Amey Public Services LLP

LLP number: OC359192

Annual Report and Financial Statements

For the year ended

31 December 2018

Amey Public Services LLP

Annual Report and Financial Statements for the year ended 31 December 2018

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LLP number

OC359192

Members

Amey LG Limited
North Lanarkshire Council

Management Committee

J S Haluch
K J Jarvey
M McPake
R Steenson

Registered Office

Chancery Exchange
10 Furnival Street
London, EC4A 1AB

Auditor

Deloitte LLP
Statutory Auditor
4 Brindleyplace
Birmingham
B1 2HZ

The Members present their Strategic Report for the year ended 31 December 2018.

Principal activities

The Limited Liability Partnership ('LLP') holds a contract with North Lanarkshire Council for highways management. There have been no changes to the LLP's activities during the year.

Review of business and future developments

The income statement for the year is set out on page 7 and shows revenue of £19,597,000 (2017 – £13,047,000) and a profit for the financial year amounting to £2,284,000 (2017 – loss of £3,235,000), all of which arose on continuing activities.

The LLP saw significantly increased levels of activity in 2018 with revenue increased by 50%. This resulted in higher levels of operating profit. In addition, the 2017 results included a £1.95 million provision for future contract losses due to an uncertainty over meeting future contractual obligations. In 2018, £1.35 million of this provision has been released as the business has improved.

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

Key performance indicators

The LLP's principal key performance indicators are turnover and profit for the financial year which are shown in the income statement for the year set out on page 7.

Principal risks and uncertainties

The LLP's risks and other key performance indicators are reported and managed on a Divisional basis. To gain a further understanding of this business, details of the principal risks and uncertainties are contained in the Annual Report and Financial Statements of the intermediate parent undertaking, Amey UK plc ('the Group'), for the year ended 31 December 2018. The LLP is a member of the Highways division of the Group.

On behalf of the Members

K J Jarvey
Management Committee Member
21 November 2019

Report of the Members for the year ended 31 December 2018

The Members present their Report together with the audited financial statements of the LLP for the year ended 31 December 2018.

Future Developments and Financial Risk Management

Details of future developments and financial risk management can be found in the Strategic Report on page 1 and form part of this report by cross reference.

Designated Members

The Designated Members (together 'the Members') during the year, and up to the date of this report, were:

Amey LG Limited
North Lanarkshire Council

The Members have delegated their powers of managing and coordinating the affairs of the LLP to the Management Committee.

Management Committee

The Members of the Management Committee of the LLP during the year, and up to the date of this report, were:

J S Haluch
M McPake
R Steenson
K J Jarvey (appointed 15 March 2019)

Transactions with Members

The Members participate fully in the LLP's profits and losses, share the risks and subscribe to the LLP's capital.

The LLP's drawings policy allows Members to draw down the profits credited to it in the Member current account immediately after such profits have been credited, subject to such reasonable and proper reserve being retained for working capital requirements and other liabilities of the LLP as the Management Committee may consider reasonable.

Going Concern

After making enquiries, and based on the assumptions outlined in note 2 to the financial statements, the Members have concluded that the LLP 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. Further information regarding going concern, including a material uncertainty related to going concern, is in note 2.

Policy on slavery and human trafficking

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

Auditor

Deloitte LLP has been appointed as Auditor and has expressed their willingness to continue in office as Auditor. In accordance with s487 of the Companies Act 2006, Deloitte LLP will be re-appointed as Auditor to the LLP for the year to 31 December 2019.

All of the current Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the LLP's Auditor for the purposes of the audit and to establish that the Auditor is aware of that information. The Members are not aware of any relevant audit information of which the Auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of the Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

On behalf of the Members

K J Jarvey
Management Committee Member
21 November 2019

Members' Responsibilities Statement

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

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under these regulations, the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under these regulations, the Members 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 LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 LLP will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions, disclose with reasonable accuracy at any time the financial position of the LLP, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Amey Public Services LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Amey Public Services LLP:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in members' interests;
- the cash flow statement;
- the related notes 1 to 20.

