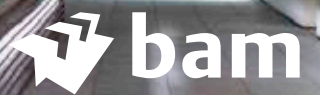


2013



**construction**  
report and accounts

BAM Construction Limited

# BAM Construction Limited Report and Accounts 2013

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**Registered number**  
2379469

# Strategic report

Turnover

**£783.1m**

2012 - £837.9m down 6.5%

Profit before taxation

**£7.2m**

2012 - £11.3m down 36.3%

Year end work in hand

**£793.1m**

2012 - £753.1m up 5.2%

Cash position at year-end

**£85.7m**

2012 - £103.2m down 17.0%

Shareholder's funds at year-end

**£43.2m**

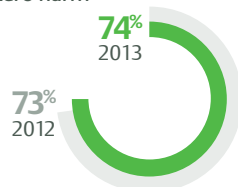
2012 - £46.8m down 7.7%

Working capital at year-end

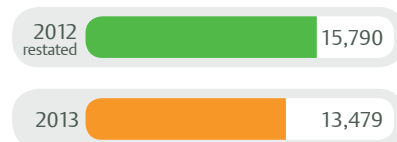
**£47.0m**

2012 - £51.2m down 8.2%

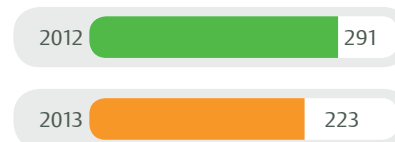
% of sites zero harm



CO<sub>2</sub> emissions (tonnes)



All accident reports (No.)



The Directors present their Strategic report for the year ended 31 December 2013.

This Strategic report should be read in conjunction with the Chief Executive's review, the individual Business reviews and the Sustainability report, which are published in the consolidated group financial statement of BAM Construct UK Limited. Together with the Directors' report, these reports are incorporated by reference in (and shall be deemed to form part of) this Strategic report to the extent required by applicable law or regulation.

## Principal activities

The principal activities of BAM Construction Limited ('BAM Construction') ('the company') and its subsidiary undertakings are design and construct contracting, traditional building and

the provision of services engineering in the United Kingdom. The company's ultimate parent undertaking is Royal BAM Group, incorporated in the Netherlands.

## Company results

The profit before taxation for the year was £7.2m (2012: £11.3m). After taxation, the profit attributable to the shareholder was £5.4m (2012: £8.4m).

## Promoting the success of the Company

The directors kept the progress of BAM Construction under close scrutiny throughout the continuing difficult market conditions in 2013, adjusting the company's strategy to changing circumstances and setting appropriate targets for the individual business units and senior managers. Building on the bid preparation workshops

	2013 £m	2012 £m	Change %
Turnover	783.1	837.9	(6.5)
Operating profit	6.6	10.0	(34.0)
Profit after tax	5.4	8.4	(35.7)
Work in hand	793.1	753.7	5.2
Cash and cash equivalents	85.7	103.2	(17.0)
Working capital	47.0	51.2	(8.2)
Shareholder's funds	43.2	46.8	(7.7)
Current assets as % of current liabilities 'quick ratio'	118.5%	119.5%	(0.8)

## Strategic report (continued)

established in 2011, the company launched a new 'risk and opportunities' process in 2012, which is now adopted for each new project. This continues to be clearly monitored.

Media presence for BAM has been strong during the year where we have been active both locally and also in the national press. We have extended our Facebook pages for a number of our sites enabling a more dynamic engagement with stakeholders. Supporting this, we continue our daily 'tweets' on Twitter communicating news on project awards and other news.

As usual the group participated in a range of client facing conferences, including for example, the annual conference of Directors of University estates and a Scottish government conference on asset management in Scotland.

The group engages in proactive media relations to generate positive publicity and the Chief Executive appeared on ITN and BBC4 commenting on economic conditions and the outlook for the construction industry.

### Review of the business

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

Turnover of £783.1m in 2013, producing a profitable performance and continued strong cash balances, make BAM Construction one of the largest construction operations in the United Kingdom.

Turnover decreased by 6.5% during the year. This was in line with business forecasts, which took into account the continued weakness in the UK construction market.

Total operating profit decreased by 34% during the year. Most of the deterioration can be attributed to two older contracts whose result had the corresponding impact on profit after tax with a decline of 35.7%.

Work in hand rose 5.2% in the year. BAM Construction considers this commensurate with the existing size of the business and a good platform for growth in the year ahead. We note a growing number of opportunities in the market, albeit from a lower base than seen prior to recession.

The majority of the cash movement in the year is the result of dividend payments as well as a decrease to fund an increase in trade and other debtors.

Working capital has deteriorated but is deemed sufficient for the existing business requirements; it is broadly in line with the previous period, the movement being attributable to the non recurring contract losses that affected 2013.

The overall reduction in shareholders funds, reflects the payment in the year of a £9m dividend to BAM Construct UK Ltd ('BAM Construct') ('the group').

The company's 'quick ratio' (current assets as a percentage of current liabilities) has decreased very marginally in the period.

In summary the results are in line with expectations.

## Strategic report (continued)

### Payment Policy

While the company does not follow a specific payment code, it is the company's policy that payments are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with. At 31 December 2013, the company had an average of 33 days (2012: 29 days) purchases outstanding in trade creditors (including trade creditors due in greater than one year). BAM Construction has a proactive policy of supporting its supply chain.

### Financial risk management

Financial risk management is an integral part of the company's management processes. Stringent policies designed to identify, manage and limit both existing and possible risks are applied at various management levels.

The company is exposed to potential credit risk on financial instruments such as liquid assets and trade debtors. Credit risk is managed by spreading its investments in liquid assets across high quality financial institutions. In line with normal business practice, the company operates credit management procedures.

BAM Construction, along with other group companies, has provided guarantees against bank loan facilities for Royal BAM Group. The directors have carefully considered the risks associated with the provision of these guarantees and are of the opinion that the Royal BAM Group will meet its obligations under these loan facilities.

Liquidity and cash flow risks are actively managed through the preparation and monitoring of medium term plans, budgets and quarterly forecasts. The strong cash balances within BAM Construction assist the company in being able to undertake and support a variety of projects through all stages from bidding to completion. Within this process, timely and accurate payments to our supply chain assist in ensuring delivery of best value for our clients over sustained time periods.

Price risk is considered at a company level as part of the review of management forecasts, and at project level as part of the tender process and is monitored on an ongoing basis. The company has established procedures in place for tendering for new construction projects to identify and assess potential risks. These assessments are formally reviewed and adjudicated upon by directors of BAM Construction Ltd and also by the Board of BAM Construct UK.

In line with changes in the UK economy, the company continues to review the spread of work in the construction sector and, in particular, to examine potential risks that may arise from clients' reassessment of project viability. However, the company considers that the strong component of public work in the future order book and the strength of the work already contractually committed mitigate the overall risk to BAM Construction.

The company continues to monitor the economic situation on an ongoing basis to be able to ensure the business is positioned to meet the needs of the market.

### Competitive risks

The company is exposed to typical commercial risks experienced by commercial organisations operating within the same competitive construction markets in the UK.

The company seeks to mitigate these risks by focusing on providing high quality services and having a mixed portfolio of projects across geographic and market sectors. The company also operates a highly selective approach to bid selection, which includes maximising opportunities for framework contracts and negotiated projects.

