

**Amey Public Services LLP**

LLP number: OC359192

Annual Report and Financial Statements

For the year ended

31 December 2017

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**Amey Public Services LLP**

**Annual Report and Financial Statements for the year ended 31 December 2017**

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**LLP number**

OC359192

**Members**

Amey LG Limited  
North Lanarkshire Council

**Management Committee**

R Burrows  
J S Haluch  
R Steenson

**Registered Office**

The Sherard Building  
Edmund Halley Road  
Oxford, OX4 4DQ

**Auditor**

Deloitte LLP  
Statutory Auditor  
4 Brindleyplace  
Birmingham  
B1 2HZ

## **Amey Public Services LLP**

### **Strategic Report for the year ended 31 December 2017**

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The Members present their Strategic report for the year ended 31 December 2017.

#### **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 £13,047,000 (2016 – £13,846,000) and a loss for the financial year amounting to £3,235,000 (2016 – £243,000), all of which arose on continuing activities.

In 2017, the LLP made a provision of £1.95 million for future contract losses due to uncertainty over future profitability which is dependent upon meeting onerous future contractual obligations and milestones. This resulted in a significantly higher loss for 2017. In addition, 2017 revenue was 6% lower than for 2016.

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 profit and loss account 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 2017. The LLP is a member of the Highways division of the Group.

On behalf of the Members



J S Haluch  
Management Committee Member  
25<sup>th</sup> September 2018

## **Amey Public Services LLP**

### **Report of the Members for the year ended 31 December 2017**

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The Members present their Report together with the audited financial statements of the LLP for the year ended 31 December 2017.

#### **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:

R Burrows  
J S Haluch  
R Steenson

#### **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**

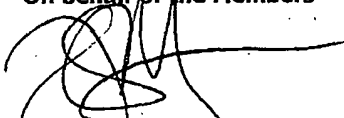
After making enquiries, and based on the assumptions outlined in note 2 to the financial statements, the Members have concluded that the LLP has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **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 2018.

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**



**J S Haluch**  
**Management Committee Member**  
**25<sup>th</sup> September 2018**

## **Amey Public Services LLP**

### **Members' Responsibilities Statement**

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The Members are responsible for preparing the Strategic report, the Report of the Members 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), 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.

## **Amey Public Services LLP**

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

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#### **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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 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 member's interest;
- the cash flow statement;
- the related notes 1 to 21.

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.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the [group's or the parent] limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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.

**Amey Public Services LLP**

**Independent Auditor's Report to the Members of Amey Public Services LLP (continued)**

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**Report on other legal and regulatory requirements**

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

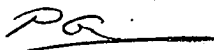
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Members' Report.

**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.



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

**September 2018**



**Amey Public Services LLP**

**Income Statement for the year ended 31 December 2017**

	<b>Note</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
<b>Revenue</b>	<b>5</b>	<b>13,047</b>	<b>13,846</b>
Cost of sales		<b>(16,282)</b>	<b>(14,089)</b>
<b>Gross loss</b>		<b>(3,235)</b>	<b>(243)</b>
<b>Operating loss</b>	<b>6</b>	<b>(3,235)</b>	<b>(243)</b>
<b>Loss for the financial year before Members' remuneration and profit share</b>		<b>(3,235)</b>	<b>(243)</b>
Members' remuneration and loss share charged as expense		<b>3,235</b>	<b>243</b>
<b>Loss for the financial year available for discretionary division amongst Members</b>		<b>-</b>	<b>-</b>

The notes on pages 12 to 20 form part of these financial statements.

**Amey Public Services LLP**

**Statement of Comprehensive Income for the year ended 31 December 2017**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss for the year</b>	<b>(3,235)</b>	<b>(243)</b>
<b>Total comprehensive expense for the year</b>	<b>(3,235)</b>	<b>(243)</b>

The notes on pages 12 to 20 form part of these financial statements.