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

Basis for opinion

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

We are independent of the Limited Liability Partnership 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.

Material uncertainty related to going concern – Proposed plans to sell the Amey Group of Companies (the Group)

We draw attention to note 2 of the financial statements concerning the proposed plans to sell the Group and the impact this will have on the Group's ability to continue as a going concern, which is dependent on the loans the Group has from its ultimate parent undertaking, Ferrovial, S.A., together with the provision of external facilities which may be withdrawn on a change of control. Whilst the Directors of the Group consider that the Group is a going concern, the intentions of future management are uncertain, including the amount of support, if any, the Group will receive in the form of guarantees or loans from its new parent. As stated in note 2, these events or conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern as it is not practicable to determine or quantify them. Our opinion is not modified in respect of this matter.

Other information

The Members 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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of Members

As explained more fully in the Members' responsibilities statement, the Members 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 Members 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 Members are responsible for assessing the Limited Liability Partnership'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 Members either intend to liquidate the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Opinions on other matters prescribed by the Companies Act 2006 as applied to limited liability partnerships

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

In the light of the knowledge and understanding of the Limited Liability Partnership 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 Members.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit; or
- the Members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Limited Liability Partnership's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

P G

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

29 November 2019

Amey Public Services LLP

Income Statement for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	4	**19,597**	13,047
Cost of sales		**(17,317)**	(16,282)
Gross profit/(loss)		**2,280**	(3,235)
Operating profit/(loss)	5	**2,280**	(3,235)
Interest receivable and similar income		**4**	-
Profit/(loss) for the financial year before Members' remuneration and profit share		**2,284**	(3,235)
Members' remuneration and profit/(loss) share credited as income/(charged as expense)		**(2,284)**	3,235
Profit for the financial year available for discretionary division amongst Members		**-**	-

The notes on pages 13 to 28 form part of these financial statements.

Statement of Comprehensive Income for the year ended 31 December 2018

	2018 £'000	2017 £'000
Profit/(loss) for the year	**2,284**	(3,235)
Total comprehensive income/(expense) for the year	**2,284**	(3,235)

The notes on pages 13 to 28 form part of these financial statements.

Balance Sheet at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Property, plant and equipment	8	-	-
Current assets			
Inventories	9	**812**	411
Trade and other receivables	10	**858**	1,003
Cash and cash equivalents		**1,284**	517
Total current assets		**2,954**	1,931
Creditors: amounts falling due within one year	11	**(4,204)**	(4,136)
Net current liabilities		**(1,250)**	(2,205)
Total assets less current liabilities		**(1,250)**	(2,205)
Provision for liabilities	12	**(606)**	(1,956)
Net liabilities attributable to Members		**(1,856)**	(4,161)
Represented by:			
Loans and other debts due to Members within one year:			
Members' capital classified as a liability		**6,230**	6,238
Members' current accounts classified within liabilities		**(8,087)**	(10,400)
Total loans and other debts due to Members within one year	13	**(1,857)**	(4,162)
Members' other interests:			
Members' capital classified as equity	14	**1**	1
Total Members' other interests		**1**	1
Total Members' interests		**(1,856)**	(4,161)

The notes on pages 13 to 28 form part of these financial statements.

The financial statements on pages 8 to 28 were authorised for issue by the Board of Members on 18 November 2019 and were signed on its behalf by:

