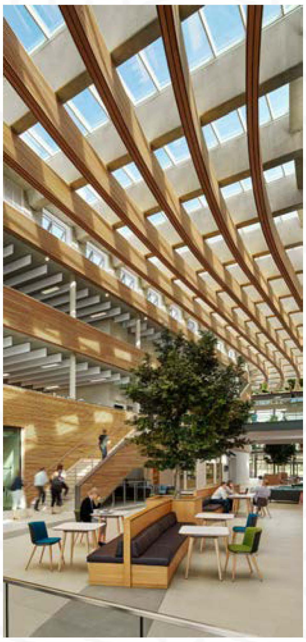
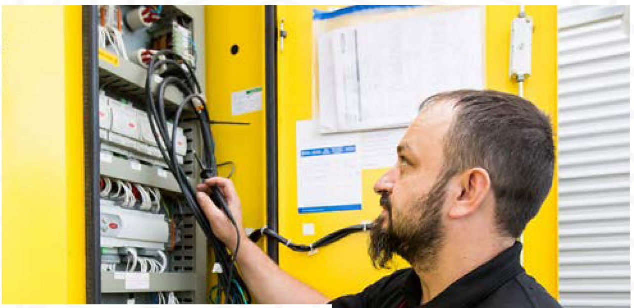
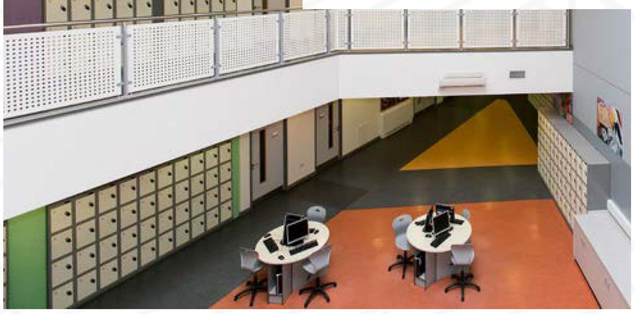




BAM FM UK Limited

Annual Report and Accounts 2019



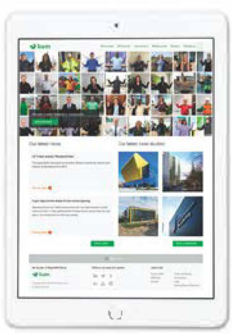


www.bam.co.uk

Catering services at East Ayrshire Community Hospital

Contents

An overview of our 2019 performance, our future direction, and a review of the businesses underpinning our strategy.



Registered number
SC190053

Visit our website at:
www.bam.co.uk

BAM FM operates throughout England, Scotland and Wales and engages in Facilities Management and related services.

BAM Construct have 14 offices around the country, 3 of which are BAM FM, which enable us to offer an integrated service that operates close to local markets and our customers.

BAM strives to be an ethical business and to follow four core values in the way we do business:

Predictable performance
We deliver what we promise on time and on budget

Scalable learning
We ask, listen and learn, and transfer our learning from project to project and team to team

Proactive ownership
We take the initiative to prevent problems and deliver quality

Open collaboration
We share knowledge with our clients and partners so that everyone gains

We contribute to BAM Construct UK's goal of being a high-performing, collaborative design, construction, property and FM services provider, by partnering with our clients and supply chain and forging strong, strategic alliances that create value and win repeat business.

The board of BAM Construct UK.

Turnover (£m)

£58.9m

2019	58.9
2018	54.4
2017	47.5

Profit before tax (£'000)

£3.6m

2019	3,601
2018	1,246
2017	1,495

Year-end work in hand (£m)

£667.8m

2019	667.8
2018	637.9
2017	681.7

Cash position at year-end (£m)

£12.3m

2019	12.3
2018	10.1
2017	22.2

Shareholder's funds at year-end (£m)

£17.1m

2019	17.1
2018	14.2
2017	13.2

Working capital at year-end(£m)

£17.1m

2019	17.1
2018	14.2
2017	13.2

Incidents

47

2019	47
2018	41
2017	65

Diverted from landfill

44%

2019	44%
2018	44%
2017	69%

Waste to landfill

56%

2019	56%
2018	56%
2017	31%

Awards

2018 RoSPA President's Award
Green Apple Environment Awards 2018 Winner
The Sustainable FM Index – Au Gold Award 2018
edie Sustainability Leaders Awards 2019 – 2019 Finalist
Investors in People Bronze
2018 BIFM Facilities Management Awards – Highly Commended
bsi. ISO 9001:2015 Quality Management
bsi. ISO 14001:2015 Environmental Management
bsi. OHSAS 18001 Occupational Health and Safety Management

> **Ensuring a safe working environment remains a top priority and our programme to deliver an improved safety culture continued.**
>
> **Louise Williamson**
> Managing Director BAM FM

The directors present their strategic report for the year ended 31 December 2019, which reports on BAM FM's strategy and financial results, the progress of its operating companies and performance on sustainability.

BAM FM's turnover in 2019 was £58.9m (2018: £54.4m). Profit before taxation was £3.6m (2018: £1.2m).

BAM FM is part of BAM Construct UK, which is its immediate parent. The board of BAM Construct UK remains committed to growing the Group's FM business and improving its profitability.

The Company's capacity to provide facilities management (FM) services extends BAM Construct UK's capabilities across the lifecycle of a building. Understanding how a building is managed and operated in practice informs our understanding of design, construction and clients' requirements.

Having an FM division provides the opportunity to nurture longer-term relationships with customers and, through our FM offering, introduces customers to the other services provided by BAM Construct UK on construction, design and especially our capabilities in building asset data management.

During 2019 we continued to grow profitably following our vision to be a market leader in digital FM services. Our Digital Strategy is to remain ahead of the market in digital delivery of services which is our key differentiator, by delivering the Digital Project that improves our profitability through efficient processes, provides better communication with our staff, and enhances our service delivery to customers. We believe there are further efficiencies to be made, and we have set up a PMO to deliver ongoing Business Improvement projects.

