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BAM Construct UK Limited

Annual Report and Accounts 2021

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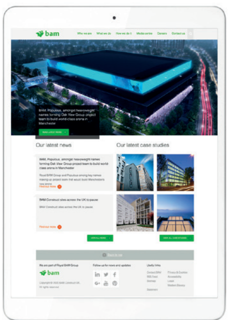
An overview of our 2021 performance, our future direction, and a review of the strategy underpinning our businesses.



Registered number
3311781

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

We are BAM Construct UK

BAM Construct UK is a leading property development, design, construction and facilities management company, creating sustainable environments that enhance people's lives.

We are working towards a 50per cent relative reduction of own carbon emissions by 2030 and recycling or re-using 100 per cent of construction waste by 2025. From offices around the country, our teams collaborate with public and private sector clients to create and maintain sustainable buildings at the same time as delivering long-lasting social value for the communities we live and work in.

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

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

Year in review

Group turnover (£m)

£918.6

2021	918.6
2020	793.1
2019	930.5

Profit before tax (£m)

£20.4

2021	20.4
2020	13.7
2019	9.4

Order book (£m)

£1,799.8

2021	1,799.8
2020	1,471.9
2019	1,402.9

Cash and cash equivalents (£m)

£83.8

2021	83.8
2020	80.7
2019	85.8

Riddor accidents

19

2021	19
2020	13
2019	24

CO_2 emissions (tonnes)

7.7

2021	7.7
2020	7.3
2019	10.1

Strategic report

The directors present their strategic report for the year ended 31 December 2021 which outlines BAM Construct UK's strategy and financial results, the progress of its operating companies and performance on sustainability.

Organisational overview

BAM Construct UK Limited ('the Group' or 'BAM Construct UK') provides construction, design, services engineering, plant services, facilities management, and property development in the UK through its principal subsidiary operating companies BAM Construction Limited, BAM Facilities Management Limited and BAM Properties Limited. It is the holding company for these activities in the UK of its ultimate parent undertaking Koninklijke BAM Groep n.v. (Royal BAM Group).

BAM Construction Ltd is organised into seven operating divisions; Scotland, North East, North West, Western, Midlands, South East and London. We believe this enables us to connect to our customers, understand local markets and work closely with the supply chain.

Value creation

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

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

Business performance

Profit and revenue

The profit before tax for the year ended 31 December 2021 for the Group was £20.4m (2020: £13.7m). After taxation the profit attributable to the shareholder was £9.1m (2020: £8.7m). During the year no dividend was declared or paid (2020: nil) and pension deficit repair contributions of £3.0m were made (2020: £3.0m).

During the year, BAM Construct UK delivered revenue of £918.6m (2020: £793.1m) and an operating profit of £19.6m (2020: £12.2m).

Revenue increased during the year as the Company moved out of the Covid-19 pandemic as it saw improved activity, with a number of projects that had been put on hold, moved forward. The business has continued to concentrate on construction projects and FM services that continued to deliver strong margins and recognised the added value that BAM Construct UK brings to the client. Work in hand has increased in the year as BAM Construct UK continues to be selective in the projects it undertakes. The value of our forward order book stands at £1,799.8m (2020: £1,471.9m). The Board consider this to be a solid basis for growth and improvement in profitability in 2022.

Cash and equivalents

Managing cashflow effectively is a key objective. Cash and short-term deposits continue to show a healthy position at £83.8m (2020: £80.7m). Further funds of £193.6m are held within a treasury account with BAM Group nv and are identified in note 16. Cash management during the year has been managed well, with cash balances during the year holding at similar levels to previous years.

During the year we have seen further improvement in payment performance with BAM Construct UK now taking on average 33 days to pay an invoice and with 95% of all invoices paid within 60 days. In line with Government requirements, further information can be found regarding our payment term performance on the website www.check-payment-practices.service.gov.uk.

Strategic report

Working capital

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

Principal risks and uncertainties

BAM Construct UK Ltd regularly reviews the risks and uncertainties within the business, however the principal risks and uncertainties have not materially changed from previous years. Via robust procedures the Company, is able to identify, manage and mitigate risks, as well as assessing trends. The current principal risks and uncertainties are identified as follows:

1. Economic (inflation) and political factors
2. Loss making projects
3. Liquidity and cash flow risk
4. Health, safety and environmental risks
5. Skills shortage, including both staff and the wider supply chain

Strategic report

Risk	Risk - description	Controls / mitigation strategy
1 Economic (inflation) and political factors	The construction industry is exposed to a number of economic and political risks. These are both UK domestic issues, as the country emerges from the Covid-19 pandemic and continues to come to terms with its new relationship with Europe post Brexit. Along with the issues in Ukraine, BAM Construct UK is seeing significant price increases in materials and labour costs. How BAM Construct UK manages these price increases, and a potential scarcity of resource is a key concern.	BAM Construct UK looks to ensure that any inflationary increase either sits with our clients or that we work with our supply chain to place orders as soon as possible. This ensures that production slots are secured and material prices can be hedged, so that we have greater certainty of the the out-turn cost. Fixed price allowances are monitored regularly, both on a project level but also at the company level. We continue to put in place secondary plans to ensure that scarce materials don't impact project delivery and where the supply chain experience problems we can work collaboratively together to solve the issue.
2 Loss making projects	Managing risk on all project is important to the fiacial success of BAM Construct UK Ltd, however on the larger projects that are built this is of even more importance. If not managed well losses incurred cannot be covered by the portfolio of small and medium sized projects.	Royal BAM Group's Stage Gate approval system is used on all tenders to ensure that key risk and opportunities are identified within the tender process. Focusing on two-stage work and negotiated procurement enable the business to identify and price risk on a realistic basis. Experienced and knowledgeable staff are involved in the pre- construction period to ensure risks are identified and mitigated or closed-out before construction commences. By creating a learning culture and a willingness to share issues and experiences, BAM Construct UK can both avoid problematic projects as well as mitigate any losses that may be incurred.
3 Liquidity and Cash Flow Risk	Ensuring that BAM Construct UK has sufficient capital to pay suppliers and invest in opportunities is key to the Company's strategy. If BAM Construct UK doesn't have sufficient funds, then its ability to work efficiently could be compromised.	Ensuring that proactive cash management is at the forefront of project teams at all stages of the project, ensures that cash is maximised, in an ethical manner. The Company has established monthly forums where the inflow of cash and any overdue debts are monitored a well as a monthly payment reporting meeting, which looks to ensure payment practices are operated effectively. The Directors of BAM Construct UK ensure that any cash placed on deposit with the Group, is available for immediate use by BAM Construct UK along with the financial support of Royal BAM Group.
4 Health, safety and environmental risks	The Group's activities are inherently complex and potentially hazardous and require the continuous monitoring and management of health, safety and environmental risks. Failure to meet safety standards or ineffective management of safety requirements could result in the injury or death of employees, members of the public or third parties.	A visible leadership approach with, for example, senior managers of both the Company and our supply chain engaging in Directors' safety tours of sites. Engaging with staff and supply chain with cultural workshops, safe-to-start meetings, toolbox talks and regular communications through all of our channels to ensure a mindset of constant vigilance about safety.
5 Skills shortage	There remains the need to train and maintain a skilled workforce. With a retiring workforce, exacerbated as a result of Covid19, we are experiencing a skills shortage and new talent is needed urgently. More diversity is needed to boost creativity and innovation, fill the skills gap and lift productivity. The Company makes a significant investment in skills and training and supports the CITB and the Apprentice levy.	Over the past year BAM Construct has continued to invest in its apprenticeship scheme, which enables great new talent to be brought in at an early stage and grown, with both direct work experience but also an academic qualification, through one of the universities that BAM construct is aligned with.

Strategic report

Future strategy

In 2021, BAM launched the strategy 'Building a sustainable tomorrow'. This strategy is mainly focused on increased profitability and continued de-risking the Company by focusing on markets and projects where BAM has proven competitive strength, assuring a solid platform for growth. BAM Construct UK and its respective subsidiaries will play a key role in delivering this strategy

The BAM strategic plan also looks to provide clients with best in industry capabilities, contribute to the global movement toward sustainability, provide employees a safe and rewarding work environment and generate attractive returns for shareholders.

A part of the overall BAM plan, BAM Construct UK will strive for business excellence, product leadership and grow life-cycle solutions, providing clients with innovative and sustainable design, development, construction and facilities management solutions that can be integrated. BAM Construct UK will prioritise projects where such innovation is replicable, in order to reduce risk and increase profitability e.g. focusing on two-stage tenders and framework agreements.

COVID 19 Pandemic

The COVID-19 pandemic has fundamentally impacted the UK economy and our industry and continues to do so. However, the Directors have continued to monitor the situation closely and have introduced increased operational measures to ensure all sites are safe, comply with Government guidelines and the potential impact on productivity is mitigated.

In addition, the Directors have ensured that the Group and 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.

Divisional review

BAM Construction

BAM Construction delivered a profit before taxation of £27.2m (2020: £8.4m) on a revenue of £852.0m in 2021 (2020: £722.4m). The value of forward orders at year-end was £1,043.5m (2020: £747.7m).

Projects completed by BAM Construction during the year include: Meta's new London offices at 11 – 21 Canal Reach Kings Cross (London), 4 Handy Side Kings Cross (London), 103 Colmore Row (Birmingham), Sir William Bragg Building (Leeds), Chorlton High School (Manchester), Atlantic Square (Glasgow), Madras College (St Andrews), New Gwent Police Headquarters, One Causeway (Egham).

BAM Construction secured a number of exciting projects during the year, including Co-op Live Arena (Manchester), Whittington Hospital (London), St Pancras Commercial Centre (London) Space House (London), EQ Building (Bristol), Southam College (Warwickshire), Salford Acute Receiving Centre (Manchester), HMRC fit out Atlantic Square (Glasgow), Perth City Hall (Perth), Strawberry Place (Newcastle).

We maintain our strategy of forming long-term strategic alliances with clients who share our values of collaboration and interest in leveraging the benefits of digital construction, new methods such as off-site fabrication and sustainability. Of the £1.1bn of new work won in 2021, BAM Construction aims to maintain a balanced portfolio of work, across both the public and private sector, as well market sectors e.g. commercial, education and health

Strategic report

BAM FM

In 2021 BAM FM's turnover was £66.4m (2020: £65.2m). Profit before taxation was £3.6m (2020: £3.5m).

The FM business directly employs over 900 staff across the UK, delivering sustainable support services to our customers in the education, healthcare and commercial sectors.

Understanding how a building is managed and operated in practice informs our understanding of design, construction, sustainability and clients' requirements. Our energy services capability is central to our sustainability proposition. BAM Energy promotes energy efficiency and energy generation from renewable sources. This includes designing, installing, operating and financing of demand reduction and renewable energy systems for new and existing buildings. BAM FM therefore extends BAM Construct UK's capabilities across the lifecycle of a building.

Many of our FM services directly support health, education, emergency services and local government organisations. 2021 has shown how essential our services are to ensure vital public services keep running at a time of crisis. Colleagues across BAM FM and Construction colleagues rapidly designed and built two NHS Nightingale Hospitals. with the necessary FM support packages, ranging from sophisticated heating, cooling and medical gas systems to vital hygiene, catering and portering.

BAM Properties

BAM Properties delivered a loss before taxation of £2.8m (2020: loss £4.9m) on a revenue of £nil in 2021 (2020: £12.1m). The loss for 2021 was driven by the impairment of an investment in Leeds, which was subsequently sold in the year.

During the year BAM Properties completed the commercial development, Capital Square, a landmark office development in the heart of Edinburgh City Centre. A second development in the centre of Glasgow's, Atlantic Square, has been completed, with HMRC moving in in early 2022.

BAM Design

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

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

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

BAM Plant

BAM Plant provides site accommodation, communications installation, drone services, and equipment hire and energy management for our site operations and manages BAM's fleet of vehicles.

As part of the Company's strategy to embrace new technologies and develop sustainable working solutions, further investment has been made in eco modular cabin offices, as well as developing an electric car policy.

Strategic report

Corporate responsibility

Ethics and standards

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

Employees can raise any concerns about unethical activities through the Group's anonymous third-party reporting mechanism. In addition, the BAM Worldwide Safety Day in 2021 focused on asking everyone to "speak up" in order to make the workplace a healthier, happier, productive, and therefore safer place. Employees and anyone working on our sites can also raise observation cards to report ethical breaches or other concerns.