K J Jarvey
Management Committee Member
21 November 2019

Amey Public Services LLP

Statement of Changes in Members' Interests for the year ended 31 December 2018

	Members' capital classified as a liability £'000	Members' current accounts classified within liabilities £'000	Members' capital classified as equity £'000	Total £'000
Amounts due to Members at 31 December 2016	4,406	-	1	4,407
Amounts due from Members at 31 December 2016	-	(7,165)	-	(7,165)
Members' interests at 1 January 2017	4,406	(7,165)	1	(2,758)
Members' remuneration charged as an expense	-	(3,235)	-	(3,235)
Members' interests after loss for the year	4,406	(10,400)	1	(5,993)
Loans received from Members	1,832	-	-	1,832
Members' interests at 31 December 2017	6,238	(10,400)	1	(4,161)
Amounts due to Members at 31 December 2017	6,238	-	1	6,239
Amounts due from Members at 31 December 2017	-	(10,400)	-	(10,400)
Members' interests at 31 December 2017	6,238	(10,400)	1	(4,161)
Impact of transition to IFRS 15 (see note 2)	-	29	-	29
Members' interests at 1 January 2018	6,238	(10,371)	1	(4,132)
Members' remuneration and profit share credited as income	-	2,284	-	2,284
Members' interests after loss for the year	6,238	(8,087)	1	(1,848)
Loans repaid to Members	(8)	-	-	(8)
Member's interests at 31 December 2018	**6,230**	**(8,087)**	**1**	**(1,856)**
Amounts due to Members at 31 December 2018	6,230	-	1	6,231
Amounts due from Members at 31 December 2018	-	(8,087)	-	(8,087)

The notes on pages 13 to 28 form part of these financial statements.

Cash Flow Statement for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Net cash flow from operating activities	15	**771**	(1,533)
Transactions with Members			
Loans (repaid to)/received from Members		**(8)**	1,832
Net cash flow before other financing activities	17	**763**	299
Other financing activities			
Finance income		**4**	-
		4	-
Increase in cash for the year	16	**767**	299

The notes on pages 13 to 28 form part of these financial statements.

1 General information

The Limited Liability Partnership ('LLP') holds a contract with North Lanarkshire Council for highways management. The LLP is a limited liability partnership and is registered and domiciled in the UK. The registered office is Chancery Exchange, 10 Furnival Street, London, EC4A 1AB.

2 Basis of preparation and going concern

Basis of preparation

The financial statements of the LLP have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), the historical cost convention and in accordance with The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

On 1 January 2018, the following standards which might have an impact on the financial statements came into force in the European Union: IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments, IFRIC Interpretation 22, Amendments to IFRS 2, IFRS 4 and IAS 40, and Annual Improvements to IFRS 2014-2016 cycle. No significant impact on the LLP financial statements has been identified because of these amendments, other than as identified below:

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was applied retrospectively, recognising the cumulative effect of initial application as an adjustment to the opening balances for 2018 on the balance sheet, calculated only for those contracts that were not completed contracts at 1 January 2018. Therefore, the comparative information for 2017 was not restated and continues to be presented in accordance with IAS 11 and IAS 18. The main impact of the application of IFRS 15 was to increase the equity attributable to shareholders by £29,000, the main balancing entry being an increase of £29,000 in the balance of trade and other receivables (mainly amounts to be billed for work performed). See below for further analysis.

	Balance at 31 December 2017 £'000	Adoption of IFRS 15 £'000	Balance at 1 January 2018 post IRFS 15 £'000
Current trade and other receivables	1,003	29	1,032
Other net assets	(5,164)	-	(5,164)
Net assets	**(4,161)**	**29**	**(4,132)**
Members' current accounts classified within liabilities	(10,400)	29	(10,371)
Other elements of total Members' interests	6,239	-	6,239
Total Members' interests	**(4,161)**	**29**	**(4,132)**

2 Basis of preparation and going concern *(continued)*

Basis of preparation *(continued)*

New standards or interpretations that are applicable to the LLP for accounting periods commencing on or after 1 January 2019 which are expected to have an impact on the LLP are as follows:

IFRS 16, Leases

IFRS 16 in mandatorily applicable on 1 January 2019 and the LLP does not intend to apply the standard early. Amounts in the balance sheet will be increased due to the recognition of right-of-use assets and financial liabilities for future payment obligations relating to leases classified to date as operating leases. The LLP expects to adopt the recognition exemptions permitted for short-term leases (less than twelve months) and leases for which the underlying asset is of low value. Based on the preliminary analysis of the operating leases at the end of the reporting period, an impact of approximately £0.5 million is estimated corresponding to the non-cancellable future minimum lease payments, discounted at the interest rate implicit in each lease considering the type of underlying asset, which could be comparable to the right-of-use asset and the financial liability that would have to be recognised in the balance sheet. This estimate was made by reference to the lease portfolio and market conditions existing at 31 December 2018, although this will change because of variations in underlying assumptions until the standard is effectively applied at 1 January 2019.