### Business continuity

There were no events during 2013 that posed a threat to the continuity of the business.

### Legislative risks

The company is required to comply with all applicable legislation and, in particular, covering activities such as the Construction Industry Scheme and relevant building standards for construction.

## Strategic report (continued)

This is achieved through established best practice procedures that are available to all employees on the group's intranet and through specific training courses. The company also makes use of specialists within the wider BAM Construct UK group with the relevant knowledge and experience in order to proactively manage these potential risks and ensure compliance at the highest level.

No significant uncovered risks were identified up to the date of this report.

### Assessment of principal risks

The directors of the operating companies and the Board of BAM Construct UK maintain and regularly consider a schedule of the principal risks facing the group and how to mitigate them. The current evaluation of these risks is as follows:

### Supply chain failures

Now that the economy is showing some sign of growth, there is a heightened risk of subcontractor failure owing to potential wage and products inflation. We remain vigilant regarding the choice of key subcontractors. We have not adopted the new lengthier payment practices promulgated by some of our competitors and continue to pay promptly and to be supportive of our supply chain.

### Planned management changes

2014 will see some further retirements of senior staff. We are working through our succession plan and preparing successors for their new senior roles. We recognise that we need to become a more ethnically and gender diverse company to reflect the changing profile of our clients' organisations.

### IT systems

Our principal IT challenge is to keep up with the business need for more mobile technology to support our innovation in BIM and the application of lean principles.

### Health and safety

The overall rate of accidents is falling in the Group, but the serious accident rate is proving stubborn. We are continuing to examine more deeply the reasons for this and to evaluate which elements of our safety training are producing the required change in behaviours and which are less effective.

### Risk management generally

We are continuing to improve understanding and evaluation of risk throughout the group, particularly at project level, and further workshops are planned for 2014.



**Richard Bailey**

Executive Director  
BAM Construction Limited  
28 March 2014

# BAM Construction

In 2013, BAM Construction completed 77 projects and won 62 new projects.

Notable completions included The Leeds Arena, the extension and renovation of Africa House in London and a commercial, retail and residential development at Mann Island, Liverpool. Projects won included the Graphene Institute for the University of Manchester, an advanced manufacturing facility for Rolls Royce AEC in Derby, a new operating centre in Basingstoke – our fourth project for Network Rail, and the Softbridge Building (designed by Zaha Hadid) for St Anthony's College, Oxford University.

Work in education at all tiers, schools, academies, UTCs and universities remains an important part of our work, but BAM Construction is consciously broadening the range of its portfolio. In 2013, we won further work on projects in advanced manufacturing, airports, leisure and sporting facilities, and commercial buildings.

Participation on frameworks suits our collaborative business model and therefore BAM Construction was pleased to be selected on to the Manchester Airports Framework, the Education Funding Agency's academies framework and to be re-selected on to the Construction South West framework as well as many other local frameworks throughout the UK. We continue to work with a number of leading universities such as Manchester, Lancaster, Leeds Metropolitan, Strathclyde and Edinburgh.

BAM Construction works with a number of leading developers of commercial buildings. For example, in 2013 we won a project to build a nine storey commercial and retail building in Chancery Lane London for Harrowood Assets Ltd, and completed the renovation of an extension of 1 Page Street, London for Derwent London PLC. Our longstanding relationship with the developer Argent LLP continues at King's Cross, London where we have now completed six projects as part of its regeneration of the area. One of our most important commercial projects is with BAM Properties Limited on the speculative development of a nine-storey office and retail building CONNECT110NS at 110 Queen Street in Glasgow.

During the year, our focus on combining the benefits of Building Information Modelling (BIM) with the application of lean thinking has enabled us to manage risk and opportunity more carefully, to improve our core processes, and to reduce waste. For example, we saved five weeks of programme time on our work at King's Science Academy. Our team at Boulevard Academy learned from the experience at King's Science Academy and again succeeded in reducing the programme time by a similar period. BAM Construction completed a demanding programme to deliver the refurbishment of the Royal Theatre in Plymouth in just six months.

Our approach to lean construction involves the entire project team collaborating with our supply chain at the very early stages of a project to examine and sequence every aspect of the work. This approach contributes to our tight control of risk factors and our careful management and support of our subcontractors and suppliers.

The effects of recovery in the UK economy are not yet feeding into the construction market in any significant way, although there are some signs of a stronger pipeline of work. Therefore, BAM Construction's strategy remains to be highly selective about the projects it seeks. We aim to avoid those projects where the lowest price is the sole determinant of success and to seek out higher value, complex projects which require high levels of skill, problem solving and collaboration.

The company's work was validated by a number of awards in 2013. Most notably, five of our construction managers were finalists in the Construction Manager of the Year Awards; two won gold medals in their category and one won silver. Steve Roome, our project manager on the construction of the new civic headquarters for Derby City Council, was deemed the overall winner of the Construction Manager of the Year Award.

## Business review BAM Construction (continued)

BAM Construction obtains direct customer feedback from a structured hour-long face-to-face conversation with customers after the completion of a project. In 2013, we obtained feedback in this way for 70% of our completed projects. The average score from customers in 2013 was 8.4 (out of 10). When it comes to individual questions, the strongest aspects of our performance (typically scoring nine out of ten) was for health and safety, managing environmental issues and the way we managed the site itself and stakeholder relationships. Our clients relay consistent, positive messages about our people: that they are 'can-do', proactive and responsive, work well as a team and exceed expectations.

A particular trend in the feedback in 2013 was a concern about the quality of our M&E subcontractors. This is a concern in the construction industry generally as some major M&E suppliers ceased operating in the UK market during the recession. Our response is to rely more heavily on our internal M&E capabilities in our Services Engineering division.

We take our customers' feedback seriously and use it to continuously improve our performance. Therefore, we consider it important to report on it in a transparent manner.



National Indoor Arena (NIA), Birmingham



## Business review

# BAM Design

The Design division continues to lead the implementation of BIM throughout our operations and has developed unique capabilities in 5 and 6 D BIM. Our expertise in BIM is helping to win new projects and new clients for BAM.

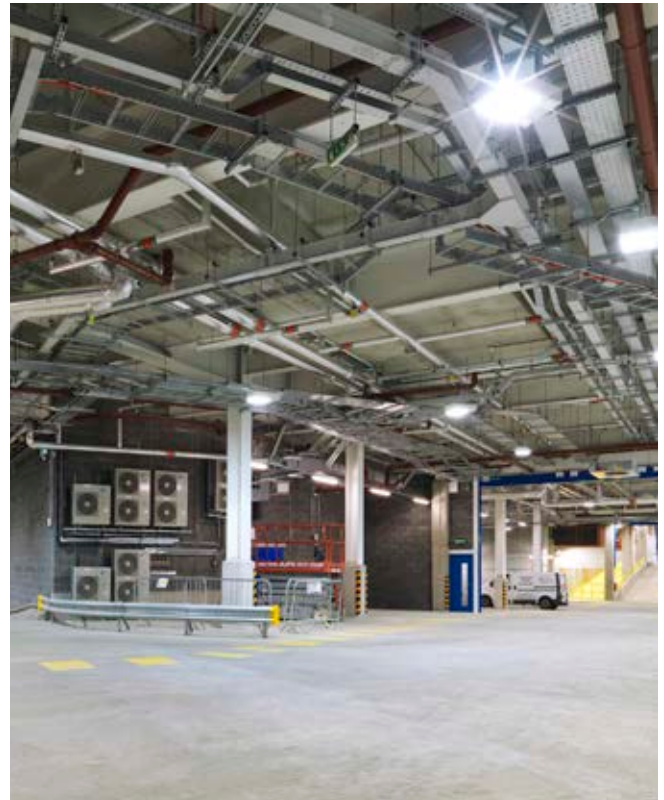
BAM Design Limited had a turnover of £7.1m in fee income in 2014 and delivered a profit of £112k. The relatively low profit is indicative of the fact that our primary role for BAM Design Limited is to improve our offering to our clients and our capabilities. The design team played a key role in a number of successful projects that were completed in 2013 such as Somerstown Community Hub, the Laboratory for Molecular Science in Cambridge and numerous academies. Similarly, they contributed to a number of project wins such as the Graphene Institute for the University of Manchester and the Veterinary School for the University of Surrey.

