Registered number: 00880328

# AECOM Infrastructure & Environment UK Limited

**Report and Financial Statements**

**29 September 2023**

## Company Information

| | |
|---|---|
| **Directors** | AR Barker<br>CD Wood |
| **Secretary** | B Taiwo |
| **Auditor** | Ernst & Young LLP<br>1 More London Place<br>London<br>United Kingdom<br>SE1 2AF |
| **Registered office** | Aldgate Tower<br>2 Leman Street<br>London<br>United Kingdom<br>E1 8FA |

## Strategic Report
### For the Year Ended 29 September 2023

The Directors present their Strategic Report for the year ended 29 September 2023.

The prior period of 12 months commenced on 2 October 2021 and ceased on 30 September 2022. The current period of 12 months commenced on 1 October 2022 and ceased on 29 September 2023.

**Business review**

The Company's principal activity during the year continued to be that of providing design and consulting (DCS) services to our UK customers.

The Company's key financial and other performance indicators during the year were as follows:

| | *2023* | *2022* **Restated** | |
|---|---|---|---|
| | *£ 000* | *£ 000* | *Change* |
| Turnover/ Gross service revenue | 264,049 | 247,778 | 7% |
| Net service revenue | 244,999 | 232,618 | 5% |
| EBITA | 14,440 | 12,419 | 16% |
| Turnover per technical staff member | 103 | 94 | 10% |
| | **No.** | **No.** | |
| Average number of employees | 2,688 | 2,769 | (3)% |
| Days sales outstanding | 53 | 42 | 26% |

The Company's turnover, net service revenue (gross service revenue, net of subcontractor labour and other related direct costs) and EBITA all increased in 2023 due to increased volumes across all end markets as well as continued growth in the Company's involvement in multinational infrastructure projects across the globe, particularly those in the Middle East. Furthermore, the Company continued to consolidate its position in existing key markets and core sectors whilst also managing costs.

Days sales outstanding have increased during 2023 due to longer payment terms being in place on some of the Company's multinational infrastructure projects, as referenced above.

Management monitor key performance indicators (KPIs) across the UK and Ireland business on an operating segment/ end market basis rather than on an individual entity level basis. In the DCS sector in which the Company operates, the key performance measures include gross service revenue, net service revenue, EBITA, turnover per technical staff member, headcount, and days sales outstanding.

Within total comprehensive income for the year are actuarial gains of £7,106,000 (2022: £49,863,000). The actuarial gains for the year have arisen due to changes in the underlying financial and demographic assumptions used to calculate the defined benefit pension obligations of the Company at the year end. The key movement in the financial assumptions affecting the year-end result is the increase in discount rates to a range of 5.65% - 5.69%, compared with a range of 5.23% - 5.43% used at the prior period end. This increase is due to macro-economic conditions which have increased the discount rates from previously lower levels.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

### Principal risks and uncertainties

The principal risks and uncertainties for the Company are broadly classed as liquidity risk, credit risk, competitive and market risk, performance/ delivery risk, defined benefit pension exposure and climate change risk. The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks.

- **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation from its operations and applying cash collection targets. The Company also manages liquidity risk via a credit facility made available from a fellow subsidiary undertaking, AECOM Global Ireland Services Limited, as part of a group-wide treasury function.

- **Credit risk**

Credit risk arises from the potential failure of counter-parties to the Company honouring their financial obligations. The Company's policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

- **Competitive and market risk**

The Company operates in a highly competitive industry which can impact upon its ability to win new work and also dilute its margins. The Company mitigates these risks by effective cost management thereby allowing it to remain competitive and to deliver the required results. Management also monitors bid tendering processes to ensure forecast bid margins remain satisfactory.

- **Performance/ delivery risk**

Performance risk arises with the nature of the environment in which the Company operates. Failure to deliver to time and agreed scope can lead to the Company sustaining losses through cost overruns and client claims. Management monitors performance on significant contracts rigorously and takes appropriate action when considered necessary to address performance and delivery issues.

- **Defined benefit pension exposure risk**

The Company operates three funded defined benefit pension schemes. The financial liabilities associated with the Company's legacy pension obligations are largely related to the assets held in the pension funds, net of the change in the value of the funds' liabilities. The risks and uncertainties associated with the latter are typically related to changes in the long-term outlook for interest rates, inflation and life expectancy. Changes in these financial metrics are not within the control of the Company. The size of the obligations could also be adversely influenced by regulatory or legislative changes. The Company constructively engages with the trustees of the pension schemes to ensure that the assets and liabilities of the schemes are managed in a way which seeks to reduce the likelihood of unexpected cost to the Company.

- **Climate change risk**

Climate change risk is a critical risk to which the Company is exposed. For further information in respect to how the Company assesses and manages climate change risks please see the Non-Financial and Sustainability Information Statement on page 7.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

**Principal risks and uncertainties (continued)**

- **Other risks**

Economic factors affecting the UK economy continue to be a risk to all areas of the Company, however, the Company continues to monitor the impact of these risks on project delivery and financial performance. To date, the Company has not experienced any significant impact as a result of these risks.

The Directors' consideration of going concern is disclosed within the Directors' Report on page 19.

**Section 172 statement**

The Board of Directors confirm, both individually and in aggregate that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in points (a) to (f) of section 172(1) of The Companies Act 2006).

The Board fulfils its duties partly through a governance framework that delegates day to day decision making to senior management and the Leadership Team, further details of which can be found within the Directors' Report.

The following section summarises how the Directors consider they have fulfilled their duties in regard of the above:

**Investors**

As a 100% owned subsidiary of the AECOM Group, the Board regularly and openly engages with AECOM, recognising the importance of effective dialogue and the alignment of our strategy with that of the wider AECOM Group.

Through both structured and ad hoc regular and open dialogue with AECOM, we have ensured that our UK strategy is aligned with that of the wider AECOM Group. The UK plan and strategy form the basis for financial budgets, resource plans and investment decisions, and also the future strategic direction of the Company.

**Suppliers**

We have a wide pool of suppliers, including sub-contractors, whose performance is critical to enable us to deliver a high quality service to our customers. We strive to ensure that our suppliers operate at the same high standards of conduct that we set ourselves. We work with our suppliers to ensure that they have effective controls in place to enable this.

We engage with suppliers throughout the procurement process using a variety of methods including competency and compliance checks, collaborative working groups and supplier surveys/ feedback.

Key topics of engagement include compliance processes and data protection, AECOM's supplier code of conduct, health and safety initiatives and policies, social value, responsible procurement, trust and ethics, and the current market and economic environment. These communications enable us to improve our processes and to confirm that our suppliers have complied with AECOM's supplier code of conduct and health and safety policy data privacy notices.

**Employees**

We are a professional services business. Our employees are at the heart of everything we do and are central to the long-term success of the Company.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

**Section 172 statement (continued)**

**Employees (continued)**

We engage with our workforce to ensure that we are fostering a positive employee experience and are providing an inclusive environment where our workforce feel that they can bring their best selves to work, whilst engaging in meaningful work that enhances career and professional development.

Workforce engagement is enabled through a variety of employee forums including: town halls, leadership briefings, team meetings, company newsletters, management development programmes and mentoring and coaching initiatives.

**Clients**

We aim to deliver truly outstanding service to our clients, ensuring a positive project outcome. Our corporate strategy involves driving profitable growth, advancing a culture of quality, technical excellence and innovation, and committing to our clients and the communities they serve. In order to achieve this, we need to develop and maintain strong client relationships.

During the year the Board received updates on key client issues through client service performance updates and regular business reviews. These updates are supported by senior management meeting with clients, as well as the Government, in order to gain an insight into current issues and challenges.

The Board maintains key client relationships through regular engagement including focus groups, client listening and surveys summarised through net promoter score feedback. Topics discussed during such engagement include AECOM's global offer, contracts and pricing, delivery, health and safety, innovation, quality, technical excellence and professionalism.

This has resulted in initiatives being introduced at both the global and the regional level, including 'The AECOM Way', with a mission to design and execute a consistent, principle-driven approach to winning and delivering work at AECOM. The Client and Change Board, which meets regularly, continues to review themes and high-level issues that appear consistently within our client feedback.

Furthermore, the Company implemented the global AECOM Think and Act Globally (TAG) Strategy in 2022. The TAG Strategy is focused on setting a new standard of excellence in the professional services industry by focusing on greater connectivity and collaboration across AECOM's global regions and core business lines. Growth is driven through prioritising core markets, leaning into our greatest strengths and ensuring our best talent and resources are focused on nurturing client relationships. We are transforming the way we deliver work through technology and digital platforms improving the client experience and increasing efficiency. Lastly, we are building upon our position as a leading Environmental, Social and Governance (ESG) Company, unified by our purpose to deliver a better world.

**Government**

The UK Government implements social policies, legislation and regulations, and sets the frameworks within which we are required to operate. Successful relationships with Government and regulators are vital to our long-term success.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

**Section 172 statement (continued)**

**Government (continued)**

We have engaged extensively with national and local government stakeholders at all levels through a variety of forums including central and devolved powers. These have been on bespoke projects/ transactions, through construction industry forums, via one to one meetings and through our representation on a wide number of trade bodies, all of which have enabled direct engagement and influence on Government policy.

The most significant matters raised relevant to our engagement with the Government were through projects such as our work for the Department for Transport, on the Ministry of Defence's defence estate and a wide range of projects for the Department for Business and Trade, the Department for Energy Security and Net Zero.

**Community and environment**

We are committed to being a leader in environmental sustainability, social responsibility, and corporate governance. We embrace sustainability by striving to make a positive, lasting impact on society and the environment. Sustainability is at the core of what we do and how we operate - focusing on the environmental, social and governance impact of our business. Through our projects and our operations, we have both a significant opportunity and a responsibility to protect, enhance and restore the world's natural and social systems.

We are also committed to addressing the effects of climate change as a key priority for our sustainability program by improving resilience and working to advance increasingly ambitious greenhouse gas emissions reduction targets.

We are determined and well-positioned to deliver positive, impactful and Sustainable Legacies for our company, our communities and our planet. Through strategic non-profit partnerships, un-compensated work and skills-based volunteering, we are focused on delivering access to safe and secure infrastructure to those who need it most, creating opportunity for the leaders of tomorrow and protecting our planet so that our company can fulfil its purpose to deliver a better world. As part of our Social Value commitment, our technical experts partnered with non-profit organizations in their local communities to provide critical design, engineering and infrastructure solutions.

We are committed to advancing equity, diversity and inclusion in our organization and within our industry. We build safe and respectful work environments where our employees are invited to bring their talents, backgrounds and expertise to bear on some of the world's most complex problems and where every person has the opportunity to thrive personally and professionally. We are advancing efforts globally in four key areas: 1) Building a workforce reflective of the communities we serve through our recruitment efforts, building leadership accountability, and partnering with non-profit organizations and universities to build the talent pipeline for the future; 2) Enriching communities through un-compensated work, volunteerism, philanthropy and strategic partnerships; 3) Expanding understanding and empathy among employees through employee resource groups, ED&I events and celebrations, and family-friendly benefit policies; and 4) Prioritizing social equity and impact in every project we pursue and the innovative solutions we deliver.

We maintain an internal Global ESG Council to coordinate and drive our ESG initiatives across AECOM worldwide, and the AECOM Board has oversight over ESG matters.

Please see the Non-Financial and Sustainability Information statement on page 7 and the Streamlined Energy and Carbon Reporting statement on page 21 for further information in relation to climate related disclosures risks.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

### Section 172 statement (continued)

**Pension trustees**

The assets of the pension scheme are managed by a corporate Trustee ('the Trustee'). The Trustee is responsible for ensuring that our pension scheme is run properly, and that members' benefits are secure. The defined benefit pension scheme of the Company represents a material obligation on the balance sheet of the Company.

It is critical that we engage with the Trustee regularly and openly throughout the year, to manage funding risks.

In line with guidance issued by the pension regulator for employers, our primary means of engagement during the year have been our internal pensions managers working closely with the Trustee to deal with all matters related to the pension schemes, as well as meeting with the Trustee on a regular basis at periodic Trustee meetings held throughout the year.

**Principal decisions**

During the year the Company may partake in significant transactions, including those with other AECOM group undertakings, which are typically reviewed by the Directors in conjunction with support from relevant specialists including tax, finance, legal and treasury to ensure that the transactions are being undertaken in the best interests of the Company's stakeholders.

There were no significant transitions or decisions undertaken by the Directors during the year.

### Non-Financial and Sustainability Information Statement

**Taskforce on Climate- related Financial Disclosures**

The Companies (Strategic Report) (Climate- Related Financial Disclosures) Regulations 2022 introduced a requirement for large unquoted companies to publish Task Force on Climate- related Financial Disclosure (TCFD) aligned disclosures within the Non- Financial and Sustainability Information Statement within the Strategic Report to the financial statements, disclosing how climate change is addressed in corporate governance, the impacts on strategy, how climate related risks and opportunities are managed, and the performance measures and targets applied in managing those issues.

The following Statement seeks to meet these disclosure requirements.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

### Non-Financial and Sustainability Information Statement (continued)

### Governance

### Climate Change Oversight

AECOM's CEO, Troy Rudd, leads the Executive Leadership Team, which comprises senior executives representing all business segments and retains overall responsibility for Safety, Health and Environment (SHE) and Enterprise Sustainability, including climate-related issues, policies, and strategy. Our CEO took the decision to make AECOM an industry leader in ESG and as a result signed off on the development of the ESG Global Council and kickstarted our process of developing our Sustainable Legacies ESG Strategy, which included the setting of industry leading science-based Greenhouse Gas (GHG) emissions reduction targets. AECOM's President, Lara Poloni, and Chief Legal Officer, David Gan, both report to our CEO and are co-Chairs of our ESG Global Council, which was launched in September 2020 and comprises dozens of sustainability experts and business leaders across the organisation to best advise on all ESG-related matters. The membership of the ESG Global Council is regularly reviewed and refreshed so that the right leaders remain engaged on these ESG matters. The ESG Global Council meets at least quarterly.

This ESG Global Council was responsible for developing our Sustainable Legacies strategy that was originally launched in April 2021, was most recently refreshed in May 2022 to reflect progress made in the first year of implementation, and is subject to periodic review. This includes a multitude of commitments on ESG matters and associated targets, such as our commitment to achieving science-based net zero carbon by 2040. The ESG Global Council is also actively involved in reviewing and mitigating climate-related risks associated with our project portfolio. The responsibility for assessing and managing climate-related risks and opportunities related to our own operations, including our GHG reduction target, also lies with the ESG Global Council. The President is responsible for our global operations, including the advancement of our ESG priorities across the business. As Executive Sponsors for ESG and as co-leads of the ESG Global Council, both the President and the Chief Legal Officer are responsible for providing status updates on ESG programme initiatives, objectives, and targets to the AECOM Board on a regular basis. UK based leaders sit on this Council and there is a cascade to each region from the Global Council.

ESG Strategies, objectives and initiatives are cascaded down into the business through various working groups and teams. For internal environmental issues, this is managed by the Corporate Net Zero team which is comprised of technical and operational people focused on tackling our various emissions Scopes. Performance is also embedded into the business through quarterly net zero reviews with senior leadership, as well as requiring all separate elements of the business to develop their own Net Zero Roadmaps. Our UK Operations Directors are leading the regional net zero road map.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

### Non-Financial and Sustainability Information Statement (continued)

**Governance (continued)**

**Climate Change Oversight (continued)**

The Enterprise Risk Management (ERM) steering committee provides governance over an established continuous improvement platform that actively assesses, analyses, and works cross-functionally to identify and mitigate AECOM's inherent and strategic risk profile, including risks related to energy and climate change, concurrently empowering associated enablers. The team actively monitors AECOM's risk profile and facilitates risk-based, efficient, cross-functional solutions. The team meets at least quarterly and facilitates the preparation of reports on AECOM's risk profile that are regularly shared with management and the AECOM Board of Directors. Risks are reported via three key risk indicators: exposure, readiness, and performance.

All of the global activity and initiatives discussed above are cascaded, implemented and directed through the regional ESG leadership team which includes a UK based ESG Business Director and ESG Technical Director, and to whom the UK Board of Directors have delegated responsibility for managing climate related risks. These individuals work with local leadership in the UK as appropriate as well as reporting up to the Chief Executive Officer and Chief Operations Officer in the UK.

