

Registered number: 08739848

AECOM Environmental Solutions Limited

Report and Financial Statements

29 September 2023

AECOM Environmental Solutions Limited

Company Information

Directors	AR Barker PS Vieira
Secretary	BM Taiwo
Auditor	Ernst & Young LLP 1 More London Place London United Kingdom SE1 2AF
Registered office	Aldgate Tower 2 Leman Street London United Kingdom E1 8FA
Bankers	Bank of America 2 King Edward Street London EC1A 1HQ

AECOM Environmental Solutions Limited

Directors Report

For the year ended 29 September 2023

Registered No: 08739848

The Directors present their 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.

Results and dividends

The profit for the year after taxation amounted to £280,000 (2022: profit of £146,000). The Directors do not 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 on one legacy project, as well as servicing a legacy construction project through its post- completion defects period.

In respect of the construction project which is in a defects period the Company has entered into two agreements with other group undertakings to share and cap losses recognised by the Company. Obligations in respect of this contract are accrued for at the balance sheet date (see note 10 for further details).

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.

Future developments

The Company's turnover reduced in 2023 as its legacy design and consulting project completed and was closed in year.

In respect of the legacy construction project which is in a post- completion defects period, the Company will continue to service this project until the end of that defects period.

The Company is not expected at this stage to enter into new projects going forward and will only continue to service its existing construction project until the defects period is completed.

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

AECOM Environmental Solutions Limited

Directors Report (continued)

For the year ended 29 September 2023

Directors of the Company

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

AR Barker

PS Vieira (appointed 7 December 2022)

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.

Small companies' exemption

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006. The Company has also taken advantage of the small companies' exemption from the requirement to prepare a strategic report.

Going concern

The Company has net current assets of £1,445,000 and net assets of £1,445,000. In supporting the going concern assessment of twelve months from the date of approval of the Company's financial statements and up to March 18, 2025, the Board has assessed whether the Company will be able to meet its liabilities as and when they fall due. The Board has 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, if required, for a period of 12 months from the date of approval of the Company's financial statements.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

The Company has sustained significant losses in prior years in relation to one construction project, but has made arrangements with other fellow group undertakings to ensure that losses on this project were capped according to agreements reached with those fellow group undertakings. Any further losses on this project will be borne by those fellow group undertakings in full.

Directors Report (continued)

For the year ended 29 September 2023

Disclosure of information to the auditor

The Directors who were members of the Board at the time of approving the Directors' 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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AR Barker

Director

18 March 2024

AECOM Environmental Solutions Limited

Statement of Directors' Responsibilities

For the year ended 29 September 2023

The Directors are responsible for preparing 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 Environmental Solutions Limited

Opinion

We have audited the financial statements of AECOM Environmental Solutions Limited for the year ended 29 September 2023, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 14, 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 and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue and up to 18 March 2025.

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 Environmental Solutions 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 matter 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 Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors Report has 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 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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.

Independent Auditor's Report to the Members of AECOM Environmental Solutions Limited (continued)

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.

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.

Our approach was as follows:


- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those relate to the reporting framework, Companies Act 2006, Bribery Act 2010, laws and regulations to health and safety and employee matters and relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We understood how the Company 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.

Independent Auditor's Report to the Members of AECOM Environmental Solutions Limited (continued)

Use of our report

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

DocuSigned by:

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Oxana Dorrington (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 18 March 2024

AECOM Environmental Solutions Limited

Profit and Loss Account For the year ended 29 September 2023

	Notes	2023 £ 000	2022 £ 000
Turnover	4	34	939
Cost of sales		<u>(21)</u>	<u>(267)</u>
Gross profit		13	672
Administrative expenses		<u>(12)</u>	<u>(634)</u>
Operating profit		1	38
Interest receivable and similar income	7	<u>131</u>	<u>22</u>
Profit on ordinary activities before taxation		132	60
Tax income on profit on ordinary activities	8	<u>148</u>	<u>86</u>
Profit for the financial year		<u>280</u>	<u>146</u>

All amounts relate to continuing activities.

The Company has no other recognised Comprehensive Income and therefore no separate Statement of Comprehensive Income has been presented. Total Comprehensive Income for the financial year is £280,000 (2022: £146,000).

AECOM Environmental Solutions Limited

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

	Notes	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 2 October 2021		-	11,000	(9,981)	1,019
Total comprehensive income for the year		-	-	146	146
At 30 September 2022		-	11,000	(9,835)	1,165

	Notes	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 October 2022		-	11,000	(9,835)	1,165
Total comprehensive income for the year		-	-	280	280
At 29 September 2023		-	11,000	(9,555)	1,445