The prevalence of fraud within the industry continues to be an area of risk in the Group. As a consequence, we communicate and work closely with our clients and suppliers to highlight the risk of third-party fraud. Ensuring our employees remain vigilant about the risk of fraud is an important mitigation strategy and we encourage them to raise any issues of concern through management channels.

People

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

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

The survey has highlighted that our employees are very engaged, and they feel the Company allows collaboration, communicates well and has a strong safety culture. Areas of opportunity include, allowing better opportunities for personal growth and improved recognition.

BAM Construct UK directly employed 2,252 people at 31 December 2021.

Diversity & inclusion

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

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

Working better for health and safety

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

- The on-going Covid-19 working environment
- Detailed review of high-risk incidents and significant near misses, allowing for lessons to be leant and fed back into the business

Strategic report

- The digitisation of our process, to enable our staff to have the tools easily available to mitigate risks
- Reduce specifically the number of underground service strikes, by reviewing procedures and implementing training measures.

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

We have seen an increase in the number of RIDDOR's reported in the year of 19 (2020: 13) however we continue to seek improvement in all aspects of our health and safety management.

BAM's safety management system is audited by the British Safety Standards Institute to meet OHSAS 18001.

Sustainability

Our overall sustainability strategy is developed with Royal BAM Group Operating Companies. With the environmental themes of reducing our impact on climate change, how our products will adapt to climate change, preventing biodiversity loss and moving business to a circular economic model.

Climate positive

We measure our carbon emissions according to the Green House Gas Protocol - Corporate Standard and ISO 14064-1:2018 as part of our CEMARS certification for the management and reduction of greenhouse gas emissions. BAM Construct UK's emissions intensity for the year was 8.4 tCO_2e/£m revenue (2020: 9.2). This is a 50% reduction in carbon emissions intensity compared to our 2015 baseline.

During 2021, the after effects of the pandemic continue to impact business travel, with emissions from this aspect still 45% less than 2019. Electricity and fuel consumption both increased from 2020, this appears linked to increased business output. However, 100% of our directly procured electricity for our construction sites is from renewable energy and we have started to procure Hydrotreated Vegetable Oil (HVO), which has a significantly lower direct carbon emissions impact. We also continue to implement energy efficiency measures on our construction sites as a priority.

In the table overleaf we set out the details of BAM Construct UK's emissions for the year. Unfortunately, we are still unable to identify the full extent of our wider Scope 3 emissions, which include the emissions derived from our supply chain and the end-users of our buildings. Therefore, to date, we have been unable to implement any meaningful reduction plans. To address this:

- In 2021 we proactively worked with our supply chain to encouraging them to take-up Action Sustainability's carbon reporting tool to assist them in measuring, reporting and reducing their emissions.
- We encouraged our clients to include environmentally friendly materials with a longer life expectancy in their projects.
- We deliver low-carbon buildings and measured the as built embodied carbon impact against the LETI Benchmarks for some developments.

We anticipate our emissions will continue to fall as we procure a greater percentage of HVO compared to gasoil. We anticipate a greater proportion of our mileage will be driven by individuals in electric vehicles and we will use better data to report emissions associated with car transport. Following successful trials of electric plant and equipment we expect more hybrid or electric plant and equipment to be used.

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		2021		2020	
Emissions Source	**Unit**	**tCO2e**	**Quanity**	**tCO2e**	**Quanity**
Company car (business)	Miles	154	941,778	152	807,531
Car allowance (business)	Miles	1,062	4,852,532	1,267	4,724,159
Gas	kWh	119	651,075	108	588,767
Gas Oil	Ltr	1,682	609,844	1,668	604,950
HVO (Biodiesel)	Ltr	0.3	8,553	-	-
Diesel	Ltr	708	281,849	671	263,633
Petrol	Ltr	15	6,901	7	3,142
Total Scope 1		**3,741**		**3,873**	
Company car (commuting)	Miles	10	75,156	13	71,164
Car allowance (commuting)	Miles	146	666,855	270	1,007,309
Air miles (domestic)	p/km	22	88,766	58	143,172
Electricity	kWh	1,644	7,112,343	1,773	6,450,485
Total Scope 2		**1,822**		**1,974**	
Electricity (Transmission & Distribution Losses)	kWh	146	631,631	140	553,012
Waste to landfill	tonnes	1,962	60,345	1,303	27,358
Hotel stays	Nights	18	1,317	-	-
Train Travel	p/km	26	639,711	-	-
Total Scope 3		**2,152**		**1,443**	**4,680,586**
Total		**7,715**		**7,291**	

Strategic report

Corporate Governance Statement

Employee involvement

As reported in the Strategic Report (see pages 4-15) the Company engages with employees through a number of channels and activities to ensure they are aware and consulted about developments in the Company including its financial performance. This is achieved via a staff intranet, discussion forums, surveys and face-to-face communication by the Board through an annual series of virtual Roadshows.

Section 172 (1) Statement

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

(a) likely consequences of any decisions in the long-term,

(b) interests of the company's employees;

(c) need to foster the company's business relationships with suppliers, customers and others,

(d) impact of the company's operations on the community and environment,

(e) desirability of the company maintaining a reputation for high standards of business conduct; and

(f) need to act fairly as between members of the company.

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

We delegate authority for day-to-day management of the Company to our senior leadership team and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held regularly where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions.

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

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

Investment in people is a priority for the Company, offering employees (including contractors) the opportunity to develop and learn, either within their current role or to build networks and improve collaboration. The Directors engage with employees in a number of ways throughout the year including via roadshows, webinars, vlogs and posts on the intranet, BAM Connect, and Yammer. Employee engagement is maintained through a variety of channels including recruitment and on-boarding platforms, company-wide conferences, roadshows, development programmes and local communication events. During COVID-19 Director and employee engagement has been retained through several channels, allowing employees the opportunity to ask questions directly and receive answers.

Strategic report

The BAM Group

BAM Construct UK Limited ("BAM Construct UK") 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.com/en/about-bam/ corporate-governance

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

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

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

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 Construct UK). 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 Construct UK.

Corporate Governance within BAM Construct UK

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

In the opinion of the directors of BAM Construct UK, given that BAM Construct UK 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 Construct UK, its shareholders and wider stakeholders. The directors believe that they have complied with the Dutch Corporate Governance code to the extent that they consider it relevant to the operating subsidiary of a listed Dutch group, noting departures from the Code below.

Application of the Dutch Code by BAM Construct UK

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

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

1.1.1 Long term value creation strategy

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

Risk management

1.2 Objectives are set as part of the business plan. The risks and opportunities associated with those objectives are monitored via a risk review process which includes monitoring of the Operating Plan monthly and quarterly 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.

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.

Strategic report

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 value 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 Construct UK'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, a BAM Group director, who is governed by the Dutch Code, chairs monthly and quarterly meetings.

Departures from the Governance Code

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

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

- The principles and provisions may not be applicable to the UK
- Section 2.5.3 is not applicable in the UK (requirement for a Works Council)
- The Company is not overseen by an audit committee or a supervisory board
- The Company doesn't have an executive committee
- The Company's directors don't have a maximum period of appointment
- The Company doesn't have an appointment committee
- The Company's Board members have other board positions
- The Company does have an external auditor but not an audit committee
- Royal BAM Group are the sole shareholder.
- Code of Conduct matters are addressed with the Royal BAM Group 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 monthly 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:
James Wimpenny
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James Wimpenny
Director and Chief Executive
BAM Construct UK Limited
28 June 2022

Directors' report

The Directors present their report and group accounts for the year ended 31 December 2021.

This Directors' report should be read in conjunction with the Chief Executive's foreword and the Strategic report, each of whichis incorporated by reference in (and shall be deemed to form part of) this Directors' report to the extent required by applicable law or regulation.

Research and development

Most of BAM's research and development activity is undertaken at individual business unit level as the need arises to develop new options and solutions for particular projects and activities. For example, BAM Plant continuously surveys existing and emerging products to research the best options for plant and materials for our projects. The technical services department also engages in research to solve bespoke problems and advise on the best options and technical solutions for projects undertaking complex tasks.

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

Financial Instruments

Refer Note 19 of the financial statements on Director's view on financial instruments and associated risks.

S172 Statement

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

Disabled employees

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

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

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

Employee involvement

As reported in the Strategic Report (see page 13) BAM engages with employees through a number of channels and activities to ensure that they are aware and consulted about developments in the company including its financial performance. This is achieved via a staff intranet, discussion forums, surveys and face-to-face communication by the Board through an annual series of roadshows around the country.

Dividends

A nil dividend was declared during the year (2020: £nil).

Subsidiaries

The principal activities of subsidiary undertakings are shown in Note 29 to the accounts.

Qualifying third party indemnity provisions for directors

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

Directors’ report

Directors

The following served as directors of BAM Construct UK Limited during the year ended 31 December 2021 and up to the date of the report:

- D W Keillor (resigned 28 February 2022)
- J W R Wimpenny

Consideration of going concern

The financial statements of BAM Construct UK Limited (the Company) and of its subsidiaries (together the Group) have been prepared on a going concern basis as the Directors have concluded that the Company and Group will continue in operational existence and meet its liabilities as they fall due for the period of their assessment which is to 30 June 2023.

The Group has net current assets of £113.7m and net assets of £159.5m. The Company meets its day to day working capital requirements through the cash retained in the Group (at year end £83.8m) and through access to its other cash pooling balances held with the Royal BAM Group (at year end £193.6m).

The Company and Group do not have any bank debt or other external borrowings or facilities, other than leases. The Company is a guarantor to borrowing facilities that are held by the Company’s ultimate parent entity, Royal BAM Group n.v.. Please refer to note 23 in the BAM Construct UK consolidated financial statements for further details.

The Directors continue to consider the impact of COVID-19 on the future operating performance of the Company. However, following the lifting of the majority of restrictions across the UK, COVID-19 is not expected to have a significant impact on the Company’s operations and future prospects.

The Directors have prepared base case and severe but plausible downside financial forecasts for the review period until 30 June 2023. Taking into consideration the current environment, the forecasts show that the Group is expected to maintain positive cash flows in the base case and in the downside scenario, which models reduced productivity and increased costs across the Group.

However, given the Group is reliant upon cash reserves held by the Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company and Group are reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company’s ultimate parent entity that the Company and Group will be provided financial support for the period until 30 June 2023. The Directors have assessed the ability of its ultimate parent company to provide this support, based on financial information for the Royal BAM Group that has been shared to certain members of the Board. The Directors also attend monthly and quarterly management meetings and weekly liquidity reports are provided by Royal BAM Group’s treasury function.

In view of the assessment performed, the Directors are satisfied that sufficient financial resources will be generated by the Company or received from its ultimate parent entity, Royal BAM Group n.v., to enable the Company and the Group to continue in operation and meet its liabilities as they fall due for fthe period to 30 June 2023. Accordingly, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

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 Group’s auditor, each director has taken all the obligatory steps to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

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

Directors' report

Future developments

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

The directors continue to monitor the changing UK political landscape resulting from uncertainty of the UK's exit from the EU, the COVID-19 post impact and the consequencess of the issues in eastern Europe. The directors have put various measures in place to deal with scenarios that may arise.

DocuSigned by:
James Wimpenny
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James Wimpenny
Director and Chief Executive
BAM Construct UK Limited
28 June 2022

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and applicable law, and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard (FRS) 101, Reduced Disclosure Framework.

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 Group and the company and the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

Independent auditor's report to the members of BAM Construct UK Limited

Opinion

We have audited the financial statements of BAM Construct UK Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated cash flow statement and the related notes 1 to 30 for the consolidated financial statements and Notes 1 to 19 for the parent company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included

- In conjunction with our walkthrough of the group's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment.
- We performed our own assessment of the going concern risks at the planning and execution stages of the audit.
- We obtained management's going concern assessment, including the cash forecast for the going concern period to 30 June 2023 (the review period). The group has modelled base case and downside scenarios in their cash forecasts in order to incorporate unexpected changes to the forecasted liquidity of the group.

Independent auditor's report

- We have tested the key assumptions included in the base and downside cash forecasts by reference to supporting information and searched for contrary evidence to challenge the assumptions.
- We assessed the impact of Covid-19 on the projections, testing management sensitivities and applying our own.
- We determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity.
- Given the group's reliance on its ultimate parent undertaking for its treasury function, including safe keeping and return of cash deposits as required, we examined the letters of support from the ultimate parent to determine the adequacy of comfort provided to the Directors of BAM Construct UK Limited and the ability of the ultimate parent to provide the support as required. This included reviewing the going concern assessment performed by the parent company auditors, requesting additional information from those auditors and considering various financing sensitivities.
- We reviewed the group's and the parent company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 June 2023.