**Strategy**

Through our 2023 global climate change risk assessment process, AECOM recognises numerous risks and opportunities related to climate change and the transition to net zero carbon emissions. To identify these risk and opportunities over time and to manage the uncertainty around future changes to the climate, we have conducted scenario analysis using the Intergovernmental Panel on Climate Change's (IPCC) Shared Socio-economic Pathways (SSPs) published in the Sixth Assessment Report (AR6). More specifically, we have focused our assessment on SSP5-8.5 for physical risk and SSP1-2.6 for transition risk:

| SSP5-8.5: "Business as Usual" | SSP1-2.6: "Paris Agreement Alignment" |
|---|---|
| Projection: 2.4-5.7 °C | Temperature Projection: 1.0-2.4 °C |
| • Policy focused on free markets | • Policy focused on sustainable development |
| • Effective international cooperation | • Effective international cooperation |
| • Reduced inequality | • Reduced inequality within and across countries |
| • High economic growth | • Low consumption |
| • High consumption | • Low population growth |
| • Low population growth | |

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

**Non-Financial and Sustainability Information Statement (continued)**

**Strategy (continued)**

Using these scenario pathways, we have assessed risks at three timescales:

• Near term: 2030 (representing the average for the 20-year period from 2021 - 2040)
• Medium term: 2050 (representing the average for the 20-year period from 2041 - 2060)
• Long term: 2090 (representing the average for the 20-year period from 2081 - 2100)

We have chosen these timescales to analyse risks in the near-term over more typical business planning periods while also assessing exposures to greater structural changes in the economy over the medium- and long-term. A 20-year period is used in order to capture different aspects of climate variability and change.

This 2023 risk assessment has been performed on a global AECOM scale to identify likely significant risks and opportunities. The next stage in our defined process is for each ACOM region to review the outcomes of this applying a regional specific lens to enable an increased granularity and awareness of regional and local risks and opportunities.

*Physical Risks*

To assess AECOM's exposure to physical risk, we used the SSP5-8.5 pathway as it is the pathway with the highest emissions concentration that would most likely lead to increased intensity and severity of extreme weather events. It is also the pathway along which we are tracking globally, thus presenting a "business as usual" (BAU) scenario marked by inadequate policy response and increased potential for physical asset damage.

Our physical risk assessment was conducted through the lens of our major global operating regions:

• US East and Latin America (US East and LATAM)
• US West
• Canada
• Europe
• India
• Asia
• Australia and New Zealand (ANZ), and
• Middle East and Africa (MEA)

The table below outlines where our identified physical risks are of highest relative exposure to AECOM:

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

**Non-Financial and Sustainability Information Statement (continued)**

**Strategy (continued)**

| Physical Risks | | |
|---|---|---|
| **Hazard** | **Risk Description** | **Regional Exposure over time** |
| Extreme Temperatures | An increase in extreme temperatures can impact employee productivity and wellbeing and can also put stress on building heating and cooling systems. These impacts can be even more extreme for employees working outdoors on project sites. | U.S. East & LATAM, ANZ, and MEA are the most highly exposed regions in the near-term, while India, Asia and U.S. West become highly exposed in the medium-term, joined by Europe in the long-term. |
| Drought | Reduced precipitation and increased water stress can put pressure on water supply and poses risks to public health and our ability to work in certain areas. | U.S. East & LATAM, ANZ, and MEA are the most highly exposed regions at each timescale. |
| Extreme Precipitation and flooding | Extreme precipitation can lead to flooding and may make offices and project sites inaccessible. | Canada, India, and MEA are the most highly exposed regions in the near-term with Asia and U.S. West becoming increasingly exposed over time. |
| Sea level rise | Sea level rise can cause damage and impact employee ability to access our offices and our project sites. | In the near term, the U.S. West is most highly exposed region while other regions may see mild exposure. High exposure will spread to ANZ, Europe, and U.S. East in the medium-term and to India in the long-term. |
| Wildfires | Wildfires may increase in frequency and intensity with a warming climate, producing air quality issues, risks to human health, and impacts on our employee's ability to travel to work and perform in offices or on project sites. | ANZ, Canda, Europe, and U.S. West are projected to be highly exposed in the near term. This high exposure spreads to all regions in the medium- and long-term |

## Strategic Report (continued)

**For the Year Ended 29 September 2023**

**Non-Financial and Sustainability Information Statement (continued)**

**Strategy (continued)**

| | | |
|---|---|---|
| Hurricanes & Cyclones | Extreme weather events could damage our offices and our projects, while also impacting the ability of our employees to travel to work. | Our operations in ANZ, Asia, India, and U.S. East & LATAM are projected to have high exposure in the near term. These remain the most highly exposed regions over time, but exposure increases overall across all regions. |

Our response to physical risks

AECOM's existing operational processes are already setup to respond to climate-related risks through several business functions. For example, we continually evaluate our real estate portfolio as part of normal processes to ensure our office locations are best suited to serve our client work. Through our Security and Resilience department we have established processes to respond to disruptive events to the business and our employees which includes extreme weather events. Furthermore, our ERM programme evaluates climate risk as a strategic risk to AECOM and will continue to evaluate to the physical risks from climate change in order to respond as necessary. The results from this year's climate risk assessment will be socialised throughout AECOM to identify further opportunities for integration of climate consideration through existing business functions.

*Transition Risk*

To assess transition risks and opportunities, we used the SSP1-2.6 pathway as it is the pathway that requires the most accelerated and aggressive mitigation response to kerb emissions, proposing increased uptake of technologies and strategies to manage energy use and intensity. It is the scenario most closely aligned to the Paris Agreement target, thus is appropriate to identify risks and opportunities in the transition to a low carbon economy. In general our exposure to these transition risk exists in the near-term, but is projected to increase in the medium- and long-term. Our reputational risk of not meeting our net zero targets is the exception to this rule in that this risk is specifically tied to our target dates - 2030 for our interim targets and 2040 for our net zero target.

The table below outlines the transaction risks and opportunities that have been identified:

## Strategic Report (continued)

**For the Year Ended 29 September 2023**

### Non-Financial and Sustainability Information Statement (continued)

**Strategy (continued)**

| Transition Risks and Opportunities | | |
|---|---|---|
| **Driver** | **Risk Description** | **Opportunity Description** |
| Policy & Legal | Failure to comply with emission limits, energy efficiency requirements, waste management regulations, and other measures aimed at reducing greenhouse gas emissions and mitigating climate impacts could lead to legal and financial consequences. | AECOM has an opportunity to increase revenues by serving clients in complying with emerging regulation related to climate, energy, and the built environment. |
| | Mandates on and regulation of existing products and services e.g. projects incorporating a higher level of resilience have a cost uplift. The number of new infrastructure/projects as clients work within existing funding budgets. | |
| | Changes to industry standards and regulation for buildings and construction. Increased costs on project work associated with changes in these regulations. | |
| | Increased operating costs due to carbon pricing of energy, making utility and fuel costs increase. | |
| Technology | Transitioning to lower emissions technology e.g. procurement of renewable energy for operations, transition of fleet to EVs, purchase of offsets. Increased costs in the near-term. | AECOM has an opportunity to assist clients in adopting lower emissions technologies, increasing market share of these markets. |
| Market | Market demand changes as energy transition progresses, driven by changing policies and regulations. | AECOM has an opportunity to continue developing services and designing infrastructure that supports a net zero |
| | Risk that we are working with wrong clients, or clients that are too heavily focused on fossil fuels or other stranded sectors. | transition, in order to meet market demand. |

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

**Non-Financial and Sustainability Information Statement (continued)**

**Strategy (continued)**

| | | |
|---|---|---|
| Reputation | Risk that we design projects that are not resilient to future climate change scenarios efficient/able to use future infrastructure. Reputational damage associated with our projects being damaged leading to community disruption, increased costs, legal challenges. | Opportunity to build our reptation as designers of climate resilient infrastructure, a market which is projected to grow. |
| | Reputational impact of not achieving our net zero commitments. | We can build on our reputation as champions of sustainability and climate change by meeting our targets. |
| | Not having technical expertise/technical capabilities to deliver against demand. Growing demand for ESG services requires investment in our technical capabilities to respond. | Opportunity to meet growing market demand for ESG and climate-related services. |

Our response to transition risks and opportunities

To respond to potential transition risks and opportunities our Sustainable Legacies strategy has prompted the rapid growth of our ESG and climate-related service offerings. These client-facing teams continue to evaluate the market for climate-related services in order to meet and capture increasing demand for these services. This review includes estimating growth due to a predicted increase in demand for climate services. This can be seen in the growth in the number of UK climate change and sustainability professionals within the business. All of our business lines work in compliance with emerging industry standards and regulations. Additionally, our business lines operate with the objective of developing projects with best practise resilience strategies that can withstand the impacts of a changing climate. AECOM recognises the potential risk of lacking the technical capacity to meet demand for ESG services and are addressing this risk through recruitment of experts and by upskilling our existing employees.

Our Corporate Net Zero team is implementing numerous initiatives (see other sections on our activities) in order to manage and reduce AECOM's own carbon footprint to reach out SBTi-validated Net Zero commitment. This includes reducing fossil fuel-based energy consumption in our offices and vehicles in order to avoid increases in operating costs due to carbon pricing of fuels.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

### Non-Financial and Sustainability Information Statement (continued)

**Strategy (continued)**

*Resilience*

Through the implementation of our Sustainable Legacies strategy, our current business aims to be resilient in the current condition of climate change. As future impacts will increase and change over time, both for physical and transition risks, we will continue to assess our strategies in order to be resilient into the future. This includes improving the resilience of our offices and any owned assets to reduce the risk of business disruptions for our customers. It also means continuing to adjust our service offerings and our ability to meet market demand for expected increases in climate-related services. Finally, this means ensuring that our projects are designed to withstand environmental changes due to climate change.

In order to ensure continued resilience of our business we will continue to improve on our climate risk assessment methodology and region-specific granularity. In particular we will advance our understanding of our climate risk by conducting financial analysis of risks and opportunities that we have identified.

**Risk Management**

Our ERM programme identifies external and internal threats to physical assets, data, and intellectual property, as well as vulnerabilities that exist within them. Based on the enumeration of those assets and threats, we develop effective risk management strategies and improve resilience. The prioritisation of risks is done through a collaborative process of discussing the main risk profiles with relevant stakeholders on an ongoing basis and evaluating the potential impact, the level of exposure (vulnerability) as a company to that risk, and the speed of onset.

Our prioritisation process is based on the size (in potential revenue) of an opportunity as well as our relationship and competitive advantage with the client. Subsequently, AECOM adapts to changing global business environments and risk conditions through its strategic resiliency practises, led by our Global Security and Resiliency (GSR) Department, which includes global oversight and coordination of disruptive event response and business continuity management. These teams focus on identifying threats across the globe before they come to fruition, while creating strong and effective countermeasures that safeguard our data, people, projects, and communities. These teams are composed of representatives from communications, human resources, legal, facilities, and real estate to help anticipate, act on, and learn from disruptive events.

In 2023, as discussed above, we have completed a global climate risk assessment to understand the physical and transition risks and opportunities across AECOM's operating regions. We leveraged the expertise of our Sustainability and Resilience professionals responsible for providing clients with technical climate change services to conduct quantitative and qualitative scenario analysis to identify our physical risk exposure and primary transition risk and opportunity drivers. Through this assessment we have considered risks and opportunities facing both our operations and the services we provide.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

### Non-Financial and Sustainability Information Statement (continued)

**Risk Management (continued)**

Due to our global presence of offices and people, we understand the potential for climate-related physical risks to affect our ability to carry out our work. These physical risks, both acute and chronic, are identified through our risk assessment and evaluated through our ERM process. The results of this evaluation will inform various operational functions including Real Estate, Procurement, Security and Resilience and our Corporate Net Zero team, both reducing the risk of disruption to our operations and mitigating our own impact are key risk management strategies that drive these functions.

The identification of key transition risks will increasingly drive risk management as efforts to transition to a low-carbon economy increasingly affect our industry, including existing and emerging regulatory requirements, changes in technology, changes in our primary markets, and potential reputational risks associated with our work. These potential transition risks will inform how we manage our own climate change impacts through the work of our Corporate Net Zero team and will also inform the services we offer related to climate change and sustainability.

Also as discussed above, following our 2023 global climate risk assessment, each AECOM region may undergo its own region-specific climate risk assessment when there are triggers to do so, including regional climate risk disclosure regulations. This will enable us to systematically review the climate-related risks and opportunities we have identified as part of the ERM process and therefore increase the granularity of our awareness of regional and local risks and opportunities. This will also enable us to review our businesses resilience taking into consideration different climate-related scenarios.

**Metrics and Targets**

To date, climate related metrics and targets are focused on GHG emissions as part of our enterprise-wide carbon reduction targets. In 2022 we were among the first companies globally to have set net zero emissions reduction targets approved by the Science Based Targets Initiative (SBTi), which are designed to exceed the goals of the Paris Agreement on climate change.

Those carbon reduction targets incorporate the following:

• Operational net zero from 2021 onwards
• Science based net zero by 2040, from a 2018 baseline
• Reduce Scope 1 and 2 emissions by 60% by 2030, from a 2018 baseline
• Reduce Scope 3 emissions* by 50% by 2030, from a 2018 baseline, and
• Reduce all emissions by 90% by 2040, from a 2018 baseline, and offset remaining emissions in 2040 through high quality carbon removal projects

*AECOM's global SBTi-validated targets include the following Scope 3 categories: Purchased Goods and Services, Capital Goods, and Business Travel.

## Strategic Report (continued)
**For the Year Ended 29 September 2023**

### Non-Financial and Sustainability Information Statement (continued)

**Metrics and Targets (continued)**

These commitments build upon our commitments as a signatory to the UN Global Compact. In addition, we continue to invest in proprietary innovations and digital solutions and we are leading on decarbonisation measurement, biodiversity impact and re-wilding.

Please note that carbon reduction targets are established globally and are not region specific, however, AECOM operating areas (including the UK) are expected to make carbon reductions in line with our enterprise-wide targets. We are currently on track with our enterprise-wide carbon reduction targets.

Further information in relation to UK-specific emissions data for 2023 can be found within the Streamlined Energy and Carbon Reporting disclosures on page 21. In the coming 12 months we are looking at what other climate related metrics and targets we need to establish.

On behalf of the Board

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CD Wood
Director
1 March 2024

## Directors' Report
**For the year ended 29 September 2023**

**Registered No: 00880328**

The Directors present their report for the year ended 29 September 2023.

**Results and dividends**
The profit for the year after taxation amounted to £16,309,000 (2022: profit of £14,818,000). The Directors are unable to recommend the payment of a dividend (2022: £nil).

**Principal activity**
The Company is a subsidiary of AECOM. AECOM is a leading global provider of professional infrastructure consulting services for governments, businesses and organizations throughout the world. We provide advisory, planning, consulting, architectural and engineering design, construction and program management related services, and investment and development services to public and private sector clients worldwide in major end markets such as transportation, facilities, environmental, water and new energy.

The Company's principal activity during the year continued to be that of providing design and consultancy services to our customers.

The Company operates branches in Azerbaijan, Bahrain, Dubai, Kuwait, Qatar, Greece, Lithuania, Poland, Sri Lanka and Morocco, whose results are included in those of the Company.

**Financial instruments**
The Company finances its activities through a combination of reinvestment of profits and, where necessary, borrowings provided by fellow group undertakings. Financial instruments such as trade debtors and trade creditors arise directly from the Company's operating activities. Any risks associated with financial instruments are managed and reviewed at an AECOM group level although the Company does make use of natural hedging relationships where possible to manage foreign currency risks associated with operating activities.

**Future developments**
In 2024, growth is expected to arise through a combination of local and overseas opportunities, and winning and executing larger projects in partnership with AECOM across the globe.

The Directors will continue to monitor the impacts of the macroeconomic risks currently facing the Company as well as the other principal risks and uncertainties detailed in the Strategic Report above, and will take appropriate action as necessary to ensure the Company continues to operate as a going concern.

**Directors of the Company**

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

AN Jones (resigned 3 October 2022)
AR Barker
MA Southwell (resigned 4 May 2023)
RS Whitehead (resigned 4 May 2023)
CD Wood
PS Ribeiro-Carvalho-Vieira (resigned 4 May 2023)

## Directors' Report (continued)
**For the year ended 29 September 2023**

**Directors of the Company (continued)**

No Director has any interest in the shares of the Company or other interests that require disclosure under the Companies Act 2006.

Directors' indemnity insurance is in place for all Directors, subject to the conditions set out in section 234 of the Companies Act 2006. Such indemnity insurance remains in force as at the date of approving the Directors' report.

**Going concern**

The Company has net current assets of £189,947,000 and net assets of £167,458,000.When performing the going concern assessment from the date of approval of the Company's financial statements through to March 1, 2025 (the 'Going Concern period'), the Board has assessed whether the Company will be able to meet its liabilities as and when they fall due.

The Board assessed the continuing impact of economic factors (including climate- related matters) affecting the UK economy through stress testing of the Company's budgets and forecasts. The stress testing has considered the Company's operational cash flow performance based upon several scenarios (including the impact of cost inflationand any potential reduction in future revenues). The Directors have also performed reverse stress testing on the cash flow forecasts with severe, but plausible scenarios. The outcome of the sensitivity analysis indicated that the Company is expected to maintain positive cash flows throughout the Going Concern period.

