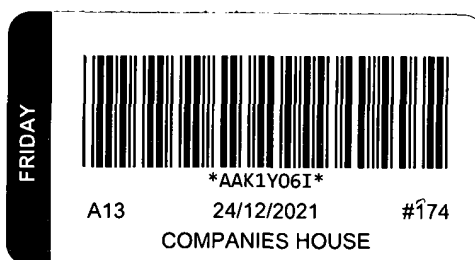


**AmeyCespa (MK) Holding Co Limited**  
Annual report and financial statements  
For the year ended 31 December 2020  
Company Registration Number 08538303



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<b>Directors</b>	J G Connelly F Hevia Gonzalez
<b>Secretary</b>	Sherard Secretariat Services Limited
<b>Company number</b>	08538303
<b>Registered office</b>	Chancery Exchange 10 Furnival Street London United Kingdom EC4A 1AB
<b>Auditor</b>	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading United Kingdom RG1 3BD

## **Strategic report**

The Directors present their strategic report for the Parent Company and the Group together with the audited financial statements for the year ended 31 December 2020. The Group comprises AmeyCespa (MK) Holding Co Limited ("the Parent Company") and its wholly owned subsidiary, AmeyCespa (MK) SPV Limited.

## **Business review**

On 26 June 2013 the Group entered into a project agreement with Milton Keynes Council for the design, installation, operation and maintenance of residual waste treatment facilities under a public-private partnership (PPP) concession for a period of 18 years.

## **Future developments**

The Group will continue in 2021 to deliver the waste management services that are stipulated under the PFI concession contract and focus on optimising the operational efficiency of the facility.

As part of a reorganisation of companies within the Ferrovial, S.A. (Ferrovial) and Amey UK plc (Amey) groups, the intermediate ownership and control of the Group is planned to be transferred from Amey to Thalia Waste Treatment B.V. (Thalia), a company incorporated in the Netherlands. Thalia is a wholly owned subsidiary of Ferrovial. Ferrovial have indicated that the Group does not form part of their planned divestment of Amey and that they will maintain ownership of Thalia for the foreseeable future.

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

## **Performance**

The Group's performance reflects the position under the PPP concession contract. The Service Commencement Date occurred on 13 March 2018, signalling the commencement of the operations and maintenance phase of the project. Further detail on the recognition of revenue is included in the accounting policies on page 17.

The results for the year are shown on page 12 in the income statement. This shows total revenue for the year of £13,172,000 (2019: £11,749,000) and profit from operations of £788,000 (2019: £151,000). Net finance expense for the year amounted to £1,223,000 (2019: £1,149,000) and loss after tax was £352,000 (2019: £2,750,000).

## **Financial performance**

The Group has modelled the anticipated financial outcome of the project across its full term. The Group monitors actual financial performance against anticipated performance. The income and expenditure for the year ended 31 December 2020 – which are based on fixed long-term contracts – were in line with the Directors' expectations.

## **Safety performance**

The Group is committed to providing a safe environment for its sub-contractors and those impacted by its activities. Safety reports are provided at each board meeting. These are reviewed by the Directors who monitor actual performance against anticipated performance using industry benchmarks. Appropriate action is taken where necessary in order to ensure that all matters raised are fully resolved and are compliant with safety regulations.

## **Strategic report** *(continued)*

### **Key performance indicators**

The Directors consider revenue, profit from operations, profit before tax and profit after tax and achievement of milestones under the PPP concession to be the key performance indicators of the Group and are satisfied with the performance in the year.

### **Financial risk, principal risks and uncertainties**

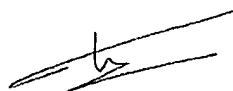
Under the terms of the project agreement, the Group is required to meet certain key performance targets. The Directors review actual performance against those targets on a regular basis to mitigate risks arising from contract activities.

The Group's main commercial risks during the year are attributable to the delivery of the capital infrastructure on the PPP concession contract. The risk of operational revenue deductions on the service and the maintenance elements of the PPP concession contract are passed to the sub-contractors as a pass-through cost, as is the risk of asset renewal expenditure.

The Group's credit risk is primarily attributable to its receivables on the PPP contract which is held with a local authority. This risk is mitigated by maintaining a strong relationship with the Group's customer.

The Group's cash flow risk is managed by monitoring cash flow as part of the day-to-day control procedures. The Directors consider cash flow projections to ensure appropriate facilities are available to be drawn upon as necessary.

**At a meeting of the board of Directors on 22 December 2021, F Hevia Gonzalez was authorised to approve and issue the financial statements for the year ended 31 December 2020.**



**F Hevia Gonzalez**  
Director  
Chancery Exchange  
10 Furnival Street  
London  
United Kingdom  
EC4A 1AB

22 December 2021

## **Directors' report**

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

## **Strategic report**

A review of the performance of the Group is included in the strategic report on page 2 by cross-reference, and future developments of the Group are discussed below.

## **Principal activities**

The Group's principal activities are the design, installation, operation and maintenance of residual waste treatment facilities under a public-private partnership concession for a period of 18 years from May 2013 to August 2031, pursuant to a project agreement with Milton Keynes Council ("the Authority") dated 26 June 2013.

## **Principal risks and uncertainties**

The principal risks and uncertainties facing the Group are set out in the strategic report on page 3 and form part of this report by cross-reference.