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

Other information

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

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

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

We have nothing to report in this regard.

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.

Independent auditor's report

Matters on which we are required to report by exception

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant to the preparation of the financial statements are Companies Act 2006, Bribery Act 2010, Construction Act 2009, Minimum Wage regulations and Money Laundering regulations.

Independent auditor's report

- We understood how BAM Construct UK is complying with those frameworks by making enquires of management and those responsible for legal and compliance procedures, including the Board of Directors. We corroborated our enquires through our review of board minutes, compliance issues reported and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various part of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage contract results. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals, reviewing legal advice where relevant and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify noncompliance with laws and regulations, a review of the reporting to the Board of Directors on compliance and regulations by the internal compliance team, enquires of management and journal entry review.

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.

Ernst & Young LLP

Bob Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London

29 June 22

Consolidated statement of comprehensive income

For the year ended 31 December 2021	Notes	2021 £m	2020 £m
Continuing operations			
Revenue	3	**918.6**	793.1
Cost of sales		**(853.7)**	(745.9)
Gross profit		**64.9**	47.2
Administration and other expenses		**(45.2)**	(34.2)
Impairment loss	13	**–**	(1.7)
Other operating (expense) / income		**(0.1)**	0.9
Operating profit	5	**19.6**	12.2
Finance income	9	**1.1**	2.2
Finance expense	20	**(0.7)**	(0.7)
Share of the profit of associates and joint ventures	4	**0.4**	–
Profit before tax		**20.4**	13.7
Income tax expense	10	**(11.3)**	(5.0)
Profit for the year		**9.1**	8.7
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains on defined benefit plans, net of tax		**5.4**	0.6
Total comprehensive income		**14.5**	9.3
Profit attributable to:			
Equity holders of the Company		**14.5**	9.3
Total comprehensive income			
Equity holders of the Company		**14.5**	9.3

Consolidated statement of financial position

At 31 December 2021	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Property, plant and equipment	12	**4.9**	4.2
Right-of-use assets	15	**21.4**	18.2
Investment in an associate or joint venture	4	**5.4**	5.0
Retentions	16	**12.3**	14.1
Loans to joint venture	16	**10.7**	12.3
Defined benefit pension asset	22	**26.1**	24.1
Deferred tax assets	10	**1.1**	1.1
Total non-current assets		**81.9**	79.0
Current assets			
Inventories		**66.5**	59.5
Trade and other receivables	16	**247.7**	252.8
Income tax receivable		**1.5**	4.2
Amounts due from customers for contract work (contract asset)	14	**46.4**	27.7
Prepayments and accrued income		**0.6**	1.3
Cash and short-term deposits		**83.8**	80.7
Total current assets		**446.5**	426.2
Total assets		**528.4**	505.2

Consolidated statement of financial position

At 31 December 2021	Notes	2021 £m	2020 £m
Current liabilities:			
Trade and other payables	18	**289.5**	239.1
Lease liabilities	20	**5.9**	3.4
Amounts due to customers under construction contracts (contract liability)	21	**37.4**	70.9
Income tax payable		**–**	–
Total current liabilities		**332.8**	313.4
Non-current liabilities:			
Lease liabilities	20	**18.3**	17.2
Trade and other payables	18	**6.4**	8.8
Deferred tax liabilities	10	**6.4**	4.6
Other payable		**–**	0.5
Defined benefit pension liability		**0.8**	–
Provisions	23	**4.2**	15.7
Total non-current liabilities		**36.1**	46.8
Total liabilities		**368.9**	360.2
Equity			
Share capital	24	**40.0**	40.0
Retained earnings		**119.5**	105.0
Equity attributable to equity holders of the Parent		**159.5**	145.0
Total equity		**159.5**	145.0
Total equity and liabilities		**528.4**	505.2

Approved by the Board on 28 June 2022 and signed on its behalf by:

DocuSigned by:
James Wimpenny
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James Wimpenny
Director and Chief Executive

Consolidated statement of changes in equity

		Attributable to the equity holders of the parent		
For the year ended 31 December 2021	**Notes**	**Share capital £m**	**Retained earnings £m**	**Total £m**
Balance at 1 January 2020	24	40.0	95.7	**135.7**
Profit for the year		–	8.7	**8.7**
Other comprehensive income for the year, net of income tax		–	0.6	**0.6**
Total comprehensive income for the year		–	9.3	**9.3**
Payment of dividends	11	–	–	**–**
Balance at 31 December 2020	24	40.0	105.0	**145.0**
Profit for the year		–	9.1	**9.1**
Other comprehensive income for the year, net of income tax		–	5.4	**5.4**
Total comprehensive income for the year		–	14.5	**14.5**
Payment of dividends	11	–	–	**–**
Balance at 31 December 2021	24	40.0	119.5	**159.5**

Consolidated cash flow statement

For the year ended 31 December 2021	Notes	2021 £m	2020 £m
Operating activities			
Profit after tax from continuing operations		**9.1**	8.7
Non-cash adjustments to reconcile profit after tax to net cash flows			
Income tax expense recognised in profit or loss	10	**11.3**	5.0
Depreciation and amortisation of non-current assets	12	**1.6**	1.8
Depreciation of right-of-use assets	15	**5.4**	6.6
Decrease in pension assets	22	**4.2**	0.1
Result on sale of property, plant and equipment	12	**(0.2)**	–
Share of result of joint ventures	4	**(0.4)**	–
Finance income	9	**(1.1)**	(2.2)
Finance expense	20	**0.7**	0.7
Working capital adjustments			
Decrease / (increase) in trade and other receivables	16	**18.9**	(3.7)
(Increase) / decrease in amounts due from customers under construction contracts		**(18.8)**	12.1
(Increase) / decrease in inventories		**(7.0)**	4.2
(Increase) / decrease in other assets	16	**(7.0)**	11.4
Increase / (decrease) in trade and other payables	18	**31.2**	(65.7)
(Decrease) / Increase in amounts due to customers under construction contracts		**(33.5)**	16.4
(Increase) / decrease in other liabilities		**(0.7)**	2.2
Finance income received		**1.1**	2.2
Finance expense paid		**(0.7)**	(0.7)
Income tax paid		**(5.2)**	(2.1)
Receipt of Government grants		**1.6**	4.4
Net cash generated by operating activities		**10.5**	1.4
Investing activities			
Purchase of property, plant and equipment	12	**(2.5)**	(1.0)
Proceeds from disposal of property, plant and equipment	12	**0.4**	0.2
Net cash generated by investing activities		**(2.1)**	(0.8)
Cash flows used in financing activities			
Repayment of principal portion of lease liabilities	20	**(5.3)**	(5.7)
Dividends paid	11	**–**	–
Net cash flows used in financing activities		**(5.3)**	(5.7)
Net increase in cash and cash equivalents		**3.1**	(5.1)
Cash and cash equivalents at the beginning of the year		**80.7**	85.8
Cash and cash equivalents at the end of the year		**83.8**	80.7

Registered number
3311781

Notes to the consolidated financial statements

1. Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of the BAM Construct UK Limited Group (the 'Group') for the year ended 31 December 2021 were authorised for issue by the board of directors on 28 June 2022 and the consolidated statement of financial position was signed on the board's behalf by James Wimpenny. The parent company, BAM Construct UK Limited ('the Parent') is incorporated and domiciled in England and Wales.

The consolidated financial statements were prepared in accordance with UK adopted international accounting standards.

These consolidated financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand pounds (£0.1m) except when otherwise indicated.

The consolidated results of BAM Construct UK Limited are also included in the consolidated financial statements of Royal BAM Group n.v., which are available from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

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

The financial statements of BAM Construct UK Limited (the Company) and of its subsidiaries (together the Group) have been prepared on a going concern basis as the Directors have concluded that the Company and Group will continue in operational existence and meet its liabilities as they fall due for the period of their assessment which is to 30 June 2023.

The Group has net current assets of £113.7m and net assets of £159.5m. The Company meets its day to day working capital requirements through the cash retained in the Group (at year end £37.0m), and through access to its other cash pooling balances held with the Royal BAM Group (at year end £193.6m).

The Company and Group do not have any bank debt or other external borrowings or facilities, other than leases. The Company is a guarantor to borrowing facilities that are held by the Company's ultimate parent entity, Royal BAM Group n.v.. Please refer to note 23 in the BAM Construct UK consolidated financial statements for further details.

The Directors continue to consider the impact of COVID-19 on the future operating performance of the Company. However, following the lifting of the majority of restrictions across the UK, COVID-19 is not expected to have a significant impact on the Company's operations and future prospects.

The Directors have prepared base case and severe but plausible downside financial forecasts for the review period until 30 June 2023. Taking into consideration the current environment, the forecasts show that the Group is expected to maintain positive cash flows in the base case and in the downside scenario which models reduced productivity and increased costs across the Group.

However, given that the Group is reliant upon cash reserves held by the Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company and Group are reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company's ultimate parent entity that the Company and Group will be provided financial support for the period until 30 June 2023. The Directors have assessed the ability of the ultimate parent company to provide this support, based on financial information for the Royal BAM Group that has been shared to certain members of the Board. The Directors also attend monthly and quarterly management meetings and weekly liquidity reports are provided by Royal BAM Group's treasury function.

Notes to the consolidated financial statements

1. Authorisation of financial statements and statement of compliance with IFRS (continued)

In view of the assessment performed, the Directors are satisfied that sufficient financial resources will be generated by the Company or received from its ultimate parent entity, Royal BAM Group n.v., to enable the Company and the Group to continue in operation and meet its liabilities as they fall due for the period to 30 June 2023. 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

2.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services at the time.

The consolidated financial statements provide comparative information in respect of the previous period.

The accounting policies which follow set out those policies which apply in preparing the consolidated financial statements for the years ended 31 December 2021 and 2020.

Assessment on climate-related matters

The Group is taking steps to reduce footprint and create sustainable environments. The Group has a defined sustainability strategy that focuses on the themes of decarbonization, circularity, climate adaptation and biodiversity. The Group is working towards a 50 per cent relative reduction of own carbon emissions in 2030 and recycling or re-using 100 per cent of construction and office waste by 2025. On a long term basis, the group's ambition is to have a net positive impact on climate and resources by 2050. This can be achieved by supply chain collaboration, innovation and digital thinking through products and realising products through circular business models.

This paragraph is intended to explain the extent to which climate change affects the Group's financial statements. Significant judgement may be required to identify the accounting considerations that are relevant to the Group's specific facts and circumstances. The Group also assessed the impact of climate-related matters on the current financial performance and concluded that it did not significantly impact key areas of the financial statements. The initiatives to carry out the sustainability strategy themes mainly impact future periods' investments and expenditures and to a lesser extent the expenditures during the year. These initiatives include stimulating the use of electric vehicles, use of green

2.1 Basis of preparation (continued)

energy, sourcing of sustainable materials and reducing waste. It does not currently add estimation uncertainties or result in changes to significant judgements in areas such as inventories, income taxes, fair value measurement of asset and liabilities.

Any impairments identified in property developments and assets under construction in property plant and equipment were not caused by the effect of climate change, but rather due to other facts and circumstances. Climate-related matters also did not lead to recognition of additional provisions or contingencies in 2021. The useful lives of right of use assets and tangible fixed assets are also not affected in 2021, but initiatives encouraging the use of electric hybrid or vehicles would gradually change the composition of the Group's fleet. The impact of climate-related matters will be continuously monitored by the Group in the future.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote-holders of the investee;
- Rights arising from other contractual arrangements; and
- The wider Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the Parent company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.2 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any part-investment retained is recognised at fair value.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Interest Rate Benchmark Reform Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments have no material impact on the consolidated financial statements of the Group. The Group did not use the practical expedients in 2021 but the Group intends to use these in future periods if they become applicable.

COVID-19-Related Rent Concessions (Amendment to IFRS 16)

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. Although the Group has received rental concessions in some contracts, this amendment has no impact on the consolidated financial statements of the Group as it has chosen not to apply and does not plan to adopt the practical expedient.

There are no other IFRSs or IFRIC amendments effective as per 1 January 2021 that have a material impact on the Group.