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

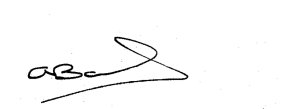
AECOM Environmental Solutions Limited

Balance Sheet At 29 September 2023

	Notes	29 September 2023 £ 000	30 September 2022 £ 000
Current assets			
Debtors	9	4,429	3,617
Cash at bank and in hand		<u>500</u>	<u>500</u>
		<u>4,929</u>	<u>4,117</u>
Creditors: amounts falling due within one year	10	<u>(3,484)</u>	<u>(2,952)</u>
Net current assets		<u>1,445</u>	<u>1,165</u>
Total assets less current liabilities		<u>1,445</u>	<u>1,165</u>
Net assets		<u>1,445</u>	<u>1,165</u>
Capital and reserves			
Share capital	11	-	-
Share premium account		11,000	11,000
Accumulated losses		<u>(9,555)</u>	<u>(9,835)</u>
Total equity		<u>1,445</u>	<u>1,165</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the Board on 18 March 2024 and signed on its behalf by:



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AR Barker

Director

AECOM Environmental Solutions Limited

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 Environmental Solutions Limited (the Company) for the year ended 29 September 2023 were authorised for issue by the Board on 18 March 2024 and the Balance Sheet was signed on the Board's behalf by AR Barker. 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'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 and contract losses

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) 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.

(c) Provisions for project losses

The Company has sustained significant losses in prior years in relation to one construction project, but has made arrangements with other fellow group undertakings to ensure that those losses were capped according to agreements reached with those fellow group undertakings. That project has now completed but is now operating within a latent defects period. The forecast loss provision recognised within Creditors: amounts falling due within one year as at 29 September 2023 is considered to be a key judgement by management and is considered to reflect the Directors' best estimate of the most likely outcome at this time.

2.2 Estimates

(a) 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.

(b) Provisions

Provisions are only recognised in these financial statements where a reliable estimate can be made of the amount of the obligation. Certain provisions included in the financial statements are reliant on estimates, which can be subject to uncertainty. The Company reviews the appropriateness of the assumptions made on a regular basis.

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

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 3.4 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.

3.2 Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- i. The requirements of IFRS 7 Financial Instruments: Disclosures;
- ii. The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- iii. The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information, in respect of paragraph 79(a)(iv) of IAS 1 ;
- 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 paragraphs 16, and 134-136 of IAS 1 Presentation of Financial Statements;
- vi. The requirements of IAS 7 Statement of Cash Flows;
- vii. The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- viii. The requirements of paragraphs 17 and 18A of IAS24 Related Party Disclosures;
- ix. 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
- x. The requirements of paragraphs 130(f)(ii) and 130(f)(iii) of IAS 36 Impairment of Assets.

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

3 Significant accounting policies (continued)

3.3 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.

3.4 Going concern

The Company has net current assets of £1,445,000 and net assets of £1,445,000. In supporting the going concern assessment of twelve months from the date of approval of the Company's financial statements and up to March 18, 2025, the Board has assessed whether the Company will be able to meet its liabilities as and when they fall due. The Board has 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, if required, for a period of 12 months from the date of approval of the Company's financial statements.

As a result the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

3.5 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:

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

3 Significant accounting policies (continued)

3.5 Turnover and contracts (continued)

(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.

(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.

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

3 Significant accounting policies (continued)

3.5 Turnover and contracts (continued)

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.

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.

3.6 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.

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

3 Significant accounting policies (continued)

3.7 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 3.11.

3.8 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 profit 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 enforceable 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.

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.

3.9 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.

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

3 Significant accounting policies (continued)

3.10 Other debtors and amounts owed by group undertakings

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).

3.11 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.

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

3 Significant accounting policies (continued)

3.11 Financial instruments (continued)

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 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.

Derecognition

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

(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.

3.12 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.

AECOM Environmental Solutions Limited

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

3 Significant accounting policies (continued)

3.13 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.

4 Turnover

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

The Company recognised revenue in the period of £34,000 (2022: £711,000) that was included in the contract liabilities balance at the beginning of the prior period.

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

All turnover is generated in the United Kingdom.

5 Auditors' remuneration

A fellow group undertaking paid the following amounts to its auditors in respect of the audit of the financial statements and for other non-audit services provided to the Company:

	2023 £ 000	2022 £ 000
Audit of the financial statements of the Company	18	23
Non audit services: Taxation compliance services	-	-
	<u>18</u>	<u>23</u>

6 Staff costs and Directors' remuneration

The Company has no employees (2022: no employees).

Directors' remuneration is borne by other companies within the AECOM group and not specifically recharged. The Directors do not consider it is practicable to allocate remuneration received between qualifying services provided to the Company and other services provided to the AECOM group of companies.

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

7 Interest receivable and similar income

	2023 £ 000	2022 £ 000
Interest receivable from group undertakings	131	22

8 Taxation

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

The tax credit is made up as follows:

	2023 £ 000	2022 £ 000
<i>Current income tax:</i>		
UK corporation tax	(251)	(58)
Amounts overprovided in previous years	-	(30)
Total current income tax	(251)	(88)
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	103	13
Amounts overprovided in previous years	-	(10)
Impact of change in tax laws and rates	-	(1)
Total deferred tax	103	2
<i>Tax income in the profit and loss account</i>	(148)	(86)

AECOM Environmental Solutions Limited

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

8 Taxation (continued)

(b) Reconciliation of the total tax charge/ (credit)

The tax credit 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 £ 000	2022 £ 000
Profit from continuing activities before tax	132	60
Profit multiplied by standard rate of corporation tax in the UK (2023: blended rate of 22%, and 2022: 19%)	29	11
<i>Effects of:</i>		
Income not taxable	(276)	(59)
Deferred tax not recognised	99	-
Changes in tax laws and rates	-	2
Amounts overprovided in previous years	-	(40)
Total tax income reported in the profit and loss account	(148)	(86)

(c) Factors affecting future tax charges

During the prior year the UK Government announced an increase in the main rate of UK corporation tax from 19% to 25%, to take effect from 1 April 2023. The impact of this change was reflected in the financial statements in the prior year and has again been reflected here.