## **Dividends**

The Directors do not recommend the payment of a final dividend (2019: £nil). During the year the Directors did not approve the payment of an interim dividend (2019: £nil).

## **Policy on slavery and human trafficking**

In accordance with the Modern Slavery Act 2015, the Group is committed to ensuring that there is no modern slavery or human trafficking in our supply chain, 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 plc website ([www.amey.co.uk](http://www.amey.co.uk)) and an abridged statement is included in the financial statements of the Group's intermediate parent company, Amey UK plc.

## **Going concern**

After making enquiries and based on the assumptions outlined in note 1 to the financial statements, the Directors have concluded that the Group 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.

## **Directors**

The Directors who held office during the year and to the date of this report unless otherwise stated were as follows:

J G Connelly	Resigned and re-appointed 13 March 2020
A Ghafoor	Resigned 13 March 2020
F Hevia Gonzalez	

## **Directors' report** *(continued)*

### **Directors' indemnities**

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

### **Climate change**

The Directors do not consider climate change to be a principal risk or uncertainty at this time, specifically because the Group's core revenue stream, being the provision of waste processing services to Milton Keynes Council, is protected against changes in government policy around climate change under the terms of its project agreement with the local authority, which provides a mechanism to compensate the Group in the event that any legislative change affects the Group's ability to perform its obligations under the agreement. In addition, the Group is not exposed to any future rise in the rate of landfill tax that may arise in an effort by government to promote recycling, as it passes through any landfill tax costs to its customer. The Board will review any specific required disclosures as and when mandatory Climate Change reporting becomes applicable but which is not expected until 2022.

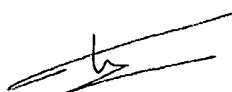
### **Auditor**

Each of the persons who are a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

At a meeting of the Board of Directors on 22 December 2021, F Hevia Gonzalez was authorised to approve and issue the financial statements for the year ended 31 December 2020.



**F Hevia Gonzalez**  
Director  
Chancery Exchange  
10 Furnival Street  
London  
United Kingdom  
EC4A 1AB

22 December 2021

## 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Parent Company 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 the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **Independent auditor's report to the members of AmeyCespa (MK) Holding Co Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion:

- the financial statements of AmeyCespa (MK) Holding Co Limited ("the Parent Company") and its subsidiary (together, "the Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AmeyCespa (MK) Holding Co Limited which comprise:

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

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements 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 Group and the Parent 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.

**Independent auditor's report to the members of AmeyCespa (MK) Holding Co Limited *(continued)***

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

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

We have nothing to report in this regard.

**Responsibilities of directors**

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

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent 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 Group and Parent Company or to cease operations, or have no realistic alternative but to do so.

**Independent auditor's report to the members of AmeyCespa (MK) Holding Co Limited *(continued)***

**Auditor's responsibilities for the audit of the financial statements**

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

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

**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 Group's industry and its control environment, and reviewed the Group'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 Group 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 and tax legislation and regulations; 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 Bribery Act 2010, health and safety laws, pensions legislation and General Data Protection Regulation (GDPR).

We discussed among the audit engagement team including relevant internal specialists such as financial instruments, PFI, 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.

**Independent auditor's report to the members of AmeyCespa (MK) Holding Co Limited *(continued)***

**Extent to which the audit was considered capable of detecting irregularities, including fraud *(continued)***

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 in construction and other long term contracts including the risk in the valuation of accrued income and also that of the completeness of onerous contract provisions – We have isolated the significant risk within revenue recognition to be in respect of those output specification contracts where the revenue calculation is driven by a full cost to complete model and revenue is not simply recognised over time. Embedded within these contracts are a number of assumptions that drive the cost to complete which was a focus of our audit work and challenge. In addressing this significant risk, we have:
  - obtained an understanding of management's process for monitoring revenue recognition in construction contracts and performed a walkthrough of the process;
  - used qualitative and quantitative criteria to identify contracts for testing across all of the Company;
  - performed focused substantive testing on the sampled contracts and challenged and evaluated assumptions in the cost to complete models;
  - analysed and evaluated recognition of revenue based on the percentage of completion of the projects;
  - corroborated the appropriate timing of revenue recognition (based on the percentage completion model and therefore testing the transactional cost listing) and subsequent credit notes; and
  - analysed, challenged and tested budgeted losses on construction projects to test the reasonableness of the future loss provision position or the absence thereof.

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 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.

**Independent auditor's report to the members of AmeyCespa (MK) Holding Co Limited (continued)**

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

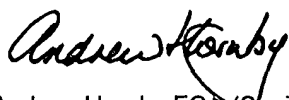
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Hornby FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom  
Date: 22 December 2021

**Consolidated income statement**  
**For the year ended 31 December 2020**

	<b>Notes</b>	<b>2020 £000</b>	<b>2019 £000</b>
Revenue	4	13,172	11,749
Cost of sales		(11,362)	(10,831)
<b>Gross profit</b>		<b>1,810</b>	<b>918</b>
Administrative expenses		(1,022)	(767)
<b>Operating profit</b>	5	<b>788</b>	<b>151</b>
Finance income	7	-	11
Finance expense	7	(1,223)	(1,160)
<b>Loss before tax</b>		<b>(435)</b>	<b>(998)</b>
Tax credit/(charge)	8	83	(1,752)
<b>Loss after tax</b>		<b>(352)</b>	<b>(2,750)</b>

All of the above relates to continuing activities.

