



Making
Possible

BAM Construction Limited

Annual Report and Accounts 2024

ukandireland.bam.com

Contents

**An overview of our 2024 performance, our future direction,
and a review of the strategy underpinning our businesses.**

Introduction

We are BAM	3
------------	---

Strategic report

Overview and value creation	4
Business performance	4
Principal risks and uncertainties	4
Future strategy	7
Divisional review	7
Corporate responsibility	8
Sustainability	9
Corporate Governance Statement	13
The BAM Group	14
Corporate Governance within BAM Construction	14
Departures from the Governance Code	14

Reports

Directors' report	17
Statement of directors' responsibilities	19
Independent auditor's report	20

Financial statements

Statement of comprehensive income	23
Statement of financial position	24
Statement of changes in equity	26

Notes to the financial statements

1	Authorisation of financial statements and statement of compliance with FRS 101	27
2	Accounting policies	28
3	Revenue	37
4	Operating (loss)/profit	38
5	Auditor's remuneration	38
6	Staff costs and directors' remuneration	38
7	Income tax	38
8	Dividends paid and proposed	40
9	Right-of-use assets	40
10	Investment in subsidiary	41
11	Trade and other receivables, prepayments and accrued income	41
12	Trade and other payables	42
13	Financial risk management	42
14	Lease liabilities	43
15	Provision	44
16	Contingent liabilities	45
17	Authorised and issued share capital	45
18	Retained earnings	46
19	Other related party transactions	46
20	Group structure	46
21	Ultimate group undertaking	46
22	Subsequent events to the statement of financial position	46



We are BAM

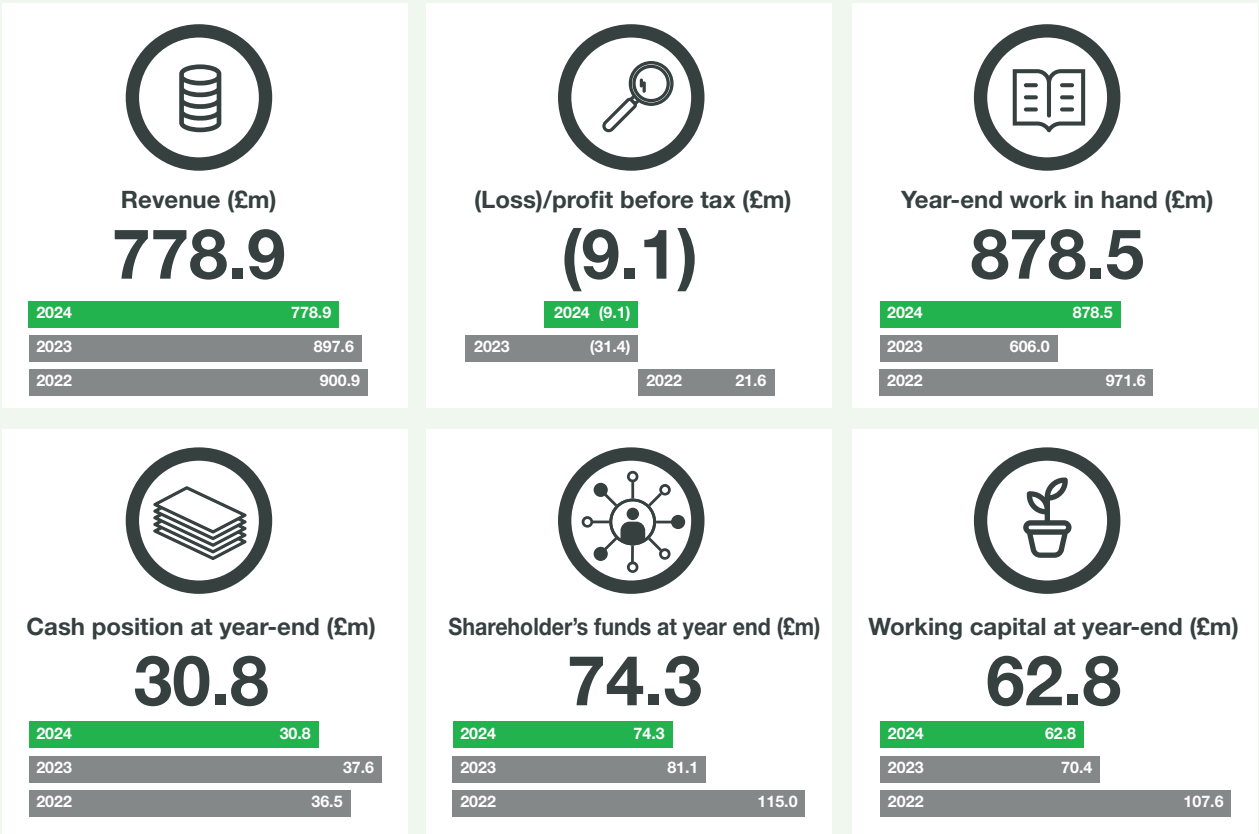
BAM Construction Limited (‘BAM Construction’) is part of BAM Construct & Ventures UK Limited which is a leading property development, design, construction and facilities management company, creating sustainable environments that enhance people’s lives.

We are working towards a 90 per cent relative reduction of our own carbon emissions by 2030 (Scope 1 & 2) against a 2015 baseline. From offices around the country, our teams collaborate with public and private sector clients to create and maintain sustainable buildings at the same time as delivering long-lasting social value for the communities we live and work in.

To help us to deliver projects and services in a lean, green and more efficient way we use the latest digital technologies and modern construction methods, and are supported by expert partners and a highly-valued supply chain of specialist sub-contractors.

We are constantly striving to improve the built environment by attracting and developing a more diverse workforce, and reducing the carbon emissions associated with how buildings are designed, built, and managed over their lifetimes.

Year in review



Strategic report

The directors present their strategic report for the year ended 31 December 2024 which outlines BAM Construction's strategy and financial results, the progress of its operating companies and performance on sustainability.

Overview

BAM Construction provides construction and design services throughout the UK. Its ultimate parent undertaking is Koninklijke BAM Groep n.v. (Royal BAM Group).

Value creation

We create value for shareholders and for wider society by designing and building facilities that support the delivery of essential services for people's lives, such as schools, university buildings, hospitals, cultural and leisure facilities. Our work also enables other businesses to create value, with the building of transport and manufacturing facilities as well as offices.

We also create value by operating ethically and sustainably, by creating employment, apprenticeship and training opportunities and by supporting local and national charities. The key features of our sustainability strategy are to work towards being carbon and resource positive and to enhance people's lives by creating positive impacts in the communities where we work.

Business performance

Profit and revenue

The loss before tax for the year ended 31 December 2024 was £9.1m (2023 loss: £31.4m). After taxation the loss was £6.8m (2023 loss: £23.9m). Dividend declared and paid in the year of £nil (2023: £10.0m). Profitability in the year was impacted by pressures on supply chain due to liquidations and the closing out of legacy projects.

During the year, BAM Construction delivered revenue of £778.9m (2023: £897.6m). Revenue expectedly fell in the year, as Management's newly implemented strategy of delivering the "right work, with the right client at the right price" continued to ensure the project portfolio was aligned with the risk profile.

Whilst Revenue fell, work in hand significantly improved in the year, as the Business successfully signed contracts worth £978m. The newly implemented tender process, coupled with a history of delivering what the client wants, at the right price, to a high level of quality meant the Business moved towards becoming our key client's partner of choice. The value of our forward order book materially increased to £878.5m (2023: £606.0m).

Management considers the current orderbook, strong pipeline and focus on driving quality of revenue will continue to provide opportunity for profitable growth in the future. Finalising the impact of legacy projects on the Business was a key focus for 2024 and thus 2025 is expected to return to a strong profit position.

Cash and equivalents

Managing cashflow is a key objective. Cash at bank was maintained through close and effective management, £30.8m (2023: £37.6m), whilst short-term deposits fell in year to £72.6m (2023: £140.7m) due to closing legacy projects and the trading loss. These funds are placed on deposit with Royal BAM Group and are identified in note 20.

Working capital

Working capital performance continues to be strong, as the Company works to ensure payments are received on time and overdue debtors and retentions are kept at a minimum.

Principal risks and uncertainties

BAM Construction regularly reviews the risks and uncertainties within the business. Via robust procedures the Company, is able to identify, manage and mitigate risks, as well as assessing trends. The current principal risks and uncertainties are identified as follows:

1. Health, safety and environmental
2. Market
3. Supply Chain
4. Project development and tendering
5. Project and contract execution
6. Human resources and capabilities
7. Climate Change
8. Cyber
9. Building Safety