Other new standards or interpretations applicable to the LLP for accounting periods commencing on or after 1 January 2019 are not expected to have a material impact on the LLP.

Disclosure exemptions

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 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': reconciliations between the carrying amount at the beginning and end of the period
- The following paragraphs. of IAS 1:
  - 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
  - 38B-D: additional comparative information
  - 40A-D: requirements for a third statement of financial position
  - 134-136: capital management disclosures
- 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

2 Basis of preparation and going concern *(continued)*

Going concern

The LLP is a subsidiary of Amey UK plc (the Group) and its financial resources are managed on a group basis. The ultimate parent of the Group is Ferrovial, S.A. (Ferrovial). 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.

The Group's key external banking facilities are through five five-year bilateral facility agreements of £32 million with each of HSBC Bank plc, Lloyds Bank plc, Royal Bank of Canada, The Royal Bank of Scotland plc and Santander (Abbey National Treasury Services plc). These agreements total £160 million with £32 million maturing in July 2021, £96 million maturing in July 2022 and £32 million maturing in November 2022. At 31 December 2018, these facilities were undrawn and the Group also held £118.4 million of unrestricted cash on the Group balance sheet.

Subsequent to the year-end, the following matters that have an impact on the Group's going concern assessment occurred:

- On 29 June 2019, the Group concluded an agreement with Amey Birmingham Highways Limited (ABHL) to exit from the contract to provide highways maintenance services to Birmingham City Council. Under the settlement arrangements, the Group is obliged to pay £215 million in total to ABHL over a six-year period (£100 million on 29 June 2019, two further instalments of £30 million each at the end of September and December 2019, £10 million each year from 2020 to 2024 and £5 million in 2025), for a full release of the Group's liability in respect of the Birmingham project from all key stakeholders.

- On 29 June 2019, the Group received a new intercompany loan of £75.0 million from Ferrofin, SL which was received in cash. This loan bears interest at 1-month LIBOR plus 227 basis points and is due to repaid by 31 July 2020. This loan has been fully subordinated in favour of any amounts due to the Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Group's balance sheet; and

- On 8 July 2019, the terms and conditions of part of the Group's existing subordinated loans to Landmille Limited, which were held by a fellow subsidiary undertaking, Amey plc, were amended and £200.0 million of these loans replaced with a new Other Equity Instrument with Landmille Limited which will be classed as part of equity on the Group balance sheet. This loan instrument has no specified maturity date but can be redeemed by the Group at any time. The Group also has the power to delay timing of the interest payments at its sole discretion which cannot be claimed by the lender. The proceeds of this loan were used to reduce the existing loans of £369.0 million from Landmille Limited. The remaining loans of £169.0 million with Landmille Limited were consolidated into a new sterling revolver facility which bears interest at 1-month LIBOR plus between 372 and 472 basis points dependent on the drawn amount. This new sterling revolver facility is available until 31 July 2020. These loans have been fully subordinated in favour of any amounts due to the Group's banks under the five five-year bilateral facility agreements in place and which have recourse to the Group's balance sheet.

The impact of these transactions has been a net £85 million cash outflow together with an improved Group net asset position. This together with the impact of the timing of supplier payments, which have in certain cases been brought forward to comply with the requirements outlined in the Procurement Policy Note issue by Cabinet Office, have reduced the level of cash headroom since the year-end.