The notes on pages 17 to 31 form part of these financial statements.

**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2020**

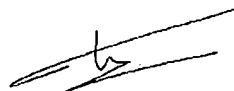
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
		<b>£000</b>	<b>£000</b>
<b>Loss after tax for the year</b>		<b>(352)</b>	<b>(2,750)</b>
<b>Total comprehensive expense for the year attributable to:</b>			
Equity shareholder of the Company		<u><b>(352)</b></u>	<u><b>(2,750)</b></u>

The notes on pages 17 to 31 form part of these financial statements.

**Consolidated balance sheet  
As at 31 December 2020**

	Notes	2020 £000	2019 £000
<b>Non-current assets</b>			
Intangible asset	9	21,206	22,937
Deferred tax asset	13	-	-
		<u>21,206</u>	<u>22,937</u>
<b>Current assets</b>			
Trade and other receivables	10	3,999	2,482
Cash and cash equivalents		829	141
		<u>4,828</u>	<u>2,623</u>
<b>Total assets</b>		<u>26,034</u>	<u>25,560</u>
<b>Current liabilities</b>			
Trade and other payables	11	(4,942)	(3,049)
Loans and borrowings	12	(2,446)	(1,039)
		<u>(7,388)</u>	<u>(4,088)</u>
<b>Net current liabilities</b>		<u>(2,560)</u>	<u>(1,465)</u>
<b>Non-current liabilities</b>			
Trade and other payables	11	(19,475)	(21,206)
Loans and borrowings	12	(7,442)	(8,185)
		<u>(26,917)</u>	<u>(29,391)</u>
<b>Total liabilities</b>		<u>(34,305)</u>	<u>(33,479)</u>
<b>Net liabilities</b>		<u>(8,271)</u>	<u>(7,919)</u>
<b>Issued capital and reserves attributable to Equity shareholder of the Company</b>			
Called-up share capital	14	50	50
Retained losses	15	(8,321)	(7,969)
<b>Total shareholders' deficit</b>		<u>(8,271)</u>	<u>(7,919)</u>

The financial statements of AmeyCespa (MK) Holding Co Limited, registered number 08538303, on pages 12 to 31 were approved and authorised for issue by the Board of Directors on 22 December 2021 and were signed on its behalf by:



**F Hevia Gonzalez**  
Director

The notes on pages 17 to 31 form part of these financial statements.



**Consolidated statement of changes in equity**  
**For the year ended 31 December 2020**

	<b>Called-up share capital £000</b>	<b>Retained losses £000</b>	<b>Total £000</b>
Balance at 1 January 2019	50	(5,219)	(5,169)
Profit for the year	-	(2,750)	(2,750)
Total comprehensive expense for the year	-	(2,750)	(2,750)
Balance at 31 December 2019	<u>50</u>	<u>(7,969)</u>	<u>(7,919)</u>
 Balance at 1 January 2020	 50	 (7,969)	 (7,919)
Profit for the year	-	(352)	(352)
Total comprehensive expense for the year	-	(352)	(352)
Balance at 31 December 2020	<u>50</u>	<u>(8,321)</u>	<u>(8,271)</u>

The notes on pages 17 to 31 form part of these financial statements.

**Consolidated statement of cash flows**  
**For the year ended 31 December 2020**

	Notes	2020 £000	2019 £000
Loss before tax for the year		(435)	(998)
<i>Adjustments for:</i>			
Finance income	7	-	(11)
Finance expense	7	1,223	1,160
		<u>788</u>	<u>151</u>
Increase in trade and other receivables		(1,434)	(1,061)
Increase in trade and other payables		1,893	142
<b>Cash generated from/(used in) operations</b>		<u>1,247</u>	<u>(768)</u>
Interest received		-	11
Interest paid	18	(559)	(1,186)
Tax refund received		-	425
<b>Net cash generated from/(used in) operations</b>		<u>688</u>	<u>(1,518)</u>
<b>Cash flows from financing activities</b>			
Payment of shareholder loan liabilities		-	(744)
<b>Net cash used in financing activities</b>		<u>-</u>	<u>(744)</u>
Net increase/(decrease) in cash and cash equivalents		<u>688</u>	<u>(2,262)</u>
Cash and cash equivalents at beginning of year	18	141	2,403
<b>Cash and cash equivalents at end of year</b>	18	<u>829</u>	<u>141</u>

The notes on pages 17 to 31 form part of these financial statements.

## **Notes to the financial statements**

*(forming part of the financial statements)*

### **1 Accounting policies**

AmeyCespa (MK) Holding Co Limited ("the Parent Company") is a private company limited by shares, incorporated under the Companies Act 2006 and domiciled in the United Kingdom and registered in England & Wales (company registration number 08538303). The Parent Company's registered address is specified in the strategic report on page 3. The principal activities of AmeyCespa (MK) Holding Co Limited and its subsidiary (together, "the Group") are the design, installation, operation and maintenance of residual waste treatment facilities under a public-private partnership concession. The Group's parent company and ultimate parent undertaking are disclosed in note 17 on page 30.