Ensuring a safe working environment remains a top priority and our programme to deliver an improved safety culture continued. Our Incident Frequency improved, compared to 2018, reflecting the safety training delivered to our supervisors and a continued training programme for manual handling. We the rolled out the "Your Safety is My Safety" campaign, with a particular focus on improved communication, safety conversations, and increased staff awareness of the risks in the workplace. BAM FM was awarded a ROSPA Presidents Awards for its 12th consecutive Gold Award in April 2019.

Our FM system, Concept Evolution is now used more consistently across the business and will be developed further to enhance our reporting to customers and capturing data on the performance of each contract. Our new procurement strategy has identified our key suppliers and met our target to work more closely with them to deliver our objectives.

In December 2018 BSI recommended BAM FM for certification to PAS 1192 Part 3 and this was retained in 2019. This means that FM can receive, update and share asset information throughout the operational lifecycle of a building using our Common Data Environment which in turn means we are better able to collaborate with our customers and supply chain.

During the year we continued to promote our staff engagement projects looking at better communication by giving remote workers access to our Business Management System using their own devices. Our annual staff awards, BAM Stars, were held this year at an event at Luton Hoo recognising excellent performance across the business and reflecting our company values. Our Employee Feedback Group established in 2018 has continued to support the Senior Management Team and has supported an improved response to our staff survey.

Our focus on Sustainability has continued with plans for activity being developed for each contract addressing not only carbon emissions, and waste reduction, but also ecology, diversity, staff turnover, safety, community engagement, and social value. We have begun to measure the impact of our contracts on the communities in which we work and have been able to report through the Social Value Portal to add value to our customers. We were delighted in December 2019 to achieve our third consecutive Gold Award by the Sustainability FM Index which places us in the top five FM companies in the UK.

During 2018, BAM FM secured a place on the CCS Framework for Facilities Management Contracts RM3830 which enables BAM FM to bid for central and local government contracts. The Money Advice Service was the first contract secured on that framework in 2019. There were also other valuable new contracts secured such as:

- A three year contract for the mechanical and electrical maintenance services at the Robert Gordon University in Aberdeen
- A four year contract with York City Council to deliver M&E services across its estate.
- A contract with Marie Stopes, for properties in the UK.
- A three year contract for Morses Club for national TFM delivery across a wide portfolio of premises.
- Multi Corporation awarded us a contract to deliver HVAC maintenance at St.Enoch Shopping Centre.
- A three year contract for Doncaster City Council for the Civic Offices.

BAM FM has a subsidiary company, BAM Energy Limited that can deliver energy management through meter readings and procurement, energy reduction projects such as LED lighting, BMS improvements, and energy generation through renewables. We have also been developing our capability to deliver Minor Works projects for our existing customer base.

BAM FM has a strategy for growth based on early involvement with BAM Construction's clients, growing services to existing customers, acquiring larger scale, longer-term contracts in the private sector and developing BAM Energy. The Company remains open to a potential FM acquisition in the coming years should a suitable prospect become available.

Ethics and standards

BAM has robust internal mechanisms to ensure that we conduct our business to high ethical standards.

Employees can raise any concerns about unethical activities through the Company's whistleblowing mechanism or confidential Employee Assistance Helpline. In 2019, there were no reported or detected breaches of the Bribery Act or of the Group's ethics policy. No employee availed of the confidential whistleblowing mechanisms.

Throughout 2019, the Company maintained constant vigilance against the risk of fraud. The measures included maintaining security controls, regular counter-checking with our banks, and communicating with staff and our customers about the need to be vigilant about bogus notifications or requests for sensitive information.

Strategic report (continued)

Principal risk and uncertainties

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

COVID-19 has introduced increased risk to all areas of the Company in 2020. We have responded to the challenges created by COVID-19 by enhancing our collaborative relationships with our stakeholders so to mitigate the impact on delivery and financial performance.

COVID 19 Pandemic

The COVID-19 pandemic has fundamentally impacted the UK economy and our industry. The Directors have been monitoring the situation closely since early 2020. From March 2020, the Directors introduced increased operational reporting and review across all sites to ensure high visibility of the potential impact on productivity and delivery to our stakeholders that may result from COVID-19. In addition, the Directors have ensured that the Company complies with all Government guidelines in order to operate in a safe manner on all sites. The directors have also focused on cash management and collaboration with suppliers, customers and all our stakeholders to achieve as much efficiency as possible.

Future Strategy

As our order book remains strong, we will be applying a conservative approach to 2020 and beyond due to the COVID-19 pandemic. The directors are also monitoring the changing UK political landscape resulting from uncertainty of the UK's exit from the EU at the end of 2020. Our industry remains in an uncertain position as the future impact of Brexit on issues such as access to labour and tariffs currently remain unresolved. The directors have put various measures in place to deal with various scenarios that may arise.

a) Credit risk

The Company is exposed to potential credit risk on financial instruments such as liquid assets and trade receivables. Credit risk is managed by the Company placing its investments in liquid assets with high quality financial institutions. These institutions must satisfy or exceed credit ratings of at least 'A'. In line with normal business practice, the Company operates credit management procedures and regularly reviews credit rating information in respect of organisations to which the Company considers extending credit arrangements.

The Company expects there to be little or no impact of COVID-19 on the credit risk of the Company.

b) Liquidity risk

Liquidity risk and cash flow risk are actively managed through the regular preparation and monitoring of plans, budgets and quarterly forecasts. Cash flow risk is further 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 considered at Company level as part of the review of management forecasts and at contract or project level as part of the appraisal process; both are monitored on an ongoing basis. Price risk is further mitigated through the process of benchmarking selected activity within each contract. Benchmarking is principally carried out at the start of every significant contract, with adjustments made to selected activity pricing to reflect current market value.