## Balance Sheet at 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Property, plant and equipment	8	-	-
<b>Current assets</b>			
Inventories	9	411	521
Trade and other receivables	10	1,003	684
Cash and cash equivalents		517	218
Total current assets		1,931	1,423
<b>Creditors: amounts falling due within one year</b>	11	(4,136)	(4,181)
<b>Net current liabilities</b>		(2,205)	(2,758)
<b>Total assets less current liabilities</b>		(2,205)	(2,758)
<b>Provision for liabilities</b>	12	(1,956)	-
<b>Net liabilities attributable to Members</b>		(4,161)	(2,758)
<b>Represented by:</b>			
<b>Loans and other debts due to Members within one year:</b>			
Members' capital classified as a liability		6,238	4,406
Members' current accounts classified within liabilities		(10,400)	(7,165)
Total loans and other debts due to Members within one year	13	(4,162)	(2,759)
<b>Members' other interests:</b>			
Members' capital classified as equity	14	1	1
<b>Total Members' other interests</b>		1	1
<b>Total Members' interests</b>		(4,161)	(2,758)

The notes on pages 12 to 20 form part of these financial statements.

The financial statements on pages 7 to 20 were authorised for issue by the Board of Members on 25 September 2018 and were signed on its behalf by:

  
**J S Haluch**  
 Management Committee Member  
 25<sup>th</sup> September 2018

**Amey Public Services LLP**

**Statement of Changes in Members' Interests for the year ended 31 December 2017**

	Members' capital classified as a liability £'000	Members' current accounts classified within liabilities £'000	Members' capital classified as equity £'000	Total £'000
Amounts due from Members at 31 December 2015	3,492	-	1	3,493
Amounts due from Members at 31 December 2015	-	(6,922)	-	(6,922)
Members' interests at 1 January 2016	3,492	(6,922)	1	(3,429)
Members' remuneration charged as an expense	-	(243)	-	(243)
Members' interests after loss for the year	3,492	(7,165)	1	(3,672)
Loans received from Members	914	-	-	914
Members' interests at 31 December 2016	4,406	(7,165)	1	(2,758)
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
<b>Member's interests at 31 December 2017</b>	<b>6,238</b>	<b>(10,400)</b>	<b>1</b>	<b>(4,161)</b>
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)

The notes on pages 12 to 20 form part of these financial statements.

**Amey Public Services LLP****Cash Flow Statement for the year ended 31 December 2017**

	<b>Note</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
<b>Net cash flow from operating activities</b>	15	<b>(1,533)</b>	<b>(441)</b>
<b>Transactions with Members</b>			
Loans received from Members		<b>1,832</b>	<b>914</b>
<b>Net cash flow before other financing activities</b>	17	<b>299</b>	<b>473</b>
<b>Other financing activities</b>			
Decrease in bank overdrafts		-	(255)
		-	(255)
<b>Increase in cash for the year</b>		<b>299</b>	<b>218</b>

The notes on pages 11 to 19 form part of these financial statements.

## **Amey Public Services LLP**

### **Notes forming part of the financial statements for the year ended 31 December 2017**

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#### **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 The Sherard Building, Edmund Halley Road, Oxford, OX4 4DQ.

#### **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 2017, the following standards which might have an impact on the financial statements came into force in the European Union: Amendments to IAS 7, Disclosure Initiative, Annual Improvements to IFRSs, 2014-2016 Cycle and Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses. No significant impact on the LLP's financial statements has been identified because of these amendments.

New standards applicable to the LLP which have a significant impact and which will be adopted in the accounting period commencing on 1 January 2018:

**IFRS 15 - Revenue from Contracts with Customers:** This standard assesses revenue recognition and establishes principles for reporting information about the nature, timing and uncertainty of revenue arising from the LLP's contracts with customers. The estimated total negative adjustment to reserves arising at 31 December 2017 from the first-time application of IFRS 15 amounts to approximately £0.3 million.

**IFRS 9 - Financial Instruments:** IFRS 9 revised accounting for impairment of financial assets and also classification and measurement of financial assets. Under the new standard, the loss allowance for a financial instrument will be calculated at an amount equal to 12-month expected credit losses, or lifetime credit loss, if there has been a significant increase in the credit risk of an instrument. No significant impact is expected to arise from the new classification of financial assets.