The design team and the sustainability teams work closely together to ensure a whole life cycle approach to the way we create a building. They are working with the FM team to ensure that operations and maintenance factors are included in the earliest stages of design, so that the benefits of BIM can fully applied to the operation and management cycle of the completed building.

The design team have engaged in a number of thought leadership activities to spread the benefits and understanding of the potential of BIM for the built environment, for example by delivering a number of presentations at BIM Show Live in April 2013 and by publishing articles and blogs in a number of industry magazines and online forums.



King's Cross - B2 and B0, London



King's Cross - B2 and B0, London

## Business review

# Services Engineering

As a result of the recession, there are fewer high quality M&E subcontractors operating in the UK.

Procuring M&E packages is one of the riskiest areas of subcontracting for our construction business. Our response has been to strengthen our in-house capacity within our services engineering division. This reduces BAM Construction's dependence on external subcontractors and enables better supervision and management of external M&E subcontractors when we do engage them.

The Services Engineering team has expanded in size and now has some team members based in our office in Bristol and in Leeds as well as in St Albans in the South of England.

The Services Engineering team has been helping project teams to better plan M&E services at the pre-construction planning stage on projects such as buildings B0, B2, and B4 at King's Cross.

Services Engineering continues to develop its expertise in BIM. For example, the team used advanced BIM 3D Revit to ensure better interface and special co-ordination of equipment purchased by our client Rolls Royce for its advanced blade casting facility in Rotherham.

Services Engineering is contributing to the work on our project at CONNECT110NS in Glasgow, where we are trialling the application of BIM to every stage of the design and construction process and gathering data that will populate the operations and maintenance manuals, so that the occupiers of the completed building can operate it more efficiently.



Leeds Arena



## Business review

# BAM Plant

Our plant division opened a new depot in Morley, West Yorkshire, enabling it to provide more support to sites in the North of England and Scotland.

Having an internal plant division has many benefits. As well as providing site accommodation and communications, BAM Plant assists our construction teams with complex manoeuvres such as aerial lifts of heavy machinery and installation sites where space is limited.

The BAM Plant team also advises site teams on the optimum specification of their site needs and enables site teams to benchmark local pricing of plant services.

Our Plant team has contributed two innovations in 2013. The team has designed a new specification for site eco-cabins that has the potential to reduce energy costs by up to 60% compared to a standard cabin. The team has also launched a new metering system that is installed and managed entirely by BAM Plant and enables sites to generate bespoke reports that can be used to identify ways of improving energy performance.

The Plant team are also developing skills in undertaking Cloud Point Surveys enabling project teams to plan refurbishments, renovations and extensions to existing buildings.



Plant transport

# Sustainability report

## Social value

The company views its sustainability and community activity with increasing importance. Our goal is to do business ethically and in a way that creates social value for society generally, as well as a financial return for the company and the shareholders of Royal BAM Group.

## Being an ethical business

Our values are to be trustworthy, reliable, considerate and creative. In order to be trustworthy and reliable, we recognise the need to have internal robust mechanisms to evaluate our own performance and our compliance with best practice.

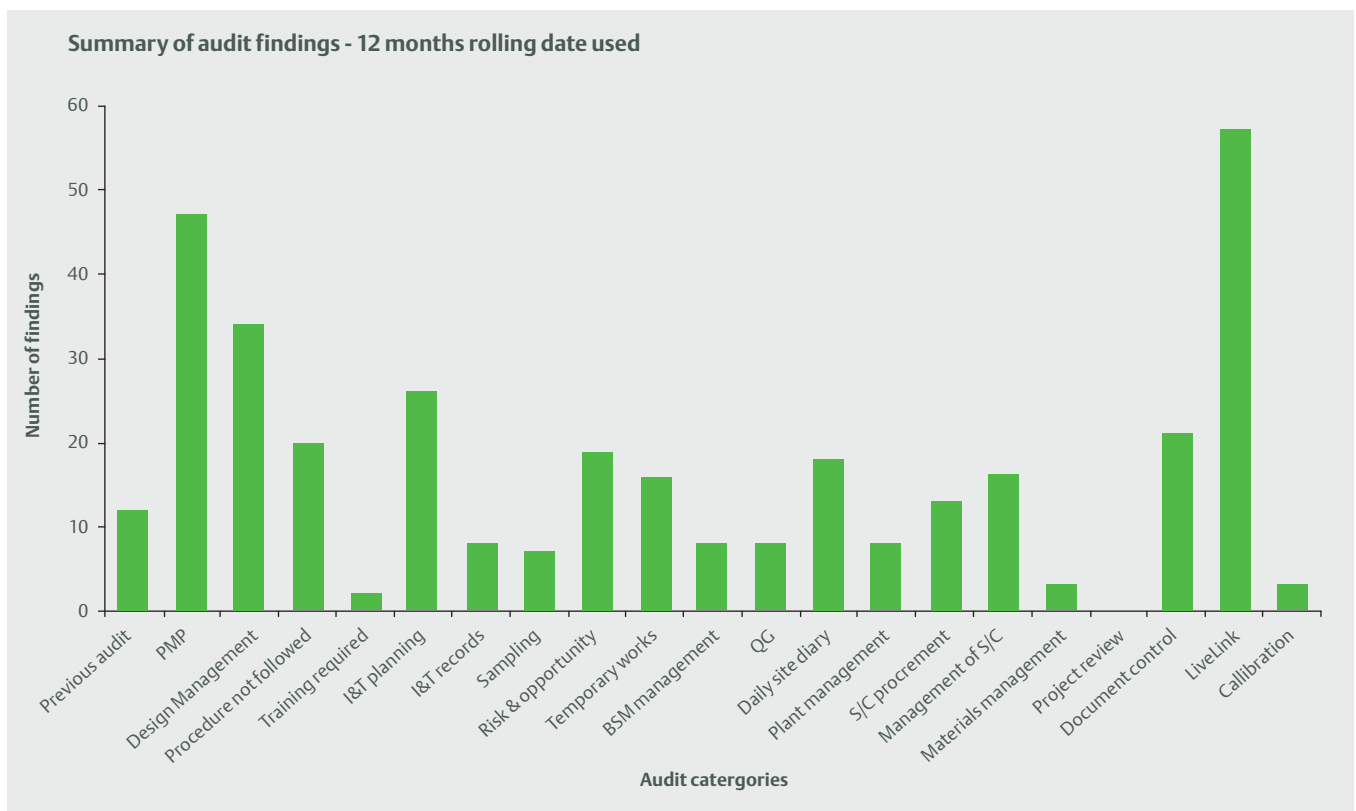
Our business systems teams keep our procedures, guidances and forms under constant review to make sure they are fit for purpose. In addition, we carried out 258 internal audits in 2013. The results are shown in the table below.