New standards and interpretations in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.3 Changes in accounting policies and disclosures (continued)

Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Group has not received Covid-19-related rent concessions in 2021, and does not plan to apply the practical expedient if it becomes applicable within allowed period of application.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The impact of this amendment for the Group is expected to be limited.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

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

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are currently effective for annual reporting periods beginning on or after 1 January 2023. However, the IASB is undertaking a project to revise the amendments and proposed to defer the effective date to no earlier than 1 January 2024. The group is monitoring these developments.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim t help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “signficant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiaity in making decisions about accounting policy disclosures.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.3 Changes in accounting policies and disclosures (continued)

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments apply for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. The Group is currently assessing the impact of the amendment.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.4 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.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and the current market and Covid-19 conditions.

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

Revenue Recognition

Contract revenue and costs

The group recognises revenue from construction contracts over time as it performs its obligations. For each performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards full satisfaction of that performance obligation. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer (i.e. the satisfaction of an entity's performance obligation). The Group applies an input method to measure progress.

At the end of each reporting period, the Group remeasures its progress towards complete satisfaction of a performance obligation satisfied over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to the Group, with the Group having a right to payment for performance to date.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.4 Judgements and key sources of estimation uncertainty (continued)

When the outcome of a construction contract can be estimated reliably, the contract revenue is highly probable and the contract will be profitable, contract revenue and estimated costs including contingencies are recognised over the period of the contract, usually 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 whole contract loss is recognised as an expense immediately, with the future element recorded in a provision for onerous contracts.

When the outcome of a construction contract cannot be estimated reliably, for instance in the early stages of a contract, but it is expected that the cost incurred in satisfying the performance obligation under the contract will be recovered, then revenue will be recognised with a nil margin to the extent of the cost incurred, until the outcome of a contract can be reliably measured.

In determining the stage of completion the Group has efficient, coordinated systems for cost estimating, forecasting and revenue and costs reporting. The system also requires a consistent 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 materially from the estimated outcome, specifically for major and complex construction contracts. See paragraph 2.5 for further explanation regarding the recognition of revenue for construction contracts.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. An indication of the effect of changes in assumptions, such as the discount rate used and member life expectancy is disclosed in note 22.

Determining the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. changes in business strategy). The Group included the renewal period as part of the lease term for leases when the renewal is reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.4 Judgements and key sources of estimation uncertainty (continued)

Unpriced variation orders

Variation orders are changes that are clearly instructed by the client. The Group assesses that variable considerations involving unpriced variation orders are highly probably when it has a probability of at least 75%, that a significant reversal in the amount of cumulative revenue will not occur once the uncertainty related to the variable consideration is subsequently resolved. The group recognizes variable considerations in unpriced variation orders in the following circumstances:

Variation orders that have clear evidence available that the amounts meets the highly probable criterion are usually in (but not limited to) the following circumstances:

- The instruction or approval is documented. Amounts are expected to be based on costs or costs plus regular margin or contract rates
- Amounts covered by customer payments
- Amounts covered by documented settlement offers from the customer

Variation orders where the highly probably criterion is based on judgement are present in the following circumstances:

- Changes are without documented instruction of the client but the variation order is substantiated by other evidence such as advanced stage of negotiations. In some cases, the form of the contract entitles the Group to additional remuneration in case the work changes or additional work is required.
- Additional project cost, on top of direct cost from variation orders (e.g. delays or redesign / adjustments)

In the situation that meeting the highly probable criterion is based on judgement, this judgement is supported by written evidence that demonstrates the efforts by the client to reach a settlement are at an advance stage, legal opinions or court or arbitration decisions, or other evidence which supports the highly probable criterion.

Claims receivable

In the normal course of business the Group recognises contract assets in connection with claims for (partly) satisfied performance obligations due from the principal and/or insurance claims as reimbursement for certain loss events on projects. Claims for satisfied performance obligations are part of the variable considerations under IFRS 15. Project related claims on principals are recognised when it is highly probable that no significant reversal in the cumulative revenue recognised regarding the claim, will occur.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.4 Judgements and key sources of estimation uncertainty (continued)

The Group considers both the likelihood and the magnitude of a possible revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

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

Insurance claims can be recognised only if it is virtually certain that the amount recognised will be reimbursed. See paragraph 2.5 for further explanation regarding the recognition of variable considerations.

Several large projects are exposed to higher estimation uncertainties, given the size of these projects. These estimation uncertainties relate to unpriced variation orders and contractual claims. Constraints on variable considerations for these projects mainly relate to change orders requested by the client but not approved, contractual penalties in relation to time extension (claims) and recovery of costs in relation to design issues. The outcomes of negotiations and settlements regarding these variation orders and claims can have a broad range. Different outcomes to the assumptions applied as part of these estimates could have a significant impact on the Groups overall financial results.

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 10.

Impairment of land and building rights and property development

The valuation of land and building rights and property development is based on the outcome of the related calculations of the land's net realisable value. These calculations are based on assumptions relating to the future market developments, decisions of governmental bodies, interest rates and future cost and price increases. Partly because estimates relate to projects with a duration varying from one year to more than thirty years, significant changes in these assumptions might result in a material impairment. See note 13.

Cash flow forecasts

To support significant estimates, cash flow forecasts are produced periodically and reviewed by senior management on all projects and at a business level. These cash flow forecasts enable BAM Construct UK to support the going concern assumption and impairment reviews.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.4 Judgements and key sources of estimation uncertainty (continued)

Provisions

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

2.5 Significant accounting policies

a) Presentation

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the date of the statement of financial position. All differences are taken to the income statement.

b) Revenue recognition

(a) Construction contracts

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 core principle of IFRS 15 is a 5-step model to distinguish each distinct performance obligation within a contract that the Group has with its customer and to recognise revenue on the level of the performance obligations, reflecting the consideration that the Group expects to be entitled for, in exchange for those goods or services.

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 Group to allocate the transaction price to each performance obligation.
- Step 5 'Recognise revenue': the Group recognises revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service (that is, an asset) to a customer.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

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 Group does not assess the criteria again unless there are indicators of significant changes in the facts or circumstances.

The achievement of the preferred bid status is not considered as a contract. As from the achievement of the preferred bid status, costs will be capitalised as an asset if enforceability of right to payment exists. This mainly concerns costs to fulfil the contract. See note 16 for further details.

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 Group 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 Group 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 Group 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 Group, as common within the construction 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 Group 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.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

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 construction of a building, the delivery of an apartment, the maintenance of a road and so on.

At contract inception, the Group 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.

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

Building and maintenance contracts are usually considered as separate performance obligations because these promises are separately identifiable and the customer can benefit from these promises on their own. Design and build contracts in the context of the Group are usually accounted for as one performance obligation because of not meeting criterion IFRS 15.27 (b). The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. These promises usually represent a combined output for the customer (the construction) for which the design is the input. However if the purpose of the contract is to deliver a separate design after which the client is also able to contract another construction company, the design is considered to be separately identifiable.

When assets are built at clearly different (unconnected) locations these are generally considered to qualify as separate performance obligations.

Performance obligations with the same characteristics can be bundled into portfolios if the entity reasonably expects that the effects on the financial statements of applying IFRS 15 to the portfolio would not differ materially from applying the standard to all performance obligations individually (for example: apartments).

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. This is not necessarily the same as if evaluated on project level, because a contract may include more performance obligations.

The provision for onerous construction 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.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

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 Group 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 of a range of possible consideration amounts. On the level of each performance obligation it has to be decided which approach best predicts the amount of the consideration to which the Group will be entitled.

The Group 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 Group 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 Group. Based on IFRS 15, the Group 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.

For considering the effects of constraining estimates of variable considerations, the Group 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 Group 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 refer to note 2.4 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.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

When determining the transaction price, the Group 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. As a practical expedient the Group does not account for a financing component if the entity expects at contract inception that the period between the delivery of goods or services and the payment is one year or less.

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.

To meet the allocation objective, the Group allocates the total transaction price agreed in the contract (or combination of contracts) as determined in step 3 to the performance obligations identified in step 2. This allocation is based on the relative stand-alone selling price (SSP) of the individual performance obligations.

To allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocate the transaction price in proportion to those stand-alone selling prices.

The estimation method of IFRS 15 that best reflects the stand-alone selling price for design, construction and maintenance projects is the expected cost plus margin approach. This approach requires to forecast its expected costs of satisfying the performance obligation and then add an appropriate margin for that type of project or service. Costs included in the estimation should be consistent with those costs the Group would usually consider in setting standalone selling prices. Both direct and indirect costs are considered. The Group substantiates for example the average margin on bids for similar projects/services on a stand-alone basis (not in combination with other performance obligations).

Step 5 'Recognise revenue'

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

The Group 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 Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

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 Group 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 Group is building on the land of the customer or improving an asset of the customer, which results in creating an asset that the customer controls as the asset is created. This leads to recognising revenue over time. The Group uses the 'percentage-of-completion 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 fulfilment costs under the contract, which is an input measure according to IFRS 15.

Costs incurred in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. Payment terms might differ from client to client, however the Group's standard payment term states 30 days. A contract liability is recognised until the points are redeemed or expired.

When applying a method for measuring progress, the Group excludes the measure of progress of any goods or services for which the entity has not transferred control to a customer. Examples of costs which have to be excluded from the progress measurement, include uninstalled materials, capitalised cost and costs of inefficiencies.

Uninstalled materials

If a customer contributes goods or services (for example, materials, equipment or labour) to facilitate the Groups' fulfilment of the contract, the Group assesses whether it obtains control of those contributed goods or services. If so, the Group accounts for the contributed goods or services as non-cash consideration received from the customer. This is however rare, since control usually is not transferred to the Group and stays with the customer.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

Capitalised cost

The capitalised contract cost include cost to obtain the contract, cost to fulfil the contract and set-up cost. The Group recognises capitalised contract cost from the costs incurred to fulfil a contract (for example set-up or mobilisation costs) only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and;
- the costs are expected to be recovered (project result should be sufficient to cover the capitalised contract costs).

Capitalised contract costs shall be amortized over the lifetime of the contract.

Costs of inefficiencies

The Group does not recognise revenue for costs incurred that are attributable to significant inefficiencies in the Group's performance that were not reflected in the price of the contract since these costs do not contribute to any benefits for the customer. This includes costs of unexpected amounts of wasted materials, labour or other resources that were incurred to satisfy the performance obligation.

Not all cost overruns compared to the project budget relate to inefficiencies. Cost overruns that for example relate to price increases, design changes (regardless whether compensated by the client), inaccuracies in the project budget are not inefficiencies. These expenses still contribute to value to the customer and making progress in the delivery of the project. Inefficiency costs relate to wasted items or work performed, which do not reflect any progress in the satisfaction of the performance obligation nor value to the customer. The costs incurred related to significant inefficiencies are directly charged to the income statement. Consequently, significant inefficiency costs are excluded from the measurement of the stage of completion.

(b) Property development

Sale of property development are recognised in respect of contracts exchanged during the year, provided that no material conditions remain outstanding on the balance sheet date and all conditions are fully satisfied by the date on which the contract is signed.

Further the accounting policies for property development are the same as mentioned under Note 2.5 (a) - Revenue recognition.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

(c) Service concession arrangements and other

Under the terms of IFRIC 12 'Service concession arrangements' comprise construction and/or upgrade activities, as well as operating and maintenance activities. Both activities recognise revenue in conformity with IFRS 15. The consideration (concession payments) received is allocated between construction/upgrade activities and operating/maintenance services according to the relative Stand-alone selling prices of the individual performance obligations.

The financial assets relating to service concession arrangements are subsequently measured at amortised cost. Interest is calculated using the effective interest method and is recognised in the income statement as 'finance income'.

Sales of services are recognised when a performance obligations is satisfied. Usually, revenues from services are recognized over time by reference to the stage of completion on the basis of the actual service costs realised respective to the total expected service costs under the contract.

Other revenue includes, among other items, rental income under an operating lease and (sub)lease of property, plant and/or equipment. When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

Construction contracts (contract assets and contract liabilities)

The Group defines a construction contract as a contract specifically negotiated for the construction of an asset. On the balance sheet, the Group reports the net contract position for each (construction) contract as either an contract asset or a contract liability. A contract asset is recognized when the Group has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. A contract receivable is an amount to be billed for which payment is only a matter of passage of time. A contract liability is recognized when the Group has an obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

For further guidelines regarding construction contracts see paragraph 2.4 revenue recognition.

c) Joint arrangements

Investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations. Joint ventures are joint arrangements whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the joint venture. The parties to the arrangement have agreed contractually that control is shared and decisions regarding relevant activities require unanimous consent of the parties which have joint control of the joint venture.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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 property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

- Leased property fixtures and fittings – over shorter of full lease term or expected useful economic life
- Plant, machinery and vehicles – over 1 to 12 years
- Office fixtures and equipment – over 5 to 10 years

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) Provisions for liabilities

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

Where the Group 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.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

f) 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 Group's financial assets comprise 'other financial assets', ' (trade) receivables – net', 'contract assets', 'contract receivables' and 'cash and cash equivalents' in the balance sheet.