Projects are financed using a combination of cash at hand, operating leases, and short-term deposits. New projects are evaluated with regard to these financing arrangements. Live projects are continually monitored for deviations from plan so as to minimise financial risks and oblige management to implement corrective measures and regular reforecasting. This ensures that any observable evidence of impairment for loss making contracts can be identified as early as possible.

d) Legislative risks

The Company is required to comply with all applicable legislation, and in particular, covering health and safety standards as well as standards of food hygiene for catering services offered.

This is achieved through established and readily available best in practice procedures for training staff.

The Company also makes use of specialists within the wider BAM Construction UK group with the relevant knowledge and experience in order to proactively manage these potential risks and ensure compliance at the highest level.

No significant uncovered risks were identified for the period presented in this report or at the time this report was approved by Directors.

Introduction
Reports
Financial statements
Notes to the financial statements

Corporate Governance Statement

The BAM Group

BAM FM Limited ("BAM FM") 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: www.bam.co.uk

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 FM.

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 FM). A copy of the statement is available on the company'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 FM.

Corporate Governance within BAM FM

BAM FM has therefore, for the purpose of Companies (Miscellaneous Reporting) Regulations 2018, formally adopted the Dutch Code.

In the opinion of the directors of BAM FM, given that BAM FM 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 FM, its shareholders and wider stakeholders.

Application of the Dutch Code by BAM FM

As noted above, 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, which is available on the company's website.

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 FM, 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 FM. 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 FM operates within these group-wide standards, policies and procedures and is responsible for their application within BAM FM.

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

1.1.1 Long term value creation strategy

We have a five year 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 and safety and Environmental Social Governance) KPI's.

1.2 Risk management

Objectives are set as part of each five year business plan and each annual 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 and the use of a risk register.

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 and five year business 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.

Decision making and functioning
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.

Culture
2.5
S172 obligations are specifically evidenced through the five year business plan and the annual operating plan.

2.5.1
The adoption of values and incorporation and maintenance of those values is aligned with the Group strategy.

2.5.2
Local policy and procedure are introduced to support the Group Code of Conduct to be found here via gap analysis.

Misconduct and irregularities
2.6 & 2.6.1
We operate the procedure established by Group which is published on the Group's company homepage and on BAM Nuttall's intranet .

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 as between employees of the Company.

One tier governance structure
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 independence is assured by the attendance of the company secretary, compliance officer and general counsel at board meetings. Monthly, quarterly and annual performance measures are reviewed by Group.

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 FM 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 no other board positions
- The Company doesn't have an external auditor or audit committee
- Royal BAM Group are the sole shareholder.
- Code of Conduct matters are addressed with the Royal BAM Group GRC 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 meetings and independence is assured via the presence of the company secretary, compliance officer and general counsel at board meetings
- The Company does not have committees as referred to in best practice 2.3.2
- The Company does not have non-executive directors

DocuSigned by:
Louise Williamson
58488DB9FF3D488...

Louise Williamson
Managing Director
BAM FM Limited
23 December 2020

The Directors present their report and accounts for the year ended 31 December 2019

Results and dividends
The profit of the company for the year is set out in the Statement of Comprehensive Income on page 14. The directors paid a dividend of £nil (2018: £nil) to BAM Construct UK Limited in the year.

Principal activities
The principal activity of the company is to provide facilities management services.

Directors
The following served as directors during the year ended 31 December 2019 and subsequent to that date:

- J Wimpenny
- L Williamson

Qualifying third party indemnity provisions for directors
The company's ultimate parent undertaking maintains liability and indemnity insurance for its directors and officers and for those of its subsidiaries. This provision has been in place throughout the year and remains in force at the date of approving the directors' report.

Events since the balance sheet date
There were no material adjusting events up to the date that the financial statements were formally approved by the Directors. On the 23 March 2020 the Government in the UK announced a national lockdown in response to the COVID-19 pandemic The Directors have considered the impact of COVID-19 on the future operating performance of the company and the uncertainties that it has created. The Directors consider COVID-19 to be a non-adjusting post balance sheet event under IAS 10 and hence does not have an impact on the balances recorded on the balance sheet date.

Going Concern
The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The Company has net current assets of £17.1m and net assets of £17.1m The Company meets its day to day working capital requirements through the cash held at year end, and through the inter-company pooling arrangement, for which the Company has unrestricted access to its cash held in the cash pooling facilities. The Company does not have any bank debt or other external borrowings or facilities.

The Directors have considered the impact of the COVID-19 crisis on the Company's business operations and future prospects. The Company's operations have remained opened under UK Government guidelines, and specific measures have been implemented to ensure adequate protection for our people in order to maintain safe operational activity. Since the pandemic was declared by the World Health Organization on 11 March 2020, the productivity of the Company has been in excess of the initial expectations of the Directors. Construction activity was initially paused across all sites within the Group from 26 March to 30 March to enable detailed reviews of the working practices necessary to reduce the risks of Covid-19, however all sites reopened, and the majority of sites have remained open since.
The Company's financial forecasts for the period ending 31 December 2021, taking into consideration the current environment, show that the Company is expected to maintain positive cash flows, after considering plausible downside scenarios modelling reduced productivity and increased costs across the Company. The Directors have also received confirmation from the Company's ultimate parent entity, Royal BAM Group BV, that the Company will be provided financial support for a period of at least 12 months from the date of approval of the Company's financial statements.

In view of the circumstances referred to above, the directors are satisfied that sufficient financial resources will be generated by Company or received from its ultimate parent entity, Royal BAM Group BV, for the foreseeable future. Accordingly, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

Future Developments
As our order book remains strong, we will be applying a conservative approach to 2020 and beyond due to the COVID-19 pandemic. The directors are also monitoring the changing UK political landscape resulting from uncertainty of the UK's exit from the EU at the end of 2020. Our industry remains in an uncertain position as the future impact of Brexit on issues such as access to labour and tariffs currently remain unresolved. The directors have put various measures in place to deal with various scenarios that may arise.