Following a review of policies, the group decided to register with the Information Commissioner and we formulated and published a data protection policy. This will be followed by data protection training for all relevant staff in 2014.

Most employees undertook an e-learning training course during 2013 on the requirements of the Bribery Act. There were no reported or detected breaches of the Bribery Act in 2013 or the company's Business Ethics policy. No employee availed of the confidential whistleblowing mechanisms available to them.

Like most businesses, we pay constant attention to the risk of fraud and, during 2013, we took a number of steps to maintain our resilience against the increasingly sophisticated attempts by criminals to perpetrate fraud. The measures include frequent checks and reviews of levels of authorisation, maintaining robust security controls and counter checking with our banks, and regularly communicating to staff about the need to be vigilant about bogus requests for sensitive information.

We consider the attainment of appropriate accreditations as an important demonstration of the validity of our internal standards. For example, we are currently working towards the attainment of BS1:1000 standard for Collaborative Business Relationships. Our plant division is preparing for an ISO: 9001 assessment in the spring of 2014.



## Sustainability report (continued)

As part of the improvement of our intranet in 2012, we enabled access to our technical assistance web on the home page. The assistance web is where employees can pose questions and ask for advice about technical issues in real time. There was a marked increase in participation in the forum in 2013. The number of issues raised on the assistance web grew from 95 in 2012 to 164 in 2013, and the number of responses from 190 to 416. The number of views of the assistance web grew from 10,504 in 2012 to 39,362 in 2013.

The company regards fair treatment of suppliers and subcontractors as an important part of creating social value and, in 2013, our average payment period was 33 working days.

### Progress towards zero harm

Zero harm is the name of our programme to create a safe and healthy working environment for all of our employees and everyone who works with us. As well as observing the correct statutory requirements, and best practice in safety policies and procedures, we realise the most effective measure is direct engagement with employees and subcontractors to create mindfulness about safety and to make safety integral to every activity.

Our accident rate is reducing. The rate of no lost time incidents reduced from 255 in 2012 to 205 in 2013. Accidents that resulted in absences of up to seven days also reduced from 30 in 2012 to 23 in 2013. We attribute this to a number of activities including safe-to-start talks on sites every morning, encouraging employees to make personal pledges to guard their own safety and others' and measures such as incident boards.

However, the figure for major incidents of over seven days' absence has remained at 13 a year for the past three years. We are addressing this through a range of measures such as regular tours of sites by directors and more visible leadership on safety by our senior managers. Our belief remains that accidents can be fully eliminated and we will continue to work towards that goal.

In 2012 we identified that temporary works was a source of risk. In 2013 we implemented a range of measures to reduce the risk of temporary works, including designating a temporary works co-ordinator on every site. Our technical services team collaborated with the Temporary Works Forum, the CITB and others, to develop the first national training course for temporary works co-ordinators. The course is accredited under the CITB Construction Skills Site Safety Plus Scheme.

Increasingly, BIM is helping us to identify risks and to target safety talks and appropriate training before important tasks.

### Developing and supporting our people

Supporting our people and managing change is key to retaining and developing our staff.

There were seven changes at senior management level during 2013. In all cases, the personnel changes were planned and communicated well in advance to employees and new appointees had coaching and/or formal training in preparation for their new levels of responsibility.

We are developing a competency framework with appropriate programmes to help to develop our future leaders.

Our construction team in the Midlands moved office. Again, employees were fully consulted and given assistance to mitigate any personal impacts arising from the new location.

We are collecting more data about diversity so that we can account more accurately for how well we are doing at encouraging people from all backgrounds to work with the company. BAM Construction is participating in the UKCC 'Respect' campaign and the campaign was promoted on all construction sites.

The company launched an Employee Assistance Helpline for all employees. The service provides employees with confidential access to advice and counselling services on a range of topics from debt advice to bereavement. This is part of our strategy to promote health and wellbeing in the company. The next phase of the strategy will concentrate on promoting awareness of mental health issues as our understanding, and that of society generally, becomes more aware of the incidence and effects of mental illness on employees' welfare.

In 2013 we launched BAM Benefits, a scheme that enables employees to obtain discounts from leading retailers. So far, employees have benefitted from savings of £90k (7.5%) related to £1.2m of purchases. Participation in the scheme is growing month by month.

We made adjustments to our life insurance and income protection policies to make them accessible to a wider group of staff and not contingent on being a member of the staff pension scheme.

Our pension scheme, run by Legal & General, achieved a Quality Pension Mark. 600 employees were auto-enrolled into a pension scheme to comply with the Pensions Auto-enrolment regulations. The opt-out rate was low at 6.5%.

In 2013, the wider group, BAM Construct UK Ltd was ranked 70 in the list of Sunday Times Best Companies to work for. This was up

## Sustainability report (continued)

ten places from when we last participated in this benchmarking survey in 2011.

We aim to communicate frequently and meaningfully with employees. We achieve this through a number of channels, for example our intranet, which publishes new information every day about developments in the company. We published a staff annual 'People' to celebrate the achievements of our staff during 2013.

Increasingly, we are using social media channels such as Twitter, and Yammer to help employees keep up to date. More than 500 employees now share information and collaborate on Yammer.

Despite all of these new channels of communications, the BAM group board still considers it important to meet each employee face-to-face and, in March 2013, the Board staged roadshows for employees at eight locations throughout the country. More than 800 employees attended. In a feedback survey, 93% of respondents rated the presentations as excellent or good, indicating that staff appreciate this channel of communication.

### Investing in training and opportunity

In 2013, the BAM group invested £1,303,077 (2012: £1,169,622) in training and development of our staff. Health and safety training accounted for 40% of the training delivered. This was supplemented by e-learning courses on display screen assessment and asbestos awareness.

In July 2013, we staged a national conference within the company on the principles lean construction techniques. Two of our construction divisions, Scotland and North East, shared their experiences of implementing lean construction techniques. Following the conference, all of our construction divisions have now embraced the principles and have introduced their own lean management implementation programmes.

We continue to invest in developing the management potential of employees and 50 members of staff attended management development programmes at Roffey Park.

We currently have 51 trainees who joined us in the 2013/14 academic year and are pursuing day-release courses, and 13 students on industrial placements as part of their degree courses.



Derby Civic Offices

## Sustainability report (continued)

The company operates a Shared Apprenticeship Scheme in partnership with Coventry City Council and Coventry City College. We were delighted that the scheme was awarded Apprenticeship Scheme of the Year by the Federation of Master Builders. To date 12 people have successfully completed the apprenticeship scheme and 12 others are currently progressing through the scheme.

### Operating sustainably

The group continues to improve its own sustainability performance and increase the expertise and advice it can offer our clients. For example, BAM also joined the Ellen MacArthur CE100 to promote a circular economy.

We were delighted that the Co-operative's HQ was awarded the highest ever BREEAM Outstanding score, as we had provided sustainability advice during our construction of it.