Strategic report

	Risk – description	Controls / mitigation strategy
1 Health, safety and environmental risks	<p>The Company's activities are inherently complex and potentially hazardous and require the continuous monitoring and management of health, safety and environmental risks. Failure to meet safety standards or ineffective management of safety requirements could result in the injury or death of employees, members of the public or third parties.</p>	<p>The Company sets out clear policies and procedures that are regularly reviewed and updated. These set out a set of minimum standards, that we expect our teams and supply chain to follow. As part of our assurance process, we conduct regular internal audits to ensure that the agreed policies and procedures are adhered to.</p> <p>We ensure our teams and supply chain are suitably trained in process, have sufficient technical understanding and demonstrate the appropriate behaviours.</p> <p>We look to ensure that there is a positive safety leadership culture within the business and senior staff members demonstrate correct behaviours.</p>
2 Market	<p>The construction industry is exposed to a number of economic and political risks that impact the market in which we operate. As a company senior management need to understand the level of suitable work and ensure the Business is capable of reacting to the market. A key element of market risk, is the availability of work through both the private and public sector.</p>	<p>BAM Construction consistently reviews the markets it operates in. This is done via our in-house Frameworks team, which allows us to have good visibility of the public sector and good local market intelligence at an operating business unit level. In addition, the Business leverages expertise from Group companies.</p>
3 Supply Chain	<p>As a result of the uncertain political and economic environment in which we and our supply chain operate, we are seeing a significant change in the supply chain's ability to manage these risks.</p>	<p>By fostering collaborative relationships with the supply chain we are able to stay informed about their challenges and to work together on identifying and implementing mitigation strategies. By building strong relationships we are able to address supply chain issues proactively.</p> <p>We reduce the dependency on any one supplier by identifying and qualifying alternative suppliers who can provide similar materials or services if necessary. This helps mitigate the risk of disruptions specific to a particular supplier. Risk is managed through contract conditions, regular monitoring (operational and financial) of performance and internal briefings.</p>
4 Project Development and Tendering	<p>Ensuring that BAM Construction tenders for the right projects, where risks are understood and can be managed successfully, is a key risk for the business. The failure to manage this process and consequently the risk associated with it, potentially exposes the Company to losses.</p>	<p>With a robust tendering process, which is structured and well-documented, we are able to select and tender for projects that align with our strategic objectives. The process has a well-defined criteria for evaluating opportunities, which ensures factors such as financial viability, market conditions, and risk exposure are understood and can be managed successfully.</p>
5 Project and Contract Execution	<p>Ensuring that projects are managed successfully is key to the Company's performance and long term future. Poor execution not only leads to additional cost, but also reputational damage with our clients, where we are unable to deliver against their needs and requirements, potentially curtailing our ability to secure future work.</p>	<p>To mitigate against this risk we look to:</p> <ul style="list-style-type: none"> Assign competent project teams, with the necessary skills and expertise for the particular project. Ensure a robust project governance framework is in place, with clear escalation procedures, and regular reporting mechanisms established. Standardised risk management process aligned to Royal BAM Group is followed including regular reviews from internal audit. A well-established quality control process, with defined quality standards and regular independent inspections conducted.

Strategic report

	Risk – description	Controls / mitigation strategy
6 Human resource and capabilities	<p>There remains the need to train and maintain a skilled workforce. With a retiring workforce, exacerbated as a result of Covid19 and Brexit, we are experiencing a skills shortage and new talent is needed. More diversity is needed to boost creativity and innovation, fill the skills gap and lift productivity. The Company makes a significant investment in skills and training and supports the CITB and the Apprentice levy.</p>	<p>BAM Construction clearly understands the importance of this risk and thus undertakes many schemes to overcome this. For example we continue to invest in apprenticeships, which enables great new talent to be brought in at an early stage and grown, with both direct work experience but also an academic qualification, through one of the universities that BAM Construction Limited is aligned with. In addition, the Business looks for greater diversity in recruitment through ex-armed forces and returning to work parents as examples.</p>
7 Climate Change	<p>The risks have been considered on a short (2026), medium (2030) and long (2050) term basis, recognising that the principal risks to BAM Construction are managing domestic, European and international legislative changes, transitioning to emissions free energy sources and resources, increasing sustainability requirements from clients and stakeholders, the potential for extreme weather events and the long term impacts of climate change on both BAM Construction directly and our supply chain.</p>	<p>Our strategic planning and operational delivery include measures to mitigate the impact of these risks throughout the life cycle of the projects that we are engaged in for our clients and their customers and the environments in which we work. Our commitment to net zero aligns with current and emerging legislation and we have invested in the use and potential use of alternative fuels and materials. We are engaged with our clients to align their sustainability ambitions with our own and we design and plan operational delivery using weather risk assessment and management technology and by reference to publicly available weather forecasting data.</p>
8 Cyber	<p>BAM Construction faces several key cyber-security risks that can significantly impact their operations. Ransomware attacks and Phishing scams can trick employees into revealing sensitive information or lead to unauthorized access to data systems. Data breaches could lead to exposure of confidential project plans and client information causing reputational and financial damage. The supply chain is vulnerable to attacks too.</p>	<p>BAM Construction recognises that managing cyber-security risk is crucial for the protection of their operations, reputation and client trust. Cyber-security is treated as a business-wide issue, not just an IT concern and the Board is engaged in regular discussions about these risks. Employees are encouraged to prioritize security in their daily activities and there are regular communications and training available. There is a comprehensive framework aligned with international standards like ISO 27000 including policies and procedures and since human error is a leading cause of breaches, there is investment in continuous training and tools to empower employees as the first line of defence through documents such as the Acceptable User Policy. Consideration is given to legal implications (e.g. EU AI Act) and insurance where appropriate with the IT team continuously assessing and updating cybersecurity measures to address evolving threats.</p>
9 Building Safety	<p>Building fire safety in the UK is governed by a comprehensive set of regulations aimed at ensuring the safety of occupants and the integrity of structures. The Building Safety Act 2022 introduced a range of regulations covering the UK including the Fire Safety (England) Regulations 2022 and the Housing (Cladding Remediation)(Scotland) Act 2024. The Act and the Regulations impose duties for building owners, managers and contractors especially for those that involve high-rise residential buildings. They also have a 30 year retrospective effect for buildings constructed before 2022 and as such BAM Construction has exposure to a claim under the Acts as a result of its legacy portfolio. BAM Construction will continue to bid for and deliver buildings that that are required to meet the requirements of the Act which include new responsibilities of Principal Designer and Principal Contractor.</p>	<p>BAM Construction recognises the risks from both its legacy and future portfolio and has put in place measures to monitor and manage risks to the former and procedures and training to manage the risks to the latter at bid stage and throughout project delivery, especially the selection and appointment of the Principal Designer and Principal Contractor roles.</p>

Strategic report

Future strategy - Building a sustainable tomorrow 2024-2026

Royal BAM Group started the second phase (2024 – 2026) of its strategy: 'Building a sustainable tomorrow'. This phase has three pillars 'Focus, Transform, Expand' – and has been launched to embed achievements over the prior strategy period and drive growth aligned to the Groups sustainability values. BAM Construction, as a cornerstone of Royal BAM Group, is part of the UK & Ireland Division playing a significant part in this strategy.

The Business continues to apply a conservative approach to 2025 and beyond monitoring the changing UK and worldwide political and economic landscape, as well as economic weakness resulting in the continuing supply chain insolvencies. Management have put various measures in place to deal with scenarios that may arise.

We continue to adopt new and flexible ways of working, to create a safer, healthier, more diverse and engaging organisation. Delivery of growth and improved business performance is dependent on BAM Construction being at the forefront of digital construction and data management techniques. These platforms and tools have unlocked new opportunities for our people, whether working on sites, at home or in offices, to continue connecting and collaborating.

As part of the strategy, all operating companies are supporting and participating in the alignment of Royal BAM Group policies, processes and procedures for core enabling services including Information Security, Human Resources, Finance, Legal and Procurement. This alignment will support individuals, teams and operating companies to leverage their combined capabilities and improve productivity and performance.

Divisional review

BAM Construction

BAM Construction delivered a loss before taxation of £9.1m (2023 loss: £31.4m) on a revenue of £778.9m in 2024 (2023: £897.6m). The value of forward orders at year-end was £878.5m (2023: £606.0m). Whilst the Business reports a loss in year, the improvement year on year of £22.3m is driven by the closing of legacy projects. 2025 is expected to see the Business return to a healthy profit.

Whilst controls exist to ensure supply chain resilience and limit the exposure to insolvency, projects were impacted by a limited number. Nearly £1bn of order value was signed in year with closing orderbook increasing materially. The strengthened tender process alongside a process of working with the right clients, at the right price, delivering the right work, started to come to fruition. 2025 continues to see a healthy pipeline with a key client focus delivering construction within markets the Business thrives.

Projects completed by BAM Construction during the year include: Whiteheads Primary School (Western), Health & Wellbeing Academy Daphne Steele Building for the University of Huddersfield (Northern), Southam College (Central) and W Hotel Fit out (Scotland).

BAM Construction secured a number of exciting projects during the year across its core sectors, Plot 1 Brent Cross (Offices), Our Cultural Heart Phase 1 (Health, Leisure & Wellbeing), Luton Airport (Aviation Infrastructure). Plus Education projects for New South West Fife School, St Leonards Catholic School, Cornwall College, Lyde Green School and Seaton Valley School.

We maintain our strategy of forming long-term strategic alliances with clients who share our values of collaboration and interest in leveraging the benefits of digital construction and new methods such as off-site fabrication and sustainability. BAM Construction aims to maintain a balanced portfolio of work, across both the public and private sector, as well as market sectors e.g. commercial, education and health.

BAM Design

BAM Design offers a full architectural and design service in our business and has team members co-located in our five regional construction divisions.

In addition, BAM Design's expertise helps us to improve our design management and co-ordination on projects, and to design for safety and sustainability. The team also works closely with BAM Properties and BAM FM.

BAM Design leads our work in developing our digital construction capabilities and pioneering innovative methods to improve quality and speed of project delivery.

Strategic report

Corporate responsibility

Ethics and standards

The Board recognises that the ability of the Company to generate value relies on harnessing our intellectual, human, social and relationship capital. We aim to do this by being a responsible employer, conducting our business ethically, operating in an environmentally sustainable way and enhancing the lives of the people in the communities where we work. The Company maintains a number of robust internal mechanisms to ensure that we conduct our business to high ethical standards. During the year the Company has ensured that all staff have undertaken BAM Code of Conduct training.

Employees can raise any concerns about unethical activities through the Group's anonymous third-party reporting mechanism. The Company encourages everyone to 'speak up' in order to make the workplace a healthier, happier, productive, and therefore safer place. Employees and anyone working on our sites can also raise observation cards to report ethical breaches or other concerns.

The prevalence of fraud within the industry continues to be an area of risk in the Company. As a consequence, we communicate and work closely with our clients and suppliers to highlight the risk of third-party fraud. Ensuring our employees remain vigilant about the risk of fraud is an important mitigation strategy and we encourage them to raise any issues of concern through management channels. The Company makes use of the UK&I's Compliance Officer and the policies and procedures that have been developed and implemented during the year. As part of this training the Company is well on its way to ensure that all staff have undertaken Anti-bribery and Corruption training.

People

The Board recognise, celebrate and thank our people for the outstanding qualities they bring. The positive, supportive culture created throughout our business is a competitive advantage.