Digital FM
We continue to invest in digitalisation, working and collaborating more closely with other group entities on further development of whole lifecycle building information modelling in regard to incorporating full asset and maintenance data for services in the building model. This has been acknowledged by our accreditation to PAS1192-3 in 2018. This will improve our operational effectiveness when completing planned maintenance activities and giving greater visibility of assets when dealing with reactive calls from our clients and supply chain partners.

Directors' report

Minor Works

BAM FM has continued to develop the capability to undertake minor works and capital project works via existing maintenance or service contracts – or as a standalone project. We draw on the expertise of different divisions to tailor a project to our customer's needs and budget, including mechanical, electrical and fabric works. We are able to act as the Principal Designer, Designer, Principal Contractor or Contractor depending on the requirements of the individual project.

Brexit impact

The directors note that the United Kingdom has given notice under Article 50 of the Treaty on European Union of its intention to withdraw from the European Union as on 31 March 2019. With the impact of Brexit still unclear, BAM FM continues to operate a flexible model that is able to accommodate change. We maintain positive close relationships with key suppliers to ensure BAM remains a main contractor of choice. We seek a balance of public and private sector work and procurement routes to avoid over dependency on any one source of work or procurement method.

S172 Statement

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

Disclosure of information to the auditors

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

Auditors

Pursuant to section 487 of the Companies Act 2006, the company has dispensed with the obligation to appoint auditors annually. Ernst & Young LLP have expressed their willingness to continue in office for the forthcoming year.

On behalf of the board,

DocuSigned by:

Louise Williamson

58488DB9FF3D488...

Louise Williamson
Managing Director
BAM FM Limited
23 December 2020

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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of BAM FM Limited

Opinion
We have audited the financial statements of BAM FM Limited for the year ended 31 December 2019 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- Give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

Emphasis of matter – effects of COVID-19
We draw attention to note 17 of the company financial statements, which describes the potential operational disruption, resulting from the temporary closure of certain sites so new working practices could be implemented as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude thatthere is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 10, 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.

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.

David Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 December 2020

Statement of comprehensive income

For the year ended 31 December 2019	Notes	2019 £000	2018 £000
Continuing operations			
Revenue	3	**58,858**	54,392
Cost of sales		**(49,485)**	(48,724)
Gross profit		**9,373**	5,668
Administration and other expenses		**(6,160)**	(4,690)
Operating profit	4	**3,213**	978
Finance income	7	**388**	269
Profit on ordinary activities before taxation		**3,601**	1,247
Income tax expense	8	**(689)**	(239)
Profit on ordinary activities after taxation		**2,912**	1,008
Total comprehensive income for the year		**2,912**	1,008

Registered number
SC190053

Statement of financial position

At 31 December 2019	Notes	2019 £000	2018 £000
Assets			
Non-current assets			
Plant and equipment	9	**10**	14
Investments in subsidiaries	10	**1**	1
Deferred tax assets	8	**13**	15
Total non-current assets		**24**	30
Current assets			
Trade and other receivables	11	**5,171**	7,786
Amounts due from parent undertakings	11	**8,173**	8,219
Amounts due from group undertakings	11	**6**	49
Amounts due from fellow subsidiary undertakings	11	**1,360**	1,775
Amounts due from subsidiary undertakings	11	**298**	–
Contract assets	11	**10,688**	9,737
Cash and short-term deposits	12	**12,303**	10,124
Total current assets		**37,999**	37,690
Total assets		**38,023**	37,720
Current liabilities			
Trade and other payables	13	**9,136**	11,045
Amounts due to group undertaking	13	**9**	-
Amounts due to fellow subsidiary undertaking	13	**103**	79
Income tax payable	13	**930**	229
Contract liabilities	13	**10,721**	12,155
Total current liabilities		**20,899**	23,508
Equity			
Share capital	14	**6,500**	6,500
Retained earnings		**10,624**	7,712
Total equity		**17,124**	14,212
Total equity and liabilities		**38,023**	37,720

The financial statements were approved by the Board of Directors on 23 December 2020 and signed on its behalf by:

DocuSigned by:
Louise Williamson
58488DB9FF3D488...

Louise Williamson
Managing Director
BAM FM Limited
23 December 2020

Registered number
SC190053

Statement of changes in equity

For the year ended 31 December 2019	Share capital £000	Retained earnings £000	**Total £000**
Balance at 1 January 2018	6,500	6,704	**13,204**
Total comprehensive income for the year	–	1,008	**1,008**
Balance at 31 December 2018	6,500	7,712	**14,212**
Total comprehensive income for the year	–	2,912	**2,912**
Balance at 31 December 2019	6,500	10,624	**17,124**

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

The financial statements of BAM FM Limited (the 'Company') for the year ended 31 December 2019 were authorised for issue by the board of directors on 23 December 2020 and the balance sheet was signed on the board's behalf by Louise Williamson. BAM FM Limited 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 in accordance with applicable UK accounting standards and legislation.

The Company's financial statements are presented in Sterling and all values are rounded to the nearestthousand pounds (£'000) 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 UK Limited.

The results of BAM FM Limited are included in the consolidated financial statements of BAM Construct UK Limited, which are prepared in accordance with IFRS and are available from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

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

2. **Accounting policies**

2.1 Basis of preparation

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The Company has net current assets of £17.1m and net assets of £17.1m The Company meets its day to day working capital requirements through the cash held at year end, and through the inter-company pooling arrangement, for which the Company has unrestricted access to its cash held in the cash pooling facilities. The Company does not have any bank debt or other external borrowings or facilities.