2 Basis of preparation and going concern *(continued)*

Going concern *(continued)*

In light of this reduced headroom, the Directors of the Group have reviewed a number of factors including: the future business plans of the Group (comprising the budget for 2019 and the strategic plan for 2019-2023); the availability of core and ancillary financing facilities; the compliance with the related net debt/EBITDA covenant; 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 (which includes the settlement payments agreed as a result from exiting from the Birmingham City Council Highways PFI contract and the funding structure described in the previous paragraphs) and a Reasonable Worse Case ('RWC') forecast (which applies sensitivities against the base case for reasonably possible adverse variations in performance, reflecting the ongoing volatility in UK trading performance and sector dynamics). The RWC forecast looks at the following key sensitivities: compliance with the requirements outlined in the Procurement Policy Note issue by Cabinet Office which aims to take into account a supplier's approach to payment in the procurement of major contracts; short-term timing delays in collections from customers; and longer-term reductions in performance and growth when compared to those set out in the Group's strategic plan. Even after assuming that the sensitivities outlined above will materialise the Group's cash flow forecasts show that there is sufficient liquidity to enable it to continue trading.

As noted in the Group Annual Report and Accounts, in October 2018, Ferrovial, S.A., the ultimate parent company, announced a strategic review of the markets it operates in. This review concluded in February 2019 that Ferrovial would divest their wider Services portfolio, which includes the Group. This decision does not impact 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. The impact on financing on a change of control would be as follows:

- The external facilities may become due for repayment subject to the detailed change of control requirements which are primarily dependent on the credit worthiness of the purchaser. The Directors of the Group believe that the Group would be able to renew or replace these facilities, if necessary;
- Any consideration still outstanding to Amey Birmingham Highways Limited would be immediately payable under the terms of the settlement agreement; and
- The facilities due to the parent totalling £274 million would be due for repayment in the event that this debt was not transferred to a new shareholder.

Whilst the Directors of the Group consider that the Group is a going concern, in the circumstances of any sale of the Group by the existing shareholder, the intentions of any future parent as regards shareholder financing is uncertain, including the amount of support, if any, the Group would receive from any new parent. However, as would be usual in the context of a third-party sale arrangement, the Directors of the Group would expect the existing shareholder debt to be managed in an appropriate manner as part of the sale process.

These events or conditions indicate, only in the event of a sale, the existence of a material uncertainty which may cast significant doubt about the Group's, and therefore the LLP's, ability to continue as a going concern. These financial statements do not include the adjustments that would result if the LLP was unable to continue as a going concern as it is not practicable to determine or quantify them. Notwithstanding this, the Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Members continue to adopt the going concern basis in preparing the financial statements.

3 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

As indicated in note 2 on the first-time application of IFRS 15, the LLP changed its revenue recognition policies to adapt them to the provisions of this standard, which was applied effective 1 January 2018. To ensure uniform application across the various business areas, the Amey Group has developed a common policy. Set out below are specific details of the methods applied as part of this policy.

(i) General revenue recognition criterion

The first step for revenue recognition purposes is to identify the contracts and the performance obligations contained therein. The number of performance obligations that a contract has will depend on the type of contract and the activity. In general, the performance obligations that the Group engages in are satisfied over time and not at a specific point in time, since the customer simultaneously receives and consumes the benefits provided by the entity's performance as the service is performed.

With respect to the method for recognising revenue over time (i.e. the method for measuring progress towards complete satisfaction of a performance obligation), the Group has established certain criteria that are applied consistently for similar performance obligations. In this regard, the method chosen by the Group to measure the value of goods or services for which control is transferred to the customer over time is the output method; this method is applied provided that the progress of the work performed can be measured on the basis of the contract and during its performance.

In contracts to provide different highly interrelated goods or services in order to produce a combined output, which is habitually the case in contracts with a construction activity, the applicable output method is that of surveys of performance completed to date (or measured unit of work), according to which revenue is recognised corresponding to the units of work performed and on the basis of the price allocated thereto. Under this method, on a regular basis, the units of work completed under each contract are measured and the corresponding output is recognised as revenue. Costs of work or services projects performed are recognised on an accrual basis, and the costs actually incurred in completing the units performed are recognised as an expense, together with those which, even though they are expected to be incurred in the future, have to be allocated to the units of work completed to date.