All employees have the opportunity to participate in the Glint employee engagement survey, which is confidential and completed on a quarterly basis in 2024. Findings from this are used to continuously develop and improve the BAM Experience. Where we identify areas for improvement, we set realistic actions ensuring that we engage with our colleagues throughout.

The survey has highlighted that our employees are generally very engaged and they feel the Company allows collaboration, communicates well and has a strong safety culture. Areas of opportunity include better action taking and career opportunities.

In 2024 BAM has focused further on culture to support our strategic goals, our people and our clients, this work

will continue throughout 2025 and beyond.

BAM Construction has no directly employed people at 31 December 2024, with all staff that work on BAM Construction projects employed through its parent company BAM Construct & Ventures UK Ltd.

The Business notes there remains the need to train and maintain a skilled workforce. It continues to target this through its recruitment and training.

Diversity & inclusion

BAM Construction is committed to achieving a balance in our employee population, that better reflects society, benefits the business, and enhances people's lives. Aiming to increase the attraction of the construction industry as a destination for diverse talent we continued to partner with cross industry organisations including 'Women In Science and Engineering' (WISE). We also regularly hold events and network meetings which strive to raise awareness on subjects and allow people to explore the subjects in Safe Space calls, as well as celebrating events such as International Women's Day, Black History Month and International Men's Day.

Our engagement groups represent and amplify the voices of minorities and allies, who share their experiences and ideas to improve policies and procedures. Any colleague can join any network and their regular meetings and events, joining executive sponsors who take feedback and learning into the boardroom when making decisions. We have representation from our senior leadership team on all of these groups to ensure that feedback is received and acted upon. Four engagement groups have been established to promote inclusion under gender, gender identity and sexuality, ethnicity, and disability and caring.

Working better for health and safety

We continue with our goal to have completely safe operations so that BAM employees, and everyone who works with BAM suffer no injury or ill health as a result of our activities. In order to achieve this we have been focusing particular attention on the following areas:

- Continued focus on high-risk incidents and significant near misses, allowing for lessons to be learnt and fed back into the business.
- The digitisation of our process, to enable our staff to have the tools easily available to mitigate risks.
- Implementation of our 'Safe & Well' leadership programme with adoption of the vision for Everyone Safe and Well Everyday.
- Adoption of a suite of Leading Indicators for Senior Management.
- Campaign on safe lifting operations with revised lifting policy on load handling.

Strategic report

As well as extensive training and monitoring of health and safety, we continue to promote wellbeing across the Business and our supply chain through activities such as talks about detecting cancers, nurses attending sites to undertake health checks and offer advice. We also look to promote good practice and this was celebrated during the year, when BAM Construction held its online Health and Safety awards ceremony, where eight areas of good practice were recognised.

We have seen a decrease to RIDDOR's reported in the year down from 13 in the previous year to 4 in 2024. We continue to seek improvement in all aspects of our health and safety management.

BAM's safety management system is audited by the British Safety Standards Institute to meet ISO 45001.

Sustainability

Our sustainability strategy 'Building a sustainable tomorrow' is developed in conjunction with all Royal BAM Group Operating Companies. The strategy comprises of 6 themes:

- Decarbonisation
- Circularity
- Climate Adaptation
- Biodiversity
- Safety, Health and Inclusion
- Social Value

The strategy is delivered through dedicated Environmental and Social Sustainability enabling services and are linked to select United Nations Sustainable Development Goals (UN SDG's).

Our Biodiversity Strategy and Nature Positive Plan address the key drivers of nature loss—land-use change, overexploitation of natural resources, climate change, pollution, and invasive non-native species—across our value chain. Aligned with the Global Biodiversity Framework, we focus on reducing our most significant impacts while enhancing opportunities to benefit nature at every stage of construction.

This includes addressing high-impact construction materials in our supply chain, improving our construction practices, and integrating nature-positive approaches at our depots and client projects. To ensure a structured transition and make these themes actionable and monitored, BAM has developed its own Biodiversity approach: BAM Biodiversity+.

As we strengthen our approach, we are also preparing for the Taskforce on Nature-related Financial Disclosures (TNFD), ensuring transparency and accountability in our biodiversity commitments.

SECR

2024 summary

Since 2008 BAM Construction has reported its direct carbon emissions footprint in order to meet customer, legislative and parent company requirements and we have mature energy and carbon measurement systems which have continually improved over time. We measure our carbon emissions according to the Green House Gas Protocol - Corporate Standard and ISO 14064-1:2018 as part of our Carbon Reduce certification for the management and reduction of greenhouse gas emissions.

BAM Construction total reported Scope 1,2 & 3 carbon emissions in 2024 were 14.6kt resulting in an intensity of 18.74tCO₂e/£m revenue (2023 restated: 15.9kt, 17.71tCO₂e/£m). Our carbon emissions inventory showing 2023 and 2024 data is shown in tables 1, 2 and 3. Note that our headline direct carbon emissions disclosures for Scope 1 & 2 now use the market-based methodology for calculating emissions from grid electricity usage. The location-based emission are disclosed in table 3.

Strategic report

2024				2023 restated	
Emissions Source	Unit of measure	tCO2e	Quantity	tCO2e	Quantity
Company car	Miles	107	530,658	59	597,348
Gas	kWh	41	224,593	36	199,409
Gas Oil	Ltr	-	-	-	-
HVO (Biodiesel)	Ltr	25	712,516	13	377,278
Diesel	Ltr	410	163,065	920	365,921
Petrol	Ltr	6	3,053	7	3,360
Kerosene	Ltr	-	-	-	-
Total Scope 1		589		1,035	
Electric Vehicles	Miles	217	2,702,797	146	1,814,144
Electricity	kWh	310	6,752,488	536	8,277,705
Total Scope 2		527		682	
Electricity (T&D)	kWh	140	7,812,201	161	8,988,994
Waste	tonnes	1,948	287,087	592	165,185
Hotel Stays	Nights	48	4,553	32	3,059
Train Travel	Miles	82	1,431,475	91	1,593,286
Upstream transportation	n/a	7,362	n/a	8,899	n/a
Air travel	Miles	121	322,005	156	424,126
Private Car	Miles	941	4,207,542	1,116	5,000,695
Well to Tank for Scope 1&2	N/A	1,264	n/a	1,024	n/a
Water	M3	37	98,530	19	49,334
Third Party procured fuel	Ltr	1,532	694,303	2,087	868,301
Total Scope 3		13,475		14,177	
Total Scope 1,2 & 3		14,591		15,894	

Table 1 – carbon emissions inventory 2024 & 2023 (2023 previously reported emissions from Electricity have been restated reflecting the adoption of market-based accounting in 2024).

Strategic report

2024				2023	
Biogenic Emissions	Unit of measure	tCO2e	Quantity	tCO2e	Quantity
HVO biodiesel	Ltr	1,731	712,516	917	377,278
Total 'Out of Scopes'		1,731		917	

Table 2 – biogenic carbon emissions inventory 2024 & 2023

2024				2023	
Location-based emissions source	Unit of measure	tCO2e	Quantity	tCO2e	Quantity
Electric Vehicles	Miles	217	2,702,797	146	1,814,144
Electricity	kWh	1,398	6,752,488	1,686	8,277,705
Total Scope 2		1,615		1,832	

Table 3 – Location-based carbon emissions inventory 2024 & 2023

In 2024, absolute emissions have decreased owing to the implementation of the biodiesel known as Hydrotreated Vegetable Oil (HVO) across the entire business, and the rapidly increasing number of pure battery electric vehicles.

Fuel consumption has increased by 18% compared to 2023 and is due to the timing of completion activities, for example, additional heating requirements and increased workforce, on a number of projects. However, absolute emissions have decreased due to the significantly increased proportion of HVO use. We also continue to implement energy efficiency measures on our construction sites and have invested in hybrid power solutions both through hired services and by equipping our site accommodation with solar panels.

The biogenic ‘out of scopes’ emissions associated with HVO are disclosed separately as shown in table 2 and by definition are not considered a net contribution to carbon emissions as defined by the GHG protocol.

In 2024 we switched to reporting emissions from grid electricity using the ‘market-based’ methodology bringing us in to line with our parent company. This means we report electricity emissions as zero where the procurement of that energy is made using renewable energy backed by renewable energy guarantee of origin certificates known as REGO’s. To maintain full disclosure of the real emissions from electricity, we have disclosed the ‘location-based’ (actual) emissions in table 3.

Electricity consumption has reduced by 18% compared to 2023. Energy consumption can be quite volatile year to year depending on the mix of work being undertaken although the proportion of electricity being used in electric vehicles has increased by over 49% which is contributing to a reduction in diesel use.

The following points highlight key areas where we’ve made carbon emissions reductions;

- Through our HVO mandate we’ve avoided 1,765tCO2e of direct emissions. HVO is a diesel alternative with a 99% lower intensity compared to diesel as it is made from waste vegetable oils.
- Business travel has remained flat compared to 2023 although there is a notable reduction in private car mileage and the associated emissions thanks to the transition towards full electric, which now make up 85% of the fleet. By 2026 all company cars will have moved to full electric and by 2030 all commercial fleet vehicles will also be fully electric. Remote working continues to be adopted for most office-based functions.

BAM Construction’s performance in 2024 has contributed to Royal BAM Group maintaining its ‘A’ listing on the CDP leadership index for the 6th consecutive year and is a key part of the Group’s overall sustainability strategy.

Strategic report

Emissions reduction targets

In 2019 Royal BAM Group formally ratified its Science Based Target (SBT), a global initiative operated by the CDP and IPCC which seeks to harmonise organisations emissions reduction strategies with global climate science. As part of this target, The BAM Group has committed to reduce its emissions intensity by 2030 for Scope 1 and 2 emissions by 90% against a 2015 baseline.

Furthermore, a target for all indirect scope 3 emissions has been included within our Science Based Targets and is set at a 50% absolute carbon reduction by 2030 against a 2019 baseline.

In addition to the group-level targets, within BAM Construction we have introduced a net zero target pertaining to our direct scope 1 & 2 emissions by 2030. Details of this target and others can be found in our carbon reduction plan on our website.