The Directors have considered the impact of the COVID-19 crisis on the Company's business operations and future prospects. The Company's operations have remained opened under UK Government guidelines, and specific measures have been implemented to ensure adequate protection for our people in order to maintain safe operational activity. Since the pandemic was declared by the World Health Organization on 11 March 2020, the productivity of the Company has been in excess of the initial expectations of the Directors. Construction activity was initially paused across all sites within the Group from 26 March to 30 March to enable detailed reviews of the working practices necessary to reduce the risks of Covid-19, however all sites reopened, and the majority of sites have remained open since.

The Company's financial forecasts for the period ending 31 December 2021, taking into consideration the current environment, show that the Company is expected to maintain positive cash flows, after considering plausible downside scenarios modelling reduced productivity and increased costs across the Company. The Directors have also received confirmation from the Company's ultimate parent entity, Royal BAM Group BV, that the Company will be provided financial support for a period of at least 12 months from the date of approval of the Company's financial statements.

In view of the circumstances referred to above, the directors are satisfied that sufficient financial resources will be generated by Company or received from its ultimate parent entity, Royal BAM Group BV, for the foreseeable future. Accordingly, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

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 that were applied in preparing the financial statements for the years ended 31 December 2018 and 2019 are described in Note 2. In addition the Company has taken advantage of the following disclosure exemptions underFRS 101:

a) The requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
b) The requirements of IFRS 7 Financial Instruments: Disclosures;
c) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
d) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
   i) paragraph 79 (a)(iv) of IAS 1;
   ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment;
   iii) paragraph 118 (e) of IAS 38 Intangible Assets;
e) The requirements of paragraphs 10 (d), 10 (f), 16, 38A to 38D, 40A to 40D iii and 134-136 of IAS 1 Presentation of Financial Statements;
f) The requirements of IAS 7 Statement of Cash Flows;
g) The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting estimates and errors;
h) The requirements of paragraph 17 and 18A of IAS 24 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;
i) The requirements of paragraphs 130f (ii), 130f (iii), 134 (d) to 134 (f) and 135 (c) to 135 (e) of IAS 36 Impairment of Assets;
j) 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 IFRS15; and
k) The requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

2.2 Changes in accounting policy and disclosures

New and amended standards and interpretations adopted by the Company

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2019. The adoption of these amendments did not have any impact on the current period or prior period.

The nature of each amendment is described below:

IFRS 9, 'Prepayment Features with Negative Compensation'
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendment to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments do not have a material impact on the financial statements of the company.

IFRS 16, 'Leases'
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The company has no lease contracts recognisable under IFRS 16.

'Annual Improvements to IFRSs - 2015-2017 Cycle'

2. Accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

The company has applied the amendments for the firsttime for their annual reporting period commencing 1 January 2019 in connection with the 'Annual Improvements to IFRSs 2015-2017 Cycle'. The adoption of these amendments did not have a material impact on the current period or any prior period and is not likely to affect future periods.

IFRIC 23, 'Uncertainty over Income Tax Treatment'

Furthermore, the IFRIC 23 interpretation on 'Uncertainty over Income Tax Treatment' was issued. The company determined, based on its tax compliance and transfer pricing policy study, that it is probable that its tax treatments (including those for its subsidiaries) will be accepted by the taxation authorities. The interpretation did not have a material impact on the consolidated financial statements of the company.

There are no other IFRSs or IFRIC amendments effective as per 1 January 2019 that have a material impact on the company.

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

a) Revenue recognition

When the outcome of a FM contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and costs are recognised over the period of the contract by reference to the stage of completion using the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Determining the stage of completion requires a consistent judgment (forecast) of the final outcome of the project, including variance analyses of divergences compared with earlier assessment dates. Estimates are an inherent part of this assessment and actual future outcome may deviate from the estimated outcome, specifically for major and complex construction contracts. However, historical experience has also shown that estimates are, on the whole, sufficiently reliable.

b) Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 8.

2.4 Significant accounting policies

a) Facility Management contracts - revenue recognition

As per 1 January 2018, the Company has implemented IFRS 15 regarding revenue recognition. IFRS 15 follows a 5-step approach to recognise for revenue, which is set out below. Certain specific topics have been included or referred to the applicable note. The standard replaces IAS 18, 'Revenue' and IAS 11, 'Construction contracts' and related interpretations. The core principle of IFRS 15 is a 5-step model to distinguish each distinct performance obligation within a contract that the Company has with its customer and to recognise revenue on the level of the performance obligations, reflecting the consideration that the Company expects to be entitled for, in exchange for those goods or services.

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

The following 5 steps are identified within IFRS 15:

- Step 1 'Identify the contract with the customer': Agreement between two or more parties that creates enforceable rights and obligations (not necessarily written).
- Step 2 'Identify the performance obligations': A promise in a contract with a customer to transfer a good or service to the customer.
- Step 3 'Determine the transaction price': The transaction price is the amount of consideration to which an entity expects to be entitled for in exchange for transferring promised goods or services to a customer.
- Step 4 'Allocate the transaction price': The objective of allocating the transaction price is for the Company to allocate the transaction price to each performance obligation.
- Step 5 'Recognise revenue': the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (that is, an asset) to a customer.

Step 1 'Identify the contract with the customer'

IFRS 15.9 requires that five criteria must be met before an entity accounts for a contract with a customer. Once an arrangement has met the criteria, the Company does not assess the criteria again unless there are indicators of significant changes in the facts or circumstances.

Multiple contracts are combined and accounted for as a single contract when the economics of the individual contracts cannot be understood without reference to the arrangement as a whole. Indicators that such a combination is required are:

a) the contracts are negotiated as a package with a single commercial objective;
b) the amount of consideration to be paid in one contract depends on the price or the performance of the other contract;
c) the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

A change to an existing contract for a project of the Company is a modification. A contract modification could change the scope of the contract, the price of the contract, or both. A contract modification exists when the Company and the customer approve the modification either in writing, orally, or implied by customary business practices, making the modification enforceable. In accordance with IFRS 15 the Company uses three methods to account for a contract modification:

a) as a separate contract when the modification promises distinct goods (according to IFRS 15.27) or services and the price reflects the stand alone selling price;
b) as a cumulative catch-up adjustment when the modification does not add distinct goods or services and is part of the same performance obligation. For the Company, as common within the facilities management sector, modifications mainly relate to variation orders which do not result in additional distinct goods and services and have to be accounted for as cumulative catch-up adjustment. This is the most common method within the Company given the nature of the modifications;
c) or as a prospective adjustment when the considerations from the distinct goods or services do not reflect their standalone selling prices.