Also, in routine or recurring service contracts (in which the services are substantially the same), such as maintenance and cleaning services, which are transferred with the same pattern of consumption over time and whose remuneration consists of a recurring fixed amount over the term of the contract (e.g. monthly or annual payment), in such a way that the customer receives and consumes the benefits of the services as the entity provides them, the method selected by the Group to recognise revenue is the time elapsed output method. Under this method, revenue is recognised on a straight-line basis over the term of the contract and costs are recognised on an accrual basis.

Lastly, only in those contracts that are not for routine or recurring services and for which the unitary price of the units to be performed cannot be determined, use of the of the stage of completion measured in terms of the costs incurred (input method) is permitted. Under this method, the entity recognises revenue based on the proportion that costs incurred to date bear to the total costs expected to be incurred to complete the work, taking into account the expected margins of the whole project per the latest updated budget. This method involves measuring the proportion of the costs incurred in the work completed to date to the total costs envisaged and recognising revenue in proportion to total expected revenue. Under this method, the proportion that contract costs incurred bear to the estimated total contract costs is used to determine the revenue to be recognised, by reference to the estimated margin for the entire term of the contract. As indicated above, this method is only applied to complex construction or service contracts with a fixed price ("lump sum") in which it is not possible to break down the units produced and measure them.

3 Accounting policies *(continued)*

Revenue recognition *(continued)*

(ii) Recognition of revenue from contract modifications, claims and disputes

Contract modifications are defined as changes in the scope of the work, other than changes envisaged in the original contract, that may result in a change in the revenue associated with that contract. Modifications to the initial contract require the customer's technical and financial approval before billings can be issued and the amounts relating to the additional work can be collected. The Group does not recognise the revenue from such additional work until the customer's approval has been obtained. In cases where the additional work has been approved but the corresponding change in price has not been determined, the requirement described below for variable consideration is applied: namely, to recognise revenue for an amount with respect to which it is highly probable that a significant reversal will not occur. The costs associated with these additional units or services performed are recognised when incurred, irrespective of whether or not the modification has been approved.

(iii) Recognition of revenue from contract modifications, claims and disputes (continued)

A claim is a request for payment or compensation from the customer (for example, for compensation, reimbursement of costs, or a legally compulsory inflation review) that is made directly to the customer. The method followed by the Group with respect to claims is to apply the method described above for modifications, when the claims are not covered by the contract, or the method used for variable consideration, when the claims are covered by the contract but need to be quantified.

A dispute is the result of a disconformity or rejection following a claim made to the customer under the contract, the resolution of which is dependent on a procedure conducted directly with the customer or a court or arbitration proceeding. Per the criteria followed by the Group, revenue relating to disputes in which the enforceability of the amount claimed is questioned is not recognised, and previously recognised revenue is derecognised, since the dispute demonstrates the absence of the customer's approval of the work completed. If the customer only questions the price, revenue recognition is based on the criterion applied in cases of variable consideration discussed below.

Only in those cases in which there is a legal report confirming that the rights under dispute are clearly due and enforceable and that, therefore, at least the costs directly associated with the related service will be recovered, may revenue be recognised up to the limit of the amount of the costs incurred.

(iv) Variable consideration

If the consideration promised in a contract includes a variable amount, this amount is recognised only to the extent that it is highly probable that a significant reversal in the amount recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(v) Balance sheet items relating to revenue recognition: amounts recoverable on contracts/payments received on account

Unlike the method used to recognise contract revenue, the amounts billed to the customer are based on achievement of the various milestones established in the contract and on acknowledgement thereof by the customer, which takes the form of a contractual document called "certificate of completion" or "work order". Thus, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed or certified, the difference is recognised (as a contract asset) in an asset account called "Amounts recoverable on contracts" under "Trade and other receivables", whereas in contracts in which the goods or services transferred are lower than the amount billed to or certified by the customer, the difference is recognised (as a contract liability) in a liability account called "Deferred income" under "Trade and other payables".