Emissions accounting methodology

Our emissions measurement is undertaken by consolidating supplier reports, project data submissions and smart metering into a central database from which the business can report to any interested party. Preference is given to obtaining measured data from already digitised formats to help avoid human error associated with manual processing. We employ a dedicated reporting analyst team who undertake this work which has greatly improved the efficiency and robustness of our reported emissions.

We report on a wide variety of emissions sources inclusive of scope 1 & 2 emissions and the sub-set of scope 3 indirect emissions.

In 2024 we have continued to align our carbon reporting to fulfil the requirements of our parent company, SECR, Carbon Reduce and PPN06/21. As a result of this, we have continued to include additional scope 3 categories in this years SECR disclosure; Waste, Upstream transportation and well to tank emissions associated with scope 1 and 2 emissions. The scope of our reported emissions will change over time owing to increased reporting requirements and associated disclosures.

The methodology for calculating and disclosing electricity emissions was updated in 2024 to bring it in to line with our parent company whereby our headline Scope 2 emissions disclosures use the market-based methodology. Our inventory continues to be certified to ISO14064 by Achilles as part of the 'Carbon Reduce' programme.

As we continue to implement our carbon reduction plan, we anticipate our scope 1 and 2 emissions will continue to fall as we procure a greater percentage of HVO compared to diesel, transition our company vehicle fleet away from

combustion only models and begin utilising electric and/or hydrogen powered plant and equipment.

Improvements in scope 3 emissions reductions and disclosures

Throughout 2024 we have been refining our approach to measuring scope 3 emissions in their entirety and in 2025 will be publishing our full Scope 3 emissions footprint. This will be undertaken in conjunction with our parent company (Royal BAM Group) and is being driven by the overarching objectives of our sustainability strategy and the incoming EU directive known as the Corporate Sustainability Reporting Directive (CSRD).

Besides the reporting and disclosure requirements, we have already taken several actions contributing to reductions across all scope 3 emissions sources including:

- We continue to proactively work with our supply chain to encourage them to take up Action Sustainability's carbon reporting tool to assist them in measuring, reporting and reducing their emissions. To date, over 100 of our suppliers are using this tool which will not only benefit our emissions reporting but also that of the wider industry.
- We are improving the quality of our scope 3 emissions inventory and are working towards full scope 3 emissions disclosure in the 2025 published accounts as part of our sustainability strategy – our parent company (Royal BAM Group) has made a group-wide disclosure in its integrated report for 2024.
- We encouraged our clients to include reduced environmental impact materials with a longer life expectancy in their projects.
- We deliver low-carbon buildings and measured the as built embodied carbon impact against the LETI Benchmarks for an increasing number of developments.
- We are beginning to introduce low carbon concretes as part of permanent works and have undertaken a gap analysis of our management systems in order to implement PAS2080. In addition we signed up to the Concrete Zero initiative to drive adoption of low carbon concretes across the industry.

Strategic report

Corporate Governance Statement

Employee involvement

As reported in the Strategic Report the Company engages with employees through a number of channels and activities to ensure they are aware and consulted about developments in the Company including its financial performance. This is achieved via a staff intranet, discussion forums, surveys and face-to-face communication by the Board through an annual series of virtual Roadshows.

Section 172 (1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172(1) requires directors to have regard to, amongst other matters, the:

- (a) likely consequences of any decisions in the long-term,
- (b) interests of the company's employees;
- (c) need to foster the company's business relationships with suppliers, customers and others,
- (d) impact of the company's operations on the community and environment,
- (e) desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) need to act fairly between members of the company.

In discharging our section 172 duties we have regard to the matters set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and predictable.

We delegate authority for day-to-day management of the Company to our senior leadership team and then engage management in setting, approving and overseeing execution of the business strategy and related policies.

Board meetings are held regularly where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions.

In addition to its shareholder, the Company's key stakeholders are its workforce, customers, suppliers and the local communities in which it operates. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions. The size and spread of both the Company's stakeholders and the Group means that generally our stakeholder engagement takes place at an operational, Company, Division and Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company.

We set out below an example of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us.

Investment in people is a priority for the Company, offering employees (including contractors) the opportunity to develop and learn, either within their current role or to build networks and improve collaboration. The Directors engage with employees in a number of ways throughout the year including roadshows, webinars, vlogs and posts on the intranet, BAM Connect, and Pulse. Employee engagement is maintained through a variety of channels including recruitment and on-boarding platforms, company-wide conferences, roadshows, development programmes and local communication events.

Strategic report

The BAM Group

BAM Construction Limited is a member of the BAM group of companies which is headed by Royal BAM Group N.V. ("Royal BAM"), a Dutch listed company that is subject to the Dutch Corporate Governance Code (the "Dutch Code").

A copy of the Dutch Code which has been translated into English can be found here: <https://www.bam.com/en/about-bam/corporate-governance>

Notable features of the Dutch Code are its focus on long term value creation; provisions on enhanced risk management; rules for effective management and supervision; the introduction of culture and conduct as part of corporate governance; simple rules for remuneration; and rules regarding the relationship with shareholders.

The Dutch Code is a well-established and robust code which is applied by all listed companies in the Netherlands. The purpose of the Dutch Code is to facilitate – with or in relation to other laws and regulations – a sound and transparent system of checks and balances.

Royal BAM applies the Dutch Code throughout the Royal BAM group, through a detailed set of standards, policies and procedures that comply with, and seek to apply, the relevant provisions of the Dutch Code. These group standards, policies and procedures apply to BAM Construction.

Pursuant to the Dutch Code, Royal BAM has issued an extensive, detailed corporate governance statement which describes the governance of the group, including its subsidiaries (such as BAM Construction). A copy of the statement is available on Royal BAM's website.

The group corporate governance statement comprises a line-by-line overview indicating and describing the extent to which the group complies with the Dutch Code and the circumstances where the group departs from compliance, in the latter case together with an explanation for such departure. This includes BAM Construction.

Corporate Governance within BAM Construction

In the opinion of the directors of BAM Construction, given that BAM Construction is a member of the Royal BAM Group and is subject to, and complies with, the standards, policies and procedures of the Royal BAM Group, the adoption of the Dutch Code is in the best interests of BAM Construction, its shareholder and wider stakeholders. The directors believe that they have complied with the Dutch Code to the extent that they consider it relevant to the operating subsidiary of a listed Dutch group, noting departures from the code on page 16.

Application of the Dutch Code by BAM Construction

By virtue of the fact that Royal BAM applies the Dutch Code throughout the group, its corporate governance statement also describes, generally, the corporate governance processes and procedures at BAM Construction, taking into account its position as a subsidiary of the group.

Certain parts of the Dutch Code apply to the group as a whole, including BAM Construction. These principles and provisions state that certain structures, policies and procedures must be in place to meet the Dutch Code's requirements provisions, for instance relating to the Dutch Code's concept of long-term value creation and culture, and to more operational matters such as risk management, compliance and whistle-blower procedures.

Royal BAM has issued standards, policies and procedures including a code of conduct and statement of business principles (copies of which are available on the Royal BAM website) to ensure that all group companies throughout the group adhere to these elements of the Dutch Code. The board of BAM Construction operates within these group-wide standards, policies and procedures and is responsible for their application within BAM Construction.

In addition to following the group standards, policies and procedures of Royal BAM Group as described above, BAM Construction specifically applies the following elements of the Dutch Code as set out below:

Strategic report

Long term value creation strategy

1.1.1	We have a business strategy prepared based on past performance and future market expectation which is monitored annually through an operating plan which itself is monitored quarterly by measuring financial, health, safety and Environmental Social Governance KPI's.
-------	--

Risk management

1.2	Objectives are set as part of the business plan. The risks and opportunities associated with those objectives are monitored via a risk review process which includes monitoring of the Operating Plan monthly and quarterly.
1.2.1	The risk appetite that underpins the strategy and activities of the Company includes Stage Gate processes and lessons learnt.
1.2.2	Internal management and control systems are a function of the business process model referred to in a management manual.
1.2.3	There are various departments with oversight that monitor the operation of internal risk management covering all aspects of the business and report back on strengths and weaknesses in systems and, where necessary, improvements are implemented.

Risk management accountability

1.4	There are internal reviews, feedback and improvements on risk management supported by external bodies such as quality assurance and financial insurance.
1.4.2 & 1.4.3	All the above (in 1.4) are reported monthly and quarterly relative to the operating plan.

Effective management and supervision: Composition and size

2.1	The size, composition and available capabilities of the board are evaluated annually in order to assure they are able to carry out their duties properly. This has oversight of Group.
2.1.4	Board members have specific professional and educational qualifications and maintain their knowledge on an ongoing basis.

Effective management and supervision: Risk management

2.4	The requirements of the Code are met by compliance with s172 of the Companies Act 2006.
2.4.1	Openness and accountability are stimulated across the company through various meetings at which Board members are present.
2.4.6	The size, composition and available capabilities of the board are evaluated annually in order to assure they are able to carry out their duties properly. This has oversight of Group.
2.4.7	We have monthly and quarterly reporting from operational divisions and support departments including quarterly team meetings.

Effective management and supervision: Culture

2.5	S172 obligations are specifically evidenced through the three year business plan and the annual operating plan.
2.5.1	The adoption of values and incorporation and maintenance of those values are aligned with the Group strategy.
2.5.2	Local policy and procedure are introduced to support the Group Code of Conduct.

Effective management and supervision: Misconduct and irregularities

2.6 & 2.6.1	We operate under the Code of Conduct established by Group which is published on the Group's homepage and on BAM Construction Limited's intranet where employees also have guidance how to speak up.
-------------	---

Strategic report

Effective management and supervision: Preventing conflicts of interest

2.7.1	Conflicts are managed through the Articles of Association and Code of Conduct as applicable.
2.7.6	By compliance with the Code of Conduct Board members are able to demonstrate that they can act fairly between employees of the Group.

One Tier Governance

5.1	The company acts with a one tier governance structure without the use of non-executive directors.
5.1.1	In the absence of non-executive directors, a BAM Group director, who is governed by the Dutch Code, chairs monthly and quarterly meetings.