#### ***Basis of preparation***

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

#### ***Presentation and functional currency***

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

The financial statements have been prepared on an accruals basis and on the historical cost basis.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

#### ***New accounting standards***

#### ***New standards, amendments and interpretations adopted by the United Kingdom and mandatorily applicable for the first time in 2020***

On 1 January 2020, the following additional standards which might have had an impact on the financial statements came into force in the United Kingdom:

Conceptual framework	Amendments to references to the conceptual framework in IFRS standards
Amendments to IFRS 3	Definition of business
Amendments to IAS 1 and IAS 8	Definition of material
Amendment to IFRS 4	Extension of temporary exemption in applying IFRS 9

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

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### New accounting standards (continued)

#### New standards, amendments and interpretations mandatorily applicable in annual reporting periods after 2020

The other new standards, amendments and interpretations approved by the IASB and approval status for use in the United Kingdom at 31 December 2020 and which are not expected to have an impact for the Group are as follows:

New standards, amendments and interpretations		Date applicable from	Approval status
Amendments to IFRS 16	COVID-19-related rent concessions	30/06/2020	Approved
Amendment to IAS 37	Onerous contracts	01/01/2022	Not approved
Annual improvements	2018-2020 cycle	01/01/2022	Not approved
Amendment to IAS 16	Property, plant and equipment: proceeds before intended use	01/01/2022	Not approved
Amendment to IFRS 3	Conceptual framework	01/01/2022	Not approved
IFRS 17	Insurance contracts	01/01/2023	Not approved
Amendment to IAS 1	Classification of liabilities as current or non-current	01/01/2023	Not approved
Amendments to IFRS 10 and IAS 8	Sale or contribution of assets between investor and its associate or joint	Deferred indefinitely	Not approved

The Group will not adopt these new standards, amendments and interpretations early for the year ended 31 December 2020 but will adopt them in line with the commencement date stated above.

#### Going concern

The Company is a subsidiary of Amey UK plc (the Group) and its financial resources are managed on a group basis. The Company has also received written confirmation from the intermediate parent undertaking, Amey UK plc, 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, finance 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 plc financial statements as are details of finance risks.

The Directors have considered the implications behind the Ferrovial, S.A. Group's strategic decision to divest the Amey UK plc Group. This decision does not impact the Company's day to day operations. Ferrovial has confirmed to Amey that, if it is unable to find a buyer that can demonstrate that it has plans to ensure that the Company will continue to be able to meet its liabilities as they fall due during the period of 12 months from the date of approval of these financial statements, Ferrovial will maintain its shareholding in the Company for that period.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### *Going concern (continued)*

The Directors have also received confirmation from Ferrovial that in the event that Amey no longer has an interest in the Company, then Ferrovial will maintain its shareholding in the Company from that point and will also provide such financial support as is required during the period of 12 months from the date of approval of these financial statements.

The Group's key external banking facilities are eight bilateral facility agreements across HSBC Bank plc, Royal Bank of Canada, The Royal Bank of Scotland plc and Santander. These agreements total £168 million, having been increased in total by £8m since 31 December 2020, and mature in July 2022. A subsidiary company of the Group also has an additional facility of £12 million with The Royal Bank of Scotland plc which matures in July 2022. Additionally, with effect on 31 December 2020, shareholder loans of £85 million were extinguished as part of a further recapitalisation of the Group for additional total equity of

At 31 December 2020, £160 million of the then extant bilateral facilities were undrawn and the Group also held £71 million of unrestricted cash on the Group balance sheet with £22 million of other bank loans drawn down. The latest Group cash flow forecasts show that the Group does not require the expiring facilities to be renewed in July 2022 as the Group will have sufficient cash resources from then onwards to support its ongoing working capital requirements. Nevertheless, early indications are that lenders would be willing to extend.

Notwithstanding this improved financial strength, the Directors of the Group have reviewed a number of factors including:

- the future business plans of the Group (comprising the results for 2020 and to August 2021, the latest forecast to December 2021 and the draft strategic plan for 2022 to 2025);
- the availability of core and ancillary financing facilities including those provided by Ferrovial;
- the compliance with the related net debt/EBITDA banking covenant which must remain under 3.00x;
- 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 2021; and
  - a Reasonable Worst Case ('RWC') forecast which applies sensitivities against the Base Case.

The RWC forecast looks at the following key sensitivities:

- a reduction to the Group's EBITDA of £15.5 million in 2021 and £38.7 million in 2022 to reflect the ongoing volatility in the UK trading performance and sector dynamics;
- additional sensitivity around the timing of receipts;
- assumption allowing for a further reduction in the number of days outstanding of trade payables;
- a significant delay in the dates budgeted for the sale of the non-core businesses; and
- full repayment of the Group's banking facilities in 2021 (£11m) and 2022 (£180m).

The Directors note that the COVID-19 pandemic has had a material impact on the Group's earnings during the year ended 31 December 2020 however the impact was primarily in the 2nd and 3rd quarters of that year. As the Group gained more clarity over the key worker status and new working practices the impact on day to day operations reduced significantly during the last quarter and as, evidenced by minimal effect of the second national lockdown, the Group does not anticipate any further impacts even if further lockdowns are required. As a consequence, the RWC does not consider any impact specifically due to subsequent COVID-19 waves, although the business case sensitivities analysed allow for a worsening trading environment.

## Notes to the financial statements *(continued)*

### 1 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 in order to mitigate any significant additional reductions in headroom due to unforeseen events which would include actions such as delaying Ferrovial management fees and interest and payments to suppliers. The increased liquidity of these actions give comfort to managements that it would have enough headroom to manage such unforeseen impacts.