Although the Directors do not consider financial support to be required from the ultimate parent undertaking in order to support the going concern assessment, the Board has nevertheless obtained a written confirmation of financial support from its ultimate parent undertaking, that it will assist the Company in meeting their liabilities as and when they fall due, for the period through to March 1, 2025, 12 months from the date of approval of the Company's financial statements.

After making enquiries and considering the above points, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

**Corporate governance**

The Wates Corporate Governance Principles for Large Companies ('the Principles') launched in December 2018, were developed by a coalition group of industry and professional bodies and were supported by the Financial Reporting Council. The Principles provide an example framework which large private companies in the UK can follow in order to demonstrate how they have applied good corporate governance in running their businesses.

The Principles fall under the requirements of the Companies Miscellaneous Reporting Regulations 2018. The Company applied the Principles during its year ended 29 September 2023, demonstrating its compliance with the 6 broad principles as follows:

## Directors' Report (continued)
**For the year ended 29 September 2023**

**Corporate governance (continued)**

***1. Purpose and leadership***

The Company employs an experienced, effective Board whose goal is to promote the purpose of AECOM and ensure that Company values, strategy and culture align with that purpose. Through regular Board meetings and appropriate delegation to Board committees and the Leadership Team, Board duties are effectively performed.

The Board achieves its goals through open and transparent dialogue with employees and other stakeholders, through newsletters, town halls, employees surveys and other corporate communications, by ensuring 100% compliance with the AECOM code of conduct, as well as through acting with integrity, leading by example, and setting the tone at the top.

***2. Board composition***

The Board comprises two appropriately qualified and knowledgeable individuals. There were changes within the Board in the year with the resignation of four Directors.

The Chair leads the Board and is responsible for its overall effectiveness, including the promotion of effective decision making and the appropriate level of objective thought and challenge.

***3. Director responsibilities***

The Board has a clear understanding of its accountability, its duty, and its responsibilities, and it embeds this understanding throughout the workforce via the means and channels discussed in the Purpose and Leadership section above. There are clearly defined policies and practices in place which help govern the internal affairs of the Company, none more evident that the AECOM code of conduct, which describes the professional, legal, ethical, financial and social responsibilities of Directors, as well as the SOX compliant internal control environment embedded throughout the organisation.

Governance of the Company is under periodic review to ensure that its policies and processes remain fit for purpose.

***4. Opportunity and risk***

The Board has responsibility for the Company's overall approach to strategic decision making and effective management of the Company's risks. The Board seeks to promote the long-term success of the Company by identifying opportunities and by establishing oversight for identifying and mitigating risks.

Risk is managed through a risk matrix that requires approval of certain activities by the Risk Committee, a sub-committee comprising members from the Board and Leadership team. The same matrix sets out approvals required where the risk or impact of risk is considered to be lower.

## Directors' Report (continued)
**For the year ended 29 September 2023**

**Corporate governance (continued)**

***5. Remuneration***

The Board promotes executive remuneration that is aligned to the long-term success of the Company, ensuring that appropriate and competitive levels of remuneration are set to help secure and retain high- quality employees across the business.

Remuneration for employees is reviewed annually and signed off by the Leadership Team and the Board. Through the Company's annual salary review program and variable compensation scheme, remuneration for Directors, senior management and the workforce (both male and female) is aligned with the Company's performance, individual's performance, behaviours and through achieving the Company's purpose and strategy.

***6. Stakeholder relationships and engagement***

The Board seeks to foster effective stakeholder relationships aligned to the Company's purpose. Such stakeholder engagement and management is disclosed in more detail in the strategic report on pages 4 and 5.

**Disabled employees**
The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

**Employee involvement**
The Directors recognise the individual importance of every employee and seek to ensure that at all times employees are well informed concerning the activities and plans of the Company.

All levels of management are expected and encouraged to keep their employees informed of all activities and developments in an informal and formal manner. Management consults with employees to ensure their views are taken into account through the use of newsletters, briefing groups and corporate communication systems. Employees are encouraged to invest in the future of the Company through Save As You Earn schemes.

Further details of the Company's engagement with employees can be found in the Strategic report on page 5.

**Streamline Energy and Carbon Reporting disclosures**
The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 introduced a requirement for large unquoted companies to publish an energy and carbon report within the Directors' Report to the financial statements, disclosing their energy use, greenhouse gas emissions, and related information. The Regulations act to implement the UK Government's policy on Streamlined Energy and Carbon Reporting (SECR).

## Directors' Report (continued)
**For the year ended 29 September 2023**

The Company's energy use for the year ended 29 September 2023 is the total energy consumption across all of its AECOM UK sites, including Scope 1 fleet vehicles and Scope 2 office energy consumption on rented and owned sites. The total energy use for the year ended 29 September 2023 was 2,596,480 kWh (2022: 3,124,208 kWh).

When converted, this provides a total gross Scope 1 and Scope 2 emissions/ MtCO2e (metric tonnes of carbon dioxide equivalent) figure of 881 MtCO2e (2022: 862 MtCO2e). See further disclosures as presented below:

**Emissions and energy consumption**

| | Unit of measurement | 2023 | 2022 |
|---|---|---|---|
| Scope 1 | MtCO2e | 347 | 324 |
| Scope 2 | MtCO2e | 534 | 538 |
| Scope 3 | MtCO2e | 2,112 | 1,418 |

The total MtCO2e as disclosed above for scope 1 and 2 combined is 881 (2022: 862), which when divided by the Company's turnover, equates to an intensity ratio for the current year of 0.0000033 (2022: 0.0000035).

The scope 1 emissions as disclosed above relate entirely to fleet transport from AECOM owned or long term leased vehicles. Gas is accounted for in scope 2 due to AECOM being an office tenant rather than owner across the vast majority of the real estate portfolio. The total gross Scope 3 emissions disclosed above include business travel in rental cars or employee owned vehicles where the Group is responsible for purchasing the fuel. Other non-mandatory elements of Scope 3 are not disclosed above.

The following table provides information on the methodology used to calculate the figures presented above:

**Data methodology**

| Scope | Emission Sources | Calculation | Activity Data | Emission Factors | Quality Assurance |
|---|---|---|---|---|---|
| **Scope 1 Direct Emissions** | Emissions from AECOM-owned and leased road vehicles | Fuel consumed x Emissions Factors (EF) x Global Warming Potential (GWP), or, Miles travelled x EF x GWP, % allocated by headcount numbers | Fleet managers and procurement collate fuel consumption data provided by fuel card suppliers, or mileage data from vehicle odometers, and uploads to a global emissions management platform. | Emission factors from the global emissions management platform database are applied according to the specific activity. | Assigned AECOM personnel review entered data compared to data for previous time periods to confirm or correct. Additionally, an automatic check of the data by the global emissions management system prompts an email to AECOM users if the entered values meet certain criteria requiring further data confirmation. |

## Directors' Report (continued)
**For the year ended 29 September 2023**

**Data methodology (continued)**

| Scope | Emission Sources | Calculation | Activity Data | Emission Factors | Quality Assurance |
|---|---|---|---|---|---|
| **Scope 2 Indirect Emissions** | Emissions from purchased energy (electricity and heat) in AECOM-owned and leased facilities (location-based) | Electricity consumed x EF x GWP, allocated by headcount numbers | Facility managers collate energy consumption data from meter readings if one exists in AECOM's domain, directly from landlords, or from energy brokers via online portals, and uploads to the global emissions management platform. | Location-based emission factors from the global emissions management platform database. | Management platform prompts an email to AECOM users if the entered values meet certain criteria requiring further data confirmation. |
| **Scope 3 Other Indirect Emissions** | Emissions from business travel (aeroplane/train/ rental vehicles, hotels, meals, events, trade shows, travel agencies, etc.) | Spend x EF x GWP, % allocated by headcount numbers | AECOM exports and classifies accounts payable and credit card spend data from transactional systems and works with an external supplier to map each spend item to a relevant sector in the vendors database. This is used to calculate global business travel emissions. A proportion of this is then allocated to the UK business based on headcount numbers. | External supplier applies a vendor-specific emission factor if available, otherwise a sector-specific emission factor is applied according to the spend classification. | AECOM's procurement team reviews the classifications to verify appropriate assignments and validates total spend quantity for the data prior to providing to the external supplier. |

The following sources were used for the kWh conversion factors. Due to using a global emissions management platform hosted in the Americas there was a need to convert some sources from US to UK:

## Directors' Report (continued)
**For the year ended 29 September 2023**

**Data methodology (continued)**

| Conversions Used | Source and Link |
|---|---|
| mmbtu to KWH | https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php |
| Conversion from gallons US diesel to BTU | https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php |
| Conversion from gallons US gasoline to BTU | https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php |
| Petrol cars litres per 100km | Energy and environment: data tables (ENV) - GOV.UK (www.gov.uk) |
| Diesel cars litres per 100km | Energy and environment: data tables (ENV) - GOV.UK (www.gov.uk) |
| Litres to gallons | https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php |
| BTU to KWH | https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php |

**Data improvements**

During the prior year AECOM globally launched a Data Improvement Task Force as part of a Corporate Net Zero Group covering scope 1, 2 and 3 data. The aim of the Task Force is to improve data collation and analysis. As such, data accuracy has improved, including having our global scope 1, 2 and business travel data externally verified during the year. We are regularly looking at ways to improve our data accuracy including for previous years where material, and therefore data might be subject to change accordingly. We have not restated any comparative data for 2022. We have also published our 2022 Global ESG Report in line with the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) frameworks.

**Emissions reductions measures implemented during the current year**

In April 2022 AECOM updated our industry-leading Sustainable Legacies environmental, social and governance (ESG) strategy, which was launched in 2021. Since then, it has allowed AECOM to transform those principles into practice, channelling our decades of experience into delivering the latest ESG services to solve our clients' most complex projects today and into the future, while challenging our teams to take our own actions even further. Sustainable Legacies is built on four pillars: embedding sustainable development and resilience across our work; improving social outcomes; achieving net zero carbon emissions; and enhancing our governance. These themes drive the delivery of projects and initiatives that are elevating our ESG position in every region we serve.

A key part of our Sustainable Legacies strategy is our commitment to achieving science-based net zero emissions after accomplishing a 90% reduction across our whole value chain by 2040. AECOM were one of first companies globally to have these targets validated by the Science Based Targets initiative. In the interim, AECOM is committed to continuing to be operationally net zero from 2021 onwards by reducing in line with climate science and then offsetting our Scope 1 and 2 emissions. As part of our net zero target, we are addressing our most material emissions sources through the following initiatives (although please note that the impact of these measures may not be fully reflected within our emissions and energy consumption levels until FY24 and beyond):

## Directors' Report (continued)
**For the year ended 29 September 2023**

**Supplier Engagement (Scope 3)**
Our Scope 3 emissions from the supply chain make up 96% of our total global footprint, and as a result, our Corporate Net Zero (CNZ) team has developed and initiated its Supplier Engagement Program. The goal of this program is to actively work with our top-emitting suppliers to reduce their carbon emissions and get them on a science-based trajectory in line with 1.5°C.

As a large organisation with dedicated resources to addressing our climate change impact, we see our role as leaders in this space, with a responsibility to share our experience with members of our value chain and to push them to improve. Over the last year in particular we have put in place key personnel to support supplier engagement on net zero.

Our Supplier Engagement Program covers the top 70% of our supply chain emissions and includes companies of all sizes and a variety of capabilities to address their carbon emissions. We are especially focused on supporting small- and medium-sized enterprises (SMEs) that may not be able to justify allocating significant resources to decarbonisation, scope 3 data reporting or ESG in general. GHG accounting can be challenging to learn and even more challenging to properly execute. Rather than leaving them behind, we are transparent about our ambitions and expectations, offering dedicated support to help them move forward with us.

Our approach includes hosting group briefing sessions to allow a base understanding of the importance of ESG considerations and net zero, as well as AECOM's own net zero strategy and what we require from them to achieve it. We are also facilitating one-to-one conversations to better understand barriers, offer practical advice, and develop steps to support and accelerate our suppliers' journey to net zero. We are also engaging our clients, who often are the key enablers to allow lower carbon procurement and to get emissions data.

As a result of our Supplier Engagement Program, we are improving the accuracy of our Scope 3 data and empowering our suppliers to take on the decarbonisation challenge for themselves. Supplier engagement is an ongoing process that will result in carbon reduction over the long term as we continue to connect with our supply chain on a regular basis. Through our efforts on the Supplier Engagement Program, we have been recognized as a Supplier Engagement Leader by CDP.

**Procurement Integration (Scope 3)**
As well as engaging our suppliers on net zero, we are embedding low carbon and ESG considerations into our procurement processes. As part of onboarding we are requiring all our suppliers to provide information about their current ESG data and strategies. These questions will also inform which suppliers need focus for engagement, particularly those which are less mature. Over time, we intend to build ESG-factors as a standard part of procurement across the organisation and set a minimum requirement on ESG. Our Sustainable Procurement Policy also outlines how emissions reduction is a key part of our supplier onboarding and other procurement processes.

**Business Travel (Scope 3)**
AECOM is committed to improving travel performance by implementing our Travel with Purpose guidance prioritizing digital tools instead of traveling (for business and commuting), and if travel is necessary, prioritizing sustainable modes of travel (e.g. walking, cycling, public transportation and zero emissions vehicles) in conjunction with a location-specific risk assessment. We are engaging with our travel service providers to identify opportunities to improve data accuracy and promote low carbon travel choices.

## Directors' Report (continued)
**For the year ended 29 September 2023**

### Fleet Vehicles (Scope 1)
Our Travel with Purpose guidance also requires improving the efficiency of our vehicles and investing in low or zero emissions vehicles over time. For our vehicle fleet, we are developing a roadmap to transition to electric vehicles, including installing charging infrastructure at our owned offices. As part of the continuing initiative to move to greener offices and consolidate real estate, we will prioritize moving to leased offices that have electric vehicle chargers where possible.

### Office energy (Scope 2)
AECOM is focused on reducing energy demand in offices to achieve Net Zero. AECOM's Workplace of the Future and Freedom to Grow initiatives helped increase work flexibility and allowed further real estate consolidation and travel reductions, and we continue to encourage our staff who work from home to follow our guidance documentation on how to live and work more sustainably at home.

We are in the process of conducting energy audits in offices that account for 80% of our energy footprint utilising AECOM's OCEAN energy audit tool. OCEAN will benchmark energy performance to inform site selection, identify opportunities for energy efficiency initiatives and on-site renewable energy generation. For example, at our owned Nottingham office, we have installed on-site renewable energy generation through a solar PV installation.

Our Green Lease criteria will improve access to utility data and enable collaboration with landlords to implement energy efficiency and renewable energy initiatives. To further drive down emissions and ensure consistency, our sustainability guidelines require energy efficiency measures for office refurbishments.

### Operational net zero
We also achieved operational net zero in 2021 and 2022, have maintained this in 2023 and commit to holding operational net zero status annually. We achieved operational net zero through reduction of Scope 1 and 2 emissions in line with climate science and offsetting remaining emissions. That included the purchase carbon credits from a portfolio of renewable energy projects. We have been working on initiatives to ensure we maintain this status into 2024.

### ScopeX™
Acknowledging that the biggest impact AECOM can have is through our projects, we have developed our ScopeX™ approach to solving for carbon. Using ScopeX™, we aim to reduce the carbon impact of our major planning, design and construction projects by 50% compared to industry norms. ScopeX™ encompasses all the processes, frameworks, methods, skills, data and digital tools that we use to reduce carbon in our projects. It is not a digital tool or a suite of technology products although we use plenty of these as part of ScopeX™ and are developing more. We use both industry standard and custommade digital tools to understand carbon and industry baselines, measure carbon reductions, capture carbon reduction project data and share intelligence to improve our decarbonization design capabilities. We believe that ScopeX™ will be our biggest contribution to help end the climate emergency.

## Directors' Report (continued)
**For the year ended 29 September 2023**

**Emissions reductions measures scheduled for 2024**

During 2024 we will continue to focus more on implementation against our various strategies and commitments. That includes our Workplace of the Future and Freedom to Grow initiatives, through which we will consider sustainability guidelines and right-sizing as key elements of real estate decision making. We will continue our office energy audits to benchmark energy performance and identify opportunities for energy efficiency initiatives and on-site renewable energy generation. We will also continue to look to increase our usage of renewable energy, liaising with landlords and other tenants as necessary to do so. We will continue to switch out our vehicles for low emissions vehicles and using telematics more widely to inform behaviour change initiatives.

For Scope 3 we will continue our focus on supplier engagement to reduce supply chain emissions. This includes continued engagements with around 1,000 suppliers to further support them in measuring emissions and achieving net zero, using our regional supplier engagement representatives to do so. We will also further embed carbon reduction into our procurement processes through our Source to Pay initiative, which would allow us in future years to use this more as a key decision making factor. From a business travel perspective we will roll out regional carbon targets which will allow regions to put in place reduction initiatives and ensure that we are on track with required reduction globally. This is part of a broader effort to push KPIs on carbon reduction throughout the business. We are also working to introduce an internal price of carbon to drive reductions in air travel emissions and fund carbon reduction activities.