The Group 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 Group 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 Group has applied the practical expedient are initially measured at the transaction price determined under IFRS 15. (See note 2.4 for revenue recognition).

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 Group 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 to 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 Group 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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

Impairment of financial assets

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

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

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

For all financial assets, not held at fair value through profit or loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, taking into account the value of collateral, if any. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month 2. ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

2) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

The measurement of financial liabilities is as follows:

De-recognition of financial liabilities

A liability is generally derecognised 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.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials and consumables - purchase cost on a first-in, first-out basis
- Land and property developments - The Group capitalises interest on specific finance raised once development commences and until practical completion, based on the total actual finance cost incurred on the borrowings during the year. When properties are acquired for future redevelopment, interest on borrowings is expensed to the profit and loss account. When redevelopment commences interest on borrowings is capitalised as above. The cumulative amount of interest capitalised in the land and developments relating to assets included in work in progress at the date of the statement of financial position is £0.7m (2020: £2.8m).

Net realisable value is based on estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion and disposal.

h) Trade and other receivables

Trade receivables and other debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Trade and other receivables, other than those measured in accordance to IFRS 15, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit loss.

Provision for impairment is made through profit or loss when there is objective evidence that the Group will not be able to recover balances in full.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

i) Cash at bank and in hand

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

j) 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 date of the statement of financial position.

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 date of the statement of financial position.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position.

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.

k) Borrowing costs

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Pensions and other post-employment benefits

The Group participates in two multi-employer defined benefit pension plans that required contributions to be held in separate trustee administered funds. These schemes were closed to new members from August 2004 at which time membership of a defined contribution plan has been available. From October 2010 both defined benefit pension plans were closed to future accruals or contributions from their existing members and from 2016 the link to final salary for calculating benefits due to these members was removed.

The cost of providing benefits under the now closed defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

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

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

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

The Group also participates in several defined benefit pension schemes under 'TUPE' arrangements that relate to historic staff transfers, where they were members of either the 'Local Government Pension Scheme (LGPS)' or the 'Federated Pension Plan (FPP)', collectively referred to as 'TUPE Schemes'. These schemes are multi-employer schemes where the Group Company's UK parent has 'Admitted Body' status as a sponsoring employer with minority participation. With the exception of the Federated Pension Plan and the Lothian Scheme, the Group is unable to identify its share of the assets and liabilities in these schemes on a reliable and consistent basis. The information available from the respective scheme Actuaries relates to the overall scheme valuations rather than the relevant Group Company's participation as an Admitted Body. The Group accounts for these non-disaggregated schemes as defined contribution schemes.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

An analysis of pension arrangements is provided in Note 21.

m) Research and development

Research and development costs, which predominantly relate to projects, are considered to be part of contract costs. Other research and development costs are charged to the income statement as incurred.

n) Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. These are material items of income and expense that have been shown separately due to the significance of their nature or amount.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

o) Trade and other payables

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

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

p) Right-of-use asset

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing. The estimated useful life of the leased assets are as follows:

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

The majority of the lease contracts in land and buildings have a useful life up to 10 years.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

For several leases, the Group has renewal/extension options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of Lease liabilities and Right-of-use asset recognised. See note 15.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

q) Lease liabilities

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group has applied judgement to determine the lease term, which significantly affects the amount of right-of-use asset and lease liabilities recognised. See note 15 Right-of-use assets and note 20 Lease liabilities.

The Group:

- Has not separated non-lease components from lease components and instead each lease component and any associated non-lease components are accounted for as a single lease component. Variable lease payments such as petrol for cars or variable maintenance fees for buildings are excluded from the measurement of the lease liability;
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics. The Group determined incremental borrowing rates that are currency specific and vary with the length of the contract. The Group has used a more high-level method to determine the incremental borrowing rate. The Group has assessed the impact of the incremental borrowing rate determined using this method on the value of the lease liabilities using a sensitivity analysis. Based upon this analysis, the Group concludes that the impact of using this method to determine the incremental borrowing rate has no material impact on the value of the lease liabilities.

Lease Modifications

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease - e.g. adding or terminating the right to use one or more underlying assets. Lease modifications are accounted for either as separate leases or not separate leases.

The Group accounts for lease modifications as separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group shall remeasure the lease liability using a revised discount rate. The adjustment to the lease liability is accounted for against the right of use asset with no profit and loss impact, with the exception of decreases in scope of the lease. In this case, a gain or loss to reflect the partial or full termination is recognized.

Notes to the consolidated financial statements

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

Sale and leaseback transactions

A sale and leaseback transaction comprises two separate transactions:

- The sale of an asset previously held by the selling entity; and
- An agreement to lease the same asset, usually from the purchasing entity.

The Group applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset is accounted for as a sale. When the transfer of the asset satisfies the requirements of IFRS 15, the Group, as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

r) Government grants

Government grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as a compensation for expenses or losses already incurred are recognised in the income statement in the period in which they become receivable.

s) Statement of cash flows

The statement of cash flows is prepared using the indirect method. The net cash position in the statement of cash flows consists of cash and cash equivalents, net of bank overdrafts.

Cash flows in foreign exchange currencies are converted using the average exchange rate. Exchange rate differences on the net cash position are separately presented in the statement of cash flows. Payments in connection with interest and income tax are included in the cash flow from operation activities. Cash flows in connection with PPP receivables are included in the cash flow from operating activities. Paid dividend is included in cash flow from financing activities.

In the statement of cash flows the interest paid related to leases is presented as part of the cash flow from operating activities, while the repayments are presented as part of the cash flows from financing activities.

Non-cash transactions are not included in the statement of cash flows.

Notes to the consolidated financial statements

3. Revenue

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

	2021 £m	2020 £m
Construction contracts revenue	**855.6**	715.5
Facilities Management services revenue	**63.0**	65.2
Rental income	**–**	(0.3)
Properties sales	**–**	12.1
Revenue from continuing operations	**918.6**	793.1

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

	2021 £m	2020 £m
Aggregate amount of costs incurred and recognised profits (less losses) to date	**2,110.0**	2,022.7
Retention asset	**39.6**	39.3
Advances received	**2.2**	14.8

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

Other revenue disclosures

The revenue recognised that was included in the project contract liability balance at the beginning of the period, has been fully recognised in the current year. Within the construction business, regular installments will take place but within the Group never leading to significant pre-financing longer than a year.

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

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

	2021 £m	2020 £m
Up to 1 year	**858.0**	694.9
2 to 5 years	**555.0**	347.7
	1,413.0	1,042.6
Over 5 years	**386.8**	429.3
Total	**1,799.8**	1,471.9

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

Notes to the consolidated financial statements

4. Joint venture

A part of the Group's activities is carried out in joint arrangements classified as joint ventures. These arrangements remain in place until a project is finished. In practice, the duration of the majority of the joint venture is limited to a period of between 1 and 4 years, with the exception of joint venture in connection with land and building rights held for strategic purposes. The Group has a 50% interest in BAM TCP Atlantic Square Limited (joint venture).

Set out below is the joint venture of the Group as at 31 December 2021 that is individually material to the Group. Nature of investment in the joint venture in 2021 and 2020:

	Principal activity	**Country of incorporation**	**% Share 2021**	**% Share 2020**
BAM TCP Atlantic Square Limited	Property development	United Kingdom	50%	50%

Set out below are the summarised financial information for the joint venture that is individually material to the Group, including reconciliation to the carrying amount of the Group's share in the joint venture, as recognised in the consolidated financial statements. This information reflects the amounts presented in the financial statements of the joint venture adjusted for differences in the Group's accounting policies and the joint venture.

	2021 £m	2020 £m
BAM TCP Atlantic Square Limited		
Current assets	**35.3**	38.3
Non-current assets	**–**	–
Current liabilities	**(28.7)**	(32.2)
Non-current liabilities	**–**	–
Net assets	**6.6**	6.1
Of which:		
Cash and cash equivalents	**3.3**	3.6
Current financial liabilities	**–**	–
Non-current financial liabilities	**–**	–
Net assets	**6.6**	**6.1**
Carrying amount	**5.6**	**5.2**
Revenue	**47.2**	20.6
Profit	**0.8**	0.1
Other comprehensive income	**–**	–
Of which:		
Finance income	**–**	–
Finance expense	**–**	–
Income tax	**–**	–
Profit	**0.8**	0.1
Share in profit	**0.4**	–

Notes to the consolidated financial statements

4. Joint venture (continued)

The carrying amount of the investment in joint venture is higher than BAM's is percentage interest in the net assets of the joint venture due to the preferential right of return included in the distribution policy in the JV agreement.

The Group's share in the joint venture BAM TCP Atlantic Square is based on its share in the members' capital. Contractually, the Group has a 50 per cent share in profit rights. In addition, the Group bears the risks in the operational phase until completion of the projects which are acquired by the joint venture. If the Group's share in losses exceeds the carrying amount of the joint venture, further losses will not be recognised, unless the Group has a legal or constructive obligation.

Set out below are the aggregate information of joint ventures that are not individually material to the Group.

	2021 £m	2020 £m
Share in profit joint venture BAM TCP Atlantic Square	**0.4**	–
Share in profit other joint ventures that are not individually material to the Group	**–**	–
		–
Share in equity joint venture BAM TCP Atlantic Square	**5.6**	5.2
Share in equity other joint ventures that are not individually material to the Group	**–**	–
	5.6	5.2

5. Operating profit

	2021 £m	2020 £m
This is stated after charging:		
Depreciation of owned assets	**1.6**	1.8
Depreciation of right-of use assets	**5.4**	6.6
Amortisation of intangible assets	**–**	–

Notes to the consolidated financial statements

6. Auditor's remuneration

	2021 **£000**	2020 £000
Audit of Group's consolidated financial statements	**147**	119
Audit of Parent Company's financial statements	**121**	98
Audit of Parent Company's subsidiaries	**372**	355
Total audit	**640**	572
Audit-related fees	**-**	–
Total fees paid by the Group	**640**	572

Fees paid to the Group's auditor, Ernst & Young LLP, include services other than the statutory audit of the Group, Parent Company and subsidiaries. These non-audit fees are shown separately on a consolidated basis.

7. Capital management

For the purpose of the Group's capital management, capital includes issued share capital and all other equity reserves attributable to the equity holders of the Parent Company. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of financial covenants operating on loan facilities held by the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the immediate parent or return capital to shareholders. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, less cash and short-term deposits, excluding discontinued operations. In prior years net debt also included interest bearing loans and borrowings.

	2021 **£m**	**2020** **£m**
Trade and other payables (Note 18)	**89.7**	79.3
Less: cash and short-term deposits	**(83.8)**	(80.7)
Net deficit / (surplus)	**5.9**	(1.4)
Shareholders' equity	**159.5**	145.0
Capital and net debt	**165.4**	143.6
Gearing ratio %	**3.6**	(1.0)

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it assists Royal BAM Group n.v. in meeting the financial covenants attached to the loan facilities and borrowings at the ultimate parent company, that define capital structure requirements that existed in previous years. On 7 August 2020, BAM obtained a waiver from its lenders for the recourse leverage and recourse interest cover. The waiver is applicable with retrospective effect as of 30 June 2020 and applies for four quarters up to the period ending 31 March 2021. Breaches in meeting the financial covenants would permit the bank to immediately call in loans and borrowings.

Royal BAM Group n.v. are responsible for managing the compliance with the financial covenants, and there have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

Notes to the consolidated financial statements

8. Staff costs and directors' remuneration

All staff costs and directors' remuneration costs for the Group were met by the Parent Company, BAM Construct UK Limited.

	2021 **£m**	2020 £m
Staff costs		
Short-term employee benefits	**113.5**	104.6
Social security charges incurred by the employer	**11.3**	10.7
Retirement benefits	**12.7**	12.7
Termination benefits paid	**0.1**	1.6
Total staff costs incurred	**137.6**	129.6

The average number of persons employed by the Group during the year including directors, was as follows:

	2021 **No.**	2020 No.
Staff	**1,529**	1,589
Operatives	**504**	493
	2,033	2,082

Key management of the Group represents the directors appointed to the board of the Parent Company who perform services in one or more of the operating companies in the Group. Their costs along with those of other members of staff may be subject to recharge as part of an administration fee levied on these entities.