The Board has also considered the implications behind the ongoing strategic decision of Ferrovial to divest its Services portfolio, reconfirmed in February 2021. This decision does not impact Amey's day-to-day operations and, in any event, as the Group does not rely on Ferrovial contractual guarantees there are no implications to the ongoing trading operations of the Group after a sale. The impact on our financing arising from a change of control would be as follows:

- Our external facilities totalling £168 million may become due for repayment subject to the change of control requirements which require the buyer to be of equivalent credit rating to our ultimate parent company; and
- The £45 million consideration still outstanding to Amey Birmingham Highways Limited would be immediately payable under the terms of the settlement agreement with them.

Notwithstanding the above, the Board of Amey consider that the Group remains a going concern status in the event of a sale. In making this decision the Board has assessed the following points:

- Ferrovial's chief executive has stated and reconfirmed in February 2021 that Ferrovial will only sell Amey for full value. The implication of this is that the successful buyer would stand to lose its full investment if it had not arranged for suitable refinancing, waivers or alternative plans for the business to enable it to continue trading. The Board believes, based on evidence gained during the sale process in 2019, that a sale to a buyer that could not demonstrate its capability to ensure Amey remains appropriately funded to be highly improbable and the Board therefore expects Amey to be a going concern, with suitable financing after such sale;
- Since the previous set of financial statements there has been ongoing dialogue between the board members of Amey and board members and senior executives of Ferrovial. These conversations give the Board comfort that Ferrovial is committed to an orderly sale process to a reputable buyer with appropriate financial standing. Ferrovial's actions, such as the recent conversion of additional debt to equity have been evidence of Ferrovial's support to Amey and consistent with these verbal assurances. Given the 20-year association between Ferrovial and Amey, the £160 million of additional funding in the last three years, the existing investments that Ferrovial has in the UK outside of Amey and Ferrovial's strong social and business values, the Board consider it to be highly improbable that Ferrovial would jeopardise its reputation by undertaking a fire-sale at undervalue; and
- Ferrovial is fully aware of the powers of the trustees under the governing documents of the defined benefit pension schemes and of the regulatory regime operated by the Pension Regulator and would have regard, as appropriate, to factors relating to the defined benefit pension schemes on any sale.

In summary, since Amey's last set of financial statements for the year ended 2019 signed in June 2020, Ferrovial has extinguished substantial loans to the Group and provided additional equity. The Group has also settled all the sums due in 2019 and 2020 in respect of the Birmingham contract. The Directors believe that Amey is in a stable operating environment with clear evidence that Ferrovial continues to be a supportive shareholder who will ensure that Amey continues to operate successfully for the foreseeable future.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Revenue recognition**

Turnover comprises unitary revenue recognised by the Group in respect of services supplied, landfill tax pass-through revenue and other pass-through revenue, all exclusive of Value Added Tax and trade discounts. Turnover from waste disposal activities is recognised on receipt of the waste.

Revenue from other contract activities represents fee income receivable in respect of services provided during the year. Estimates are included of amounts not yet invoiced.

All revenue excludes Value Added Tax.

#### **Financial assets**

The Group classifies its financial assets as loans and receivables as discussed below. The Group has not classified any of its financial assets as held to maturity or available for sale.

The Group's accounting policy for each category is as follows:

##### *(i) Financial assets – loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables) under PFI/PPP contracts but also incorporate other types of contractual monetary asset. They are carried at cost less any provision for impairment. Interest bearing financial assets are subsequently measured at amortised costs using the effective interest rate (EIR) method. Interest calculated in accordance with this policy is recognised in finance income in the income statement.

The other loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

#### **Financial liabilities**

Trade payables and other short-term monetary liabilities are recognised at amortised cost.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### ***Called-up share capital***

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

#### ***Intangible asset***

The financial asset and intangible asset split is based on the proportion of "guaranteed" consideration received from the Authority (the financial asset), relative to total expected consideration (calculated on an NPV basis excluding "pass-through" consideration). The balance between the financial asset proportion and the fair value of the construction services is reflected as an intangible asset. The only "guaranteed" element of consideration from the Authority is the capital contribution. The sponsor's solution proposes a variable payment from the Authority on the basis of waste procured by the sponsor under the Authority's right to exercise first call over a finite element of annual waste processing capacity. These variable payments have been treated as relating to the intangible asset as they are not "guaranteed" consideration receivable from the Authority.

At practical completion of the construction of the waste treatment facilities, a capital contribution was received from the Authority. On the basis that this capital contribution represents a "guaranteed" element of consideration from the Authority, it has been allocated against the financial asset, but only to the extent that it reduces the balance to £nil, and does not result in a negative financial asset.

To the extent that the capital contribution balance received exceeds the financial asset at practical completion, this has been recognised as a "payment on account" within the liabilities section of the balance sheet. This is on the basis that the payment made is in advance of services to be delivered during the operational period. The release profile of the payment on account in any given period is the amount of the Authority waste for that period as a proportion of the total Authority waste for the remainder of the concession (including that given period).

Amortisation is included in cost of sales in the income statement. The Group is amortising the intangible asset on a straight-line basis over the remaining term of the public-private partnership concession period to March 2033.

#### ***Taxation***

The tax payable represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.