During the year we launched a sustainability microsite that accounts transparently for our performance to date against our targets. The site contains a range of project case studies to demonstrate our approach. We also publish regular blogs on the site on topical subjects relating to best practice. They are frequently picked up in social media and in the print media.

In 2013, BAM Construct UK Ltd was awarded Platinum status in the Business in the Community Corporate Responsibility Index. The award recognised that we had improved our performance on community engagement, on climate change and environmental management.

BAM Construction joined the Supply Chain Sustainability School as a Partner member alongside most other major contractors in the UK. The purpose of the school is to educate the UK supply chain. The school provides practical and free support, such as self-assessment e-learning modules, to enable organisations to assess their sustainability strengths, as well as identifying areas for development. The school also runs supplier days where members can discuss topical issues with each other and with major contractors.

### Leadership

The company participates in the UKGBC Zero Carbon non-domestic Task Group, to assist the industry to reach energy efficiency standards proposed by the Government for implementation by 2019.

We currently chair the Grown in Britain Campaign to increase the use of UK grown timber within the construction sector. Increasing the market for timber grown in the UK has environmental benefits (through reforestation and reduced transport of materials from abroad). It also has a major economic advantage as the UK is the sixth largest importer of timber in the world. More than 99% of the timber used by BAM Construction in 2013 was from verified legal and sustainable sources, with 94% from full chain of custody FSC or PEFC sources, or reused.

We also assisted in the development of the ENCORD Waste protocol which was launched in 2013.



Orchard Hotel, University of Nottingham

## Sustainability report (continued)

### Carbon performance

In 2013, we restated our emissions for all previous years to take account of updated guidance provided by Department for Energy and Climate Change.

The group's total carbon footprint in 2013 was 13,479 tonnes CO<sub>2</sub>e, a reduction of 2,311 tonnes (15%) compared to our revised 2012 footprint. Our normalised emissions also reduced to 16.2 tonnes of CO<sub>2</sub>e per £m turnover, a reduction of 11%.

The largest reduction came from reducing the gas oil used on our construction sites by 31%. This is largely due to fewer generators being required throughout the year to power our sites. Our electricity consumption fell by 10% through continued improvements in efficiency from more efficient accommodation and energy management on construction sites. During 2013, we implemented a remote energy monitoring and management system and developed an energy-planning tool which will further improve our sites' ability to achieve savings.

Despite an increase in the number of drivers within the company, our overall business mileage fell by 523,000 miles and we have improved our company car fleet efficiency to 102g CO<sub>2</sub>/km. The company continues to incentivise green travel options and invested £75,500 in a green car award scheme.

We are on track to meet our target to reduce emissions by 25% by 2015 compared to our performance in 2008. To date, we have reduced our emissions by 21%, saving 8,900 tonnes of CO<sub>2</sub> since 2008 which equates to a monetary saving of approximately £5.1million.

### Waste performance

Our three year rolling average construction waste production (excluding demolition and excavation) up to the end of 2013 reduced to 134m<sup>3</sup> / £1million, which is a 4% reduction on the previous year. We diverted 88% of all waste away from landfill, which is less than in 2012. This is due to more soils going to landfill rather than re-use at exempt sites. This is a trend in the industry arising from a reduction in exempt sites following regulation changes, and lower gate fees at landfill sites as they need the soil to meet planning conditions,

### Community

BAM Construction wishes to be a good neighbour and to contribute value to the communities where we work. We have participated in the Considerate Constructors Scheme (CCS) for the past eight years. We have consistently achieved higher scores than the industry average. In 2013 the industry average was 35 out of 50 and we achieved 40 out of 50. The highest score achieved by anyone in the industry in 2013 was 47. Two of our sites achieved scores of 47: Manchester City Football Academy and the Jubilee Building at Musgrove Park hospital.



Hilden Grange School, Tonbridge



## Sustainability report (continued)

Twenty-four projects have been selected for the CCS Site Awards that will be held in April in 2014. At the 2013 Awards, BAM Construction received three gold awards, five silver and thirteen bronze awards, adding up to twenty-one in total.

BAM Construct UK Limited has raised £96,000 in its first year of its charity partnership with Macmillan Cancer Support (£71,000 from fundraising and £25,000 from matched funding from BAM). This will enable Macmillan to provide 3,500 nursing hours for people with cancer. It is well above our target to raise £50,000 per year for the two-year partnership, and is a result of our staff's enthusiastic attitude to fundraising for the charity.

We also delivered four 'Paint and Fix' volunteering projects to support people with cancer. BAM's HR Managers have also attended Macmillan's 'Working with Cancer' training course.

We measure our community engagement and charitable investment against the standard criteria set by the London Benchmarking Group as demonstrated in the table below.

The principal outcomes of our community activity were:

- We provided more than 11,500 hours of staff time for community engagement, skills and opportunities support to local communities;
- We leveraged £191,000 of support from our customers and supply chain partners;
- 24,275 people benefitted from our community investment activity;
- We provided 220 work experience placements;
- We provided learning and skills events for 14,000 young people;

We were pleased to participate in the UK Contactors Group Open Doors weekend in 2013. We opened seven BAM Construction sites around the country which were visited by approximately 600 people in total. We received many accolades and thanks from our visitors.

In 2013 we launched Team Time, which allows our project teams to apply for a grant of up to £1,000 from BAM to deliver community projects. In 2013, eight teams delivered community projects for local schools, sports clubs and Macmillan cancer patients. There are already ten projects in the pipeline for 2014.

### BAM Construct UK community investment 2013

Contributions	Total contributions	Mandatory contributions*	Voluntary contributions
Cash	£62,826	£100	£62,726
Time (inc management)	£499,363	£53,022	£446,341
In-Kind	£62,452	£8,443	£54,009
<b>Total (2013)</b>	<b>£624,641</b>	<b>£61,565</b>	<b>£563,076</b>

\*Mandatory contributions are those, which we contracted to undertake as part of our construction contract.

### BAM Construct UK community investment 2012

Contributions	Total contributions	Mandatory contributions*	Voluntary contributions
Cash	£91,852	£4,383	£87,469
Time (inc management)	£471,280	£75,938	£395,343
In-Kind	£28,856	£1,089	£27,767
<b>Total (2012)</b>	<b>£591,988</b>	<b>£81,410</b>	<b>£510,579</b>

\*Mandatory contributions are those, which we contracted to undertake as part of our construction contract.

# Directors' report

**Richard Bailey**  
Executive Director



The Directors present their report and financial statements for the year ended 31 December 2013.

This Directors' report should be read in conjunction with the Business reviews, the Strategic report and the Sustainability report, each of which is incorporated by reference in (and shall be deemed to form part of) this Directors' report to the extent required by applicable law or regulation.

## Dividends

During the year a dividend of £9.0m was declared and settled (2012: £10.0m).

## BAM Nuttall Ltd and BAM PPP UK Ltd

Communication and interaction between BAM Construction and BAM Nuttall continued during 2013 as the two companies collaborated on sharing knowledge and best practice in areas such as sustainability, health and safety and IT development. It is five years since the group adopted the full BAM brand, and the directors consider it important to raise its profile in the UK market as many of our competitors trade under long established brand names.

## Future developments

While 2013 has been a successful year for the company, the directors are aware that the short to medium term will be highly challenging. They continue to monitor closely trends and forecasts for demand in the various streams of its businesses and developments in the economy generally.