To progress Scope X™ there will be more effort to gather data, build out tools and implement our process in projects. This will allow continued progress to be made in the accuracy of our process and also in real-world carbon reduction too.

**Disclosure of information to the auditor**

The Directors who were members of the Board at the time of approving the Directors' Report and the Strategic Report are listed on page 1. Having made enquiries of fellow Directors and the Company's auditor, each of these Directors confirms that:

· So far as each person who was a Director at the date of approving this report is aware, there is no information (that is information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and

· Each Director has taken all the steps that they are obliged to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

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CD Wood
Director

1 March 2024

## Statement of Directors' Responsibilities
**For the year ended 29 September 2023**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's Report to the Members of AECOM Infrastructure & Environment UK Limited

**Opinion**

We have audited the financial statements of AECOM Infrastructure & Environment UK Limited for the year ended 29 September 2023, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 29 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, 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.

**Emphasis of Matter – uncertainty over provision related to potential remedial works**

We draw attention to note 20 to the financial statements concerning the uncertainties related to the provision for potential remedial works. Our opinion is not qualified in respect of this matter.

**Conclusions relating to going concern**

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

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the risk of going concern in planning our audit and again at the year-end phase;
- We confirmed our understanding of the process followed by management to prepare the Company's going concern assessment, including assessing the ongoing impact of economic factors affecting the UK economy;
- We obtained management's going concern assessment, including the cashflow forecast for the going concern period to 1 March 2025; we note that the going concern assessment details the current financial position including the cash held on deposit with a fellow subsidiary undertaking, which performs a group wide treasury function;
- We identified and challenged the key assumptions underlying managements forecasts and models by checking to corroborative evidence. We also searched for contrary evidence to challenge the assumptions;
- We obtained and challenged management's sensitivity analysis on the forecast and, as a result, performed our own sensitivity analysis;
- We assessed and challenged management's reverse stress testing to understand the sensitivities within the cashflow forecasts;

## Independent Auditor's Report to the Members of AECOM Infrastructure & Environment UK Limited (continued)

### Conclusions relating to going concern (continued)

- We checked the logic and arithmetical accuracy of the models developed by management and confirmed the opening cash position;
- We assessed the accuracy of management forecasting by comparing forecasts made in prior period to actual outcomes;
- We assessed the accuracy, completeness and appropriateness of management's disclosure in the Directors' Report and the Going Concern basis of preparation note;
- Given the Company's reliance on a group wide treasury function, we obtained and inspected the letter of support received from the ultimate parent undertaking to assess whether the wording of the support letter is appropriate;
- In order to corroborate management's conclusion that the ultimate parent undertaking could provide the support as pledged, should it be required, we performed the following procedures in conjunction with the ultimate parent undertaking's auditor:

- Obtained the going concern assessment corroborated by the auditors of the ultimate parent undertaking which we used to assess the ability of the ultimate parent undertaking to respond to changes in key underlying assumptions to the cash flow forecast.
- We note that the ultimate parent undertaking going concern assessment is for the period of twelve months from their reporting date to 30 September 2024, which was prepared as part of the 10-K reporting as at 30 September 2023. We have also considered the most recent financial position of the ultimate parent undertaking for the quarter ended 31 December 2023, to assess the ultimate parent undertaking's ability to provide the support as pledged. We further performed update procedures and made inquiries with the ultimate parent undertaking's auditors to cover the going concern period for twelve months from the date of approval of the financial statements, that is 1 March 2025.
- Obtained an understanding and evidence of the funding and liquidity available to the ultimate parent undertaking over the forecast period; and
- Consideration of the total parental support required by all subsidiaries, and an assessment of the ultimate parent undertaking's ability to provide the level of support required by its subsidiaries. From this assessment performed, we note that there are sufficient resources available to provide the required level of support to the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## Independent Auditor's Report to the Members of AECOM Infrastructure & Environment UK Limited (continued)

### Other information (continued)

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

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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 material misstatements in the Strategic Report or Directors' Report.

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

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

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor 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.

## Independent Auditor's Report to the Members of AECOM Infrastructure & Environment UK Limited (continued)

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud:***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework, Companies Act 2006, Bribery Act 2010, laws and regulations relating to health and safety and employee matters and relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We understood how AECOM Infrastructure & Environment UK Limited is complying with those frameworks by enquiry with management, and by identifying the policies and procedures regarding compliance with laws and regulations. We corroborated our enquiries through our review of board minutes, compliance issues reported through a whistleblowing hotline and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiry with management (including legal) and those charged with governance to understand where they considered there was susceptibility of fraud. As part of this, we understood the performance targets of management. We also considered the risk of management override.
- Based on this understanding, we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing manual journals and other journals identified by specific risk criteria, review of board minutes and any legal correspondence, enquiries with external legal counsel, senior management and where applicable, those charged with governance and obtaining written representations from the Directors of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

............................................ LLP

*David Wilson (Senior Statutory Auditor)*
*for and on behalf of Ernst & Young LLP, Statutory Auditor*
*London*

Date: 1 March 2024

## Profit and Loss Account
## For the year ended 29 September 2023

| | Notes | 2023<br>£ 000 | 2022<br>Restated<br>£ 000 |
|---|---|---|---|
| ***Turnover*** | 4 | **264,049** | 247,778 |
| Cost of sales | | **(163,433)** | (156,424) |
| ***Gross profit*** | | **100,616** | 91,354 |
| Administrative expenses | | **(85,310)** | (79,662) |
| ***Operating profit*** | 5 | **15,306** | 11,692 |
| Interest receivable and similar income | 8 | **10,517** | 4,514 |
| Interest payable and similar charges | 9 | **(2,690)** | (908) |
| Impairment charge on fixed asset investments | 14 | **(873)** | - |
| Other finance cost - pensions | 22 | **(5,229)** | (2,831) |
| ***Profit on ordinary activities before taxation*** | | **17,031** | 12,467 |
| Tax (expenses)/ income on (loss)/ profit on ordinary activities | 10 | **(722)** | 2,351 |
| ***Profit for the financial year*** | | **16,309** | 14,818 |

All amounts relate to continuing operations.

## Statement of Comprehensive Income
## For the year ended 29 September 2023

| | Notes | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|---|
| ***Profit for the financial year*** | | **16,309** | 14,818 |
| **Other Comprehensive Income** | | | |
| ***Other comprehensive income that may be reclassified to the profit and loss account in subsequent periods (net of tax):*** | | | |
| Exchange gain/ (loss) on translation of branch/ foreign operation balances | | **534** | (1,099) |
| **Net other comprehensive income that may be reclassified to the profit and loss account in subsequent periods** | | **534** | (1,099) |
| ***Other comprehensive income that will not be reclassified to the profit and loss account in subsequent periods (net of tax):*** | | | |
| Actuarial gain on defined benefit pension schemes | 22 | **7,106** | 49,863 |
| Tax expenses on items relating to components of other comprehensive income | 10 | **(4,393)** | (14,942) |
| **Net other comprehensive income that will not be reclassified to the profit and loss account in subsequent periods** | | **2,713** | 34,921 |
| **Other Comprehensive Income, net of tax** | | 3,247 | 33,822 |
| ***Total Comprehensive Income for the year*** | | **19,556** | 48,640 |

## Statement of Changes in Equity
## For the year ended 29 September 2023

| | Share capital £ 000 | Share premium £ 000 | Currency translation reserve £ 000 | Capital contribution reserve £ 000 | Accumulated losses £ 000 | Total equity £ 000 |
|---|---|---|---|---|---|---|
| At 2 October 2021 | 63,819 | 135,000 | (3,786) | 60,261 | (156,018) | 99,276 |
| Profit for the year | - | - | - | - | 14,818 | 14,818 |
| Other comprehensive income | - | - | (1,099) | - | 34,921 | 33,822 |
| Deferred tax effect of share based payments | - | - | - | - | 316 | 316 |
| At 30 September 2022 | 63,819 | 135,000 | (4,885) | 60,261 | (105,963) | 148,232 |

| | Share capital £ 000 | Share premium £ 000 | Currency translation reserve £ 000 | Capital contribution reserve £ 000 | Accumulated losses £ 000 | Total equity £ 000 |
|---|---|---|---|---|---|---|
| At 1 October 2022 | 63,819 | 135,000 | (4,885) | 60,261 | (105,963) | 148,232 |
| Profit for the year | - | - | - | - | 16,309 | 16,309 |
| Other comprehensive income | - | - | 534 | - | 2,713 | 3,247 |
| Deferred tax effect of share based payments | - | - | - | - | (330) | (330) |
| At 29 September 2023 | 63,819 | 135,000 | (4,351) | 60,261 | (87,271) | 167,458 |

## Balance Sheet
## At 29 September 2023

| | Notes | 2023 £ 000 | 2022 £ 000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 11 | **35,619** | 35,626 |
| Property, plant and equipment | 12 | **4,859** | 5,153 |
| Right of use assets | 13 | **1,179** | 2,314 |
| Investments | 14 | **2,384** | 2,503 |
| Investments - loans to group undertakings | 16 | **51,321** | 58,481 |
| Defined benefit pension plan surplus | 22 | **-** | 1,497 |
| | | **95,362** | 105,574 |
| **Current assets** | | | |
| Debtors | 15 | **211,883** | 241,011 |
| Cash at bank and in hand | | **2,228** | 3,923 |
| | | **214,111** | 244,934 |
| **Creditors:** amounts falling due within one year | 17 | **(24,164)** | (53,852) |
| **Net current assets** | | **189,947** | 191,082 |
| **Total assets less current liabilities** | | **285,309** | 296,656 |
| **Creditors:** amounts falling due after more than one year | 18 | **(1,119)** | (1,699) |
| Provisions for liabilities | 20 | **(33,946)** | (43,237) |
| Defined benefit pension plan deficit | 22 | **(82,786)** | (103,488) |
| **Net assets** | | **167,458** | 148,232 |
| **Capital and reserves** | | | |
| Share capital | 21 | **63,819** | 63,819 |
| Share premium account | | **135,000** | 135,000 |
| Capital contribution reserve | | **60,261** | 60,261 |
| Accumulated losses | | **(87,271)** | (105,963) |
| Currency translation reserve | | **(4,351)** | (4,885) |
| **Total equity** | | **167,458** | 148,232 |

The notes on pages 39 to 92 form an integral part of these financial statements.

## Balance Sheet
## At 29 September 2023 (continued)

These financial statements were approved by the Board on 1 March 2024 and signed on its behalf by:

..........................................
CD Wood

Director

## Statement of Cash Flows
## For the year ended 29 September 2023

| | Note | 2023 £ 000 | 2022 £ 000 |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Cash generated from operations | 24 | **(1,174)** | 487 |
| Income tax paid | | **163** | (207) |
| Net cash (used in)/ from operating activities | | **(1,011)** | 280 |
| ***Cash flows from investing activities*** | | | |
| Dividends received from subsidiaries | | **695** | 721 |
| Cash distributions received from joint ventures during the year | | **-** | 50 |
| Purchase of property, plant and equipment | | **(356)** | (629) |
| Net cash from investing activities | | **339** | 142 |
| ***Cash flows from financing activities*** | | | |
| Interest paid | | **(314)** | (300) |
| Repayments of interest and principal portion of lease liabilities | | **(709)** | (1,020) |
| Net cash used in financing activities | | **(1,023)** | (1,320) |
| ***Net decrease in cash and cash equivalents*** | | **(1,695)** | (898) |
| Cash and cash equivalents at the beginning of the year | | **3,923** | 4,821 |
| Cash and cash equivalents at the end of the year | | **2,228** | 3,923 |

Within the reported cash balance there is £nil (2022: £113,000) of restricted cash.

Please see note 19 of the financial statements for further details regarding changes in liabilities arising from financing activities.

## Notes to the Financial Statements
## At 29 September 2023

### 1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of AECOM Infrastructure & Environment UK Limited (the Company) for the year ended 29 September 2023 were authorised for issue by the Board on 1 March 2024 and the Balance Sheet was signed on the Board's behalf by CD Wood. The Company is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

The Company has used a true and fair override in respect of the non-amortisation of goodwill (see note 3).

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of AECOM, a Company incorporated in the USA. Therefore, the financial statements present information about the Company as an individual undertaking and not about its group.

The Company's financial statements are presented in Sterling (£), which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£ 000) except when otherwise indicated.

The results of the Company are included in the consolidated financial statements of AECOM which are available from 13355 Noel Road, Suite 400, Dallas, Texas, 75240, United States of America. This is the smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared.

The principal accounting policies adopted by the Company are set out in note 3.

### 2 Judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following judgments and estimates have had the most significant impact on amounts recognised in the financial statements:

### 2.1 Judgements

#### (a) Revenue recognition

The assessment of what is a performance obligation and of when the Company recognises revenue as a performance obligation is satisfied, is considered a key judgement by management. Judgement is made in determining whether promises within a contract should be accounted for as a single combined performance obligation or whether promises are distinct and separately identifiable, in which case there can be multiple performance obligations.

# Notes to the Financial Statements
# At 29 September 2023 (continued)

## 2 Judgements and key sources of estimation uncertainty (continued)

### 2.1 Judgements (continued)

### (b) Lease accounting

**Lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices, equipment and motor vehicles, the following factors are normally the most relevant:

If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 29 September 2023, potential future cash outflows (undiscounted) that were not included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated), were not significant. For leases for which a decision has been made to terminate those leases, future cash outflows are only included in the lease liability up until the date on which the Company is committed to exiting those leases.

**Sublease assumptions on exited properties**

When the Company commits to exiting a property, in determining the fair value of the right of use asset, the Company explores the viability of subleasing. As a general rule of thumb, there is an expectation that where the lease term runs for a further two years or more, it is realistic to recover some value via a sublease, contract permitting. An external Broker's Opinion of Value is obtained, from which the Company assesses the cited market rate per square foot, likely marketing void period and other commercial terms specific to the property. These factors are then taken into account to calculate any resulting impairment where the calculated fair value is less than the carrying value of the right of use asset.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 2 Judgements and key sources of estimation uncertainty (continued)

### 2.1 Judgements (continued)

#### (c) Provisions

The Company recognizes provisions in these financial statements when, and only when, the Company has a legal or constructive obligation as a result of a past event, it is considered probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. In determining the amount of the provision, management considers all facts and circumstances including assessments made by internal and external specialists, and hence provisioning can be considered a key judgement made by management. The Company reviews the criteria for recognising any potential provisions on a regular basis.

#### (d) Pension benefits

The Company is aware of the Virgin Media vs NTL Pension Trustees II Limited High Court decision surrounding the treatment of changes to scheme rules between April 1997 and April 2016 for contracted out defined benefit pension schemes. Virgin Media had its legal case heard in the High Court in June 2023, with the judgement handed down that amendments to scheme rules were invalid in the absence of a confirmation from the scheme actuary under Section 37 of the Pension Schemes Act 1993. The case is now subject to an appeal later in 2024.

It is not possible to ascertain the extent to which this decision may or may not impact the Company at the time of approving these financial statements. For further details please see note 22 to the financial statements.

### 2.2 Estimates

#### (a) Lease accounting

**Discounting future lease payments**

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The Company's incremental borrowing rates range between 3.20%-5.02% translating to an average rate of 4.11%. An increase or decrease to the incremental borrowing rates of 0.5% would not result in a significant change in the carrying values of lease liabilities or right of use assets as at the balance sheet date.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 2 Judgements and key sources of estimation uncertainty (continued)

#### 2.2 Estimates (continued)

#### (b) Investments and goodwill

The Company has indefinite lived assets in the form of investments in subsidiaries and goodwill. The Company determines, at the end of each reporting period, whether there are any conditions, either internal or external to the Company, that may indicate that the carrying value of any of those assets is impaired and whether a full impairment exercise is required to be carried out.

Where indications of impairment exist regarding the carrying value of investments in subsidiaries and at the end of each reporting period for the carrying value of goodwill, the carrying value of goodwill and certain investments is assessed using models used to calculate the enterprise value of the underlying businesses (where applicable). These models have a range of inputs including revenue growth and discount rates which are subject to significant uncertainty. Further details are given in note 11.

#### (c) Revenue recognition

The percentage of completion method and the determination of revenues to recognise on claims and variations to contracts are reliant on estimates, in particular in respect of future expected costs and revenues. The Company reviews the appropriateness of assumptions made on a regular basis.

#### (d) Pension benefits

The carrying values of liabilities associated with defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details, including sensitivity analysis, are included in note 22.

### 3 Significant accounting policies

#### 3.1 Basis of preparation

These financial statements were prepared in accordance with FRS 101 and under historical cost accounting rules for all years presented, unless otherwise stated.