3 Accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives. The rates generally applicable are:

Plant and machinery – 1 to 3 years

Inventories

Inventories are stated at the lower of cost and net realisable value. Contract work in progress is stated at cost, which includes appropriate overheads but not interest, or at net realisable value, whichever is lower. Full provision is made for estimated losses to the completion of contracts.

Operating leases

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

Trade and other receivables

Trade and other receivables are amounts due from fellow group undertakings and amounts recoverable on contracts.

Amounts recoverable on contracts represent the excess of work done including attributable profit over cumulative payments on account received. Payments on account in excess of work done are included within creditors.

They are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment. They are classed as non-current assets if collection is expected after more than twelve months.

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.

3 Accounting policies *(continued)*

Financial instruments *(continued)*

Subsequent measurement of financial assets

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

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

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

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL. Recognition of credit losses is no longer dependent on the 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.

3 Accounting policies *(continued)*

Financial instruments *(continued)*

Classification and measurement of financial liabilities

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

The 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.

(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 2018 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.

3 Accounting policies *(continued)*

Financial instruments *(continued)*

Classification and measurement of financial liabilities (continued)

(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.

(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 and cash equivalents

Cash and cash equivalents include cash in hand and deposits with banks. Bank overdrafts are shown within borrowings in current liabilities.

Creditors

Obligations to pay for goods and services are recognised initially at fair value and subsequently measured at amortised cost.

Provisions

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

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

4 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 LLP'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:

IFRS 15 – Revenue from Contracts with Customers

Estimates taken into consideration for the purpose of recognising revenue from contracts with customers including most notably those associated with: determining whether enforceable rights exist, in order to recognise revenue; determining whether a contract modification has been approved; establishing whether the conditions for recognising revenue for variable consideration are met; recognising revenue in relation to a claim or a dispute; establishing whether the contract includes one or several performance obligations, and determining the price allocable to each of them; defining for each performance obligation the applicable method for recognising revenue over time, taking into account that, based on the accounting policy established by the LLP, the preferred method is the "survey of performance completed to date" output method (units of production or based on time elapsed), and the "stage of completion measured in terms of costs incurred" input model is applied in those cases in which the services provided are not routine and recurring services and in which the unit price of the units of work to be performed cannot be determined; in the case of contracts recognised using the survey of performance completed to date method, measuring the units completed and the price that can be allocated thereto; in the case of contracts recognised using the "percentage of completion method" input method, defining the costs incurred relative to total contract costs, and the expected profit margin for the contract; determining whether to capitalise bidding costs and mobilisation costs; and making estimates relating to the calculation of the provision for expected losses and deferred expenses.

5 Revenue

Revenue and the loss for the financial year before Members' remuneration and loss share are attributable to the principal activity of highways management. All revenue arises solely within the UK.

6 Operating loss

The operating loss is stated after charging:

	2018 **£'000**	2017 £'000
Lease rentals – land and buildings	**353**	337
Lease rentals – hire of plant and machinery	**878**	2,380

The auditor's remuneration is borne by Amey Group Services Limited, a fellow subsidiary undertaking, and is not recharged.

Operating lease charges include recharge of costs incurred by fellow group undertakings on behalf of the LLP.

The average number of Members during the period was two (2017 – two) and the average number of Management Committee Members was three (2017 – three). The profit share of the highest paid Member was £1,523,000 (2017 – loss of £2,157,000).

7 Employee costs (including Committee Members)

The LLP had no direct employees in either 2018 or 2017. The costs of employees of Amey Services Limited are recharged to this LLP in direct support of its trade.

No Committee Members were remunerated through the LLP in 2018 or 2017.

The remuneration of the Committee Members, whose services are of a non-executive nature, are paid by fellow group undertakings. Their remuneration is deemed to be wholly attributable to their services to the Group as a whole.