Health and education will remain key markets. However the directors are aware that these markets are susceptible to decreases in public spending. The directors consider that the successful strategy to date of winning places on frameworks remains the best way of alleviating this risk and ensuring that the company is best placed to compete successfully for available work in the public sector. The company will also seek to promote its reputation for delivering corporate work to some of the leading organisations in British industry and promoting its capacity in refurbishment and retrofitting.

Although bidding will remain extremely competitive, the directors will continue to price carefully, aware of the risks of cost inflation and will seek competitive advantage by offering added value to clients rather than reduced pricing. A key element in delivering this will be to continue to develop the integrated offering of the wider BAM Construct UK group with features such as sustainable design, innovative value engineering and construction techniques, and excellent commissioning and management of buildings. The company will continue to develop its expertise on sustainability and its reputation for taking an honest and 'can-do' approach to doing business with its clients.

The benefits and synergies of all the Royal BAM Group companies in the UK adopting the Royal BAM Group brand are apparent to the directors. The company worked collaboratively with a number of Royal BAM Group companies in 2013 sharing expertise, and drawing on experience across Royal BAM to assist with work in the UK. The directors expect that this trend will grow in the years ahead and that the company will continue, in particular, to work more closely with BAM Nuttall and BAM PPP in the UK.

## Directors' report (continued)

### Subsidiaries

The principal activities of the subsidiary undertaking is shown in note 10 to the accounts.

### Qualifying third party indemnity provisions for directors

The company's ultimate parent undertaking, Royal BAM Group, maintains liability and indemnity insurance for its directors and officers and for those of its subsidiaries. This provision has been in place throughout the year and remains in force at the date of approving the Directors' report.

### Directors

The following served as directors of BAM Construction during the year ended 31 December 2013 and up to the date of this report:

- R Bailey
- S G P Byrne
- G Cash
- N J Comben – resigned 31 March 2013
- J R Dakin – resigned 28 February 2014
- R Ellis
- D Keillor
- S J Tapson
- J W R Wimpenny

S Robinson was appointed as a director of the company on 1 April 2013.

R Stiles was appointed as a director of the company effective from 28 February 2014.

### Consideration of going concern

The directors have reviewed the matter of preparing the financial statements under the going concern basis. They have considered:

- the level and quality of existing orders held by BAM Construction;
- the liquidity balances within the business;
- the principal risks and uncertainties already outlined in the previous sections to this report; and
- the future forecasts for the company.

After considering the above points, 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 the financial statements.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the obligatory steps to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 485 of the Companies Act 2006.



**Richard Bailey**  
Executive Director  
28 March 2014

# Statement of directors' responsibilities

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 then 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 proper 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 BAM Construction Limited

We have audited the financial statements of BAM Construction Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

## Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Accounts 2013 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

# Independent auditor's report to the members of BAM Construction Limited (continued)

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

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**David Wilson (Senior statutory auditor)**  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
28 March 2014

## Notes:

1. The maintenance and integrity of the BAM Construction Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Profit and loss account

For the year ended 31 December	Notes	2013 £m	2012 £m
<b>Turnover</b>	2	<b>783.1</b>	837.9
Cost of sales		<b>(743.3)</b>	(794.1)
<b>Gross profit</b>		<b>39.8</b>	43.8
Administrative expenses		<b>(35.3)</b>	(35.7)
Other operating income		<b>2.1</b>	1.9
<b>Operating profit</b>	3	<b>6.6</b>	10.0
Profit on disposal of tangible fixed assets	4	<b>0.1</b>	0.5
<b>Profit on ordinary activities before interest and taxation</b>		<b>6.7</b>	10.5
Interest receivable	6	<b>0.5</b>	0.8
<b>Profit on ordinary activities before tax</b>		<b>7.2</b>	11.3
Tax on profit on ordinary activities	7	<b>(1.8)</b>	(2.9)
<b>Profit for the year</b>		<b>5.4</b>	8.4

All items in the profit and loss account relate to continuing operations.

## Statement of total recognised gains and losses

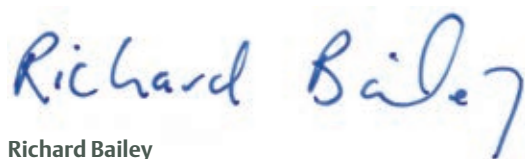
	2013 £m	2012 £m
Profit for the year	<b>5.4</b>	8.4
Surplus on revaluation of subsidiary undertakings	–	–
<b>Total recognised gains and losses relating to the year</b>	<b>5.4</b>	8.4

**Registered number**  
2379469

# Balance sheet

At 31 December	Notes	2013 £m	2012 £m
<b>Fixed assets</b>			
Tangible fixed assets	9	2.3	2.3
Investments	10	0.4	0.4
		2.7	2.7
<b>Current assets</b>			
Stocks and work in progress		0.1	0.1
Debtors: amounts falling due within one year	11	206.4	200.9
Debtors: amounts falling due after more than one year	11	8.5	9.8
Cash at bank and in hand		85.7	103.2
		300.7	314.0
<b>Creditors: amounts falling due within one year</b>	12	(253.7)	(262.8)
<b>Net current assets</b>		47.0	51.2
<b>Total assets less current liabilities</b>		49.7	53.9
<b>Creditors: amounts falling due after more than one year</b>	13	(6.5)	(7.1)
<b>Net assets</b>		43.2	46.8
<b>Capital and reserves</b>			
Share capital	14	24.0	24.0
Revaluation reserve	15	0.4	0.4
Profit and loss account	15	18.8	22.4
<b>Equity shareholder's funds</b>	15	43.2	46.8

The financial statements were approved by the Board of Directors on 28 March 2014 and were signed on its behalf by:



**Richard Bailey**  
Executive Director



# Notes to the accounts

## 1. Accounting policies

### Basis of preparation

The accounts are prepared under the historical cost convention, modified to include the revaluation of subsidiary undertakings, and in accordance with applicable UK accounting standards and comply with the Companies Act 2006.

The company is exempt from the requirement to prepare group accounts in accordance with section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of its immediate parent undertaking, BAM Construct UK Limited, a company incorporated in England. The company's results are included in the consolidated accounts of BAM Construct UK Limited. Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of its ultimate parent undertaking, Koninklijke BAM Groep n.v. (Royal BAM Group), a company registered in the European Union, which prepares consolidated accounts, the company has taken advantage of the exemption provided under FRS 1 (Revised) not to prepare a Cash Flow Statement.

### Consideration of going concern

The directors have reviewed the matter of preparing the financial statements under the going concern basis. They have considered:

- the level and quality of existing orders held by BAM Construction;
- the liquidity balances within the business;
- the principal risks and uncertainties already outlined in the previous sections to this report; and
- the future forecasts for the company.

After considering the above points, 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 the accounts.

### Investments

The investments in subsidiaries are included at directors' valuation based on the company's share of net assets of the subsidiary company. This policy is considered to be appropriate as the directors consider this to be the most accurate reflection of the company's investment position.

In the opinion of the directors, the aggregate value of the company's investment in its subsidiaries and amounts owing by them is not less than the amount at which they are stated in the accounts.