The accounts have been prepared on a going concern basis (see note 3.5 for further details).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 29 September 2023.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

#### 3.2 Prior year restatement

The prior year Profit and loss account has been restated to reflect intercompany cost of sales transactions which had been misclassified in Turnover, and not in Cost of sales. These costs represent time spent working on projects of the Company by employees of other entities within the AECOM UK Group, mainly AECOM Limited.

As a result, Turnover on the face of the Profit and loss account for the year ended 30 September 2022 has increased by £21,091,000 with an equal and corresponding increase in Cost of sales. No other financial statement line items were impacted.

#### 3.3 Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101, on the basis that such disclosures are included in the consolidated financial statements of AECOM:

i. The requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share Based Payments because the share based payment arrangements concern the instruments of AECOM;

ii. The requirements of IFRS 7 Financial Instruments: Disclosures;

iii. The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

iv. The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

v. The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

vi. The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of :

i. Paragraph 79(a)(iv) of IAS 1;
ii. Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
iii. Paragraph 118(e) of IAS 38 Intangible Assets;

vii. The requirements of paragraphs 16 and 134-136 of IAS 1 Presentation of Financial Statements;

# Notes to the Financial Statements
# At 29 September 2023 (continued)

## 3 Significant accounting policies (continued)

### 3.3 Summary of disclosure exemptions (continued)

viii. The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

ix. The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;

x. The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is a wholly owned by such a member; and

xi. The requirements of paragraphs 130(f)(ii) and 130(f)(iii) of IAS 36 Impairment of Assets.

### 3.4 New standards, amendments and IFRIC interpretations

There are no accounting standards, amendments or IFRIC interpretations that are effective for the year ended 29 September 2023 which have had a material impact on the Company.

### 3.5 Going concern

The Company has net current assets of £189,947,000 and net assets of £167,458,000.When performing the going concern assessment from the date of approval of the Company's financial statements through to March 1, 2025 (the 'Going Concern period'), the Board has assessed whether the Company will be able to meet its liabilities as and when they fall due.

The Board assessed the continuing impact of economic factors (including climate- related matters) affecting the UK economy through stress testing of the Company's budgets and forecasts. The stress testing has considered the Company's operational cash flow performance based upon several scenarios (including the impact of cost inflationand any potential reduction in future revenues). The Directors have also performed reverse stress testing on the cash flow forecasts with severe, but plausible scenarios. The outcome of the sensitivity analysis indicated that the Company is expected to maintain positive cash flows throughout the Going Concern period.

Although the Directors do not consider financial support to be required from the ultimate parent undertaking in order to support the going concern assessment, the Board has nevertheless obtained a written confirmation of financial support from its ultimate parent undertaking, that it will assist the Company in meeting their liabilities as and when they fall due, for the period through to March 1, 2025, 12 months from the date of approval of the Company's financial statements.

After making enquiries and considering the above points, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

### 3.6 Turnover and contracts

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Recognition of revenue and profit is dependent upon a number of factors, including the accuracy of a variety of estimates made at the balance sheet date (e.g. engineering progress, material quantities, the achievement of milestones, penalty provisions, labour productivity and cost estimates). Ultimately, the Company recognises revenue on a 5 step model, when performance obligations have been satisfied, over time. Where contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the standalone selling prices. Where these are not directly observable, they are based on expected cost plus margin.

The timing of satisfaction of performance obligations does not always directly correspond with the timing of receipt of payment from customers, which could be paid in advance, paid in arrears, or be based on milestone achievements.

Additionally, the Company is required to make estimates for the amount of consideration to be received, including bonuses, awards, incentive fees, claims, unpriced change orders, penalties and liquidated damages. Variable consideration is included in the estimate of the transaction price only to the extent that a significant reversal would not be highly probable.

Turnover predominantly relates to the provision of services. The main types of service contracts are:

#### (a) Fixed Price contracts

Fixed price contracts principally relate to lump sum contracts. Under lump sum contracts, the Company performs all of the work under the contract for a specified fee. Lump sum contracts are typically subject to price adjustments if the scope of the project changes or unforeseen conditions arise.

Turnover is recognised over time using the percentage completion method, as the customer receives and consumes the benefits of the service simultaneously. Percentage of completion is measured by reference to total costs incurred to date to fulfil performance obligations as a percentage of the total costs expected to be incurred over the life of the contract. If the estimated total costs on a contract indicate a loss on a project, the loss is recognised as soon as it is foreseen.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

**3 Significant accounting policies (continued)**

**3.6 Turnover and contracts (continued)**

**(b) Cost reimbursable contracts**

Cost reimbursable contracts include cost-plus fixed fee, cost plus fixed rate, and time and materials price contracts. Under cost plus contracts, the Company charges clients for its costs, including both direct and indirect costs, plus a negotiated fee or rate. The Company recognises revenue over time based on actual direct costs incurred to fulfil performance obligations and the applicable fixed rate or portion of the fixed fee earned as of the balance sheet date. Turnover is recognised over time using the percentage completion method, unless the contract is a pure service contract whereby revenue is recognised over time equal to the amounts billed to the client, commensurate with the Company's performance completed and invoiced to date.

Under time and materials price contracts, the Company negotiates hourly billing rates and charges its clients based on the actual time that it expends on a project. In addition, clients reimburse the Company for materials and other direct incidental expenditures incurred in connection with its performance under the contract.

Provision is made for contract losses in full as soon as they are foreseen.

**Contract combinations**
In the infrastructure industry there may be multiple contractual arrangements between parties and the ultimate end customer, or, amongst various suppliers. Contracts with different customers are combined when certain criteria are met, such as when the contracts are economically linked. Conversely, a single contract may be segmented into, effectively, multiple contracts under certain circumstances.

Contracts entered into at or near the same time with the same customer (or related parties of that customer) are combined providing one or more of the following conditions is also met:

- The contracts are negotiated with a single commercial objective, or
- The amount of the consideration in one contract depends on the other contract, or
- The goods or services promised are a single performance obligation.

**Contract modifications**
Contract modifications such as those related to additional orders or changes in price or scope (or both), are common. A contract modification is treated as a separate contract when the scope of the contract increases due to the addition of promised goods or services which are distinct and where the price of the contract is raised by an amount reflecting the Company's stand-alone selling price for the additional goods or services promised. In most cases the added goods or services are not distinct and therefore form part of a single performance obligation that is partially met at the time of the contract modification. As a result, this is reported as being a part of the existing contract.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

### 3.6 Turnover and contracts (continued)

**Contract assets and liabilities**

Where turnover, on a contract by contract basis, exceeds amounts invoiced or where goods or services are transferred to the customer before the customer pays consideration (or before payment is due), the excess is classified as amounts recoverable on contracts and included in debtors (contract asset). Where amounts invoiced, on a contract by contract basis, exceed turnover or where the Company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration, the excess is classified as contract liabilities and included in creditors.

**Costs to obtain a contract**

The Company can incur costs to obtain a contract with a customer. Such costs are capitalised and amortised to the profit and loss account over the contract term where the Company expects to recover those costs from the customer, regardless of whether the contract is obtained.

In all other circumstances the costs are expensed to the profit and loss account immediately.

### 3.7 Other income and expenses

#### (a) Interest receivable and payable

Interest income and expense is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

#### (b) Dividend income

Income is recognised when the Company's right to receive payment is established.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

### 3.8 Intangible assets

**(a) Goodwill**

Business combinations, including those under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost being the excess of the cost of the acquisition over the net identifiable amounts of the assets acquired and liabilities assumed in exchange for the business combination. After initial recognition, goodwill is recognised at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units that are expected to benefit from the combination.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over its estimated useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment at the end of each reporting period. The Company is therefore invoking a "true and fair view override" to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The profit for the current and prior year would have been £2,415,000 lower had goodwill been amortised.

**(b) Other intangible assets**

Externally acquired intangible assets are initially measured at cost or the acquisition date fair value where intangible assets have been identified as part of a business combination.

The useful lives of intangible assets are assessed to be either finite or indefinite. Indefinite lived assets are reviewed for impairment whenever events or circumstances indicate the assets may be impaired and at the year end. Finite lived assets are amortised over their useful economic lives and reviewed for impairment whenever events or circumstances indicate the assets may be impaired. The rates and periods used are:

Software and licenses - 3 - 15 years

Amortisation of other intangibles is included in administrative expenses in the profit and loss account.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

### 3.8 Intangible assets (continued)

**(c) Research and development costs**

Research costs are expensed as incurred. Development expenditures are recognised as an intangible asset when the Company can demonstrate:

• The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
• Its intention to complete and its ability and intention to use or sell the asset;
• How the asset will generate future economic benefits;
• The availability of resources to complete the asset; and
• The ability to measure reliably the expenditure during development.

### 3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairments, where applicable. Cost comprises the aggregate amount paid and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment over their expected useful lives. The rates and periods used are:

Buildings - 30 years
Fixtures, fittings, tools and equipment - 7-10 years
Computer equipment - 4-5 years
Leasehold property and improvements - shorter of 10 years and the term of the lease *
Motor Vehicles - 5 years

* there are some leases with a term greater than 10 years that are being depreciated over the term of the lease. These are by exception, as approved by senior management.

Land is not depreciated as it is deemed to have an indefinite life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required, these are made prospectively.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

#### 3.10 Investments

The Company has investments in subsidiaries, joint operations, joint ventures and associates. Long term loans to fellow group undertakings are also classified as investments.

Investments in subsidiaries and associates are carried at historical cost less accumulated impairment losses, where applicable. Interests in joint ventures are recognised as investments using the equity method of accounting for the results of those joint ventures.

For joint operations, the Company recognizes its interests in joint operations by reflecting its line by line share of the revenue, expenses, assets and liabilities of the joint operation under each relevant heading within the profit and loss account and balance sheet.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Under the equity method of accounting for investments in joint ventures, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the joint venture since the acquisition date.

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. The Company determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and other facts and circumstances.

The carrying values of investments are reviewed for impairment at each reporting date. If an indicator of impairment exists, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within the profit and loss account.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

### 3.11 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. Refer to note 3.19.

### 3.12 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the existence and extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the profit and loss account.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of the recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment losses been recognised for the asset or cash-generating unit in the prior years. A reversal of impairment loss is recognised immediately in the profit and loss account.

### 3.13 Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply when the related asset or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

#### 3.13 Income taxes (continued)

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited to equity if it relates to items that are charged or credited direct to equity. Otherwise income tax is recognised in the profit and loss account.

#### 3.14 Foreign currencies

The Company's financial statements are presented in sterling which is also the Company's functional currency. Transactions in foreign currencies are initially recorded into the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date with exchange gains and losses dealt with through the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Exchange differences arising on the re-translation of results of foreign operations in the Company's functional currency are taken to other comprehensive income.

#### 3.15 Leases

The Company leases offices, plant and equipment and vehicles. Rental contracts are typically made for fixed periods but may have extension options. Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in creditors: amounts falling due within one year and the long-term component is included in creditors: amounts falling due after more than one year.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Similarly, leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. For operating leases, except for the leases which qualify for short term lease exemptions, the rental charge in the profit or loss account is now replaced by depreciation on the right-of-use asset and interest on the lease liability, aligned to the current accounting treatment for finance leases. Rental obligations, net of finance charges, are included in creditors: amounts falling due within one year and the long-term component is included in creditors: amounts falling due after more than one year.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases with the exception of real estate (real estate being the major leasing activity of the Company), it has elected not to separate lease and non-lease components and instead the Company accounts for these as a single lease component.

## 3 Significant accounting policies (continued)

### 3.15 Leases (continued)

Where assets and liabilities arising from a lease are initially measured on a present value basis, this includes the following:

• Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
• Any amounts expected to be payable by the Company under residual value guarantees, purchase options (if the Company is reasonably certain to exercise that option), or lease termination penalties.

Lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

• The amount of the initial measurement of lease liability; and
• Any initial direct costs.

Right of use assets are included on the balance sheet according to the nature of the underlying asset. Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right of use assets are also subject to impairment. Please refer to note 3.12 for further details.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When a modification takes place, for example adjustments to lease payments occur based on an index or rate change, there is a rent review or there is a change in lease term, the carrying amount of the lease liability is remeasured, and a corresponding adjustment is made against the right of use asset. Lease liabilities, and their corresponding right of use assets, are formally disposed of within the financial statements when the Company when lease terms have come to an end and properties have been vacated.

The Company has elected that payments associated with short-term leases and all leases of low value assets continue to be recognised on a straight-line basis as an expense in the profit and loss account. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Company is a lessor, net of any incentives granted, is recognised as income in the profit and loss account on a straight-line basis over the period of the sublease term.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

#### 3.16 Pensions

The Company operates three defined benefit pension plans, all of which require contributions to be made to separately administered funds.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributes entitlements to benefits to the current period (to determine current service costs) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the profit and loss account. When a settlement or curtailment occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit pension asset or liability, as determined at the start of the annual reporting period, taking into account changes in the net defined benefit pension liability during the period as a result of contributions and benefit payments. The net interest is recognised in the profit and loss account as other finance income or expense.

Re-measurements, comprising actuarial gains and losses and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

#### 3.17 Equity settled share-based payments

The cost of equity settled transactions with employees, including Save As You Earn schemes, is measured by reference to the fair value at the date at which they are granted and is recognised as an expense via management recharge over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined using an appropriate pricing model unless the awards have no exercise price in which case fair value is taken to be the market value of the underlying shares at the grant date. In determining fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the ultimate parent (market conditions).

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

#### 3.17 Equity settled share-based payments (continued)

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account.

Where the terms of an equity settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both measured on the date of the modification. No reduction is recognised if this difference is negative.

#### 3.18 Trade debtors, other debtors and amounts owed by group undertakings

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is not material, receivables are carried at amortised cost. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and days past due. The contract assets relate to amounts recoverable on contracts and have substantially the same risk characteristics as trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

Other debtors are recognised at the lower of their original invoiced value or their recoverable amount. Where the time value of money is not material, other debtors are carried at amortised cost. Expected credit losses are measured in relation to the Company's historic default experience of other debtors, which has typically been zero and therefore based on the nature of the balance and history of default, no provision has been made in respect of this balance.

Amounts owed by group undertakings are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is not material, receivables are carried at amortised cost. To measure the expected credit losses, the Company assesses recoverability at each reporting period end date using historical experience and depending on whether those receivables are due on demand (12 month expected loss allowance), or where not due on demand, whether a significant increase in credit risk has occurred since original recognition of the instrument (lifetime expected loss allowance).

# Notes to the Financial Statements
# At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

### 3.19 Financial instruments

#### (a) Financial assets

***Recognition and measurement***
Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, or financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. The Company recognises financial assets in the balance sheet when, and only when, it becomes party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets include trade debtors, cash and amounts owed by group undertakings. All financial assets are recognised initially at fair value plus directly attributable transaction costs, then subsequently measured at amortised cost using the effective interest rate (EIR) method, less any impairment, or at fair value.

As the Company's financial assets are all held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest, all are classified as financial assets at amortised cost.

***Derecognition***
The Company derecognises a financial asset when:
- the contractual rights to the cash flows from the asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the asset are transferred; or
- the Company neither retains nor transfers substantially all of the risks and rewards of ownership and it does not retain control of the asset.

#### (b) Financial liabilities

***Recognition and measurement***
Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost. The Company recognises financial liabilities in the balance sheet when, and only when, it becomes party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities include trade creditors and amounts owed to group undertakings. All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs, then subsequently measured at amortised cost using the effective interest method.

# Notes to the Financial Statements
# At 29 September 2023 (continued)

## 3 Significant accounting policies (continued)

### 3.19 Financial instruments (continued)

***Derecognition***
The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss account.

#### (c) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.20 Fair value measurement

The Company initially recognises financial instruments and non-financial assets at fair value. Subsequent to initial recognition, the only assets that are held at fair value are those in the Company's defined benefit pension schemes (see note 22 for details). These assets are managed by a corporate Trustee, and not by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability
Or
• In the absence of a principal market, in the most advantageous market for the asset or liability

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 3 Significant accounting policies (continued)

### 3.20 Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Assets held at fair value are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
• Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For further information on the assets held within the Company's defined benefit pension schemes please see note 22.

### 3.21 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; if it is considered probable that an outflow of economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance expense.

### 3.22 Cash and cash equivalents

Cash comprises cash on hand and on demand deposits with a maturity date of 3 months or less. The Company's cash balances are held in the UK. Certain balances within cash are considered restricted as they relate to project bank accounts whereby the management of such cash is governed by a Trust Deed, meaning that whilst the cash is readily available to the Company, it is designated at the balance sheet date for payment to sub-contractors.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 4 Turnover

Turnover recognised in the profit and loss account, net of value added tax, for both 2023 and 2022, relates entirely to the rendering of services.

An analysis of turnover by geographical market is given below:

| | 2023<br>£ 000 | 2022<br>Restated<br>£ 000 |
|---|---|---|
| United Kingdom | 244,621 | 231,759 |
| Europe | 13,876 | 11,223 |
| Middle East | 3,454 | 2,637 |
| Rest of the World | 2,098 | 2,159 |
| | 264,049 | 247,778 |

The Company recognised revenue in the period of £5,562,000 (2022: £7,760,000) that was included in the contract liabilities balance at the beginning of the current period.