New standards applicable to the LLP which are expected to have a significant impact and which will be adopted in the accounting period commencing on 1 January 2019:

**IFRS 16 - Leases:** IFRS 16 may have a material impact on accounting for operating leases. Amounts in the balance sheet will be increased due to the recognition of right-of-use assets and financial liabilities for future payment obligations related to leases classified to date as operating leases. The LLP will adopt the recognition exemptions permitted for short-term leases of less than twelve months. Based on a preliminary analysis of operating leases at the end of the financial year, an impact of £0.7 million is estimated.

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

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

### Basis of preparation (*continued*)

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
- The requirements of IAS 24: disclosure of related party transactions entered into between two or more members of a group.

### Going concern

The LLP is a subsidiary of Amey UK plc (the Group) and its financial resources are managed on a group basis. Available Group cash balances at 31 December 2017 were £162.3 million and, in addition, the Group held £160 million of undrawn bank loan facilities at that date, which expire in July 2021. The Group also has two additional credit facilities of £80 million and £70 million from Landmille Limited (a subsidiary of Ferrovial S.A., the ultimate parent company), both of which renew annually. At the balance sheet date, £150 million was drawn down on those facilities. In addition, the Group's five-year loan from Landmille Limited of £177.5 million was automatically rolled over on an annual basis in March 2018. Ferrovial, S.A. group has also provided additional equity to the Group by way of the £60.0 million other equity instrument issued since 31 December 2017, and Ferrovial have also approved additional funds of up to £75 million which will be made available to the Group, if required.

The Directors of Amey UK plc have prepared forecasts for the purpose of their going concern review which show that the Group operates comfortably within its available cash balances and credit facilities. The Directors have also considered reasonably possible sensitivities in the forecasts which principally reflect the impact of continued economic uncertainty and unforeseen adverse working capital movements. The Directors have also considered various mitigating actions available to the Group including reducing discretionary spend and further active management of working capital.

In drawing their conclusions on going concern, the Members have reviewed the forecasts, sensitivities and mitigating actions noted above. They have considered the impact of being part of the wider Ferrovial Group of which the Group is a member. As a result of their considerations, the Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of signing these financial statements. The Members therefore continue to adopt the going concern basis in preparing these 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

Turnover represents the total amount receivable by the LLP for work done during the period calculated by reference to the value of contracts closed and the movement in work in progress during the period.

#### 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	1-3 years
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#### 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 assets – classification

The LLP classifies its financial assets in the following categories: at fair value through profit or loss (held for trading), and loans and receivables. The classification depends on the purpose for which the financial assets were acquired and is determined at point of initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity is greater than twelve months when they are included in non-current assets, and comprise receivables and cash.

#### Financial assets – recognition and measurement

Financial assets held at fair value through profit and loss are initially recognised at fair value. Subsequent changes in fair value are presented in the income statement within interest income or expense in the period in which they arise, unless designated as part of a hedge. Loans and receivables are carried at amortised cost. Financial assets are de-recognised when the rights to receive cash flows have expired.



**3 Accounting policies *(continued)***

**Financial liabilities**

The LLP classifies its financial liabilities as other financial liabilities measured at amortised cost using the Effective Interest Rate (EIR) method. Bank borrowings are recognised at the amount advanced net of any directly attributable transaction costs. Finance costs calculated in accordance with this policy are recognised in finance costs in the income statement.

**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:

**IAS 11**

A significant amount of the LLP's activities are undertaken via long-term contracts. These contracts are accounted for in accordance with IAS 11 which requires estimates to be made for the contract costs and revenue.

Management base their judgement of contract costs and revenue on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenue are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates are updated regularly and significant changes are highlighted through established internal review procedures. The impact of the change in accounting estimate is then reflected in current and future periods.

**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.

## Amey Public Services LLP

### Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

#### 6 Operating loss

The operating loss is stated after charging:

	2017 £'000	2016 £'000
Depreciation – owned tangible fixed assets		-
Lease rentals – land and buildings	337	289
Lease rentals – hire of plant and machinery	2,380	2,632

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 (2016 – two) and the average number of Management Committee Members was three (2016 – three). The profit share of the highest paid Member was a loss of £2,157,000 (2016 – £162,000).