## **Notes to the financial statements** *(continued)*

### **1 Accounting policies** *(continued)*

#### ***Deferred taxation***

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable company. Deferred tax is not discounted.

### **2 Critical accounting judgements and key sources of estimation uncertainty**

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. There are no key sources of estimation uncertainty.

### **3 Financial instruments – risk management**

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

#### ***Principal financial instruments***

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Financial assets

A summary of the financial instruments held by category is provided over the page.

## Notes to the financial statements *(continued)*

### 3 Financial instruments – risk management *(continued)*

#### **Financial assets**

Financial assets are classified as trade and other receivables and intangible assets.

#### **General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### **Credit risk**

The Group's main financial assets are cash and cash equivalents, trade and other receivables. The Group's credit risk is mainly attributable to its public sector trade receivables from local authorities and is therefore considered by the Directors to be very minimal. The amounts are carried on the balance sheet net of any provision for doubtful receivables estimated by the Directors based on experience and an evaluation of prevailing economic circumstances.

None of the financial assets are past due.

#### **Liquidity risk**

Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding and settlement management. In addition, liquidity and funding risks, as well as related processes and policies, are overseen by management. The Group manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

#### **Capital structure**

The Group manages its cash, overdrafts and equity as capital. The Group's principal objective is to ensure that the Group has sufficient capital to fund its operations. In developing business plans, management consider the likely capital requirements and how to fund these requirements.

The Group's capital was summarised as follows:	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	<b>829</b>	<b>141</b>
Total shareholder's deficit	<b>(8,271)</b>	<b>(7,919)</b>
Total capital	<b><u>(7,442)</u></b>	<b><u>(7,778)</u></b>

## Notes to the financial statements *(continued)*

### 4 Revenue

An analysis of the Group's revenue is as follows:

	2020 £000	2019 £000
<b>Continuing operations</b>		
Waste processing services	<u>13,172</u>	<u>11,749</u>

### 5 Operating profit

	2020 £000	2019 £000
Operating profit is stated after charging:		
Auditor's remuneration relating to the audit of the financial statements	25	13
Amortisation of intangible asset	1,731	1,731
	<u>1,756</u>	<u>1,744</u>

### 6 Directors and key management personnel remuneration

No staff were directly employed by the Group (2019: none). Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractors' service charge.

None of the Directors received emoluments directly from the Group (2019: nil). Payments of £57,000 were made in the year for services of Directors to their employers (2019: £56,000).

### 7 Finance income and expense

	2020 £000	2019 £000
<b>Finance income</b>		
Interest on bank deposits	-	7
Other interest receivable	-	4
Total finance income	<u>-</u>	<u>11</u>
<b>Finance expense</b>		
Interest payable on shareholder loan	1,223	1,160
Total finance expense	<u>1,223</u>	<u>1,160</u>
<b>Net finance expense recognised in the income statement</b>	<u>(1,223)</u>	<u>(1,149)</u>

**Notes to the financial statements (continued)**

**8 Taxation**

	2020 £000	2019 £000
<i>Current tax</i>		
Current year credit	83	190
Prior year credit	-	2,357
	<u>83</u>	<u>2,547</u>
<i>Deferred tax</i>		
Prior year adjustment	-	(4,299)
	<u>-</u>	<u>(4,299)</u>
Total tax credit/(charge)	<u>83</u>	<u>(1,752)</u>
Loss before tax	(435)	(998)
Expected tax credit based on the standard rate of United Kingdom corporation tax at the domestic rate of 19% (2019: 19%)	83	190
Prior year adjustment	-	(1,942)
Total tax credit/(charge)	<u>83</u>	<u>(1,752)</u>

On 11 March 2021, Finance Bill 2021 was published which includes provision for the main rate of UK Corporation Tax to increase to 25% from 1 April 2023. As the rate change will be enacted after the balance sheet date, it is a non-adjusting post balance sheet event.

**9 Intangible asset**

	2020 £000
<i>Cost</i>	
At 1 January 2020	26,129
Additions	-
<b>At 31 December 2020</b>	<u><b>26,129</b></u>
<i>Amortisation</i>	
At 1 January 2020	3,192
Charge for the year	1,731
<b>At 31 December 2020</b>	<u><b>4,923</b></u>
<i>Net book value</i>	
<b>At 31 December 2020</b>	<u><b>21,206</b></u>
At 1 January 2020	<u>22,937</u>

Note 1 includes a description of what the intangible asset relates to and the associated accounting policy adopted by the Group.

**Notes to the financial statements (continued)**

**10 Trade and other receivables**

	2020 £000	2019 £000
Trade receivables	2,126	794
Amounts due from fellow group undertakings	273	190
Other receivables	1,600	1,498
	<u>3,999</u>	<u>2,482</u>

**11 Trade and other payables**

	2020 £000	2019 £000
<b>Current</b>		
Trade creditors	1,989	-
Amounts owed to fellow group undertakings	-	-
Accruals	1,047	1,318
Other creditors	-	-
Other tax and social security	175	-
Deferred income	1,731	1,731
	<u>4,942</u>	<u>3,049</u>
<b>Non-current</b>		
Deferred income	19,475	21,206
Total financial liabilities, excluding loans and borrowings classified as financial liability measured at amortised cost	<u>24,417</u>	<u>24,255</u>

Amounts owed to fellow group undertakings are unsecured and payable on demand. Book values approximate to fair value at 31 December 2020.