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable in bringing the asset into working condition for its intended use. Depreciation is provided under the straight line method to write off the depreciable element of the cost of tangible fixed assets over their expected useful lives as follows:

Plant and machinery	- 8.33% to 60.00% per annum
Motor vehicles	- 25.00% per annum

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

# Notes to the accounts

## 1. Accounting policies (continued)

### Long-term contracts

Contract work in progress is valued at total cost incurred plus attributable profits less foreseeable losses and applicable payments on account. Profit on long term contracts is taken as the work is carried out once the final outcome of the project can be assessed with reasonable certainty. Provision is made for losses on contracts in the year in which they are foreseen. Total cost includes direct cost and allocated overhead. The resultant balance on individual contracts is included under debtors as 'amounts recoverable on contracts', under creditors as 'payments received on account', or under creditors as 'accruals for foreseeable losses'.

### Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

### Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Work in progress and finished goods are valued at the lower of the cost of direct materials and labour plus attributable overheads based on a normal level of activity, and net realisable value.

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets (including investments in subsidiary undertakings), and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date.

### Related parties

Advantage has been taken of the exemption in FRS 8, not to disclose details of transactions between wholly owned group undertakings.

### Construction revenue recognition

Profit on construction contracts is recognised by reference to the stage of completion, once the final outcome can be assessed with reasonable certainty. Full provision is made for all known or expected losses on individual contracts once such losses are foreseen.

# Notes to the accounts

## 2. Turnover

Turnover, which is stated net of VAT, represents the value of work done in the year including estimates of amounts not invoiced and adjustments relating to prior years which have been agreed during the year. Turnover is attributable to one continuing class of business, design and construct contracting, traditional building, the provision of services engineering, plant hire and supply of associated services, and arose wholly within the United Kingdom.

## 3. Operating profit

Certain administrative costs, including audit fees, staff costs, and operating lease costs for land and buildings and for plant and vehicles, were met by the immediate parent undertaking.

	2013 £m	2012 £m
This is stated after charging:		
Depreciation of owned assets	0.8	1.1
Operating lease rentals – plant and vehicles	0.8	0.7
	2013 £000s	2012 £000s
Fees for the audit of the company	129.0	121.0

Fees paid to the company's auditor Ernst & Young LLP, for services other than the statutory audit of the company are not disclosed in this company's accounts since the consolidated accounts of the company's parent, BAM Construct UK Limited, are required to disclose non-audit fees on a consolidated basis.

## 4. Profit on disposal of tangible fixed assets

	2013 £m	2012 £m
Proceeds from sale of tangible fixed assets	0.2	1.1
Less: net book value	(0.1)	(0.6)
Profit on disposal of tangible fixed assets	0.1	0.5

## 5. Directors' emoluments

R Bailey and G Cash, directors of this company throughout the financial year, were also directors of BAM Construct UK Limited, the company's immediate parent undertaking, for the same period. Their remuneration for the period in which they served as directors of BAM Construct UK Limited, all of which was paid by, and attributable to, services provided to BAM Construct UK Limited, is disclosed in the accounts of that company. S G P Byrne, J R Dakin, R Ellis, D Keillor, S Robinson, S J Tapson and J W R Wimpenny received remuneration from BAM Construct UK Limited, the company's immediate parent undertaking, as employees of that company. A management charge of £17.4m (2012: £18.0m) in respect of administrative costs has been made to the company by BAM Construct UK Limited which includes directors' emoluments which it is not possible to identify separately.

## 6. Interest receivable

	2013 £m	2012 £m
Bank interest receivable	0.5	0.8

# Notes to the accounts

## 7. Tax on profit on ordinary activities

	2013 £m	2012 £m
(a) Tax on profit on ordinary activities		
<b>UK Corporation tax</b>		
Corporation tax	1.9	2.8
Total current tax charge	1.9	2.8
Origination and reversal of timing differences	(0.1)	0.1
Total deferred tax (credit)/charge	(0.1)	0.1
Total tax charge for the year	1.8	2.9

### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is more than (2012: equal to) the average rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are reconciled below:

	2013 £m	2012 £m
Profit on ordinary activities before tax	7.2	11.3
Profit on ordinary activities multiplied by the rate of corporation tax in UK of 23.25% (2012:24.5%)	1.7	2.8
Expenses not deductible for tax purposes	0.1	0.1
Short term timing differences	0.1	(0.1)
Total current tax charge	1.9	2.8

### (c) Factors that may affect future tax charges

In accordance with the company's accounting policy, investments in subsidiary undertakings are carried at the company's share of net assets. The directors believe that in the event of a future disposal no tax liabilities should arise. The company is not proposing to dispose of any subsidiary undertakings in the foreseeable future.

The main rate of Corporation tax was reduced from 24% to 23% on 1 April 2013. The Finance Act 2013 which was substantively enacted on 2 July 2013 provides for a further reduction in the main rate of corporation tax to 21% by 1 April 2014 and 20% by 1 April 2015.

At the balance sheet date, the tax rate applicable for calculating deferred tax is 23% if realised before 1 April 2014, 21% if realised between 1 April 2014 and 1 April 2015 or 20% thereafter.

# Notes to the accounts

## 7. Tax on profit on ordinary activities (continued)

### (d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2013 £m	2012 £m
Included in debtors (Note 11)	0.3	0.2
Decelerated capital allowances	0.1	0.1
Short term timing differences	0.2	0.1
Deferred tax asset	0.3	0.2

## 8. Dividends

	2013 £m	2012 £m
Declared and settled during the year		
Equity dividends on ordinary shares:		
Final dividend: 37 pence per share (2012: 42 pence per share)	9.0	10.0

## 9. Tangible fixed assets

	Plant, machinery and vehicles	
	2013 £m	2012 £m
<b>Cost:</b>		
At 1 January	10.6	13.0
Impairment reversal	–	0.1
Additions	0.9	0.8
Disposals	(0.7)	(3.3)
<b>At 31 December</b>	<b>10.8</b>	<b>10.6</b>
<b>Depreciation:</b>		
At 1 January	8.3	9.9
Charge for the year	0.8	1.1
Disposals	(0.6)	(2.7)
<b>At 31 December</b>	<b>8.5</b>	<b>8.3</b>
<b>Net book value:</b>		
<b>At 31 December</b>	<b>2.3</b>	<b>2.3</b>

Plant and machinery include assets with a net book value of £2.1m (2012: £2.1m) which are hired to other group companies and to third parties. These assets are depreciated over their expected useful lives at rates of 8.33% to 60.00%. These assets have accumulated depreciation of £7.4m (2012: £7.1m).