	2021 **£000**	2020 £000
Directors' remuneration		
Short-term employee benefits	695	595
Social security charges incurred by the employer	92	82
Total compensation paid	787	677

The highest paid director received total emoluments (including benefits but excluding social security charges levied on the employer) of £368,644 in 2021 (2020: £314,050).

	2021 **£000**	2020 £000
Amounts receivable under long term incentive plans	-	-
Number of directors who received shares in respect of qualifying services	1	1

The highest paid director in 2021 and 2020 received shares under the ultimate group undertaking's long term incentive scheme.

Notes to the consolidated financial statements

8. Staff costs and directors' remuneration (continued)

Share Based Payments

A director of BAM Construct UK participates in a long-term incentive plan operated by the parent Company, Royal BAM Group nv. The long-term incentive plan consists of a conditional share-based compensation plan called the Performance Share Plan. The Performance Share Plan is applicable for members of the Executive Board and selected positions below the Executive Board of Royal BAM Group n.v.

Under the Performance Share Plan the number of performance shares granted is calculated by dividing the award value (expressed as a percentage of fixed remuneration) by the average share price based on the five trading days after the Royal BAM Group n.v. Annual General Meeting ('AGM'). The shares are granted on the sixth trading day following the day of the Royal BAM Group n.v. AGM and vest subject to the achievement of pre-determined performance conditions during a three-year period and provided that the participant is still employed by BAM Construct UK Limited or Royal BAM Group n.v. Participants are not allowed to divest any shareholding until the two year lock-up period has lapsed and the minimum share ownership requirements are met, with the exception of any sale of shares during the lock-up period to finance tax (and other levies) payable at the date of vesting. The value at the date of vesting of the Performance Share Plan is capped at 2.5 times the award value.

The full assumptions applied to the Performance Share Plan are disclosed in the Royal BAM Group n.v. financial statements.

9. Finance income

	2021 **£m**	2020 £m
Bank interest receivable	**0.2**	0.5
Interest receivable from wider group undertakings	**0.5**	0.5
Capitalised interest	**0.4**	1.2
	1.1	2.2

Interest receivable from wider Group undertakings relates to outstanding loans made to subsidiaries in the wider Royal BAM Group n.v..

Notes to the consolidated financial statements

10. Income tax

a) Income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021 £m	2020 £m
Current income tax:		
Current income tax charge	**2.6**	2.1
Adjustments in respect of current income tax of previous year	**0.5**	0.4
Current tax charge	**3.1**	2.5
Deferred tax:		
Relating to origination and reversal of temporary differences	**0.1**	2.5
Effect of rate change on opening balance	**8.1**	–
Total deferred tax	**8.2**	2.5
Income tax expense reported in the profit or loss	**11.3**	5.0
Deferred tax relating to items recognised in other comprehensive income during the year:		
Net gain on re-measurement gains and losses on defined benefit plans	**(6.4)**	(2.3)
Income tax recognised in other comprehensive income	**(6.4)**	(2.3)

b) Reconciliation of the total tax charge

The tax rate charged on profits on ordinary activities for 2021 is higher (2020: higher) than the statutory corporation tax rate enacted in the UK. The corporation tax rate of 19.00% for 2021 (2020: 19.00%) is derived from the statutory corporation tax rates enacted for the fiscal year (April to March).

	2021 £m	2020 £m
Accounting profit before tax	**20.4**	13.7
Profit on ordinary activities multiplied by UK Corporation tax rate of 19.00% (2020: 19.00%)	**3.9**	2.6
Adjustments in respect of current income tax of previous years	**0.5**	0.4
Income not taxable for tax purposes	**(1.0)**	(0.5)
Expenses not deductible for corporation tax purposes	**(0.2)**	-
Effect of changes in tax rate	**8.1**	2.5
Income tax expense reported in the statement of profit or loss	**11.3**	5.0

Notes to the consolidated financial statements

10. Income tax (continued)

c) Factors that may affect future tax charges

The deferred tax balance as at the year end has mainly been recognised at 25.00% (2020: 19.00%), which is the enacted corporation tax rate effective from 1 April 2023.

d) Deferred tax

The deferred tax included in the consolidated statement of financial position relates to the following:

	2021 £m	2020 £m
Deferred tax asset		
Balance at 1 January	**1.1**	0.6
Tax income recognised in the profit and loss	**–**	0.5
Balance at 31 December	**1.1**	1.1

A deferred tax asset in respect of depreciation in advance of capital allowance relief has been recognised in the accounts on the grounds that there will be suitable taxable profits within the tax group. Based on all available evidence management believe this will allow for the future reversal of the underlying temporary differences.

	2021 £m	2020 £m
Deferred tax liability		
Balance at 1 January	**(4.6)**	(4.0)
Tax expense recognised in the profit and loss	**(8.2)**	(2.9)
Tax income recognised in the OCI	**6.4**	2.3
Balance at 31 December	**(6.4)**	(4.6)

The deferred tax liability is in respect of the Group's defined benefit pension liabilities.There are no income tax consequences attached to the payment of dividends in either 2021 or 2020 by the group to its shareholders.

11. Dividends paid and proposed

Dividends declared and paid during the year amounted to £nil (2020: £nil).

Notes to the consolidated financial statements

12. Tangible fixed assets

	Short leasehold property £m	Plant, machinery and vehicles £m	Fixtures and office equipment £m	**Total £m**
Cost				
Balance at 1 January 2020	1.1	12.1	13.8	**27.0**
Additions	–	0.7	0.3	**1.0**
Disposals	–	(0.8)	(0.1)	**(0.9)**
Balance at 31 December 2020	1.1	12.0	14.0	**27.1**
Additions	–	1.6	0.9	**2.5**
Disposals	–	(1.0)	–	**(1.0)**
Balance at 31 December 2021	1.1	12.6	14.9	**28.6**
Depreciation				
Balance at 1 January 2020	1.1	8.5	12.4	**22.0**
Charge for the year	–	1.0	0.8	**1.8**
Disposals	–	(0.8)	(0.1)	**(0.9)**
Balance at 31 December 2020	1.1	8.7	13.1	**22.9**
Charge for the year	–	1.1	0.5	**1.6**
Disposals	–	(0.8)	–	**(0.8)**
Balance at 31 December 2021	1.1	9.0	13.6	**23.7**
Net book value				
At 1 January 2020	–	3.6	1.4	**5.0**
At 31 December 2020	–	3.3	0.9	**4.2**
At 31 December 2021	–	3.6	1.3	**4.9**

Vehicles are being renewed under operating leases that typically run for no more than 4 years.

Plant and machinery include assets with a net book value of £0.1m (2020: £0.3m) which are hired out to third parties under operating lease arrangements. These assets are depreciated over the expected useful lives at rates between 8.33% and 50% per annum. These assets have accumulated depreciation of £0.4m (2020: £0.4m).

The gross carrying value of fully depreciated property, plant and equipment still in use at the date of the consolidated statement of financial position is £19.3m (2020: £17.4m)

Notes to the consolidated financial statements

13. Inventory, land and property developments

	2021 **£m**	2020 £m
Balance at 1 January	**59.5**	63.7
Additions	**7.0**	8.8
Impairment	**–**	(1.7)
Sale	**–**	(11.3)
Balance at 31 December	**66.5**	59.5

Impairment in 2020 includes an impairment loss of £1.7m on Latitude, a development opportunity in Leeds, that had been bought in the expectation of being developed and sold.

14. Contract assets

At December 2021, the Group had contract assets of £46.4m (2020: £27.7m), which was net of expected credit loss allowance of £nil (2020: £nil). Contract assets consist of ammounts recoverable on contracts. The change in contract assets in the year is due to normal activity and timing of certification work done in the construction business

Notes to the consolidated financial statements

15. Right-of-use assets

	Land and buildings	Equipment and installation	IT equipment	Cars	Other	**Total**
As at 1 January 2020	13.2	1.9	0.2	1.5	0.2	**17.0**
Additions	6.3	0.8.	–	0.7	-	**7.8**
Disposals	–	–	–	-	–	**-**
Depreciation charges	(3.2)	(2.3)	(0.1)	(1.0)	-	**(6.6)**
	3.1	(1.5)	(0.1)	(0.3)	-	**1.2**
As at 1 January 2021	16.3	0.4	0.1	1.2	0.2	**18.2**
Additions	2.0	2.9	–	3.7	–	**8.6**
Disposals	–	–	–	–	–	**–**
Depreciation charges	(2.6)	(1.7)	(0.1)	(0.9)	(0.1)	**(5.4)**
	(0.6)	1.2	(0.1)	2.8	(0.1)	**3.2**
As at 31 December 2021	15.7	1.6	-	4.0	0.1	**21.4**

See note 20 Lease liabilities for the corresponding lease liabilities.

16. Trade and other receivables

	2021 £m	2020 £m
Current		
Trade receivables	**26.1**	37.0
Retentions	**26.3**	25.2
Amounts due from ultimate parent	**193.6**	182.2
Amounts due from other group undertakings	**1.0**	1.1
Amounts due from related parties	**–**	0.9
Other debtors	**0.7**	6.4
	247.7	252.8
Non-current		
Loans to Joint venture	**10.7**	12.3
Retentions	**12.3**	14.1
	23.0	26.4

The loan to joint venture is to BAM TCP Atlantic Square Limited at 5% interest and is repayable on demand.

The loan to joint ventures is classified as non-current due to the expectation of it being settled in greater than 12 months. Apart from trade receivables none of the other assets were subject to impairment. The significant change in contract assets is due to normal activity in the construction business. Other changes as mentioned in IFRS 15 (paragraph 118) are not relevant.

Notes to the consolidated financial statements

16. Trade and other receivables (continued)

Retentions relate to amounts retained by customers on progress billings.

	2021 £m	2020 £m
Allowance for doubtful debts		
Balance at 1 January	**0.3**	0.8
Change for year	**0.2**	–
Release unused provision	**–**	(0.5)
Utilised	**–**	–
Balance at 31 December	**0.5**	0.3
Current	**0.5**	0.3
Non-current	**–**	–

The creation and release of provisions for impaired receivables have been included in 'Administration and other expenses' in the income statement.

	2021 £m	2020 £m
Aged analysis of trade receivables		
Not past due	**24.9**	31.8
60 - 90 days	**0.4**	3.2
90 - 120 days	**0.3**	0.2
Over 120 days	**0.5**	1.8
	26.1	37.0

Customer credit risk is managed by each business in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on credit rating and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

17. Cash and short-term deposits

	2021 £m	2020 £m
Cash at banks and on hand	**83.8**	80.7

£2.4m (2020: £2.5m) of cash at bank and on hand is not available to be utilised without joint agreement with third parties.

Notes to the consolidated financial statements

18. Trade and other payables

	2021 £m	2020 £m
Current		
Lease liabilities	**5.9**	3.4
Trade payables	**54.7**	62.6
Accrued costs completed projects	**63.6**	39.2
Accrued costs work in progress	**113.8**	110.1
Amounts due to ultimate parent	**1.6**	2.4
Other creditors	**33.4**	14.3
Accruals and deferred income	**22.4**	10.5
	295.4	242.5
Non-current		
Lease liabilities	**18.3**	17.2
Retentions	**6.4**	8.8

Trade payables are non-interest bearing and are normally settled on 30-60 day terms. The Group took advantage of the HMRC VAT deferral scheme during 2020 and deferred £5.3m. Included within other creditors is £0.5m (2020: £4.8m) of deferred VAT to be settled in 9 instalments April to December 2021. A payable of £0.5m (2020: £0.5m) is due to be settled in a final instalment in January 2022.

19. Financial assets and liabilities

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

a) Credit risk

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 16.

The Group's top 10 customers owed it £15.0m (2020: £18.0m) and this constitutes 57% (2021: 49%) of trade receivables total.

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

Notes to the consolidated financial statements

19. Financial assets and liabilities (continued)

b) Liquidity risk

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

c) Price and value risk

Price and value risk is monitored constantly at Group level as part of the review of management forecasts and at contract and project level as part of the appraisal process. Price risk is further mitigated by benchmarking selected activity within each contract. Benchmarking is principally undertaken at the start of every significant contract, with adjustments made to selected activity pricing to reflect current market value.