## Notes to the financial statements (continued)

### 12 Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	Book and fair value 2020 £000	Book and fair value 2019 £000
<b>Current</b>		
Shareholder loan	2,446	1,039
<b>Non-current</b>		
Shareholder loan	7,442	8,185
Total loans and borrowings	<u>9,888</u>	<u>9,224</u>

Book values approximate to fair value at 31 December 2020.

Principal terms and the debt repayment schedule of the Group's borrowings are as follows as at 31 December 2020:

	Currency	Nominal rate %	Year of maturity
Shareholder loan fixed interest rate	Sterling	12.50%	2031

### 13 Deferred tax asset

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19%.

The movement on the deferred tax account is as shown below:

	2020 £000	2019 £000
At beginning of year	-	4,299
<i>Recognised in the income statement</i>		
Tax charge	-	-
Prior Year Adjustment	-	(4,299)
At 31 December	<u>-</u>	<u>-</u>

On 11 March 2021, Finance Bill 2021 was published which includes provision for the main rate of UK Corporation Tax to increase from the current rate of 19% to 25% from 1 April 2023. This will increase the Group's future tax charge accordingly. There are currently no deferred tax assets held on the balance sheet.

**Notes to the financial statements** *(continued)*

**14 Called-up share capital**

	2020 Number	2020 £000	2019 Number	2019 £000
<b>Authorised, issued and fully paid</b>				
Ordinary shares of £1 each	<u>50,000</u>	<u>50</u>	<u>50,000</u>	<u>50</u>

**15 Reserves**

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Retained earnings	All net gains and losses and transactions with owners not recognised elsewhere.

**16 Related party transactions**

During the year the Group entered into the following transactions with related parties:

	2020 Purchase of goods/ services £000	2020 Amounts owed to related parties £000
<b>Amey UK plc group and subsidiaries</b>		
Amey Ventures Asset Holdings Limited	612	4,944
AmeyCespa (MK) ODC Limited	9,551	2,017
Amey Ventures Management Services Limited	144	-
Cespa Ventures Limited	640	5,001
	<u>10,947</u>	<u>11,962</u>
	2019 Purchase of goods/ services £000	2019 Amounts owed to/(due from) related parties £000
<b>Amey UK plc group and subsidiaries</b>		
Amey Ventures Asset Holdings Limited	965	4,612
AmeyCespa (MK) ODC Limited	613	(240)
Amey Ventures Management Services Limited	168	-
Cespa Ventures Limited	993	4,612
	<u>2,739</u>	<u>8,984</u>

## Notes to the financial statements (continued)

### 16 Related party transactions (continued)

Amounts due from/(owed to) related parties are classified in the financial statements as follows:

	Accrued income £000	Other receivables £000	Accruals £000	Trade and other creditors £000	Total £000
<b>2020</b>					
Amey Ventures Asset Holdings Limited	-	-	-	(2,472)	(2,472)
AmeyCespa (MK) ODC Limited	933	-	(961)	(1,989)	(2,017)
Amey Ventures Management Services Lin	-	-	-	-	-
Cespa Ventures Limited	-	-	(57)	(2,472)	(2,529)
	<u>933</u>	<u>-</u>	<u>(1,018)</u>	<u>(6,933)</u>	<u>(7,018)</u>
<b>2019</b>					
Amey Ventures Asset Holdings Limited	-	-	-	(4,612)	(9,224)
AmeyCespa (MK) ODC Limited	624	871	(1,255)	-	240
Cespa Ventures Limited	-	-	-	(4,612)	-
	<u>624</u>	<u>871</u>	<u>(1,255)</u>	<u>(9,224)</u>	<u>(8,984)</u>

All balances are unsecured, and no other company acts a guarantor for the amounts outstanding. During the period under review, no amount has been set aside as a provision for non-payment of any of the amounts outstanding at the year end (2019: £nil). During the year no amounts have been written off as irrecoverable (2019: £nil).

### 17 Ultimate parent undertaking

AmeyCespa (MK) Holding Co Limited is under the joint ownership and control of Amey Ventures Asset Holdings Limited and Cespa Ventures Limited.

Amey Ventures Asset Holdings Limited is a wholly owned subsidiary within the Amey UK plc group, whose ultimate parent is Ferrovial, S.A., a company incorporated in Spain.

Cespa Ventures Limited is a wholly owned subsidiary of Cespa, Compañía Española De Servicios Públicos Auxiliares, S.A., a company incorporated in Spain, whose ultimate parent is Ferrovial, S.A., also incorporated in Spain.

As such, the ultimate parent undertaking and controlling party is Ferrovial, S.A. The consolidated financial statements of Ferrovial, S.A. can be obtained from that company's registered office: Calle Principe de Vergara 135, 28002 Madrid, Spain.