Step 2 'Identify the performance obligations'

The purpose of this step is to identify all promised goods or services that are included in the contract. Examples of performance obligations are the maintenance of a building, the delivery of lifecycle obligations, provision of catering and cleaning services and so on.

At contract inception, the Company assesses the goods or services promised to a customer, and identifies each promise as either:

a) a good or service (or a bundle of goods or services) that is distinct; or
b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Promises in a contract can be explicit, or implicit if they create a valid expectation that the Company will provide a good or service based on the Company's customary business practices, published policies or specific statements.

Facilities management contracts are usually considered as one performance obligation. Whilst they can be delivered as separate services to a customer and the customer can benefit from these services on their own, they are delivered as a bundled service offering with a management service wrap covering the total provision of all services which is not directly attributable to a specific service within the service. Additional works can be generated which are not easily identifiable as specific offerings, so are considered and treated as one performance obligation. Cost and revenues associated with reactive works is recognised when delivered and factored into our long term forecasting of these contracts.

Onerous contracts

IFRS 15 does not include specific guidance about the accounting for project losses. For the accounting of provisions for onerous contracts, IFRS 15 refers to the guidance relating to provisions in IAS 37. Based on IAS 37, a provision for an onerous contract has to be accounted for on the level of the contract as a whole.

The provision for onerous contracts only relates to the future loss on the performance to be delivered under the contract. In determining a provision for an onerous contract, the inclusion of variable considerations in the expected economic benefits is based on the same principles as included in step 3 hereafter, including the application of the highly probable constraint for the expected revenue. The provision for onerous contracts is presented separately in the balance sheet.

Step 3 'Determine the transaction price'

The purpose of this step is to determine the transaction price of the performance obligations promised in the contract. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price can be a fixed amount, a variable consideration or a combination of both.

If the consideration promised includes a variable amount such as an unpriced variation order, a claim, an incentive or a penalty, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. IFRS 15 provides two methods for estimating variable considerations: the sum of probability-weighted amounts in a range of possible consideration amounts or the most likely amount a range of possible consideration amounts. On the level of each performance obligation has to be decided which approach best predicts the amount of the consideration to which the Company will be entitled.

The Company includes a variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved (called the 'constraint').

The Company is often exposed to uncertainties related to variable considerations such as variation orders and contract claims to customers. The measurement of variation orders and claims requires knowledge and judgement by the Company. Based on IFRS 15, the Company interprets variation orders and contract claims as contract modifications for which the consideration is variable.

For the accounting of unpriced variation orders and claims the following elements are assessed:

a) determine whether the rights and obligations of the parties to the contract that are created or changed by the variation order or contract claim are enforceable;
b) estimate the change to the transaction price for the variation order or contract claim;
c) apply the guidance relating the constraint of the estimate of variable considerations (meaning that it is highly probable that no significant reversal of revenue will occur);
d) determine whether the variation order or contract claim should be accounted for on a prospective basis or a cumulative catch-up basis.

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

For considering the effects of constraining estimates of variable considerations, the Company makes a distinction between claims and variation orders. Variation orders are changes that are clearly instructed by the client creating enforceable rights to payment but for which the price change is not yet determined. Claims however relate to events for which the Company considers to have enforceable rights to a compensation from the client but these are not yet approved by the client. The uncertainty relating to claims is usually higher, because of the absence of an instruction of the client for a change. As a result the risk of a significant reversal of revenue relating to claims is considered to be higher and it might be more difficult to prove that a claim amount meets the IFRS 15 'highly probable' criterion. Please see above for the related criteria.

Other variable considerations might include bonuses and penalties, for which penalties are considered to be negative variable considerations. The same method as described above needs to be applied, including assessing the constraint.

When determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

Step 4 'Allocate the transaction price'

The objective when allocating the transaction price is to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Step 5 'Recognise revenue'

The purpose of this step is to determine the amount of revenue to be recognised in a certain period.

The Company recognises revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For each performance obligation identified in the contract, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

Control refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The Company needs to determine, at contract inception, whether control of a good or service transfers to a customer over time or at a point in time. Revenue is recognised over time if any of the following three criteria are met:

a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

In general, the Company is creating value in the provision of delivering services and maintaining assets for its customers. This leads to recognising revenue over time. The Company uses the 'percentage-ofcompletion method' to determine the appropriate amount to recognise in a given period for a performance obligation. The stage of completion is measured by reference to the contract costs of fulfilling the performance obligation incurred up to the end of the reporting period as a percentage of total expected fulfillment costs under the contract, which is an input measure according to IFRS 15.

Introduction
Reports
Financial statements
Notes to the financial statements

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

b) Interest income

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

c) Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment. On an annual basis, the Company assesses if there are any indicators of impairment by comparing the net asset values of each subsidiary to their carrying amount. If the net asset value is lower than the carrying amount, the Company assesses if the investment is impaired. If the recoverable amount of the investment is estimated to be less than its carrying amount, the carrying amount of the investment is written down its recoverable amount. An impairment loss is recognised immediately in profit or loss. An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised.

d) Tangible fixed assets

All plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all plant and equipment, on a straight-line basis over its expected useful life as follows:

- Plant and Equipment – 8.33% to 60% per annum
- Vehicles – 8.33% to 60% per annum

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

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the income statement in the period of de-recognition.

e) Impairment of non-financial assets

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

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

f) 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.