The Group finances projects through a combination of bank funds and operating leases, cash and short-term deposits. New projects are evaluated with regard to these financing arrangements. Live projects are monitored continuously with regular forecasting, to identify any deviation early and ensure managers take corrective action, thus minimising financial risk. This ensures that any observable evidence of impairment for loss-making contracts can be identified as early as possible. No significant uncovered risks were identified for the period presented in this report, or at the time this report was approved by directors.

The Group's principal financial liabilities comprise trade and other payables and amounts due to customers under construction contracts. The main purpose of these financial liabilities is as a consequence of its operations within a traditional Construction business. The Group's principal financial assets include trade and other payables, deferred tax and provisions that arrive directly from its operations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2021	Carrying amount	<1 year	1-5 years	>5 years
Trade and other payables	96.1	89.7	6.4	–
Lease liabilities	24.2	5.9	12.4	5.9
	120.3	95.6	18.8	5.9

Year ended 31 December 2020	Carrying amount	<1 year	1-5 years	>5 years
Trade and other payables	88.1	79.3	8.8	–
Lease liabilities	20.6	3.4	9.4	7.8
	108.7	82.7	18.2	7.8

Fair values of financial assets and liabilities

There are no material differences between the book values and fair values for any of the Group's financial instruments carried at amortised cost.

Notes to the consolidated financial statements

20. Lease liabilities

The Group leases various land and buildings, equipment and installations, IT equipment, cars and other items from third parties under non-cancellable lease agreements. The lease agreements vary in duration, termination clauses and renewal options. The average incremental borrowing rate applied is 2.0 per cent as per 31 December 2021 (2020: 2.0 per cent).

See note 15 Right-of-use assets for the corresponding right-of-use assets.

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

	Lease liabilities 2021 £m	Lease liabilities 2020 £m
As at 1 January	**20.6**	17.7
Additions	**8.2**	7.9
Accretion of interest	**0.7**	0.7
Payments	**(5.3)**	(5.7)
As at 31 December	**24.2**	20.6
Current	**5.9**	3.4
Non-current	**18.3**	17.2
As at 31 December	**24.2**	20.6

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

	Lease liabilities 2021 £m	Lease liabilities 2020 £m
Up to 1 year	**5.9**	3.4
1 to 5 years	**14.3**	12.0
Over 5 years	**7.0**	8.0
	27.2	23.4

In addition to the identified lease liabilities above, an amount of £nil million of lease commitments exist regarding the short-term leases. Given the applied practical expedient, these leases have not been included in the lease liabilities and are therefore not stated in the table above.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see note 2.4).

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

Notes to the consolidated financial statements

20. Lease liabilities (continued)

Expenses

The following are the amounts recognised in profit or loss:

	Notes	**2021 £m**	2020 £m
Depreciation expense of right-of-use assets	15	**5.4**	6.6
Interest expense on lease liabilities		**0.7**	0.7
Rent expenses - short term leases		**–**	–
Rent expenses - leases of low value		**–**	–
Rent expenses – variable lease payments		**–**	–
Total		**6.1**	7.3

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

Cash flows

Amounts recognised in the consolidated statement of cash flows:

	2021 £m	2020 £m
Payment	**5.3**	5.7
Interest	**(0.7)**	(0.7)
Total	**4.6**	5.0

The Group had no non-cash additions to right-of-use assets and lease liabilities in 2021.

The Group has no lease contracts that have not yet commenced as at 31 December 2021.

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

21. Contract liabilities

At 31 December 2021, the Group had contract liabilities of £37.4m (2020: £70.9m). Contract liabilities consist of billing-in-excess of revenue recognised in the year from amounts that were included in the contract liabilities at the beginning of the year equals £53.6m (2020: £55.5m). The change in contract liabilities in the year is due to normal activity and timing of certification work done in the construction business.

Notes to the consolidated financial statements

22. Pensions and other post-employment benefit plans

The Group participates in two multi-employer defined benefit pension scheme plans that required contributions to be held in separate trustee administered funds. The two schemes are sponsored by BAM Construct UK Limited and are named 'HBG UK Scheme' and 'HBG GA Scheme'. These schemes were closed to new members from August 2004 at which time membership of a defined contribution plan has been available. From October 2010 both defined benefit pension plans were closed to future accruals or contributions from their existing members and in 2016 the two defined benefit schemes were delinked of pension benefits to a member's salary.

During 2019 and in line with the Company's pension strategy BAM Construct UK purchased a bulk annuity in respect of the HBG GA Pension Scheme. As a result of this transaction a loss of £25.5m has been recognised within the Other Comprehensive Loss / (Income) statement. On the 11 March 2022 the HBG GA buy out was completed.

Both Company and Trustees understand that the investment strategy and Company discretionary funding need to be aligned in order to achieve the mutually beneficial objectives. Both parties also acknowledge that due to the long term nature of their funding, things may change as the economy goes through a number of cycles.

The pension contributions made by the Group to the two defined benefit pension plans in the year are shown below on the valuation date of 31 December 2017:

	2021 **£m**	2020 £m
HBG UK / HBG GA Schemes		
Contributions made	**2.4**	3.4

The actuarial triennial valuation of plan assets and the present value of the defined benefit obligation was carried out by XPS Pensions for the HBG UK Scheme on the valuation date of 31 December 2020.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

HBG UK / HBG GA Schemes	**31 December 2021**	31 December 2020
Discount rate(s)	**1.8%**	1.4%
Expected rate(s) of salary increase	**n/a**	3.6%
Pension growth rate	**2.10% – 2.80%**	2.10-2.90%

The expense for the year is included in the employee benefits expense in the consolidated statement of comprehensive income. Of the expense for the year, £0.2m (2020: £0.9m) has been included in the consolidated statement of comprehensive income as cost of sales and the remainder in administration expenses.

Notes to the consolidated financial statements

22. Pensions and other post-employment benefit plans (continued)

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

HBG UK / HBG GA Schemes	**2021 £m**	2020 £m
Past service cost	**–**	(0.6)
Net finance income	**0.4**	0.5
Administration expenses	**(0.6)**	(0.8)
	(0.2)	(0.9)

Amounts recognised in other comprehensive income:

HBG UK Schemes	**2021 £m**	2020 £m
Return on plan assets (excluding amounts included in net interest expense)	**(1.0)**	(47.0)
Actuarial loss / (gain) arising from changes in financial assumptions	**(1.6)**	50.5
Actuarial (gain) arising from experience adjustments	**3.3**	(2.5)
Total remeasurements recognised in other comprehensive loss	**0.7**	1.1
Tax effect	**(0.1)**	(0.2)
Other comprehensive loss (net of tax)	**0.6**	0.9

HBG GA Schemes	**2021 £m**	2020 £m
Return on plan assets (excluding amounts included in net interest expense)	**1.6**	(12.8)
Actuarial loss / (gain) arising from changes in financial assumptions	**(1.5)**	13.5
Actuarial (gain) arising from experience adjustments	**0.2**	–
Total remeasurements recognised in other comprehensive income	**0.3**	0.6
Tax effect	**(0.1)**	(0.1)
Other comprehensive loss (net of tax)	**0.2**	0.5

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

	2021 £m	2020 £m
Present value of funded defined benefit obligation	**(509.9)**	(520.8)
Fair value of plan assets	**535.5**	545.2
	25.6	24.2

Notes to the consolidated financial statements

22. Pensions and other post-employment benefit plans (continued)

Movements in the present value of the defined benefit obligation in the current year were as follows:

HBG UK / HBG GA Schemes	**2021 £m**	2020 £m
Opening defined benefit obligation	**520.8**	475.5
Past service loss	**-**	0.6
Interest cost	**7.2**	9.7
Actuarial gain	**(0.5)**	61.6
Benefits paid	**18.5**	(26.5)
Closing defined benefit obligation	**509.9**	520.8

Through its defined benefit plans the Group is exposed to a number of risks, the most significant of which are the following:

- **Asset volatility:** The plan liabilities are calculated using a discount rate with reference to corporate bond yield; if the plans' assets underperform this yield, this will create a deficit.
- **Changes in bond yields:** A decrease in corporate bond yields will increase the plans' liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- **Salary growth:** The plan liabilities are calculated based on the salaries of the plans' participants. The de-linking of pension benefits to a member salaries completed in 2016, has significantly reduced the volatility of these increases in the plans' liabilities.
- **Pension growth:** The majority of the plans' liabilities is calculated based on future pension increases, so these increases will result in an increase in the plans' liabilities.
- **Life expectancy:** The majority of the plans' liabilities is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The average duration of the defined benefit obligation

HBG UK Schemes	**2021 years**	2020 years
Implied life expectancy at 65		
Male currently aged 65	**23.0**	22.9
Male currently aged 45	**24.7**	24.6
Female currently aged 65	**24.6**	24.5
Female currently aged 45	**26.4**	26.3

HBG GA Schemes	**2021 years**	2020 years
Implied life expectancy at 65		
Male currently aged 65	**22.5**	22.4
Male currently aged 40	**24.8**	24.7
Female currently aged 65	**24.2**	24.1
Female currently aged 45	**26.5**	26.4

Notes to the consolidated financial statements

22. Pensions and other post-employment benefit plans (continued)

Sensitivity analysis

A sensitivity analysis of the principal assumptions used to measure the scheme liabilities:

HBG UK Scheme

		Impact on defined benefit obligation £m	
As at December 2021	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	(38.2)	44.2
Discount rate	1.00%	(71.5)	95.4
Inflation assumption	0.50%	38.2	(36.4)
Life expectancy	1 year	19.1	(19.0)

		Impact on defined benefit obligation £m	
As at December 2020	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	(40.0)	46.4
Discount rate	1.00%	(74.7)	100.4
Future salary increases	0.50%	0.2	(0.2)
Inflation assumption	0.50%	42.4	(38.3)
Life expectancy	1 year	19.3	(19.2)

HBG GA Scheme

		Impact on defined benefit obligation £m	
As at December 2021	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	(9.6)	11.0
Discount rate	1.00%	(18.0)	23.8
Inflation assumption	0.50%	4.3	(4.7)
Life expectancy	1 year	4.5	(4.4)

		Impact on defined benefit obligation £m	
As at December 2020	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	(10.0)	13.6
Discount rate	1.00%	(18.8)	25.1
Future salary increases	0.50%	–	(0.1)
Inflation assumption	0.50%	5.3	(5.0)
Life expectancy	1 year	4.6	(4.5)

Notes to the consolidated financial statements

22. Pensions and other post-employment benefit plans (continued)

The average duration of the defined benefit plan obligation for the HBG UK Scheme was 20 years (2020: 20 years).
The average duration of the defined benefit plan obligation for the HBG GA UK Scheme was 19 years (2020: 19 years).
Movements in the present value of the defined plan assets in the current year were as follows:

HBG UK / HBG GA Schemes	2021 £m	2020 £m
Opening fair value of plan assets	**545.2**	499.1
Actuarial (loss) / gain	**(0.6)**	59.8
Contributions from the employer	**2.4**	3.4
Benefits paid	**(18.5)**	(26.5)
Administration costs	**(0.6)**	(0.8)
Finance income	**7.5**	10.2
Closing fair value of plan assets	**535.5**	545.2

Fair value of plan assets	2021 £m	2020 £m
HBG UK Scheme		
Fixed interest bonds	**102.7**	111.4
Cash and cash equivalents	**2.0**	1.5
Other - liability hedge (quoted)	**280.2**	280.3
Other – loans (quoted)	**63.3**	59.3
Fair value of plan assets	**448.2**	452.6

	2021 £m	2020 £m
Cash and cash equivalents	**0.7**	0.5
Debt instruments (quoted)	**0.6**	0.5
Insured contracts	**86.0**	91.5
Fair value of plan assets	**87.3**	92.5

In line with the funding requirements of the triennial valuation, the Group expects to make a contribution of £4.0m to the HBG UK plan during the next financial year (2021: £2.0m). In the subsequent 3 years (years 3-5) the Group expects to make total contributions of £12.0m to the defined benefit plans.

With respect to the HBG GA scheme a final settlement of payment of £0.5m was made to the HBG GA scheme in March 2022, with no further contribution expected to be made.

Notes to the consolidated financial statements

22. Pensions and other post-employment benefit plans (continued)

The Group also has a defined contribution scheme administered by Legal and General Assurance Society, which was set up in 2004. Contributions to this defined contribution scheme are recognised in the income statement in the period in which they become payable.