# Notes to the accounts

## 10. Investments

	2013 £m	2012 £m
Subsidiary undertakings		
Valuation:		
At 1 January	0.4	0.4
Revaluation surplus	-	-
At 31 December	0.4	0.4

The following is a wholly owned direct subsidiary undertaking of the company:

Incorporated in England and Wales	Nature of business
BAM Design Limited	Design Services

## 11. Debtors

	2013 £m	2012 £m
<b>Debtors: amounts falling due within one year</b>		
Amounts recoverable on contracts	5.4	9.8
Trade debtors	83.3	76.5
Amounts due from ultimate parent undertaking	0.1	0.1
Amounts due from immediate parent undertaking	64.2	69.2
Amounts due from fellow subsidiary undertakings	0.8	7.3
Prepayments and accrued income	52.3	37.8
Deferred tax asset	0.3	0.2
	<b>206.4</b>	<b>200.9</b>

	2013 £m	2012 £m
<b>Debtors: amounts falling due after more than one year</b>		
Trade debtors	8.5	9.8

## 12. Creditors: amounts falling due within one year

	2013 £m	2012 £m
Payments received on account	22.5	29.0
Accrual for foreseeable losses	5.2	20.4
Trade creditors	60.1	55.7
Amounts due to subsidiary undertaking	0.5	0.4
Corporation tax	1.9	2.8
Accruals and deferred income	163.5	154.5
	<b>253.7</b>	<b>262.8</b>

# Notes to the accounts

## 13. Creditors: amounts falling due after more than one year

	2013 £m	2012 £m
Trade creditors	6.5	7.1

## 14. Share capital

	2013 £m	2012 £m
Authorised: 24,000,100 Ordinary shares of £1 each	24.0	24.0
Allotted, called up and fully paid 24,000,002 Ordinary shares of £1 each	24.0	24.0

## 15. Reconciliation of shareholder's funds and movements on reserves

	Share capital	Revaluation reserve	Profit and loss account	Total shareholder's funds
At 1 January 2012	24.0	0.4	24.0	48.4
Profit for the year	–	–	8.4	8.4
Dividends declared and settled	–	–	(10.0)	(10.0)
At 1 January 2013	24.0	0.4	22.4	46.8
Profit for the year	–	–	5.4	5.4
Dividends declared and settled	–	–	(9.0)	(9.0)
At 31 December 2013	24.0	0.4	18.8	43.2

## 16. Obligations under non-cancellable operating leases

At 31 December 2013 there were annual commitments under operating leases comprising:

	2013 £m	2012 £m
<b>Equipment and vehicles</b>		
Leases terminating:		
Within one year	0.1	–
In two to five years	0.6	0.5
At 31 December	0.7	0.5

# Notes to the accounts

## 17. Contingent liabilities

- (a) The company, along with other group companies, is party to a guarantee in respect of any individual company overdraft balance within the cash pooling facility with NatWest Bank plc. At 31 December 2013, there was an overdraft balance for one of the companies in the cash pooling facility of £67.7m (2012: £68.9m). The net overdraft position in the cash pooling facility as at 31 December 2013 was £nil (2012: £nil). This guarantee is not expected to give rise to any loss.
- (b) The company is party to various litigation arising in the ordinary course of the business. Provision has been made within the accounts where necessary. The directors are of the view that other claims will have no significant impact on the results of the company.
- (c) The company, along with other group companies, provided a guarantee against a subordinated term loan and a committed revolving credit facility to its ultimate parent undertaking, Royal BAM Group n.v.

The principal sum of the subordinated loan amounts to €125 million (2012: €125 million) with a duration to 30 July 2017. The amount of the subordinated term loan outstanding at the year end was €125 million (2012: €125 million).

In 2012, the level of the committed revolving credit facility was increased from €475 million to €500 million and its term was extended to 30 January 2016. On 21 January 2013, the option was exercised to extend the committed revolving credit facility by an additional year to 30 January 2017. The level of the credit facility will be €442.5 million from 30 January 2016. The amount of the committed revolving credit facility utilised at the year end was €40 million (2012: €nil).

The directors are satisfied that Royal BAM Group n.v. is currently able to fulfil all its obligations under these agreements without recourse to any of the Guarantors.

- (d) The company has agreed to provide financial support to ensure the continuing operation of certain subsidiaries, which is not expected to give rise to any material loss that has not already been provided for in the accounts.
- (e) The company, along with other group companies, is party to a guarantee in respect of any individual company overdraft balance within the cash pooling facility with the Bank of Scotland. At 31 December 2013 there were overdraft balances in a number of group companies in the cash pooling facility amounting to £48.3 million (2012: £47.2 million). The net overdraft position in the cash pooling facility as at 31 December 2013 was £nil (2012: £nil). This guarantee is not expected to give rise to any loss.

## 18. Parent undertaking and controlling party

The company's immediate parent undertaking is BAM Construct UK Limited, a company incorporated in England. The ultimate parent undertaking and controlling party is Royal BAM Group n.v., a company incorporated in The Netherlands. The group accounts of the ultimate parent undertaking (the largest group of which the company is a member and for which group accounts are prepared) and of BAM Construct UK Limited (the smallest group) are available from this company's registered office.



# Regional offices

## **BAM Construct UK Limited**

### **(Head office)**

Breakspeare Park, Breakspeare Way,  
Hemel Hempstead, Hertfordshire HP2 4FL  
Tel 01442 238 300 Fax 01442 238 301

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## **BAM Construction Limited**

### **Scotland**

Kelvin House, Buchanan Gate Business Park,  
Stepps, Glasgow G33 6FB  
Tel 0141 779 8888 Fax 0141 779 8889

Currie House, 597 Calder Road,  
Pentland Gait Office Park, Edinburgh EH11 4HJ  
Tel 0131 458 2000 Fax 0131 458 2001

### **North East**

3125 Century Way, Thorpe Park, Leeds LS15 8ZB  
Tel 0113 290 8800 Fax 0113 290 8801

Boston House, Fifth Avenue Business Park,  
Team Valley Trading Estate, Gateshead,  
Tyne & Wear NE11 0HF  
Tel 0191 487 4897 Fax 0191 487 4903

### **North West**

New Court, Regents Place, Regent Road,  
Salford, Manchester M5 4HB  
Tel 0161 877 9274 Fax 0161 877 9276

### **Midlands**

Fore 2, 2 Huskisson Way, Shirley, Solihull B90 4SS  
Tel 0121 746 4000 Fax 0121 746 4090

### **Western**

Millennium Gate, Gifford Court,  
Fox Den Road, Stoke Gifford, Bristol BS34 8TT  
Tel 0117 944 8800 Fax 0117 944 8855

387 Newport Road, Cardiff CF24 1TP  
Tel 029 2048 8811 Fax 029 2046 1647

Crown House, Acland Road, Exeter, Devon EX4 6PB  
Tel 01392 412 887 Fax 01392 412 886

Arena Business Centre, Holyrood Close, Poole BH17 7BX  
Tel 01202 606 290 Fax 01202 606 291

### **South East**

Centrium, Griffiths Way, St Albans,  
Hertfordshire AL1 2RD  
Tel 01727 894 200 Fax 01727 818 852

### **London**

24 Chiswell Street, London EC1Y 4TY  
Tel 020 7374 3600 Fax 020 7374 3601

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## **BAM Plant**

### **Midlands**

Rixon Road, Wellingborough,  
Northamptonshire NN8 4BB  
Tel 01933 232 000 Fax 01933 232 009

### **North East**

Scott Lane, Morley, Leeds,  
West Yorkshire LS27 0NQ  
Tel 01132 521 594 Fax 01132 189 741

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## **BAM Design**

Centrium, Griffiths Way, St Albans,  
Hertfordshire AL1 2RD  
Tel 01727 894 200 Fax 01727 818 852

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## [www.bam.co.uk](http://www.bam.co.uk)

Here you will find downloadable PDFs of:

- BAM Construct UK Limited Report and Accounts
- BAM Construction Limited Report and Accounts
- BAM Properties Limited Report and Accounts

Registered number: 2379469



**Registered office**

Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire HP2 4FL

T 01442 238 300

F 01442 238 301

**Registered number**

2379469