Departures from the Governance Code

The Dutch Code contains principles and provisions that are concerned with a listed parent company only. They relate for instance to matters relating to the parent company’s external auditor and investor relations.

BAM Construction is a wholly owned subsidiary of Royal BAM Group with no external shareholders and as such there are elements of the Dutch Code that are not applicable, specifically the departures are for the following reasons:

- The principles and provisions may not be applicable to the UK
- Section 2.5.3 is not applicable in the UK (requirement for a Works Council)
- The Company is not overseen by an audit committee or a supervisory board
- The Company doesn’t have an executive committee
- The Company’s directors don’t have a maximum period of appointment
- The Company doesn’t have an appointment committee
- The Company’s Board members have other board positions
- The Company does have an external auditor but not an audit committee

- Royal BAM Group are the sole shareholder.
- Code of Conduct matters are addressed with the Royal BAM Group Governance Risk & Compliance Director
- The Company does not have any shares available to be bought and sold on the open market
- Royal BAM Group decide the remuneration policy
- The Company does not have an AGM
- The Company’s chief executive chairs monthly meetings
- The Company does not have non-executive directors
- The Company does not have committees as referred to in best practice 2.3.2.

David Kyriacos
Director, BAM Construction Limited
19 May 2025

Directors' report

This Directors' report should be read in conjunction with the Strategic report, 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.

The loss for the Company for the year ended 31 December 2024 is set out in the Statement of Comprehensive Income on page 23.

During the year the directors declared and settled a dividend of £nil (2023: £10.0m).

Principal activities

The principal activity of the Company is construction and the provision of related services in the United Kingdom.

Future developments

The Directors aim to maintain the management policies which have resulted in the Company's success to date.

The Company continues to promote its reputation for delivering successful projects for leading British organisations and promoting its capacity in refurbishment and retrofitting, digital construction, design and services engineering.

The Directors continue to monitor the changing UK and worldwide political and economic landscape resulting from conflicts in the Middle East and Ukraine, global impacts of a Trump Presidency as well as economic weakness resulting in unprecedented supply chain insolvencies. The Directors have put various measures in place to deal with scenarios that may arise.

Directors

The following served as directors during the year ended 31 December 2024 and subsequent to that date:

- T Chell
- A Harding
- J Phillips (Resigned 30 June 2024)
- R Stiles (Resigned 19 November 2024)
- J Ward
- J W R Wimpenny (Resigned 31 January 2024)
- S Finnie (Appointed 1 Feb 2024, Resigned 2 April 2024)
- K Sides (Appointed 2 April 2024)
- David Kyriacos (Appointed 11 December 2024)

Secretary

- Y Grigorova (Resigned 24 May 2024)
- M Davey (Appointed 24 May 2024)

Qualifying third party indemnity provision for directors

The Company's ultimate parent undertaking, Royal BAM Group n.v., maintains liability and indemnity insurance for its directors and officers against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

This provision has been in place throughout the year, and remains in place as at the date of approving this Directors' Report.

The Company is part of Royal BAM Group n.v.

Research and development

Most of BAM's research and development activity is undertaken at individual business unit level as the need arises to develop new options and solutions for particular projects and activities. The technical services department also engages in research to solve bespoke problems and advise on the best options and technical solutions for projects undertaking complex tasks.

The principal focus of research and development at the corporate level is on developing digital design and construction. BAM currently has an Enterprise Business Agreement with Autodesk to assist us to develop software and systems that enable us to continue to innovate.

Financial Instruments

Refer to note 13 of the financial statements on Director's view on financial instruments and associated risks.

S172 Statement

This Director's Report and the Strategic Report confirm compliance with the obligations set out in section 172 (1) of the Companies Act 2006.

Disabled employees

BAM is an equal opportunities employer and while applicants are asked to describe their gender, ethnicity and if they consider they have a disability, this information is not shared with colleagues who recruit and assess applicants' aptitudes and suitability for a given role.

Currently less than 1% of BAM employees describe themselves as having a disability.

Directors' report

BAM has income continuity policies for people who develop long-term illness and programmes for rehabilitation and assisting people to resume work. This includes making appropriate adjustments to equipment, working hours and tasks, to enable people who develop a disability to continue with their careers. There are no specific programmes for training, career development and promotion opportunities for employees with disabilities. All employees have access to support and training to develop their careers and suitability for promotion. Our personal development review process facilitates conversations about career development between employees and their line manager.

Employee involvement

As reported in detail in the Strategic Report, BAM engages with employees through a number of channels and activities to ensure that they are aware and consulted about developments in the Company including its financial performance, via a staff intranet, discussion forums, surveys and face to face communication by the Board through an annual series of roadshows around the country.

Consideration of going concern

The financial statements of BAM Construction (the Company) have been prepared on a going concern basis as the Directors have concluded that the Company will continue in operational existence and meet its liabilities as they fall due for the period of their assessment which is to 30 June 2026.

The Company has net current assets of £62.8m and net assets of £74.3m. The Company meets its day to day working capital requirements through the cash held at year end of £30.8m and through access to its other cash pooling balances held with the Royal BAM Group.

The Company does not have any bank debt or other external borrowings or facilities, other than leases. The Company is a guarantor to borrowing facilities that are held by the Company's ultimate parent entity, Royal BAM Group n.v.. Please refer to note 16 for further details.

The Directors have prepared base case and severe but plausible downside financial forecasts for the review period until 30 June 2026. Taking into consideration the current environment, the forecasts show that the Company is expected to maintain positive cash flows in the base case and in the downside scenario, which models reduced productivity and increased costs across the Company.

However, given the Company is reliant upon cash reserves held by the Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company is reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company's ultimate parent entity that the Company will be provided financial support for the period until 30 June 2026. The Directors have assessed the ability of its ultimate parent company to provide this support, based on financial information for the Royal BAM Group that has been shared to certain members of the Board.

In view of the assessment performed, the Directors are satisfied that sufficient financial resources will be generated by the Company or received from its ultimate parent entity, Royal BAM Group n.v., to enable the Company to continue in operation and meet its liabilities as they fall due for the period to 30 June 2026. Accordingly, the directors of the Company believe that it is appropriate 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 steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP will be appointed as the Company's auditors for the forthcoming year in accordance with Section 485 of the Companies Act 2006 and the elective resolution passed by the Company.

Signed on behalf of the Board, on 19 May 2025.

David Kyriacos

Director, BAM Construction Limited

19 May 2025

Statement of directors' responsibilities

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

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the accounts in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) 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 for that period.

In preparing these accounts, 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;
- 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

Independent auditor's report to the members of BAM Construction Limited.

Opinion

We have audited the financial statements of BAM Construction Limited for the year ended 31 December 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the related notes 1 to 22, including material accounting policy information. 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 31 December 2024 and of its loss 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 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 to 30 June 2026.

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 this report, we do not express any form of assurance conclusion thereon.

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.

Independent auditor's report

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Independent auditor's report

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, Bribery Act 2010, Construction Act 2009, Minimum Wage regulations and Money Laundering regulations.
- We understood how BAM Construction Limited is complying with those frameworks by making enquires of management and those responsible for legal and compliance procedures, including the Board of Directors.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals, reviewing legal advice where relevant and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify noncompliance with laws and regulations, a review of the reporting to the Board of Directors on compliance and regulations by the internal compliance team, enquires of management and journal entry testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vania Tribos (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
19 May 2025

Statement of comprehensive income

		2024	2023
For the year ended 31 December 2024	Notes	£m	£m
Continuing operations			
Revenue	3	778.9	897.6
Cost of sales		(752.3)	(895.1)
Gross profit		26.6	2.5
Administration and other expenses		(35.4)	(33.6)
Operating loss	4	(8.8)	(31.1)
Finance expense		(0.5)	(0.4)
Finance income		0.2	0.1
Loss before tax		(9.1)	(31.4)
Tax credit	7	2.3	7.5
Loss on ordinary activities after taxation		(6.8)	(23.9)
Total comprehensive expense for the year		(6.8)	(23.9)

The company has no recognised gains or losses other than those above and therefore no separate statement of other comprehensive income has been prepared.

Statement of financial position

At 31 December 2024	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Right-of-use assets	9	7.3	8.9
Investments in subsidiary	10	0.4	0.4
Retentions	11	17.4	16.9
Deferred tax assets	7	-	0.7
Total non-current assets		25.1	26.9
Current assets			
Trade and other receivables	11	66.6	76.1
Amounts due from group undertakings	11	160.4	179.1
Amounts due from customers for contract work (contract asset)	11	33.1	42.6
Prepayments and accrued income	11	0.2	-
Corporation tax		10.9	3.3
Cash and cash equivalents		30.8	37.6
Total current assets		302.0	338.7
Total assets		327.1	365.6

Statement of financial position

At 31 December 2024	Notes	2024 £m	2023 £m
Current liabilities:			
Trade and other payables	12	184.6	180.7
Amounts due to customers under construction contracts (contract liability)		43.4	45.5
Amounts due to subsidiary undertaking		-	1.5
Provisions	15	7.5	36.9
Other liabilities		0.1	0.1
Lease liabilities	14	3.6	3.6
Total current liabilities		239.2	268.3
Non-current liabilities			
Lease liabilities	14	3.7	5.0
Provisions	15	-	0.1
Trade and other payables (retentions payable)	12	9.9	11.1
Total non-current liabilities		13.6	16.2
Total liabilities		252.8	284.5
Equity			
Share capital	17	24.0	24.0
Retained earnings	18	50.3	57.1
Total equity		74.3	81.1
Total equity and liabilities		327.1	365.6

The financial statements were approved by the Board of Directors on 19 May 2025 and signed on its behalf by:

David Kyriacos
Director, BAM Construction Limited

Statement of changes in equity

	Notes	Share Capital (Note 17) £m	Retained earnings (Note 18) £m	Total £m
For the year ended 31 December 2024				
Balance at 1 January 2023		24.0	91.0	115.0
Loss for the year		–	(23.9)	(23.9)
Dividend paid	8	–	(10.0)	(10.0)
Balance at 31 December 2023		24.0	57.1	81.1
Loss for the year		–	(6.8)	(6.8)
Dividend paid	8	–	–	–
Balance at 31 December 2024		24.0	50.3	74.3

Notes to the financial statements

at 31 December 2024

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

The financial statements of BAM Construction Limited (the 'Company') for the year ended 31 December 2024 were authorised for issue by the board of directors on 19 May 2025 and were signed on the board's behalf by David Kyriacos. BAM Construction Limited, a private company limited by shares, is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and applicable UK legislation.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest £0.1m except when otherwise indicated. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of BAM Construct & Ventures UK Limited.