Notes to the financial statements *(continued)*

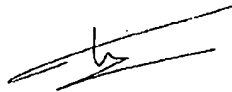
**18 Analysis of changes in net debt**

	At 1 January 2020 £000	Cash flows £000	Other non- cash changes £000	At 31 December 2020 £000
Cash at bank and in hand	141	688	-	829
Loans and borrowings	(9,224)	559	(1,223)	(9,888)
	<u>(9,083)</u>	<u>1,247</u>	<u>(1,223)</u>	<u>(9,059)</u>

**Company balance sheet**  
**As at 31 December 2020**

	Notes	2020 £000	2019 £000
<b>Non-current assets</b>			
Investment in subsidiary undertaking	22	50	50
<b>Total assets</b>		<u>50</u>	<u>50</u>
<b>Issued capital and reserves attributable to equity shareholders of the Parent Company</b>			
Called-up share capital	23	50	50
Retained earnings	20	-	-
<b>Total shareholders' equity</b>		<u>50</u>	<u>50</u>

The financial statements of AmeyCespa (MK) Holding Co Limited, registered number 08538303, on pages 32 to 36 were approved and authorised for issue by the Board of Directors on 22 December 2021 and were signed on its behalf by:



**F Hevia Gonzalez**  
Director

The notes on pages 34 to 36 form part of these financial statements.

**Company statement of changes in equity**  
**For the year ended 31 December 2020**

	<b>Called-up share capital £000</b>
Balance at 1 January 2019	50
Result for the year	-
Balance at 31 December 2019	<u>50</u>
<b>Balance at 1 January 2020</b>	<b>50</b>
<b>Result for the year</b>	<b>-</b>
<b>Balance at 31 December 2020</b>	<b><u>50</u></b>

The notes on pages 34 to 36 form part of these financial statements.

**Notes to the Company's financial statements**  
*(forming part of the financial statements)*

**19 Accounting policies**

AmeyCespa (MK) Holding Co Limited ("the Company") is a private company limited by shares, incorporated under the Companies Act 2006 and domiciled in the United Kingdom and registered in England & Wales (company registration number 08538303). The Company's registered address is specified in the strategic report on page 3. The Company is a holding company and the principal activity of its subsidiary, AmeyCespa (MK) SPV Limited, is the design, installation, operation and maintenance of residual waste treatment facilities under a public-private partnership concession. The Company's parent company and ultimate parent undertaking are disclosed in note 25 on page 36.

***Basis of preparation***

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement': disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities
- Paragraph 38 of IAS 1, 'Presentation of financial statements': comparative information requirements in
  - 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': reconciliations between the carrying amount at the beginning and end of the period
- The following paragraphs of IAS 1:
  - 10(d): statement of cash flows
  - 10(f): a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements
  - 16: statement of compliance with all IFRS
  - 38A: requirement for minimum of two primary statements, including cash flow statements
  - 38B-D: additional comparative information
  - 40A-D: requirements for a third statement of financial position
  - 111: cash flow information
  - 134-136: capital management disclosures
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors': requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective
- Paragraph 17 of IAS 24, 'Related party disclosures': key management compensation
- The requirements of IAS 24: disclosure of related party transactions entered into between two or more members of a group.

## Notes to the Company's financial statements (continued)

### 19 Accounting policies (continued)

#### *Basis of preparation (continued)*

##### *Investment in subsidiary undertakings*

Investment by the Company in the shares of subsidiary undertakings are stated at cost less any provision, where in the opinion of the Directors, there has been a permanent impairment in the value of any investment.

##### *Deferred tax*

Deferred tax is recognised on all timing differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

##### *Called-up share capital*

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

### 20 Company statement of comprehensive income

AmeyCespa (MK) Holding Co Limited has taken advantage of Section 408 (2) and (3) of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Company's results for the financial year are disclosed in the Company statement of changes in equity. Result for the year was £nil (2019: £nil).

### 21 Key management personnel compensation

During the year, no remuneration was paid to the key management personnel of the Company.

### 22 Investments in subsidiary undertakings

The Company's investments are as follows:

	2020 £000	2019 £000
Investment in subsidiary	<u>50</u>	<u>50</u>

The subsidiary of AmeyCespa (MK) Holding Co Limited, which has been included in the consolidated financial statements, is:

Name and registered address	Country of incorporation	Proportion of ownership interest at 31 December 2020
AmeyCespa (MK) SPV Limited, Chancery Exchange, 10 Furnival Street, London, EC4A 1AB	United Kingdom	100%

**Notes to the Company's financial statements (continued)**

**23 Called-up share capital**

	2020 Number	2020 £000	2019 Number	2019 £000
<b>Authorised, issued and fully paid</b>				
Ordinary shares of £1 each	<u>50,000</u>	<u>50</u>	<u>50,000</u>	<u>50</u>

**24 Related party transactions**

During the year the Company did not enter into any transactions with related parties.

**25 Ultimate parent undertaking**

AmeyCespa (MK) Holding Co Limited is under the joint ownership and control of Amey Ventures Asset Holdings Limited and Cespa Ventures Limited.

Amey Ventures Asset Holdings Limited is a wholly owned subsidiary within the Amey UK plc group, whose ultimate parent is Ferrovial, S.A., a company incorporated in Spain.

Cespa Ventures Limited is a wholly owned subsidiary of Cespa UK Limited, a company incorporated in the UK, whose ultimate parent is Ferrovial, S.A., a company incorporated in Spain.

As such, the ultimate parent undertaking and controlling party is Ferrovial, S.A.

Copies of the group financial statements of Ferrovial, S.A., which is also the parent of the largest and smallest groups for which group financial statements are prepared and of which the Company is a member, can be obtained from:

Ferrovial, S.A.  
Calle Príncipe de Vergara 135  
28002 Madrid  
Spain