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

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.

g) 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 classifies its financial assets in the classes 'debt instruments at amortized costs', 'financial assets at fair value through profit and loss'. Debt instruments at amortized costs are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period which are classified as non-current assets. Debt instruments that do not meet Solely Payments of Principal and Interest (SPPI) criterion (for which the test is performed at instrument level) are classified at other financial assets at fair value through profit or loss.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement, which also applicable for net changes in fair value after initial recognition. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are initially measured at the transaction price determined under IFRS 15. (See note 2.4 a)).

Debt instruments, other than those initially measured in accordance with IFRS 15, are subsequently carried at amortised cost using the effective interest method and are subject to impairment. The company measures debt instruments at amortised cost if both of the following conditions are met:

- the debt instruments is held with the objective to hold financial assets in order toto collect contractual cash flows;
- the contractual terms of the debt instruments give rise on specified dates to cash flows that are solely payments of principal: and
- Interest on the principal amount outstanding.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

Introduction
Reports
Financial statements
Notes to the financial statements

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

De-recognition of financial liabilities

A liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

3) Offsetting of financial instructments

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

4) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

h) 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.

i) 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.

Notes to the financial statements (continued)

3. Turnover

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

	2019	2018
	£000	£000
Revenue from FM services	**58,858**	54,392
Turnover from continuing operations	**58,858**	54,392

Other revenue disclosures

The majority of the project contract liability balance at the beginning of the period, has been recognised as revenue in the current year. Within the facilities management business, regular installments will take place but within the Company never leading to significant pre-financing longer than a year.

The revenue recognised from performance obligations satisfied in previous periods amounts to £nil (2018: £nil). Performance obligations as satisfied as services are rendered.

Projects within the facilities management 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 (running or won projects) are as follows:

	2019	2018
	£000	£000
Up to 1 year	**42**	45
2 to 5 years	**40**	92
Over 5 years	**586**	499
Total	**668**	637

4. Operating profit

Certain of the Company's administrative costs, including audit fees and staff costs, were borne by the immediate parent undertaking, BAM Construct UK Limited. A management charge is made by BAM Construct UK Limited to the Company in respect of administration expenses.

5. Auditor's remuneration

The audit fees were borne by the immediate parent undertaking BAM Construct UK Limited.

6. Staff costs and directors' remuneration

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

During the year 2019 James Wimpenny, a director of the company, was also a director of the immediate parent, BAM Construct UK Limited. The director received total remuneration for the year of £512,858 (2018: £450,000), 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 UK Limited as employees of that company. Directors' emoluments are subsumed within management charges of £2.5m levied by BAM Construct UK Limited on the company (see Note 4), but the amount is not separately identified within this recharge.

7. Finance income

	2019 £000	2018 £000
Bank interest receivable	**77**	77
Interest receivable from parent undertaking	**281**	141
Interest receivable from subsidiary undertakings	**30**	51
	388	269

Interest receivable from subsidiary undertakings relates to outstanding loans made to BAM Energy Limited (BAM Energy) and Sutton Maintenance Limited (SML).

8. Income tax

a) Tax charged in the income statement

	2019 £000	2018 £000
Current income tax		
Current income tax charge	**687**	237
Adjustments in respect of current income tax of previous year	**–**	(8)
	687	229
Deferred taxation		
Origination and reversal of temporary differences	**2**	2
Adjustment in respect of prior years	**–**	8
Total deferred tax charge	**2**	10
Income tax expense reported in the profit or loss	**689**	239

b) Reconciliation of the total tax charge

The tax rate charged on profits on ordinary activities for 2019 is higher than (2018: higher than) the statutory corporation tax rate enacted in the UK. The statutory corporation tax rate was 19% (2018 19%). The differences are reconciled below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	**3,601**	1,247
Profit on ordinary activities multiplied by UK Corporation tax rate of 19% (2018: 19%)	**684**	237
Expenses not deductable	**5**	2
Total current tax charge	**689**	239

c) Factors that may affect future tax charges

The Finance Act 2016, included legisation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and 17% from 1 April 2020. Any deferred tax expected to reverse in these years has been re-measured using these rates as appropriate.

8. Income tax (continued)

d) Deferred tax

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

	2019 £000	2018 £000
Deferred tax asset		
Balance at 1 January	**15**	25
Prior year adjustment	**–**	(8)
Tax income recognised in the profit and loss	**(2)**	(2)
Balance at 31 December	**13**	15

There are no unprovided deferred tax liabilities. Deferred tax provided in the financial statements is as follows:

	2019 £000	2018 £000
Deferred tax asset		
Accelerated capital allowances	**11**	8
Origination and reversal of timing differences	**2**	7
	13	15

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.

9. Plant and equipment

	Vehicles £000	Plant and Equipment £000	**Total £000**
Cost			
Balance at 1 January 2018	54	618	**672**
Additions	–	9	**9**
Disposals	–	–	**–**
Balance at 31 December 2018	54	627	**681**
Additions	–	–	**–**
Disposals	(54)	(549)	**(603)**
Balance at 31 December 2019	–	78	**78**
Depreciation			
Balance at 1 January 2018	54	599	**653**
Charge for the year	–	14	**14**
Eliminated on disposals	–	–	**–**
Balance at 31 December 2018	54	613	**667**
Charge for the year	–	4	**4**
Eliminated on disposals	(54)	(549)	**(603)**
Balance at 31 December 2019	–	68	**68**
Net book value			
At 1 January 2018	–	19	**19**
At 31 December 2018	–	14	**14**
At 31 December 2019	–	10	**10**

10. Investments

	Investment in subsidiary £000	**Total £000**
Carrying value		
Balance at 1 January 2018	1	**1**
Additions	–	**–**
Balance at 31 December 2018	1	**1**
Additions	–	**–**
Balance at 31 December 2019	1	**1**

Entity name	**Interest in voting equity**	**Country of incorporation**	**Nature of business**
BAM Energy Limited	100%	United Kingdom	Renewable Energy Services
Sutton Group Limited	100%	United Kingdom	Holdings Company
Sutton Maintance Limited	100%	United Kingdom	Mechanical & Electrical

11. Trade and other receivables

	2019 £m	2018 £m
Current		
Trade and other receivables	**5,171**	7,786
Amounts due from parent undertaking	**8,173**	8,219
Amounts due from fellow group undertakings	**6**	49
Amounts due from fellow subsidiary undertakings	**1,360**	1,775
Amounts due from subsidiary undertakings	**298**	–
Contract assets	**10,688**	9,737
	25,696	27,566

Contract assets reflects uninvoiced amounts related to the value of work done on customer contracts that can be measured reliably.