The results of BAM Construction Limited are included in the consolidated financial statements of BAM Construct & Ventures UK Limited, which are available from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

The material accounting policies adopted by the Company are set out in Note 2.

1.1 Going concern

The financial statements of BAM Construction Limited (the Company) have been prepared on a going concern basis as the Directors have concluded that the Company will continue in operational existence and meet its liabilities as they fall due for the period of their assessment which is to 30 June 2026.

The Company has net current assets of £62.8m and net assets of £74.3m. The Company meets its day to day working capital requirements through the cash held at year end of £30.8m, and through access to its other cash pooling balances held with the Royal BAM Group.

The Company does not have any bank debt or other external borrowings or facilities, other than leases. The Company is a guarantor to borrowing facilities that are held by the Company's ultimate parent entity, Royal BAM Group n.v.. Please refer to note 16 for further details.

The Directors have prepared base case and severe but plausible downside financial forecasts for the review period until 30 June 2026. Taking into consideration the current environment, the forecasts show that the Company is expected to maintain positive cash flows in the base case and in the downside scenario which models reduced productivity and increased costs across the Company.

However, given that the Company is reliant upon cash reserves held by the Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company is reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company's ultimate parent entity that the Company will be provided financial support for the period until 30 June 2026. The Directors have assessed the ability of the ultimate parent company to provide this support, based on financial information for the Royal BAM Group that has been shared to certain members of the Board. In view of the assessment performed, the Directors are satisfied that sufficient financial resources will be generated by the Company or received from its ultimate parent entity, Royal BAM Group n.v., to enable the Company to continue in operation and meet its liabilities as they fall due for the period to 30 June 2026. Accordingly, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements

at 31 December 2024

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements are prepared under the historical cost convention.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the years ended 31 December 2023 and 2024.

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

- a) The requirements of paragraphs 45 (b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- b) The requirements of paragraphs 62, B64 (d), B64 (e), B64 (g), B64 (h), B64 (j) to B64 (m), B64 (n)(ii), B64 (o)(ii), B64 (p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- c) The requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- d) The requirements of IFRS 7 Financial Instruments: Disclosures;
- e) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- f) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i) paragraph 79 (a)(iv) of IAS 1;
 - ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment; and
 - iii) paragraph 118 (e) of IAS 38 Intangible Assets.
- g) The requirements of paragraphs 10 (d), 10 (f), 16, 38(a) to 38(d), 40(a) to 40(d), III and 134-136 of IAS 1 Presentation of Financial Statements;
- h) The requirements of IAS 7 Statement of Cash Flows;
- i) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- j) The requirements of paragraphs 17 and 18(a) of IAS 24 Related Party Disclosures and 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 wholly owned by such a member;
- k) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134 (d) to 134 (f) and 135 (c) to 135 (e) of IAS 36 Impairment of Assets; and
- l) 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.
- m) The requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 leases

Notes to the financial statements

at 31 December 2024

2. Accounting policies (continued)

2.2 Changes in accounting policy and disclosures

(a) Application of new and revised standards

The following amendments apply for the first time as of 1 January 2024, but these do not have a material impact on the financial statements of the Company:

Classification of liabilities as current or non-current - Amendments to IAS 1

The amendment to IAS 1 clarifies how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for the annual periods beginning on or after 1 January 2024.

Lease liability in a sale and leaseback - Amendments to IFRS 16

The amendment to IFRS 16 clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for the annual periods beginning on or after 1 January 2024.

Non-current liabilities with covenants - Amendments to IAS 1

The amendment to IAS 1 clarifies how conditions with which an entity must comply within twelve months after reporting period affect the classification of a liability. The amendments are effective for the annual periods beginning on or after 1 January 2024.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendment to IAS 7 and IFRS 7 add disclosure requirements and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for the annual periods beginning on or after 1 January 2024.

(b) New standards and interpretations in issue but yet effective

Lack of exchangeability - Amendments to IAS 21

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendments are effective for the annual periods beginning on or after 1 January 2025.

There are no other IFRSs or IFRIC amendments effective as per 1 January 2024 that have a material impact on the Company.

Notes to the financial statements

at 31 December 2024

2. Accounting policies (continued)

2.3 Judgements and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reported amounts are based on factors which inherently are associated with uncertainties. Actual results may therefore differ materially from these estimates. The most significant judgments and estimates are summarised below.

a) Revenue Recognition

Contract revenue and costs

The Company's revenue recognition policies as specified in note 2.4 require management to make judgments and estimates, particularly for revenue that is recognised over time. Revenue for performance obligations that are satisfied over time are generally recognised using the cost-to-cost method (i.e. an input method). This method requires a forecast to be made of the profit margin on the performance obligation upon its completion and the costs yet to incur. The stage of completion is then determined by comparing actual costs incurred to date to total costs to complete the performance obligation.

The Company has coordinated systems for cost estimating, forecasting and revenue and costs reporting. The system also requires a consistent judgment (forecast) of the final outcome of the project, including analyses of variances in earlier assessment dates.

Making forecasts of the profit margin upon completion of the performance obligation involves judgments and estimates on costs as well as revenue. On the cost side, estimates are to be made with respect to costs to be incurred to complete the performance obligation as well as maintenance and defect liabilities. On the revenue side estimates are to be made with respect to the amount of variable consideration and judgments are required to determine whether such variable consideration should be constraint. Variable consideration includes fees for changes in scope of work ("variation orders"), unpriced variation orders, claim income from customers as well as performance bonuses and/or penalties ("liquidated damages"). Estimates of variable consideration are to be constraint to an amount that is not highly probable of a significant reversal. The Company quantifies highly probable as a probability of 75% or more.

Variable consideration is generally included in total revenue (i.e. not constraint) when:

- The additional amounts are already covered by a customer payment;
- The Company has a formal approval from the customer on the respective additional amount of fee proposed by the Company;
- The Company has a written instruction or approval on the change in scope of work and when related amounts are contractually agreed based on specific contract rates, underlying costs or underlying costs plus a normal profit margin;
- The additional amounts are covered by written settlement offers from the customer.

In exceptional circumstances, variable consideration may also be included in total revenue when none of the above criteria are met and/or when there is a dispute with the customer. In such circumstances, the highly probable criterion is generally substantiated by advice or opinion of a lawyer.

Several large and complex projects are exposed to higher levels of estimation uncertainties which are inherent to the overall value of the respective projects. These estimation uncertainties relate to unpriced variation orders and contractual claims.

Constraints on variable considerations for these projects mainly relate to change orders requested by the client but not approved, contractual penalties in relation to time extension (claims) and recovery of costs in relation to design issues. The outcomes of negotiations and settlements regarding these variation orders and claims can have a broad range.

Notes to the financial statements

at 31 December 2024

2. Accounting policies (continued)

2.3 Judgements and key sources of estimation uncertainty (continued)

a) Revenue recognition (continued)

Contract revenue and costs (continued)

Different outcomes to the assumptions applied as part of these estimates could have a significant impact on the Company's overall financial results.

Due to the level of uncertainty, combination of cost and high number of income variables and timing across a large portfolio of contracts (in excess of 1,000) at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated judgements that are applied at a contract and/or portfolio level.

b) Claims receivable

In the normal course of business the Company recognises contract assets in connection with claims for (partly) satisfied performance obligations due from the principal and/or insurance claims for certain loss events on projects. Claims for satisfied performance obligations are part of the variable considerations under IFRS 15. Project related claims on principals are recognised when it is highly probable that no significant reversal in the cumulative revenue recognised regarding to the claim, will occur. The Company considers both the likelihood and the magnitude of a possible revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

- the amount of consideration is highly susceptible to factors outside the entity's influence. Those factors may include the judgement or actions of third parties like the court or an arbitration committee or weather conditions;
- the uncertainty about the amount of consideration is not expected to be resolved for a long period of time;
- the entity's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value;
- the entity has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances;
- the contract has a large number and broad range of possible consideration amounts.

Insurance claims can be recognised only if it is virtually certain that the amount recognised will be reimbursed. See note 2.4 for further explanation regarding the recognition of variable considerations.

c) Provisions

Liabilities may arise in respect of subcontractor and other third party claims made against the company in the normal course of trading. These claims can include those relating to cladding / legacy fire safety matters and defects. A provision for such claims is only recognised to the extent that the Directors believe that the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. These provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of liabilities, judgement is applied and re-evaluated at each reporting date. The range of potential outcomes on contract provisions as a result of uncertain future events could result in a materially positive or negative swing to profitability and cash flow.

Notes to the financial statements

at 31 December 2024

2. Accounting policies (continued)

2.4 Material accounting policies

a) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is 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. If the effect is material, expected future cash flows are discounted using a current 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 income statement net of any reimbursement.

Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost in the income statement.

b) Financial Instruments

1) Financial Assets

Classification

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired or issued. In principle, the financial assets are held in a business model whose objective is to collect contractual cash flows over the lifetime of the instrument. The Company's financial assets comprise 'other financial assets', '(trade) receivables – net', 'contract assets', and 'cash and cash equivalents' in the balance sheet.

Recognition and measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial assets at amortised cost include other financial assets, trade receivables, contract receivables, amounts due from related parties and other receivables.

Financial assets are derecognised when the right to receive cash flows from the instrument have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Impairment of financial assets

If the credit risk on a financial asset, not held at fair value through profit or loss, has not increased significantly since initial recognition, the loss allowance for that financial instrument is the 12-month expected credit losses (ECL). If the credit risk on a financial asset has significantly changed since initial recognition the loss allowance equals the lifetime expected credit losses. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the financial statements

at 31 December 2024

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

Indications of increase in credit risk for financial assets are if a debtor or a group of debtors:

- experience significant financial difficulty;
- are in default or delinquency in interest or principal payments;
- have increased probability of default;
- other observable data resulting in increased credit risk.