Revenue recognised in the period from performance obligations satisfied (or partially satisfied) in previous periods was not material.

### 5 Operating profit

This is stated after charging/ (crediting):

| | Notes | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|---|
| Depreciation of property, plant and equipment | 12 | 563 | 541 |
| Depreciation of right of use assets | 13 | 594 | 663 |
| Amortisation of intangibles | 11 | 7 | 7 |
| Impairment charge on property, plant and equipment | 12 | 31 | - |
| Impairment charge on right of use assets | 13 | 541 | - |
| Loss on sale or disposal of property, plant and equipment and intangible assets | | 56 | 8 |
| Gain on early termination of leases | | - | (113) |
| Share-based payment expenses | | 958 | 923 |
| Net foreign currency gains | | (711) | (673) |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 5 Operating profit (continued)

Items affecting operating profit in relation to right of use assets and lease liabilities are disclosed in note 19.

The Company's research and development expenditure qualifying for research and development expenditure credit (RDEC) in the prior year was £1,870,000. This expenditure is included within cost of sales and administrative expenses in the profit and loss account. The Company's estimated RDEC qualifying expenditure in the current year is expected to be in line with prior year. The Company finalises its current year research and development claim subsequent to the filing of these financial statements.

The Company has not capitalised any development expenditure in the current or preceding period.

### 6 Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other non-audit services provided to the Company and other entities within the AECOM UK Group:

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Audit of the financial statements of the Company | 312 | 324 |

### 7 Staff costs and Directors' remuneration

(a) Staff costs

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Wages and salaries | 137,830 | 128,870 |
| Social security costs | 14,200 | 13,188 |
| Other pension costs | 7,350 | 7,179 |
| | 159,380 | 149,237 |

In the current and prior year, other pension cost consists entirely of costs in respect of contributions to defined contribution plans.

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

| | 2023<br>No. | 2022<br>No. |
|---|---|---|
| Engineering and technical | 2,555 | 2,625 |
| Administration and finance | 133 | 144 |
| | 2,688 | 2,769 |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 7 Staff costs and Directors' remuneration (continued)

(b) Directors' remuneration

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Directors' remuneration | 1,786 | 2,629 |
| Company contributions to money purchase schemes | 32 | 43 |
| | 1,818 | 2,672 |

| | 2023<br>No. | 2022<br>No. |
|---|---|---|
| Number of Directors who received shares in respect of qualifying services | 4 | 7 |
| Number of Directors who exercised share options | 2 | 2 |
| Number of Directors accruing benefits under money purchase schemes | 3 | 5 |

In respect of the highest paid Director:

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Aggregate remuneration | 678 | 729 |
| Company contributions to money purchase schemes | 6 | - |

During the current period and the prior period the highest paid Director received shares under a long term incentive scheme.

The remuneration detailed above includes the total remuneration of all Directors of the Company during the year and up to the point of which some Directors ceased to be Directors. One of the Directors is employed and paid by an entity that is not part of the AECOM UK group, however, all of the remaining Directors are paid by and employed by AECOM UK entities.

The Directors provide services not only to the AECOM UK group but also to AECOM entities in other jurisdictions, and hence some of their employment costs will be recharged to those other AECOM regions via a cost allocation process. This also applies to the one Director who is paid by the non UK entity.

The Directors do not believe that it is practicable to apportion their total remuneration between their services provided as Directors of the Company and their services provided to other AECOM entities.

During the year, amounts totalling £nil (2022: £80,000) were recognised as an expense in respect of aggregate compensation relating to Directors of the Company and fellow group undertakings, relating to their retirement from office.

**Notes to the Financial Statements**
**At 29 September 2023 (continued)**

### 8 Interest receivable and similar income

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Dividend income | 695 | 721 |
| Interest receivable from group undertakings | 9,822 | 3,793 |
| | 10,517 | 4,514 |

On 27 March 2023, URS Scott Wilson Pvt Limited, a wholly owned subsidiary of the Company, declared and paid a dividend of INR 71,200,000 (£695,000).

On 30 September 2022, URS Scott Wilson Pvt Limited, a wholly owned subsidiary of the Company, declared a dividend of INR 69,375,000 (£721,000). The dividend was subsequently paid in cash on 27 October 2022.

### 9 Interest payable and similar expenses

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Interest expense on lease liabilities | 91 | 137 |
| Interest payable to group undertakings | 2,278 | 457 |
| Other finance costs | 321 | 314 |
| | 2,690 | 908 |

No borrowing costs have been capitalised during either the current or the prior year.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 10 Taxation

#### (a) Tax (charged) or credited in the profit and loss account

The tax charge/ (credit) is made up as follows:

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| ***Current income tax:*** | | |
| UK corporation tax | - | (1,056) |
| Foreign tax | 70 | 251 |
| Amounts overprovided in previous years | (252) | (3,087) |
| Total current income tax | (182) | (3,892) |
| ***Deferred tax:*** | | |
| Origination and reversal of temporary differences | 744 | 644 |
| Amounts underprovided in previous years | 332 | 1,103 |
| Impact of change in tax laws and rates | (172) | (206) |
| Total deferred tax | 904 | 1,541 |
| ***Tax expense/ (income) in the profit and loss account*** | 722 | (2,351) |

#### (b) Tax relating to items (charged) or credited to other comprehensive income

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| ***Current tax*** | | |
| Total current income tax expense/ (income) | - | - |
| ***Deferred tax*** | | |
| Actuarial losses on defined benefit pension plans | 4,725 | 15,411 |
| Impact of changes in tax laws and rates | (332) | (469) |
| Total deferred tax expense | 4,393 | 14,942 |
| ***Tax expense in the statement of other comprehensive income*** | 4,393 | 14,942 |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 10 Taxation (continued)

#### (c) Reconciliation of the total tax charge/ (credit)

The tax charge on the profit for the year differs from the standard rate of corporation tax in the UK (2023: 19% for the period from 1 October 2022 to 31 March 2023 and 25% for the period from 1 April 2023 to 29 September 2023, and 2022: 19%). The differences are explained below:

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Profit from continuing activities before tax | 17,031 | 12,467 |
| Profit multiplied by standard rate of corporation tax in the UK (2023: blended rate of 22%, and 2022: 19%) | 3,747 | 2,369 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | 389 | 65 |
| Income not taxable | (515) | (559) |
| Foreign tax | 70 | 251 |
| Recognition of deferred tax asset | (3,271) | (3,142) |
| Changes in tax laws and rates | 222 | 649 |
| Amounts underprovided/ (overprovided) in previous years | 80 | (1,984) |
| Total tax expense/ (income) reported in the profit and loss account | 722 | (2,351) |

Deferred tax assets not recognised do not have an expiry date.

#### (d) Factors affecting future tax charges

The UK corporation tax rate increased to 25%, from 19%, on 1 April 2023. This change is reflected in these financial statements.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 10 Taxation (continued)

#### (e) Deferred tax

Deferred tax is provided at 25.00% (2022: 24.60%) in the financial statements as follows:

| | 2023 £ 000 | 2022 £ 000 |
|---|---|---|
| Other temporary differences | 628 | 1,151 |
| Capital allowances | 3,339 | 4,319 |
| Pension schemes | 20,697 | 25,090 |
| Tax losses carried forward | 6,736 | 6,546 |
| RDEC tax credit | 2,680 | 2,641 |
| Deferred tax asset | 34,080 | 39,747 |

*Movement in deferred tax balance during the year*

| | 1 October 2022 £ 000 | Recognised in profit and loss £ 000 | Recognised in equity £ 000 | Recognised in other comprehensive income £ 000 | Transfer out £ 000 | 29 September 2023 £ 000 |
|---|---|---|---|---|---|---|
| Other temporary differences | 1,151 | (193) | (330) | - | - | 628 |
| Capital allowances | 4,319 | (980) | - | - | - | 3,339 |
| Pension schemes | 25,090 | - | - | (4,393) | - | 20,697 |
| Tax losses carried forward | 6,546 | 190 | - | - | - | 6,736 |
| RDEC tax credit | 2,641 | 61 | - | - | (22) | 2,680 |
| | 39,747 | (922) | (330) | (4,393) | (22) | 34,080 |

Of the amount above recognised in profit and loss of £922,000, £983,000 has been recognised in tax expense on profit on ordinary activities, and credit of £61,000 has been recognised in administrative expenses and cost of sales.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 10 Taxation (continued)

#### (e) Deferred tax (continued)

*Movement in deferred tax balance during the prior year*

| | 2 October 2021 £ 000 | Transfer in £ 000 | Recognised in profit and loss £ 000 | Recognised in equity £ 000 | Recognised in other comprehensive income £ 000 | Transfer out £ 000 | 30 September 2022 £ 000 |
|---|---|---|---|---|---|---|---|
| Other temporary differences | 743 | - | 92 | 316 | - | - | 1,151 |
| Capital allowances | 5,188 | - | (869) | - | - | - | 4,319 |
| Pension schemes | 40,032 | - | - | - | (14,942) | - | 25,090 |
| Tax losses carried forward | 7,310 | - | (764) | - | - | - | 6,546 |
| RDEC tax credit | - | 2,781 | (16) | - | - | (124) | 2,641 |
| | 53,273 | 2,781 | (1,557) | 316 | (14,942) | (124) | 39,747 |

During the prior year £2,781,000 has been transferred from other debtors to deferred tax, in relation to corporation tax relief on research and development tax credits. These are classified as deferred tax to reflect the expected future use of the credits.

Of the amount above recognised in profit and loss of £1,557,000, £1,541,000 has been recognised in tax expense on profit on ordinary activities, and £16,000 has been recognised in administrative expenses and cost of sales.

# Notes to the Financial Statements
# At 29 September 2023 (continued)

## 11 Intangible fixed assets

| | Software and licenses £ 000 | Goodwill £ 000 | Total £ 000 |
|---|---|---|---|
| *Cost:* | | | |
| At 1 October 2022 | 20 | 35,617 | 35,637 |
| At 29 September 2023 | 20 | 35,617 | 35,637 |
| *Amortisation and impairment:* | | | |
| At 1 October 2022 | (11) | - | (11) |
| Charged during the year | (7) | - | (7) |
| At 29 September 2023 | (18) | - | (18) |
| *Net book value:* | | | |
| At 29 September 2023 | 2 | 35,617 | 35,619 |
| At 30 September 2022 | 9 | 35,617 | 35,626 |

No intangible assets were pledged as security.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 11 Intangible fixed assets (continued)

For the purposes of impairment testing of goodwill, the Company has allocated goodwill arising on acquisition to the following cash generating units (CGUs) which are also operating segments:

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Building and Places | 7,962 | 7,123 |
| Transportation | 13,987 | 20,658 |
| Environment, Water and Energy | 13,668 | 7,836 |
| | 35,617 | 35,617 |

This represents the lowest level within the Company at which goodwill is monitored for internal management purposes.

Effective 1 October 2022 the Company undertook an internal reorganisation, in order to better align the UK internal reporting structure with that of the wider AECOM group, whereby the Civil Infrastructure business was re-named Transportation, and the Environment and Ground Engineering business was re-named Environment, Water and Energy. The reorganisation resulted in movements in headcount between the two operating segments, and these have resulted in a reallocation of goodwill between cash generating units. The reallocation was effective for the Company's 2023 accounting period and, as a result, the goodwill allocated to CGUs has been represented within the table above.

***Recoverable amounts***
When assessing goodwill for impairment, the recoverable amount for each CGU has been determined using a value in use calculation with cash flow projections based on financial forecasts approved by management.

***Estimates used in value in use calculation***
Revenue growth rates and profitability forecasts reflect management's estimate of the future performance in the sector across the UK market. Management's estimates have been benchmarked against historical financial performance as well as industry expectations. Future revenue is extrapolated by the expected growth rate applicable to each CGU with an inflationary terminal growth rate assumption of 2.5% (2022: 2.1%).

The rate at which the projected cash flows have been discounted represents an estimate of the Company's Weighted Average Cost of Capital (WACC). This was calculated for the wider DCS business in the UK, being the market segment in which the Company operates. The post-tax discount rate applied to cash flows is 13.9% (2022: 12.6%). Had a pre- tax rate been applied, the rate would have been 17.5% (2022: 14.8%).

Cash conversion estimates reflect Management's capital expenditure projections as well as working capital expectations for the wider DCS business in the UK - which is the region and market in which the Company operates.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 11 Intangible fixed assets (continued)

***Sensitivity of valuation to changes in key assumptions***
The value in use calculation is most sensitive to the following key assumptions:
- Revenue growth rates, including those used to extrapolate cash flows beyond the forecast period, and
- Discount rates.

There is significant headroom between the value in use calculation and the carrying value of goodwill such that a significant change in revenue growth rates and/ or discount rates would be required before any impairment would be necessary.

### 12 Property, plant and equipment

| | Freehold land and buildings £ 000 | Fixtures, fittings, tools and equipment £ 000 | Computer equipment £ 000 | Leasehold improvements £ 000 | Motor vehicles £ 000 | Total £ 000 |
|---|---|---|---|---|---|---|
| ***Cost:*** | | | | | | |
| At 1 October 2022 | 3,824 | 2,196 | 148 | 3,188 | 682 | 10,038 |
| Additions | - | 200 | 6 | 150 | - | 356 |
| Disposals | - | (477) | (5) | (726) | (187) | (1,395) |
| Reclassifications | - | 19 | (19) | - | - | - |
| At 29 September 2023 | 3,824 | 1,938 | 130 | 2,612 | 495 | 8,999 |
| ***Depreciation and Impairment:*** | | | | | | |
| At 1 October 2022 | (1,065) | (1,509) | (81) | (1,549) | (681) | (4,885) |
| Charged during the year | (134) | (171) | (27) | (230) | (1) | (563) |
| On disposals | - | 463 | 5 | 684 | 187 | 1,339 |
| Impairment | - | - | - | (31) | - | (31) |
| Reclassifications | - | (24) | 24 | - | - | - |
| At 29 September 2023 | (1,199) | (1,241) | (79) | (1,126) | (495) | (4,140) |
| ***Net book value:*** | | | | | | |
| At 29 September 2023 | 2,625 | 697 | 51 | 1,486 | - | 4,859 |
| At 30 September 2022 | 2,759 | 687 | 67 | 1,639 | 1 | 5,153 |

No tangible fixed assets have been pledged as security.

During the year, reclassifications between property, plant and equipment categories were recorded in order to reflect the correct cost of fixtures, fittings, tools and equipment and computer equipment within the financial statements.

# Notes to the Financial Statements
# At 29 September 2023 (continued)

### 12 Property, plant and equipment (continued)

Impairments included within the table above relate to assets connected with a decision taken during the year to close several UK offices during 2024. Fixtures and fittings and leasehold improvements associated with these properties have been impaired in full where they cannot be repurposed elsewhere within the business, or, have nil resale value. These impairments have been recognised within Administrative expenses in the Profit and Loss Account.

### 13 Right of use assets

| | Property £ 000 |
|---|---|
| ***Cost:*** | |
| At 1 October 2022 | 3,939 |
| At 29 September 2023 | 3,939 |
| ***Depreciation:*** | |
| At 1 October 2022 | (1,625) |
| Charged during the year | (594) |
| Impairment charge | (541) |
| At 29 September 2023 | (2,760) |
| ***Net book value:*** | |
| At 29 September 2023 | 1,179 |
| At 30 September 2022 | 2,314 |

Impairments included within the table above relate to assets connected with a decision taken during the year to close several UK offices during 2024. Right of use assets associated with these properties have also been impaired in full, taking into consideration any planned recovery of value through potential sub leases. These impairments have been recognised within Administrative expenses in the Profit and Loss Account.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 14 Investments

Summary of investments held by the Company at 29 September 2023:

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Investments in subsidiaries | 2,384 | 2,384 |
| Investments in associates | - | - |
| Investments in joint ventures | - | 119 |
| | 2,384 | 2,503 |

All investments are in unlisted entities.