Trade receivables are non-interest bearing and are generally on terms of 30 - 90 days. In 2019, £788k (2018: £681k) was recognised as provision for expected credit losses. The significant change in contract assets is due to normal activity in the facilities management business. Other changes as mentioned in IFRS 15 (paragraph 118) are not relevant.

12. Cash at bank and in hand

2019 restricted cash £2,636k (2018: £3,028k) of cash at bank and in hand is not available for use without joint agreement with third parties.

13. Trade and other payables

	2019 £000	2018 £000
Current		
Trade and other payables	**9,136**	11,045
Amounts due to group undertaking	**9**	-
Amounts due to fellow subsidiary undertaking	**103**	79
Income tax payable	**930**	229
Contract liabilities	**10,721**	12,155
	20,899	23,508

Trade payables are non-interest bearing and are normally settled on 30-60 day terms. Amounts due to group undertaking and fellow subsidy undertakings are interest free and repayable on demand.

The Company, along with other Group entities, is party to a guarantee in respect of the cash pool overdraft balance within the cash pooling facility with Bank of Scotland Plc. At 31 December 2019 there were £nil (2018: £nil) overdraft balances in companies in the cash pooling facility. The net overdraft position in the cash pooling facility as at 31 December 2019 was £nil (2018: £nil). This guarantee is not expected to give rise to any loss.

14. Authorised and issued share capital

	Number	2019 £000	Number	2018 £000
Share capital				
Authorised: ordinary shares of £1 each	**6,550,000**	**6,550**	6,550,000	6,550
Issued: ordinary shares of £1 each	**6,500,000**	**6,500**	6,500,000	6,500

15. 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.

16. Ultimate group undertaking

The Company's immediate parent undertaking is BAM Construct UK Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is Royal BAM Group n.v., a company incorporated in The Netherlands. The group accounts of the ultimate parent undertaking (the largest group of which the company is a member and for which group accounts are prepared) and of BAM Construct UK Limited (the smallest group) are available from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

17. Events since the balance sheet date

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic on 11 March 2020, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries.

The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The identification of the virus after 31 December 2019 as a new coronavirus, and its subsequent spread, is considered a non-adjusting event after the reporting period. As a result of the virus, the Group closed its construction sites from 26 March to 30 March to enable detailed reviews of the working practices necessary to reduce the risks of Covid-19, however all sites reopened, and the majority of sites have remained open since. The Directors continue to consider the impact of COVID 19 and the impact on future operating performance of the Company and the uncertainties thatthis event creates.

There have been no other material events arising after the reporting date.

Offices

BAM Construct UK Limited
(Central office)
Breakspear Park, Breakspear Way,
Hemel Hempstead, Hertfordshire HP2 4FL
Tel 01442 238 300 **Fax** 01442 238 301

BAM Construction Limited
Scotland
Kelvin House, Buchanan Gate Business Park,
Stepps, Glasgow G33 6FB
Tel 0141 779 8888 **Fax** 0141 779 8889

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

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

Mikasa House, Asama Court, Newcastle Business Park,
Newcastle Upon Tyne, NE4 7YD
Tel 0191 273 7000

North West
Metro, 33 Trafford Road
Exchange Quay 2, Salford M5 3NN
Tel 0161 877 9274 **Fax** 0161 877 9276

Midlands
Fore 2, 2 Huskisson Way, Shirley, Solihull B90 4SS
Tel 0121 7464000 **Fax** 0121 7464090

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

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

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

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

London
Level 32, Citypoint, 1 Ropemaker Street,
London, EC2Y 9AW
Tel 020 7374 3600

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

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

BAM Properties Limited
Kelvin House, Buchanan Gate Business Park,
Stepps, Glasgow G33 6FB
Tel 0141 222 1020 **Fax** 0141 222 1201

Metro, 33 Trafford Road
Exchange Quay 2, Salford M5 3NN
Tel 0161 877 9274 **Fax** 0161 877 9276

Millennium Gate, Gifford Court,
Fox Den Road, Stoke Gifford, Bristol BS34 8TT
Tel 0117 944 8803 **Fax** 0117 944 8855

Level 32, Citypoint, 1 Ropemaker Street,
London, EC2Y 9AW
Tel 020 7374 3600

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

Level 32, Citypoint, 1 Ropemaker Street,
London, EC2Y 9AW
Tel 020 7374 3600

BAM FM Limited
Breakspear Park, Breakspear Way,
Hemel Hempstead, Hertfordshire HP2 4FL
Tel 01442 238 300 **Fax** 01442 238 301

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

Metro, 33 Trafford Road
Exchange Quay 2, Salford M5 3NN
Tel 0161 877 9274 **Fax** 0161 877 9276

Registered number
SC190053

www.bam.co.uk
Here you will find downloadable PDFs of:
BAM Construct UK Limited Report and Accounts
BAM Construction Limited Report and Accounts
BAM Properties Limited Report and Accounts
BAM FM Limited Report and Accounts

Registered office
Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire HP2 4FL
T: 01442 238 300 F: 01442 238 301

Registered number: 3311781