#### 7 Employee costs (including Committee Members)

The LLP had no direct employees in either 2017 or 2016. 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 2017 or 2016.

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 2016 and at 31 December 2017	
Cost	112
Accumulated depreciation	(112)
Net book value	-

**Amey Public Services LLP**

**Notes forming part of the financial statements for the year ended 31 December 2017 (continued)**

**9 Inventories**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Raw materials and consumables	<b>411</b>	<b>521</b>

**10 Trade and other receivables**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Amounts falling due within one year:		
Trade debtors	<b>831</b>	501
Amounts recoverable under contracts	<b>72</b>	9
Amounts due from fellow group undertakings	<b>54</b>	5
Prepayments and accrued income	<b>46</b>	169
Total trade and other receivables	<b>1,003</b>	<b>684</b>

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**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Trade creditors	<b>584</b>	1,654
Amounts due from fellow group undertakings	<b>1,180</b>	879
Other taxes and social security	<b>160</b>	298
Accruals and deferred income	<b>2,212</b>	1,350
Total creditors	<b>4,136</b>	<b>4,181</b>

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**

	<b>Contract losses and claims provision £'000</b>
At 1 January 2017	-
Charge for the year	<b>1,956</b>
At 31 December 2017	<b>1,956</b>

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.

**Amey Public Services LLP**

**Notes forming part of the financial statements for the year ended 31 December 2017 (continued)**

**13 Loans and other debts due to Members within one year**

	<b>2017 £'000</b>	<b>2016 £'000</b>
Members' capital classified as a liability		
– amounts due to fellow group undertakings	<b>6,238</b>	4,406
Members' current accounts classified within liabilities	<b>(10,400)</b>	(7,165)
Total loans and other debts due to Members within one year	<b>(4,162)</b>	(2,759)

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**

	<b>Members' capital contributions £'000</b>	<b>Total Members' other interests £'000</b>
Members' capital contributions and losses classified as equity at 31 December 2017 and at 31 December 2016	<b>1</b>	<b>1</b>

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**

	<b>2017 £'000</b>	<b>2016 £'000</b>
Operating loss	<b>(3,235)</b>	(243)
Decrease in inventories	<b>110</b>	32
(Increase) decrease in trade and other receivables	<b>(319)</b>	815
Decrease in creditors	<b>(45)</b>	(1,045)
Increase in creditors	<b>1,956</b>	-
<b>Net cash flow from operating activities</b>	<b>(1,533)</b>	(441)

**16 Reconciliation of net cash flow to movement in net cash**

	<b>2017 £'000</b>	<b>2016 £'000</b>
Increase in cash for the year	<b>299</b>	218
Movement in net cash	<b>299</b>	218
Net cash at 31 December 2016	<b>218</b>	-
<b>Net cash at 31 December 2017</b>	<b>517</b>	218

# Amey Public Services LLP

## Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

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

	At 31 December 2016 £'000	Cash flow 2017 £'000	At 31 December 2017 £'000
Cash at bank and in hand	218	299	517

### 18 Contingent liabilities

There were no other contingent liabilities at 31 December 2017 or at 31 December 2016

### 19 Financial and capital commitments

At 31 December 2017, the LLP had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings 2017 £'000	Land and buildings 2016 £'000
Not later than one year	210	210
Later than one year and not later than five years	525	714
Total lease commitments	735	924

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

### 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 2017 £'000	Amey Group 2017 £'000	NLC 2016 £'000	Amey Group 2016 £'000
<b>Income statement</b>				
Revenue with related parties	11,618	1,297	12,391	942
Purchased from related parties	406	7,389	329	7,242
<b>Balance sheet</b>				
Trade and other receivables	72	155	146	263
Creditors	(32)	(441)	(21)	(316)

For NLC, the purchases relate to property rents, rates and insurance. For Amey Group, the purchases relate to staff costs of £5,923,000 (2016 – £5,440,000) and other operating costs of £1,466,000 (2016 – £1,802,000).

**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](http://www.ferrovial.com)

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

The Company Secretary  
Amey UK plc  
The Sherard Building  
Edmund Halley Road  
Oxford, OX4 4DQ  
United Kingdom