#### (a) Subsidiaries

| | £ 000 |
|---|---|
| ***Cost:*** | |
| At 30 September 2022 | 2,384 |
| Additions | 873 |
| At 29 September 2023 | 3,257 |
| ***Provision for impairment:*** | |
| At 30 September 2022 | - |
| Charge in year | 873 |
| At 29 September 2023 | 873 |
| ***Net book value:*** | |
| At 29 September 2023 | 2,384 |
| At 30 September 2022 | 2,384 |

Details of the subsidiaries held as at 29 September 2023 are as follows:

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 14 Investments (continued)

### (a) Subsidiaries (continued)

| Name of subsidiary | Principal activity | Registered address | Proportion of ownership interest and voting rights held 2023 | 2022 |
|---|---|---|---|---|
| URS Scott Wilson India Private Ltd | Engineering Consultancy | Flat No. 513 Vishwadeep Tower, District Centre, Janakpuri, New Delhi, West Delhi, Delhi 11058, India | 100% | 100% |
| AECOM Srbija d o o (formerly URS Srbija d o o) | Engineering Consultancy | Dragiše Brašovana 1, Belgrade-Novi Beograd, Beograd-Novi Beo, Serbia | 100% | 100% |
| Scott Wilson Maroc SARL-AU | Dissolved | N°9 rue Arryad, Appt. N°5 – Hassan, Rabat, Morocco | 0% | 100% |
| Scott Wilson Eastern Africa Ltd | Engineering Consultancy | Upperhill, Building: Lr No 209/11260, Kenya-Re Towers, Nairobi, Kenya | 100% | 100% |
| Ferguson & McIlveen Holdings Limited | In liquidation | Beechill House, Beechill Road, Belfast, BT8 7RP United Kingdom | 100% | 100% |
| Central Greece E65 | Engineering Consultancy | OMEK Consulting Engineers SA 7 Kodrou & 24 Zan Moreas 15231, Halandri Greece | 50% | 50% |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 14 Investments (continued)

#### (a) Subsidiaries (continued)

The country of incorporation of the companies listed above is the same as that disclosed in the registered office column in the table above.

The Directors believe that the carrying values of investments at 29 September 2023 is supported by their underlying net assets, or value in use. In measuring value in use, the discount rate used reflects current assessments of the time value of money and the risks specific to the asset.

The carrying value of certain investments have been written down to either the net asset value or the value in use of the underlying businesses where the Directors believe appropriate, based on their knowledge of the global group's future plans.

**Movements in the year**

On 5 September 2023, the Company invested a further EUR 1,020,000 (£859,000) into AECOM Srbija d o o, following which the investment was immediately impaired.

On 14 November 2022, Scott Wilson Maroc SARL-AU was formally dissolved.

Effective 1 October 2022, Central Greece E65, an investment previously classified as a joint venture of the Company was reclassified as a subsidiary undertaking due to the fact that the Company controls the entity. Please see note 14 (c) below for further details.

#### (b) Associates

| | £ 000 |
|---|---|
| ***Cost:*** | |
| At 30 September 2022 | - |
| At 29 September 2023 | - |
| ***Provision for impairment:*** | |
| At 30 September 2022 | - |
| At 29 September 2023 | - |
| ***Net book value:*** | |
| At 29 September 2023 | - |
| At 30 September 2022 | - |

Details of the associates as at 29 September 2023 are as follows:

## Notes to the Financial Statements
## At 29 September 2023 (continued)

**14 Investments (continued)**

**(b) Associates (continued)**

| Name of Company | Principal activity | Country of registration / incorporation | Proportion of ownership interest and voting rights held 2023 | 2022 |
|---|---|---|---|---|
| The RC Management Company Limited | Not for profit | Block A Royal Court, Basil Close, Chesterfield, S41 7SL, United Kingdom | 49% | 49% |

The country of incorporation of the company listed above is the same as that disclosed in the registered office column in the table above.

**(c) Joint ventures**

| | £ 000 |
|---|---|
| ***Joint venture undertaking at cost:*** | |
| At 30 September 2022 | 119 |
| Change in classification/ sale of joint venture undertakings | (119) |
| At 29 September 2023 | - |

On 27 September 2022, the Company sold a 50% interest in JV AECOM Ltd Omek Independent Engineer to a fellow AECOM group undertaking, AECOM Limited, for nil consideration.

Effective 1 October 2022, Central Greece E65, the remaining joint venture of the Company, was reclassified as a subsidiary undertaking due to the fact that the Company controls the entity. Please see note 14 (a) above for further details.

**(d) Joint arrangements**

The Directors consider the below interests to be joint arrangements as defined by IFRS 11 and have recorded the Company's share of the joint arrangements' assets and liabilities and results in these financial statements.

| Name of unincorporated interest | Country of operation | Principal activity | Percentage interest held |
|---|---|---|---|
| CVU | England | Consulting Engineers | 20% |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 15 Debtors

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Trade debtors | 7,967 | 8,754 |
| Amounts owed by group undertakings | 160,133 | 181,301 |
| Contract assets | 7,727 | 8,335 |
| Other debtors | 498 | 1,171 |
| Prepayments and accrued income | 1,478 | 1,703 |
| Deferred tax (see note 10) | 34,080 | 39,747 |
| | 211,883 | 241,011 |

Trade debtors are stated after provisions for impairment of £480,000 (2022: £258,000). Trade debtors represent amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally non-interest bearing and are generally due for settlement within 14 to 28 days.

There are no provisions for impairment on amounts owed by group undertakings (2022: £nil).

Contract assets are stated after provisions for impairment of £1,518,000 (2022: £1,397,000).

All debtors are due within one year with the exception of deferred tax of £29,790,000 (2022: £35,719,000) and other debtors of £220,000 (2022: £537,000) which include amounts receivable in respect of corporation tax related research and development expenditure credits due in more than one year.

Amounts owed by group undertakings above represent balances owed by fellow AECOM entities that are wholly owned subsidiaries of the ultimate parent undertaking. Balances owed from associates and joint ventures are disclosed in note 26. Certain amounts owed by group undertakings are unsecured, have no fixed date of repayment, bear no interest and are repayable on demand. Other amounts owed by group undertakings are unsecured, either have no fixed date of repayment or have subsequently been repaid after the financial period in full, bear interest based on a benchmark rate plus a margin and are repayable on demand.

### 16 Investments - loans to group undertakings

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Amounts owed by group undertakings | 51,321 | 58,481 |
| | 51,321 | 58,481 |

Other amounts owed by group undertakings are unsecured, are non interest bearing, and have no fixed date of repayment. As the company has no immediate plans in place to recover these amounts owed by group undertakings within 12 months of the balance sheet date, they have been classified as non current assets as at 29 September 2023.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 16 Investments - loans to group undertakings (continued)

Amounts owed by group undertakings above represent balances owed by fellow AECOM entities that are wholly owned subsidiaries of the ultimate parent undertaking. Balances owed to associates and joint ventures are disclosed in note 26.

### 17 Creditors: amounts falling due within one year

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Lease liabilities (see note 19) | 580 | 618 |
| Contract liabilities | 3,778 | 6,551 |
| Amounts owed to group undertakings | 8,812 | 36,002 |
| Other creditors | 34 | - |
| Pension scheme contributions outstanding | 1,284 | 1,471 |
| Other taxes and social security costs | 3,982 | 2,765 |
| Accruals and deferred income | 5,694 | 6,445 |
| | 24,164 | 53,852 |

There are no financial liabilities held at fair value through profit and loss account (2022: nil).

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand.

Amounts owed to group undertakings above represent balances owed to fellow AECOM entities that are wholly owned subsidiaries of the ultimate parent undertaking. Balances owed to associates and joint ventures are disclosed in note 26.

### 18 Creditors: amounts falling due after more than one year

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| Lease liabilities (see note 19) | 1,119 | 1,699 |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 19 Leases

**Leases included in creditors**

| | Property £ 000 |
|---|---|
| At 1 October 2022 | 2,317 |
| Interest | 91 |
| Payments | (709) |
| At 29 September 2023 | 1,699 |
| ***Of which:*** | |
| Amounts falling due within one year at 29 September 2023 | 638 |
| Amounts falling due after more than one year at 29 September 2023 | 1,061 |

The Company expects to make lease payments of £nil (2022: £nil) which fall due more than five years from the balance sheet date.

The typical lease term for property is 3 to 10 years.

**Lease profit and loss disclosure**
The following are amounts recognised in the profit and loss account:

| | 2023 £ 000 | 2022 £ 000 |
|---|---|---|
| Depreciation charged in the year on right of use assets | 594 | 663 |
| Interest expense on lease liabilities | 91 | 137 |
| Expenses relating to short term leases (included in administrative expenses) | 55 | 46 |
| Expenses relating to leases of low-value assets (included in administrative expenses) | 31 | 35 |
| Variable lease payments (included in administrative expenses) | 241 | 513 |
| Sub lease income from right of use assets (included in administrative expenses) | - | (105) |
| Total amount recognised in total comprehensive income | 1,012 | 1,289 |

The Company had total cash outflow for leases of £794,000 (2022: £1,100,000).

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 19 Leases (continued)

There are no significant future cash flows to which the Company is potentially exposed that are not reflected already in the measurement of the lease liabilities.

The low-value assets comprise properties such as storage facilities, IT equipment and small items of office furniture.

The Company is not committed to any leases which have not yet commenced at the balance sheet date.

### 20 Provisions for liabilities

| | Claims £ 000 | Property costs £ 000 | Total £ 000 |
|---|---|---|---|
| **30 September 2022:** | | | |
| Amounts falling due within one year | 2,751 | 102 | 2,853 |
| Amounts falling due after more than one year | 40,046 | 338 | 40,384 |
| | 42,797 | 440 | 43,237 |
| Arising during the year | 1,579 | 84 | 1,663 |
| Utilised in the year | (10,954) | - | (10,954) |
| **At 29 September 2023:** | | | |
| Amounts falling due within one year | 3,042 | 31 | 3,073 |
| Amounts falling due after more than one year | 30,380 | 493 | 30,873 |
| Total | 33,422 | 524 | 33,946 |

***Claims***
This amount represents a provision for claims brought against the Company (or potential claims notified to the Company) by customers or other parties. In addition, included within this balance is an amount provided for in respect of potential remedial works identified through internal reviews.

For the potential remedial works, the Directors in consultation with external lawyers consider the conditions for recognising a provision have been met at the balance sheet date. In order to arrive at a best estimate for the expected cash outflow, management in conjunction with the advice received from internal and external specialist teams have made cost assumptions with regard to the extent of the structural remediation required, the length of the remedial program and the level of disruption caused by the works. These assumptions are subject to uncertainty and the ultimate exposure to the Company will be dependent on various factors, resulting in a wide range of outcomes. Any changes in these assumptions would impact the quantum of the provision. Due to the existence of inter-company arrangements with the ultimate parent undertaking, any changes in the provision calculation would not impact the profit and loss account, as the Company has recognised an equivalent receivable balance due from the ultimate parent undertaking recognised within non-current assets.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 20 Provisions for liabilities (continued)

***Claims (continued)***

Some of the information, including the amount of the potential remedial works as required by paragraphs 84-89 of IAS 37 Provisions, Contingent Liabilities and Contingent Assets has not been disclosed above on the grounds that such information is legally privileged. The expected timing of settlement for remaining claims cannot be ascertained due to ongoing legal proceedings.

***Property costs***

This primarily consists of dilapidation costs for ongoing leased property as well as accelerated dilapidation costs on leased property for the period not in use by the Company.

Also included are onerous contract provisions for unavoidable costs to be incurred in relation to unutilised leased properties (such as non-lease elements of the property outside the scope of IFRS 16) up to the earlier of the lease termination date or the next lease break point for each individual property.

Unavoidable costs are discounted at the Company's incremental borrowing rate to arrive at the calculated provision.

***Other provisions***

Other provisions include one off costs relating to restructuring the business, exiting non- core businesses and to streamline the business to better place itself for future opportunities that may arise. All provisions have been fully utilized at the year end.

### 21 Share capital

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **No.** | **£ 000** | **No.** | **£ 000** |
| *Allotted, called up and fully paid* | | | | |
| Ordinary shares of £1 each | 63,819,322 | 63,819 | 63,819,322 | 63,819 |

The Ordinary shares rank equally in terms of rights to vote, dividend entitlement, and rights on winding up.

There are no restrictions on the distribution of dividends or the repayment of capital. Any dividends declared are at the discretion of the Directors.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions

***Defined benefit schemes***

The Company operates three defined benefit pension schemes, the AECOM Group Pension Scheme which is a sectionalised scheme, the Scott Wilson Pension Scheme and the Scott Wilson Shared Cost Section of the industry-wide Railways Pension Scheme (RPS), collectively the Scott Wilson Schemes.

The AECOM Group Pension Scheme was established to enable the consolidation of existing defined benefit pension plans. On 1 December 2016 assets and liabilities of the Defined Benefit Section of the Scott Wilson Pension Scheme were transferred into the AECOM Group Pension Scheme - Scott Wilson section, these were in respect of "Fund A benefits". Assets and liabilities of "Fund B benefits", which related to a period when a member was in overseas service, remained in the Scott Wilson Pension Scheme.

The AECOM Group Pension Scheme is made up of separate segregated sections meaning that the assets and liabilities in respect of members in one section are kept separate from the assets and liabilities of other sections. This ringfencing results in different funding levels for each section.

The assets of the Scott Wilson Pension Schemes are held separately from the Company and from each other and are controlled by a board of Trustees and corporate Trustee ('the Scott Wilson Trustees').

Mercer LLP provide actuarial and consultancy advice for the Scheme. The Scheme's Actuary, together with the Trustees, undertake triennial valuations of the Scheme's funded status, with interim assessments performed in the intervening years. The Scheme's Actuary and Trustees, in unison with the Company, assess whether a significant change in membership data has taken place on an annual basis to warrant refreshing the actuarial valuations on a more regular basis. To date this has not been considered necessary as no significant movements in membership data have taken place.

The financial position of the Scott Wilson Schemes is set out below. The Company has agreed with the Scott Wilson Trustees a plan of additional contributions in order to address scheme deficits.

It is expected that the Company's total contributions for all Scott Wilson Schemes during the period to 30 September 2024 (including expenses) will be £12,948,000.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions (continued)

The following table contains the monthly average regular contributions (including expenses) that have been made for each of the Scheme sections during the year:

| | 2023<br>£ 000 |
|---|---|
| AECOM Group Pension Scheme – Scott Wilson Section | 15,444 |
| Scott Wilson Pension Scheme (SWPS) | 1,132 |
| Railways Pension Scheme (RPS) - Scott Wilson Shared Cost Section | 1,385 |
| | 17,961 |

***AECOM Group Pension Scheme – Scott Wilson Section***

The Scott Wilson Pension Scheme was closed to new entrants on 21 July 2004 and future accrual on 1 October 2010 apart from a link to future salary increases.

Pension contributions for the AECOM Group Pension Scheme – Scott Wilson Section are agreed between the Company and the Trustee of the AECOM Group Pension Schemes on advice from the independent Scheme Actuary.

A full actuarial valuation, undertaken by the Scheme Actuary, was carried out at 30 September 2022 for all Sections of the Scheme. The valuation was finalised on 28 December 2023. The next valuation is at 30 September 2025.

In a prior year the Company provided surety bonds to the Scheme, increasing member security. It is expected that the Company's total contributions for the Scheme during the period to 30 September 2024 (to include expenses) will be £11,604,000. Contributions will increase per annum from 2024 to an amount of £14,635,000 for the year ending 30 September 2030, at which point the deficit plan is reached.

***Scott Wilson Pension Scheme (SWPS)***

A full actuarial valuation, undertaken by the Scheme Actuary, was carried out at 30 September 2022, with the results of which published in October 2023. The next valuation is at 30 September 2025.

The Company's agreed total contributions for the Scheme during the period to 30 September 2024 (including expenses) will be £1,014,000. Contributions will stay at this level each year until 30 September 2027 with a final payment of £84,500 being made in October 2027, at which point the deficit plan is reached.

***Railways Pension Scheme (RPS) - Scott Wilson Shared Cost Section***

The Scott Wilson Shared Cost Section of the Railways Pension Scheme is a defined benefit scheme. A full actuarial valuation was carried out at 31 December 2022 by Willis Towers Watson on an Attained Age method basis. The next valuation is at 31 December 2025.