For all financial assets, not held at fair value through profit or loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, taking into account the value of collateral, if any. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, contract assets and contract receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

2) Financial liabilities

Recognition and measurement

Financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method.

De-recognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

c) Trade and other receivables

Trade receivables and other debtors, which generally have 30-60 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Trade and other receivables, other than those measured in accordance to IFRS 15, are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less any expected credit loss.

Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Notes to the financial statements

at 31 December 2024

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

d) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

e) Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

f) 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 income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, but 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.

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

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.

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 directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

g) Revenue recognition

Construction contracts

The Company recognises revenue when it transfers control over a product or service to its customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company's revenue is generally related to Construction contracts.

Revenue recognition is subject to judgments and uncertainties as described below. A provision is recognised when contracts for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. In determining the amount of variable considerations as part of the economic benefits expected to be received under the contract, the same policies apply as those described below.

Construction contracts are contracts that are specifically negotiated for the construction of an asset for a client. The construction of an asset is generally one performance obligation and the transaction price generally consists of a fixed part and several variable parts. Variable parts include (but are not limited to) contractual options to a customer to make changes to the design or construction of the asset, inflation reimbursement clauses, performance incentives and liquidated damages. Variable revenue may also include changes to the design or construction of the asset for which the respective price has not been agreed. Variable revenue is generally constraint and recognised only to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. It is common practice for a contract to be subject to variation orders. These variation orders generally do not result in additional distinct goods and services and do not have a distinct price. Therefore they are accounted for as a cumulative catch-up adjustment.

Notes to the financial statements

at 31 December 2024

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

The Company defines a construction contract as a contract specifically negotiated for the construction of an asset. On the balance sheet, the Company reports the net contract position for each (construction) contract as either a contract asset or a contract liability. A contract asset is recognised when the Company has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. A contract receivable is an amount to be billed for which payment is only a matter of passage of time.

A contract liability is recognised when the Company has an obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

In general, the Company is building on the land of the customer or improving an asset of the customer, which results in creating an asset that the customer controls as the asset is created. As a result, revenue for construction contracts is recognised over time, generally using the cost-to-cost method (i.e. an input method). Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract.

Estimated total costs of the contract may include cost contingencies to take account of the specific risks that have been identified during the early stages of the contract. The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate.

h) Leases

The Company is lessee for a range of assets that are used in the ordinary course of business. At inception of a contract, the Company assesses whether it is or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and it applies the lease of low-value assets recognition exemption that are considered of low value (i.e., below €5,000). Payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Company recognises right-of-use asset and lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. At the end of each reporting period the carrying amounts of right-of-use assets are reviewed to assess whether there is an indication of impairment. If such an indication exists, the asset's recoverable amount is determined. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful life of the majority of right-of-use assets are as follows:

Cars	1 to 4 years
Equipment and installation	1 to 8 years
IT equipment	1 to 10 years
Other	1 to 11 years

The Company recognises lease liabilities at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable.

Notes to the financial statements

at 31 December 2024

2. Accounting policies (continued)

2.4 Material accounting policies (continued)

h) Leases (continued)

The lease term comprises the non-cancellable term of the lease plus any periods covered by an option to extend the lease if it is reasonably certain to be exercised and any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

For several leases, the Company has renewal and/or extension options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). Usually, the Company is able to be reasonably certain if an option is exercised around two years before the lease term ends. The renewal options for leases of cars are not included as part of the lease term because the Company typically leases cars for not more than six years and, hence, is not exercising any renewal options.

Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, non-lease components related to the leased asset, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the profit and loss.

After the commencement date, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from a change in an index. The lease liability is then remeasured by discounting the revised lease payments by using the initial discount rate;
- the Company changes its assessment of whether it will exercise a purchase, extension or termination option. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- a lease contract is modified and the lease modification is not accounted for as a separate lease. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Notes to the financial statements

at 31 December 2024

3. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2024 £m	2023 £m
Construction contracts revenue	778.9	897.6
Revenue from continuing operations	778.9	897.6

All revenue was generated in the United Kingdom.

The following information relates to all construction contracts in progress at the statement of financial position date.

	2024 £m	2023 £m
Aggregate amount of costs incurred and recognised profits (less losses) to date	1,872.3	2,552.1
Retention asset	43.6	47.8
Advances received	18.5	5.6

Retention assets are included in trade receivables and the face of the balance sheet. Advances are presented as part of Amounts due to customers for contract work.

Other revenue disclosures

The revenue recognised that was included in the project contract liability balance at the beginning of the period, has been fully recognised in the current year. Within the construction business, regular advance payments are made to the Company but never lead to significant pre-financing longer than a year.

The revenue recognised from performance obligations satisfied in previous periods amounts to £nil. Performance obligations could be satisfied once the technical completion is final and control has been fully transferred to the client. It is common however to finalise the last pricing discussions regarding variable considerations, of which claims, after the control has been transferred. Due to the higher threshold to value variable considerations, claims that are settled for a higher amount than valued, might lead to revenue from previously satisfied performance obligations.

Projects within the construction business might run for a period longer than one year, or might transfer from one calendar year to the other. The revenue expected related to unsatisfied performance obligations (existing or new project wins) are as follows:

	2024 £m	2023 £m
Up to 1 year	627.9	491.9
2 to 5 years	250.6	114.1
Total	878.5	606.0

The Company has not used the practical expedient to exclude performance obligations with an original expected duration of one year. These are included in the above mentioned time buckets.

Notes to the financial statements

at 31 December 2024

4. Operating loss

Certain of the Company's administrative costs, including audit fees and staff costs, were borne by the immediate parent undertaking, BAM Construct & Ventures UK Limited and are recharged to the Company.

The operating loss is stated after charging depreciation of Plant and equipment of £nil (2023: £nil), depreciation of Right-of-use assets of £3.9m (2023: £3.6m), and operating lease rentals for plant and machinery of £nil (2023: £nil).

5. Auditor's remuneration

The audit fees of £1.0m (2023: £0.8m) were borne by the immediate parent undertaking, BAM Construct & Ventures UK Limited.

6. Staff costs and directors' remuneration

All staff costs and directors' remuneration costs were met by the immediate parent, BAM Construct & Ventures UK Limited.

During the year 2024, Kim Sides was also director of the immediate parent BAM Construct & Ventures UK Limited (James Wimpeny retirement 31 January 2024). The directors received total remuneration for the year of £1,714k (2023: £618k), all of which was paid by the immediate parent. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the holding and fellow subsidiary companies.

The directors of the Company received remuneration from BAM Construct & Ventures UK Limited as employees of that Company. Directors' emoluments are subsumed within management charges levied by BAM Construct & Ventures UK Limited on the Company (see Note 4), but the amount is not separately identified within this recharge.

7. Income tax

a) Tax (credit)/charged in the income statement

	2024 £m	2023 £m
Current income tax		
Current income tax credit	(4.5)	(6.7)
Prior year adjustment	1.5	0.3
Current tax credit	(3.0)	(6.4)
Deferred tax		
Relating to origination and reversal of temporary differences	2.2	(0.8)
Prior year adjustment	(1.5)	(0.3)
Total deferred tax	0.7	(1.1)
Income tax credit reported in the Statement of Comprehensive Income	(2.3)	(7.5)

Notes to the financial statements

at 31 December 2024

7. Income tax (continued)

b) Reconciliation of the total tax charge

The tax rate charged on profits on ordinary activities for 2024 is higher than (2023: equal) the statutory corporation tax rate enacted in the UK. The statutory corporation tax rate was 25.0% (2023: 23.5%). The differences are reconciled below:

	2024 £m	2023 £m
Loss on ordinary activities before tax	(9.1)	(31.4)
(Loss)/profit on ordinary activities multiplied by UK Corporation tax rate of 25.0% (2023: 23.5%)	(2.3)	(7.4)
Expenses not deductible for corporation tax purposes	–	–
Fixed asset differences	–	(0.1)
Prior year adjustment	–	–
Total tax credit	(2.3)	(7.5)

c) Factors that may affect future tax charges

The deferred tax balance as at the year end has mainly been recognised at 25% (2023: 25%), which is the enacted corporation tax rate effective from 1st April 2024.

d) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2024 £m	2023 £m
Deferred tax (liability)/asset		
Balance at 1 January	0.7	(0.4)
Tax expense recognised in the profit and loss	(0.7)	1.1
Balance at 31 December	–	0.7

Deferred tax provided in the financial statements is as follows:

	2024 £m	2023 £m
Deferred tax asset		
Accelerated capital allowances	–	0.7
Deferred tax asset	–	0.7

A deferred tax asset has been recognised in the accounts on the grounds that there will be suitable taxable profits within the tax group of which the Company is a member.

	2024 £m	2023 £m
Deferred tax liability		
Accelerated capital allowances	–	–
Deferred tax liability	–	–

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. Royal BAM Group n.v. completed an initial assessment of the impact of the new rules. Based on this initial assessment the Company expects to apply the transitional safe harbour rules in the UK. The applicable UK tax rate is 25%, well above the minimum rate of 15%. The adoption of the Pillar Two Model rules in the UK is expected to have no material impact. The Company applies the mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.

Notes to the financial statements

at 31 December 2024

8. Dividends paid and proposed

Dividends declared and paid during the year of £nil (2023: £10.0m, 42p per share).

9. Right-of-use assets

	Equipment and installation	Cars	Other	Total
	£m	£m	£m	£m
As at 1 January 2023	0.9	5.2	-	6.1
Additions	0.4	6.0	-	6.4
Disposals	-	-	-	-
Depreciation charges	(1.0)	(2.6)	-	(3.6)
	(0.6)	3.4	-	2.8
As at 31 December 2023	0.3	8.6	-	8.9
As at 1 January 2024	0.3	8.6	-	8.9
Additions	-	2.3	-	2.3
Disposals	-	-	-	-
Depreciation charges	(0.3)	(3.6)	-	(3.9)
	(0.3)	(1.3)	-	(1.6)
As at 31 December 2024	-	7.3	-	7.3

See note 14 Lease liabilities for the corresponding lease liabilities.