(d) Deferred tax

Deferred tax is provided at 25% (2022: 25%) in the financial statements as follows:

	2023 £ 000	2022 £ 000
Capital allowances	13	17
RDEC tax credit	-	99
Deferred tax asset	13	116

AECOM Environmental Solutions Limited

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

8 Taxation (continued)

(d) Deferred tax (continued)

Movement in deferred tax balance during the year

	1 October 2022 £ 000	Transfer in £ 000	Recognised in profit and loss £ 000	29 September 2023 £ 000
Capital allowances	17	-	(4)	13
RDEC tax credit	99	-	(99)	-
	<u>116</u>	<u>-</u>	<u>(103)</u>	<u>13</u>

The £103,000 debit amount above was recognised in tax expense on profit on ordinary activities in the year.

The deferred tax asset in relation to the RDEC tax credit is no longer recognised as at 29 September 2023 due to uncertainty regarding its recoverability.

Movement in deferred tax balance during the prior year

	2 October 2021 £ 000	Transfer in £ 000	Recognised in profit and loss £ 000	30 September 2022 £ 000
Capital allowances	19	-	(2)	17
RDEC tax credit	-	92	7	99
	<u>19</u>	<u>92</u>	<u>5</u>	<u>116</u>

In 2022 £92,000 was transferred from other debtors to deferred tax, in relation to corporation tax relief on research and development tax credits. These were classified as deferred tax to reflect the expected future use of the credits.

Of the credit amount above recognised in profit and loss of (£5,000), £2,000 was recognised in tax expense on profit on ordinary activities, and a credit of (£7,000) was recognised in administrative expenses and cost of sales.

AECOM Environmental Solutions Limited

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

9 Debtors

	29 September 2023 £ 000	30 September 2022 £ 000
Amounts owed by group undertakings	4,164	3,435
Other debtors	1	8
Corporation tax receivable	251	58
Deferred tax (see note 8)	13	116
	<u>4,429</u>	<u>3,617</u>

All debtors are due within one year.

Certain amounts owed by group undertakings are unsecured, have no fixed date of repayment, are repayable on demand and bear interest at rates based on a benchmark rate, plus a margin. Other amounts owed by group undertakings are unsecured, have no fixed date of repayment, are repayable on demand, and bear no interest.

Amounts owed by group undertakings above represent balances owed by fellow AECOM entities that are wholly owned subsidiaries of the ultimate parent undertaking.

10 Creditors: amounts falling due within one year

	29 September 2023 £ 000	30 September 2022 £ 000
Contract liabilities	-	34
Amounts owed to group undertakings	71	713
Accruals and deferred income	3,413	2,205
	<u>3,484</u>	<u>2,952</u>

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

Amounts owed to group undertakings above represent balances owed to fellow AECOM entities that are wholly owned subsidiaries of the ultimate parent undertaking.

Accruals and deferred income include amounts of £3,277,000 (2022: £2,065,000) representing obligations in respect of loss making contracts.

AECOM Environmental Solutions Limited

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

11 Issued and authorised share capital

	2023		2022	
	No.	£	No.	£
<i>Allotted, called up and unpaid</i>				
Ordinary share of £1 each	<u>101</u>	<u>101</u>	<u>101</u>	<u>101</u>

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.

12 Contingent liabilities and capital commitments

The Company faces contingent liabilities in the ordinary course of business.

As discussed above, the Company has entered into two agreements with other group undertakings to share and cap losses recognised by the Company in relation to one construction contract. Obligations in respect of this contract are accrued for at the balance sheet date (see note 10).

Further obligations may exist as a result of past events, however, 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 obligations.

The Directors consider that any probable liabilities are suitably provided for (see note 10).

Capital Commitments

The Company does not have any capital commitments as at 29 September 2023.

AECOM Environmental Solutions Limited

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

13 Related party transactions

During the year the Company entered into transactions in the ordinary course of business, with related parties.

In a previous year the Company also entered into two agreements with other group undertakings to share and cap the losses recognised by the Company in relation to one construction contract. Receivables of £2,644,000 have been included within debtors, amounts owed by group undertakings in respect of amounts outstanding in this regard as at 29 September 2023 (2022: £1,820,000).

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose any other transactions with fellow wholly owned subsidiaries.

14 Ultimate parent undertaking and controlling party

The Company's immediate parent at 29 September 2023 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.