It is expected that the Company's total contributions for the Scheme during the period to 30 September 2024 (to include expenses) will be £330,000.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions (continued)

The assets and liabilities of the schemes at the year end are:

***Asset information - all defined benefit schemes***

| | Plans in net deficit £ 000 | 2023 Plans in net surplus £ 000 | Total £ 000 | Plans in net deficit £ 000 | 2022 Plans in net surplus £ 000 | Total £ 000 |
|---|---|---|---|---|---|---|
| ***Scheme assets at fair value*** | | | | | | |
| Equities | 71,155 | - | 71,155 | 35,003 | 32,731 | 67,734 |
| Bonds and debt securities | 135,208 | - | 135,208 | 140,625 | 22,539 | 163,164 |
| Property (pooled fund) | 6,155 | - | 6,155 | 12,920 | - | 12,920 |
| Cash and cash equivalents | 12,195 | - | 12,195 | 47,315 | 342 | 47,657 |
| Investment funds | - | - | - | - | 32 | 32 |
| Other investment funds | 7,263 | - | 7,263 | (30,156) | - | (30,156) |
| Fair value of scheme assets | 231,976 | - | 231,976 | 205,707 | 55,644 | 261,351 |
| Present value of scheme liabilities | (314,762) | - | (314,762) | (309,195) | (54,147) | (363,342) |
| Defined benefit pension (deficit)/ surplus | (82,786) | - | (82,786) | (103,488) | 1,497 | (101,991) |

The pension Schemes has not invested in any of the Company's own financial instruments nor in properties or other assets used by Company. As well as investing in the various Scheme asset types as illustrated above, the pension Scheme employs various asset - liability matching strategies to manage risk, including liability hedging (total return swaps, interest rate swaps and inflation swaps), and foreign currency hedging.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions (continued)

The amounts recognised in the profit and loss account and in the statement of comprehensive income in respect of defined benefit schemes for the year are analysed as follows:

| | 2023 Plans in net deficit £ 000 | 2023 Plans in net surplus £ 000 | 2023 Total £ 000 | 2022 Plans in net deficit £ 000 | 2022 Plans in net surplus £ 000 | 2022 Total £ 000 |
|---|---|---|---|---|---|---|
| ***Recognised in the profit and loss account*** | | | | | | |
| Current service cost | 117 | - | 117 | - | 248 | 248 |
| Net interest on defined benefit liabilities | 5,229 | - | 5,229 | 2,533 | 298 | 2,831 |
| Administrative expenses paid | 655 | - | 655 | 427 | 95 | 522 |
| | 6,001 | - | 6,001 | 2,960 | 641 | 3,601 |

| | 2023 Plans in net deficit £ 000 | 2023 Plans in net surplus £ 000 | 2023 Total £ 000 | 2022 Plans in net deficit £ 000 | 2022 Plans in net surplus £ 000 | 2022 Total £ 000 |
|---|---|---|---|---|---|---|
| ***Taken to the statement of comprehensive income*** | | | | | | |
| Return on plan assets (loss/ (gain)) | 44,501 | - | 44,501 | 138,351 | 3,195 | 141,546 |
| Actuarial (gains) and losses arising from experience adjustments | (10,433) | - | (10,433) | 10,058 | 2,735 | 12,793 |
| Actuarial gains arising from changes in financial assumptions | (28,057) | - | (28,057) | (179,041) | (24,766) | (203,807) |
| Actuarial gains arising from changes in demographic assumptions | (15,117) | - | (15,117) | (334) | (61) | (395) |
| Actuarial (gain)/ loss on defined benefit pension schemes | (9,106) | - | (9,106) | (30,966) | (18,897) | (49,863) |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions (continued)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

| | *Plans in net deficit* *£ 000* | *Plans in net surplus* *£ 000* |
|---|---|---|
| **Defined benefit obligation at 2 October 2021** | 560,528 | - |
| Transfers in/ movements for Schemes in deficit in prior year, now in surplus | (77,148) | 77,148 |
| Current service cost | - | 248 |
| Net interest on benefit obligation | 8,614 | 1,291 |
| Plan participants' contribution | - | 118 |
| Benefits paid | (13,482) | (2,566) |
| Actuarial (gains)/ losses | (169,317) | (22,092) |
| **Defined benefit obligation at 30 September 2022** | 309,195 | 54,147 |
| Transfer in/ movements for Schemes in surplus in prior year, now in deficit | 54,147 | (54,147) |
| Current service cost | 117 | - |
| Net interest on benefit obligation | 20,013 | - |
| Plan participants' contributions | 101 | - |
| Benefits paid | (17,204) | - |
| Actuarial (gains)/ losses | (51,607) | - |
| **Defined benefit obligation at 29 September 2023** | 314,762 | - |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions (continued)

Changes in the fair value of the plan assets are analysed as follows:

| | *Plans in net deficit £' 000* | *Plans in net surplus £' 000* |
|---|---|---|
| **Fair value of plan assets at 2 October 2021** | 394,697 | - |
| Transfers in/ movements for Schemes in deficit in prior year, now in surplus | (58,963) | 58,963 |
| Interest income on plan assets | 6,081 | 993 |
| Contributions by employer | 16,152 | 1,426 |
| Contributions by employee | - | 118 |
| Administrative expenses | (427) | (95) |
| Benefits paid | (13,482) | (2,566) |
| Actuarial(gains)/ losses | (138,351) | (3,195) |
| **Fair value of plan assets at 30 September 2022** | 205,707 | 55,644 |
| Transfers in/ movements for Schemes in surplus in prior year, now in deficit | 55,644 | (55,644) |
| Interest income on plan assets | 14,784 | - |
| Contributions by employer | 18,100 | - |
| Contributions by employee | 101 | - |
| Administrative expenses | (655) | - |
| Benefits paid | (17,204) | - |
| Actuarial (gains)/ losses | (44,501) | - |
| **Fair value of plan assets at 29 September 2023** | 231,976 | - |

Pension contributions for all Scheme sections are determined by the relevant actuarial advisors using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the Scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions (continued)

The actuarial assumptions used in calculating the defined benefit obligations per Scheme section are as follows:

| ***AECOM Group Pension Scheme – Scott Wilson Section*** <br> ***Main assumptions*** | **2023** | **2022** |
|---|---|---|
| **Weighted average assumptions to determine benefit obligations:** | | |
| Rate of salary increases | 3.21% | 3.54% |
| Rate of increase in pensions | 3.05% | 3.30% |
| Discount rate | 5.65% | 5.23% |
| Rate of price increases (RPI) | 3.21% | 3.54% |
| **Weighted average assumptions to determine benefit cost:** | | |
| Rate of salary increases | 3.54% | 3.35% |
| Rate of increase in pensions | 3.30% | 3.20% |
| Discount rate | 5.23% | 2.00% |
| Rate of price increases (RPI) | 3.54% | 3.35% |
| Current pensioners at 65 today | 22.1 years | 22.7 years |
| Future pensioners at 65, aged 40 today | 23.4 years | 24.0 years |

| ***Scott Wilson Pension Scheme (SWPS)*** <br> ***Main assumptions*** | **2023** | **2022** |
|---|---|---|
| **Weighted average assumptions to determine benefit obligations:** | | |
| Rate of salary increases | 3.21% | N/A |
| Rate of increase in pensions | 3.05% | 3.30% |
| Discount rate | 5.65% | 5.23% |
| Rate of price increases (RPI) | 3.21% | 3.54% |
| **Weighted average assumptions to determine benefit cost:** | | |
| Rate of salary increases | N/A | N/A |
| Rate of increase in pensions | 3.30% | 3.20% |
| Discount rate | 5.23% | 2.00% |
| Rate of price increases (RPI) | 3.54% | 3.35% |
| Current pensioners at 65 today | 22.1 years | 22.7 years |
| Future pensioners at 65, aged 40 today | 23.4 years | 24.0 years |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions (continued)

| ***Railways Pension Scheme (RPS) - Scott Wilson Shared Cost Section*** ***Main assumptions*** | **2023** | **2022** |
|---|---|---|
| **Weighted average assumptions to determine benefit obligations:** | | |
| Rate of salary increases | 2.86% | 3.23% |
| Rate of increase in pensions | 2.86% | 3.23% |
| Discount rate | 5.69% | 5.43% |
| Rate of price increases (RPI) | 3.26% | 3.63% |
| **Weighted average assumptions to determine benefit cost:** | | |
| Rate of salary increases | 3.23% | 2.93% |
| Rate of increase in pensions | 3.23% | 2.93% |
| Discount rate | 5.43% | 1.97% |
| Rate of price increases (RPI) | 3.63% | 3.43% |
| Current pensioners at 65 today | 21.7 years | 22.1 years |
| Future pensioners at 65, aged 40 today | 23.5 years | 23.8 years |

***Sensitivity analysis - all plans:***

The following table shows the impact on the defined benefit obligation of all Scheme sections of changes in the significant actuarial assumptions:

| | **2023** **£ 000** |
|---|---|
| Discount rate -25 basis points | (9,908) |
| Discount rate +25 basis points | 9,412 |
| Price inflation -25 basis points | 7,659 |
| Price inflation +25 basis points | (7,930) |

Duration of the defined benefit obligation in the event of the changes to the discount rate assumptions:

| | |
|---|---|
| Discount rate -25 basis points | 9.6 - 12.9 years |
| Discount rate +25 basis points | 9.4 - 12.7 years |

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 22 Pensions (continued)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (projected unit credit method calculated at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The Scheme sections invest in liability matching assets and therefore movements in the defined benefit obligation caused by changes in bond yields and market-implied inflation rates are typically offset, to an extent, by asset movements.

***Defined contribution scheme***

The Company operated a defined contribution section as part of the Scott Wilson Pension Scheme. This closed to new contributions on 31 December 2016 and liabilities were secured through a section 32 buy-out policy with Legal and General in September 2017. The defined contribution section was formally wound up in March 2018. All employees were invited to join the AECOM Group Personal Pension Plan from 1 January 2017.

**Virgin Media vs NTL Pension Trustees II Limited High Court decision**

The Directors are aware of the High Court decision surrounding the treatment of changes to scheme rules between April 1997 and April 2016 (the impacted period) for contracted out defined benefit pension schemes. Virgin Media had its legal case heard in the High Court in June 2023, with the judgement handed down that amendments to scheme rules were invalid in the absence of a confirmation from the scheme actuary under Section 37 of the Pension Schemes Act 1993. The case is now subject to an appeal later in 2024.

The Company operates three defined benefit pension schemes, two of which are contracted out. Amendment to scheme rules impacting member benefits in these two schemes were made during the impacted period. The Directors have initiated an assessment in conjunction with their legal advisers to understand the potential impact of the 'Virgin Media vs NTL Pension Trustees II Limited High Court decision' on the Company and its defined benefit plans, and to agree on the appropriate next steps.

Whilst the Directors believe there are no instances of the Company not having administered scheme rule amendments correctly during the impacted period, it remains uncertain as to whether there are any instances of non-compliance. The extent of investigation work that would be required to understand and identify any scheme amendments that took place and then to review whether or not Section 37 certificates exist for those amendments, is expected to be an extensive exercise. If there are any instances of non-compliance, the impact of such events remains uncertain as the potential financial exposure cannot currently be reliably estimated until this exercise is performed. Therefore the assessment of whether this judgement is material to the Company remains uncertain.

Until more clarity is achieved by either the Directors completing the exercise described above, or the outcome of an appeal provides further clarity, the Directors continue to be unable to reliably estimate the financial impact, if any, of this matter upon the Company.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 23 Share-based payments

AECOM maintains a number of equity compensation plans, two of which are available to employees of the Company.

**The Stock Incentive Plan**
The 2006 Amended and Restated Stock Incentive Plan provides for the grant of incentives in the form of Performance Earnings Program awards ("PEP") Restricted Stock Units ("RSUs") and other forms of equity awards. PEPs and RSUs generally vest over three year vesting periods. RSUs are subject to service conditions. PEP awards are subject to both performance and service requirements. Performance based conditions can be based upon the achievement of free cash flow or earnings per share targets of AECOM, established in the first quarter of each fiscal year. In accordance with IFRS2: Share based payments; awards are expensed from the grant date over the remaining vesting period on a straight line basis. PEP performance conditions are reviewed at the end year of each year within the vesting period to assess the likelihood of the various performance conditions being met. Awards granted to date have a nil exercise price and therefore, fair value is taken to be market value of the underlying shares at grant date. The fair value of the PEP awards also includes a portion which is valued using a Monte Carlo model. The weighted average fair value at grant date for PEPs and RSUs awarded during the year was £68.91 (2022: £55.26). All awards are settled with the employee in the form of equity.

**Sharesave Plan**
The AECOM UK Sharesave Plan 2011 (the "Plan") is available to all employees. Participants contribute regular monthly amounts over a 3 year option period. At the end of the 3 years, employees may exercise an option to purchase shares in AECOM at a pre-agreed option price. The option price is agreed at the start of the option period and provides a discount on the market value of the shares at the start of the option period (the grant date). Any savings not used to purchase shares may be withdrawn as cash. The value of the option is calculated using a Black Scholes model, and the discount is the difference between the option price and the market value of the shares. The discount is expensed on a straight line basis from the grant date. The fair value at grant date was a range from £22.36 to £55.77.

The following table illustrates the number and weighted average exercise price of awards exercised during the year and outstanding at year end.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 23 Share-based payments (continued)

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Stock Incentive Plan** | **Sharesave** | Stock Incentive Plan | Sharesave |
| Exercised during the year | **815** | **100,649** | 1,274 | 34,848 |
| Weighted average price of awards exercised during the year | **£nil** | **£22.36** | £nil | £22.85 |
| Outstanding at 29 September 2023 and 30 September 2022 | **3,678** | **150,656** | 3,826 | 207,498 |
| Exercise price of awards outstanding at 29 September 2023 and 30 September 2022 | **£nil** | **£22.36-£55.77** | £nil | £22.85-£47.14 |
| Weighted average remaining contractual life of awards outstanding at 29 September 2023 and 30 September 2022 | **1.3 years** | **1.8 years** | 1.5yrs | 1.5 yrs |

### 24 Reconciliation of profit before tax to cash flow from operating activities

| | 2023<br>£ 000 | 2022<br>£ 000 |
|---|---|---|
| **Profit before tax** | 17,031 | 12,467 |
| Net interest income and other finance costs | (2,598) | (775) |
| Depreciation of property, plant and equipment | 563 | 541 |
| Depreciation of right of use assets | 594 | 663 |
| Amortisation of intangible assets | 7 | 7 |
| Impairment charge on property, plant and equipment | 31 | - |
| Impairment charge on right of use assets | 541 | - |
| Decrease in trade receivables, contract assets and prepayments | 39,155 | 17,143 |
| Decrease in creditors (including contract liabilities) | (30,773) | (7,354) |
| Decrease in provisions | (9,290) | (4,011) |
| Loss on disposal of property, plant and equipment and intangible assets | 55 | 8 |
| Gain on early termination of leases | - | (113) |
| Difference between pension charge and cash contributions | (17,328) | (16,808) |
| Share of Joint Ventures profit | - | (111) |
| Non-cash and other movements | 838 | (1,170) |
| Net cash inflow from operating activities before tax | (1,174) | 487 |

**Notes to the Financial Statements**
**At 29 September 2023 (continued)**

### 25 Contingent liabilities and capital commitments

The Company faces contingent liabilities in the ordinary course of business in respect of performance guarantees and bonds.

**Claims**

Legal claims have been brought against the Company (or potential claims notified to the Company) by clients or other parties in respect of project delivery, all of which are notified to the Company's Professional Indemnity Insurers, where appropriate.

Claims exist as a result of past events, however, such claims can be contingent on a number of other events occurring. Claims can also be at a preliminary stage, or may be reliant on the outcome of subject matter expert reports which the Company has not received. Furthermore, claims can be reliant on subsidiary courts where legal advice received has not provided any indication of the outcome of such proceedings. Claims also require the ability to prove fault of the relevant counterparties (causation), liability and loss. As a result, the Directors have determined that whilst these past events have occurred, it is currently not probable that a cash outflow will be required to settle those obligations, or it is not practicable to reliably estimate the amount of the cash flow required to settle the obligations.

As a result, a liability has not been recognised for such claims and the specific details of these claims have not been disclosed due to the impracticality of disclosing claims or potential claims of this nature.

The Directors consider that any probable liabilities are suitably provided for (see note 20).

**Capital Commitments**

Other than finance leases as disclosed in note 19 and pension deficit obligations as disclosed in note 22 the Company does not have any capital commitments as at 29 September 2023.

### 26 Related party transactions

During the year the Company entered into transactions in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

## Notes to the Financial Statements
## At 29 September 2023 (continued)

### 26 Related party transactions (continued)

Transactions entered into, and trading balances outstanding at year end with other related parties are as follows:

| | Sales to related party £ 000 | Purchases from related party £ 000 | Dividends received £ 000 | Amounts owed by related party £ 000 | Amounts owed to related party £ 000 |
|---|---|---|---|---|---|
| ***Joint Venture:*** | | | | | |
| **AECOM Infrastructure & Environment UK Ltd-OMEK S.A. Ionia Odos** | | | | | |
| At 29 September 2023 | - | - | - | - | - |
| At 30 September 2022 | - | - | 23 | - | - |
| **AECOM Infrastructure & Environment UK LTD - OMEK S.A., Central Greece** | | | | | |
| At 29 September 2023 | - | - | - | - | - |
| At 30 September 2022 | 846 | - | 27 | - | 196 |

**Terms and conditions with related parties**

Sales and purchases between related parties are made on an arm's length basis. Outstanding balances with entities other than fellow wholly owned subsidiaries are unsecured, interest free and cash settlement is expected within 30 - 60 days. Terms and conditions for fellow wholly owned subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period.

### 27 Ultimate parent undertaking and controlling party

The Company's immediate parent is AECOM Design & Consulting Services UK Limited, incorporated in England and Wales.

The Company's ultimate parent undertaking is AECOM which is incorporated in the United States of America. The Company's results are included within the consolidated financial statements of AECOM which are publicly available from 13355 Noel Road, Suite 400, Dallas, Texas, 75240, United States of America.