Notes to the financial statements

at 31 December 2024

10. Investment in subsidiary

	Investment in subsidiary £m
Cost	
Balance at 1 January 2024	0.4
Balance at 31 December 2024	0.4
Carrying value	
At 31 December 2023	0.4
At 31 December 2024	0.4

Refer to note 20 for further details on the investments held by the company.

11. Trade and other receivables, prepayments and accrued income

	2024 £m	2023 £m
Current		
Trade and other receivables	66.6	76.1
Amounts due from parent undertaking	87.7	142.4
Amounts due from fellow subsidiary undertaking	72.7	36.7
Amounts due from customers for contract work (contract asset)	33.1	42.6
Prepayments and accrued income	0.2	-
	260.3	297.8
Non-current		
Retentions	17.4	16.9
	17.4	16.9

Amount due from customers for contract work reflects uninvoiced amounts related to the value of work done on customer contracts that can be measured reliably and where management judge the amount recoverable is highly probable.

Trade and other receivables (current assets) includes retentions of £26.2m (2023: £30.9m).

Trade receivables are stated after provisions for impairment of £nil (2023: £nil). The significant change in contract assets is due to normal activity in the construction business.

Notes to the financial statements

at 31 December 2024

12. Trade and other payables

	2024 £m	2023 £m
Current		
Trade payables	40.4	45.2
Accruals	0.2	0.1
VAT	27.6	-
Accrued costs completed projects	16.2	4.0
Accrued costs work in progress	100.2	131.4
	184.6	180.7
Non-current		
Retentions	9.9	11.1
	9.9	11.1

Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

Trade and other payables (current liabilities) includes retentions of £20.3m (2023: £23.7m).

13. Financial risk management

Managing financial risk is an integral part of BAM Construction's conduct of business. Stringent policies designed to identify, manage, and mitigate both existing and new risks apply at various levels of management throughout the business units.

a) Credit risk

The Company is exposed to potential credit risk on financial instruments such as liquid assets and trade receivables. BAM Construction manages credit risk by placing its investments in liquid assets with high quality financial institutions. In line with normal business practice, the Company operates credit management procedures and regularly reviews credit rating information regarding organisations to which the Company considers extending credit arrangements.

b) Liquidity risk

Liquidity risk and cashflow are actively managed through regular preparation and monitoring of plans, budgets and quarterly forecasts. Cash flow risk is mitigated through the operation of appropriate invoicing and payment cycle terms contained within each contract.

c) Price and value risk

Price and value risk is monitored constantly as part of the review of management forecasts and at contract and project level as part of the appraisal process. Price risk is further mitigated by benchmarking selected activity within each contract.

Benchmarking is principally undertaken at the start of every significant contract, with adjustments made to selected activity pricing to reflect current market value.

The Company finances projects through a combination of cash, short term deposits and leases. New projects are evaluated with regard to these financing arrangements. Live projects are monitored continuously with regular forecasting, to identify any deviation early and ensure managers take corrective action, thus minimising financial risk. This ensures that any observable evidence of impairment for loss-making contracts can be identified as early as possible.

Notes to the financial statements

at 31 December 2024

14. Lease liabilities

The Company leases various equipment and installations, cars and other items from third parties under non-cancellable lease agreements. The lease agreements vary in duration, termination clauses and renewal options. The average incremental borrowing rate applied is 6.3 per cent as per 31 December 2024 (2023 6.5 per cent).

See note 9 Right-of-use assets for the corresponding right-of-use assets.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Lease liabilities 2024 £m	Lease liabilities 2023 £m
As at 1 January	8.6	5.9
Additions	2.3	6.3
Accretion of interest	0.4	0.4
Payments	(4.0)	(4.0)
As at 31 December	7.3	8.6
Current	3.6	3.6
Non-current	3.7	5.0
As at 31 December	7.3	8.6

The undiscounted future lease payments as included in the lease liabilities, presented in time buckets, are as follows:

	Lease liabilities 2024 £m	Lease liabilities 2023 £m
Up to 1 year	3.6	3.8
1 to 5 years	4.2	5.8
Over 5 years	-	-
	7.8	9.6

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. The Company applies judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Notes to the financial statements

at 31 December 2024

14. Lease liabilities (continued)

Expenses

The following are the amounts recognised in profit or loss:

	2024	2023
	£m	£m
Depreciation expense of right-of-use assets (note 9)	3.9	3.6
Interest expense on lease liabilities	0.4	0.4
Total	4.3	4.0

The Company has lease contracts for equipment and installation and cars that contain variable payments related to usage and fuel and insurance.

The Company has no lease contracts that have not yet commenced as at 31 December 2024.

The Company has no future variable lease payments which are not recognised in lease liabilities, but are recognised as expense in profit and loss.

15. Provisions

	IFRS 16 provision for restoration £m	Legal claims and defects £m	Onerous contract £m	2024 £m	2023 £m
Balance at 1 January	0.1	17.2	19.7	37.0	13.8
Arising in the year	-	5.8	0.3	6.1	20.2
Reclassification*	-	-	-	-	11.3
Utilised in the year	(0.1)	(17.2)	(18.3)	(35.6)	(8.3)
Balance at 31 December	-	5.8	1.7	7.5	37.0
Current	-	5.8	1.7	7.5	36.9
Non-current	-	-	-	-	0.1

The majority of the provisions are expected to be utilised within 1 year.

*In the prior year following a review of the nature of liabilities, a number of liabilities relating to legal claims and defects on completed contracts were presented as provisions in the prior year, where previously they were presented as accruals (accrued costs completed projects). There is no impact on total current and non-current liabilities.

Notes to the financial statements

at 31 December 2024

16. Contingent liabilities

- (a) The company has contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business. It is not expected that any material risk will arise from these securities.
- (b) On 30 November 2022, the Group entered into a revolving credit facility agreement that provides a facility of maximum €330 million which can be used for general corporate purposes, including working capital financing. The facility had a term of four years (until 30 November 2026) plus two one-year extension options. In 2024, the second extension option was exercised and the maturity was extended to 30 November 2028.

Loans obtained under the facility are subject to variable market interest rates (EURIBOR) plus a margin in the range of 1.75% - 3.00% depending on the Group's Recourse Leverage Ratio. On an annual basis, the margin is adjusted based on the Group's performance on four ESG KPIs meeting their respective target. The RCF is subject to financial covenants and to market conform commitment and utilisation fees. The facility has not been used in 2023 and 2024.

- (c) The company is party to various claims arising in the ordinary course of business. Provision has been made within the financial statements where a cash outflow is determined to be probable. The directors are of the view that other claims have no significant impact on the result of the company.
- (d) The parent company, along with other Group entities, is party to a guarantee in respect of any individual Company's overdraft balance within the cash pooling facility with ABN AMRO Bank n.v. At 31 December 2024 there were nil (2023: nil) overdraft balances in companies in the cash pooling facility. The net overdraft position in the cash pooling facility as at 31 December 2024 was nil (2023: nil). This guarantee is not expected to give rise to any loss.

The ultimate parent company guarantees issued amount to €111 million (2023: €109 million). Guarantees issued by banks and surety companies amount to €1.3 billion (2023: €1.0 billion). Guarantee facilities amount to €2.1 billion (2023: €1.9 billion).

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.

Ethical misconduct or non-compliance with applicable laws and regulations (such as competition, bribery and corruption) could expose BAM to liabilities or have a negative impact on its business and reputation. BAM may be subject to administrative, civil or criminal liabilities including significant fines and penalties, as well as suspension or debarment from government or non-government contracts for some period of time.

The Building Safety Act has created uncertainty around remediation requirements on completed contracts including the potential extent of any remediation works, the Company's liability for such works and the likelihood to recover costs from other parties. This uncertainty relates to legacy projects completed ahead of changes in building safety regulations. Whilst it is possible that future claims may be made against the Company from its capacity as a contractor, it is difficult to accurately ascertain the timing, value or liability of such claims.

17. Authorised and issued share capital

	2024 Number	2024 £m	2023 Number	2023 £m
Share capital				
Authorised: ordinary shares of £1 each	24,000,100	24.0	24,000,100	24.0
Issued: ordinary shares of £1 each	24,000,002	24.0	24,000,002	24.0

Notes to the financial statements

at 31 December 2024

18. Retained earnings

	Retained earnings £m	Total Equity £m
At 1 January 2023	91.0	115.0
Loss for the year	(23.9)	(23.9)
Dividend paid	(10.0)	(10.0)
At 1 January 2024	57.1	81.1
Loss for the year	(6.8)	(6.8)
Dividend paid	-	-
At 31 December 2024	50.3	74.3

19. Other related party transactions

The Company has taken advantage of the exemption available under FRS 101 not to disclose details of transactions between wholly owned group undertakings.

At the year end, there was an intercompany balance in relation to funds held on deposit of £72.6m (2023: £140.7m) due from Royal BAM Group n.v., the ultimate parent company and an intercompany balance owing of £nil (2023: £nil).

20. Group structure

Entity name	Interest in voting equity (%)	Relationship	Nature of business
BAM Design Limited	99.99%	Subsidiary undertaking	Construction design services
HBG UK Pension Trustee Limited	50%	Subsidiary undertaking	Dormant
Kyle Stewart Executive Pension Trustee Limited	50%	Subsidiary undertaking	Dormant

The registered offices for all of the above is Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

21. Ultimate group undertaking

The Company's immediate parent undertaking is BAM Construct & Ventures 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 & Ventures UK Limited (the smallest group) are available from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

22. Subsequent events to the statement of financial position

No material events after the balance sheet date have occurred.



**Making
Possible**

Registered office
Breakspear Park
Breakspear Way
Hemel Hempstead
Hertfordshire
HP2 4FL

T: 01442 238 300
F: 01442 238 301

Registered number: 2379469

ukandireland.bam.com

1651/01/2024