8 Property, plant and equipment

	Plant and machinery £'000
At 31 December 2017 and at 31 December 2018	
Cost	**112**
Accumulated depreciation	**(112)**
Net book value	**-**

9 Inventories

	2018 £'000	2017 £'000
Raw materials and consumables	**812**	411

10 Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	**483**	831
Amounts recoverable under contracts	**267**	72
Amounts due from fellow group undertakings	**88**	54
Prepayments and accrued income	**20**	46
Total trade and other receivables	**858**	1,003

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

11 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	**1,131**	584
Amounts due from fellow group undertakings	**968**	1,180
Other taxes and social security	**350**	160
Accruals and deferred income	**1,755**	2,212
Total creditors	**4,204**	4,136

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

12 Provision for liabilities

	Contract losses and claims provision £'000
At 1 January 2018	**1,956**
Credit for the year	**(1,350)**
At 31 December 2018	**606**

The provision for contract losses and claims represents estimated losses arising from disputes and future contract claims and is expected to be settled as the losses arise within the next year.

13 Loans and other debts due to Members within one year

	2018 £'000	2017 £'000
Members' capital classified as a liability – amounts due to fellow group undertakings	**6,230**	6,238
Members' current accounts classified within liabilities	**(8,087)**	(10,400)
Total loans and other debts due to Members within one year	**(1,857)**	(4,162)

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

14 Members' other interests

	Members' capital contributions £'000	Total Members' other interests £'000
Members' capital contributions and losses classified as equity at 31 December 2018 and at 31 December 2017	**1**	**1**

In the event of a winding up, any surplus sum that remains at the conclusion of the winding up will be paid to the Members in proportion to the Member's capital contributions.

15 Net cash flow from operating activities

	2018 £'000	2017 £'000
Operating profit/(loss) for the financial year	**2,280**	(3,235)
(Increase)/decrease in inventories	**(401)**	110
Decrease/(increase) in trade and other receivables	**174**	(319)
Increase/(decrease) in creditors	**68**	(45)
(Decrease)/increase in provisions	**(1,350)**	1,956
Net cash flow from operating activities	**771**	(1,533)

16 Reconciliation of net cash flow to movement in net cash

	2018 £'000	2017 £'000
Increase in cash for the year	**767**	299
Movement in net cash	**767**	299
Net cash at 31 December 2017	**517**	218
Net cash at 31 December 2018	**1,284**	517

17 Analysis of decrease in cash and bank overdrafts during the year

	At 31 December 2017 £'000	Cash flow 2018 £'000	**At 31 December 2018 £'000**
Cash at bank and in hand	517	767	**1,284**

18 Contingent liabilities

There were no contingent liabilities at 31 December 2018 or at 31 December 2017

19 Financial and capital commitments

At 31 December 2018, the LLP had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings 2018 £'000	Land and buildings 2017 £'000
Not later than one year	**210**	210
Later than one year and not later than five years	**304**	525
Total lease commitments	**514**	735

The LLP had no capital commitments at 31 December 2018 or at 31 December 2017.

20 Related party transactions

The related parties are North Lanarkshire Council ('NLC'), which is the LLP's main customer and also holds one-third share in the LLP, and the Amey UK plc group of companies ('Amey Group'), which is the LLP's main partner and supplier and holds a two-thirds share in the LLP through a subsidiary undertaking.

	NLC 2018 £'000	**Amey Group 2018 £'000**	NLC 2017 £'000	Amey Group 2017 £'000
Income statement				
Revenue with related parties	**17,996**	**1,470**	11,618	1,297
Purchased from related parties	**373**	**8,214**	406	7,389
Balance sheet				
Trade and other receivables	**91**	**27**	72	155
Creditors	**(18)**	**(373)**	(32)	(441)

For NLC, the purchases relate to property rents, rates and insurance. For Amey Group, the purchases relate to staff costs of £7,620,000 (2017 – £5,923,000) and other operating costs of £594,000 (2017 – £1,466,000).

21 Controlling parties

The immediate parent undertaking is Amey LG Limited.

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

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

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

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

The parent of the smallest group in which these financial statements are consolidated is Amey UK plc, incorporated in England and Wales. Copies of those consolidated financial statements can be obtained from the registered office of Amey UK plc:

The Company Secretary
Amey UK plc
Chancery Exchange
10 Furnival Street
London
EC4A 1AB