	2021 £m	2020 £m
Legal & General Defined Contribution Scheme		
Group contributions	**12.4**	12.6

The Group also participates in several defined benefit pension schemes under 'TUPE' arrangements that relate to historic staff transfers, where they were members of either the 'Local Government Pension Scheme (LGPS)' or the 'Federated Pension Plan (FPP)', collectively referred to as 'TUPE Schemes'. These schemes are multi-employer schemes where the relevant Group Company's UK parent BAM Construct UK Ltd has 'Admitted Body' status as a sponsoring employer with minority participation.

With the exception of the Federated Pension Plan and the Lothian Scheme, the Group is unable to identify its share of the assets and liabilities in these schemes on a reliable and consistent basis. The information made available by the respective scheme Actuaries relates to the overall scheme valuations rather than the Group's participation as an Admitted Body. The Group accounts for these non-disaggregated schemes as defined contribution schemes.

It is expected that contributions for the next financial year are expected to be in line with the current year contributions.

The pension contributions made by the Company under the Transfer of Undertakings (Protection of Employment) Regulations 2006 during the year are shown below:

	2021 £m	2020 £m
TUPE related pension plans		
Company contributions	**1.0**	0.9

Notes to the consolidated financial statements

23. Provisions and contingent liabilities

	Onerous contract	Onerous lease	Insolvency Insurer	IFRS 16 provision for restoration	**2021**	2020
	£m	£m	£m	£m	**£m**	£m
Balance at 1 January	13.8	1.6	**0.2**	**0.1**	**15.7**	30.0
Arising in the year	–	–	–	0.2	**0.2**	3.8
Utilised	–	(0.3)	–	–	**(0.3)**	(4.2)
Unused amounts reversed	(11.4)	–	–	–	**(11.4)**	(13.9)
Balance at 31 December	2.4	1.3	0.2	0.3	**4.2**	15.7
Current	–	–	–	–	**–**	–
Non-current	2.4	1.3	0.2	0.3	**4.2**	15.7

Provisions comprise of obligations in respect of the insolvency of one of the Group's insurers and an onerous lease on one of the property developments. The provision on the insurer insolvency relates to claims previously covered by Builders Accidents Insurers (BAI) that went into administration in previous years.

The onerous contact provision shows the amount of the onerous contract result which relates to future obligations to be fulfilled under the contract. This amount is determined based on the progress of the performance obligation identified in the contract.

IFRS 16 provision for restoration relates to certain equipment and installation leases where there is an obligation at completion of the lease to restore the item to its original condition.

The Parent 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 NatWest Bank Plc. At 31 December 2021 there were £nil (2020: nil) overdraft balances in companies in the cash pooling facility. The net overdraft position in the cash pooling facility as at 31 December 2021 was £nil (2020: £nil). This guarantee is not expected to give rise to any loss.

The Parent Company, along with other Group entities, is party to a guarantee in respect of any individual Company's overdraft balance within the cash pooling facility with the Bank of Scotland Plc. At 31 December 2021 there were £nil (2020: nil) overdraft balances in companies in the cash pooling facility. The net overdraft position in the cash pooling facility as at 31 December 2021 was £nil (2020: £nil). This guarantee is not expected to give rise to any loss.

The Parent Company, along with other Group entities, is party to a guarantee in respect of any individual Company's overdraft balance within the cash pooling facility with ABN AMRO Bank n.v. At 31 December 2021 there were £nil (2020: £nil) overdraft balances in companies in the cash pooling facility. The net overdraft position in the cash pooling facility as at 31 December 2021 was £nil (2020: £nil). This guarantee is not expected to give rise to any loss.

During the prior year the Royal BAM Group n.v. drew down the revolving credit facility of €400m, to which BAM Construct UK Ltd and other Group entities, is a guarantor. On 24 April 2020, the committed revolving credit facility was extended by one year to 31 March 2024, with the committed amount reducing to €360m from 1 April 2023. The utilisation of this facility as at 31 December 2021 was €nil (2020: €400m). The directors are satisfied that Royal BAM Group n.v. is currently able to fulfil all its obligations under these agreements without recourse to any of the guarantors.

Notes to the consolidated financial statements

23. Provisions and contingent liabilities (continued)

Bonds and Guarantees are provided in the ordinary course of business to our clients, either by the Company (parental guarantees), by banks (bank guarantees), or by surety companies (surety bonds), securing due performance of the obligations under the contracts by the subsidiaries of the Company.

It is not expected that any material risks will arise from these securities. These securities are limited in amount and can only be called upon in case of (proven) default.

The parent company guarantees issued amount to €169 million (2020: €186 million). Guarantees issued by banks and surety companies amount to €1.5 billion (2020: €2 billion). Guarantee facilities amount to €2.9billion (2020: €2.9 billion).

The Group is party to various litigation actions arising in the ordinary course of business. Provision is made where there is a probable cost involved in settling the action. Directors are of the view that other claims will have no significant impact on the Group's results.

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

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

24. Authorised and issued share capital

		2021		2020
	Number	**£m**	Number	£m
Share capital				
Authorised: ordinary shares of £1 each	**40,000,000**	**40.0**	40,000,000	40.0
Issued: ordinary shares of £1 each	**40,000,000**	**40.0**	40,000,000	40.0

25. Government grants

Government grants received in 2021 amount to £1.9m (2020: £4.4m), £1.6m is related to R&D and £0.3m is related to education for the current year.

26. Subsequent events

Subsequent to the year the Company finalised a long standing claim with a subcontarctor. The directors of the Company do not belive that this is a an adjusting event.

Notes to the consolidated financial statements

27. Other related party transactions

The Group identifies subsidiaries, associates, joint arrangements, third parties executing the Group's defined benefit pension plans and key management as related parties. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties.

The following transactions were carried out with related parties:

Sales and purchase of goods and services

A part of the Group's activities is carried out in joint arrangements. These activities include the assignment and/or financing of land as well as carrying out construction contracts.

The Group carried out transactions with associates and joint arrangements related to the sale of goods and services for £39.2m (2020: £4.0m) and none related to the purchase of goods and services (2020: nil).

The 2021 year-end balance of short term receivables amounts to £nil (2020: £0.9m). In 2020, short term receivables by BAM PPP for the amount of £0.9m, were derecognised as a result of the transfer by BAM of 50 per cent of the shares of BAM PPP to PGGM.

No director or employee of the BAM Construct UK Limited Group of companies has entered, either directly or through a closely related party, into non-employment related commercial transactions with any Royal BAM Group company during the period. Transactions with related parties include the following:

	2021 £m	2020 £m
Dividends paid out in the year		
Final declared and paid of £nil per share (2020: £nil per share)	**–**	–
Royal BAM Group n.v. (ultimate parent) loan @ 0.12% (2020: 0.04%)	**193.6**	182.2
Amount owed to Royal BAM Group n.v. (ultimate parent) - trade payables	**(1.4)**	(2.4)
Total amount outstanding at 31 December	**192.2**	179.8

For the year ended 31 December 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020: nil).

Details about guarantees provided to banks for loans made to related Group entities are included in Note 23.

28. Ultimate group undertaking

The Parent Company's immediate parent undertaking is BAM Group (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) are available from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

Notes to the consolidated financial statements

29. Subsidiary, associate and joint venture entities

	Interest in voting equity (%)	Country of incorporation	Registered Office	Nature of business
BAM Construction Limited	100%	United Kingdom	1	Building contracting
BAM Design Limited	99.99%	United Kingdom	1	Construction design services
BAM Properties Limited	100%	United Kingdom	1	Property development
BAM Monk Bridge Limited	100%	United Kingdom	1	Property development
BAM Glory Mill Limited	100%	United Kingdom	1	Property development
Lydiard Fields Business Park Management Limited	100%	United Kingdom	1	Property development
BAM Queen Street Limited *	100%	United Kingdom	2	Property development
BAM FM Limited *	100%	United Kingdom	2	Property services
BAM Energy Limited *	100%	United Kingdom	2	Property services
Sutton Group Limited	100%	United Kingdom	1	Property services
Sutton Maintenance Limited	100%	United Kingdom	1	Property services
BAM TCP Atlantic Square Limited (Joint Venture)	50%	United Kingdom	1	Property development
BAM Civil Engineering Limited	100%	United Kingdom	1	Dormant
BAM Infrastructure Limited	100%	United Kingdom	1	Dormant
BAM Plant Limited	100%	United Kingdom	1	Dormant
BAM Services Engineering Limited	100%	United Kingdom	1	Dormant
HBG UK Pension Trustee Limited	50%	United Kingdom	1	Dormant
Kyle Stewart Executive Pension Trustee Limited	50%	United Kingdom	1	Dormant

* Entities registered in Scotland.

The registered offices for the companies is as follows:

1. Breakspear Park, Breakspear Way, Hemel Hempstead, Herts, HP2 4FL
2. Kelvin House, Buchanan Gate Business Park, Stepps, Glasgow, G33 6FB

30. Audit exemption provided to certain UK Group subsidiaries

The company is providing certain wholly owned UK subsidiaries (as disclosed in Note 29 and which are included within these Group consolidated statements) with guarantees of their respective debts in the form prescribed by Section 479C of the Companies Act ('The Act') such that they claim exemption from requiring an audit in accordance with Section 479A of the Act. These guarantees cover all of the outstanding actual and contingent liabilities of these companies at 31 December 2021.

Subsidiary	Company number
BAM Design Limited	01625896
BAM Energy Limited	SC510582
Sutton Group Limited	05472167
Sutton Maintenance Limited	02367656

Company statement of financial position

At 31 December	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Property, plant and equipment	8	**1.3**	0.7
Right-of-use assets	9	**15.7**	16.3
Investments in subsidiaries	10	**81.9**	81.9
Defined benefit pension asset	14	**26.1**	24.1
Deferred tax assets	6	**0.9**	0.9
Total non-current assets		**125.9**	123.9
Current assets			
Other receivables	11	**7.0**	4.9
Amounts due from ultimate parent	11	**193.6**	181.5
Amounts due from group undertakings	11	**67.1**	56.0
Amounts due from related parties		**–**	0.3
Prepayments and accrued income		**0.9**	1.1
Cash and short term deposits		**23.6**	22.8
Total current assets		**292.2**	266.6
Total assets		**418.1**	390.5

Company statement of financial position

At 31 December	Notes	2021 £m	2020 £m
Current liabilities			
Trade and other payables	12	**42.7**	11.5
Lease liabilities	13	**3.2**	2.3
Amounts owed to group undertakings	12	**261.9**	256.5
Total current liabilities		**307.8**	270.3
Non-current liabilities			
Deferred tax liabilities	6	**6.4**	4.6
Lease liabilities	13	**15.6**	16.4
Defined benefit pension liability		**0.8**	-
Provisions	12	**1.3**	3.2
Total non-current liabilities		**24.1**	24.2
Total liabilities		**331.9**	294.5
Equity			
Share capital	16	**40.0**	40.0
Retained earnings		**46.2**	56.0
Equity attributable to owners of the Company		**86.2**	96.0
Total equity		**86.2**	96.0
Total equity and liabilities		**418.1**	390.5

Approved by the board on 28 June 2022 and signed on its behalf by:

DocuSigned by:
James Wimpenny
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James Wimpenny
Director and Chief Executive

Company statement of changes in equity

For the year ended 31 December 2021	Notes	Share capital £m	Retained earnings £m	**Total £m**
Balance at 1 January 2020	16	40.0	52.1	92.1
Profit for the year		–	3.3	3.3
Other comprehensive income for the year, net of income tax		–	0.6	0.6
Total comprehensive income for the year		–	4.1	4.1
Payment of dividends	7	–	–	–
Balance at 31 December 2020	16	40.0	56.0	96.0
Loss for the year		–	(15.2)	(15.2)
Other comprehensive income for the year, net of income tax		–	5.4	5.4
Total comprehensive expense for the year		–	(9.8)	(9.8)
Payment of dividends		–	–	–
Balance at 31 December 2021	16	40.0	46.2	86.2

Notes to the parent company financial statements

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

The financial statements of BAM Construct UK Limited (the 'Company') for the year ended 31 December 2020 were authorised for issue by the board of directors on 28 June 2022 and the consolidated statement of financial position was signed on the board's behalf by James Wimpenny. BAM Construct UK 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 prepared under the historical cost convention and presented in Sterling with all values rounded to the nearest hundred thousand pounds (£0.1m) except when otherwise indicated. The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to prepare a profit and loss account as the Company's results are included in the consolidated statement of comprehensive income shown on page 24.

The results of BAM Construct UK Limited are included in the consolidated financial statements shown for the BAM Construct UK Limited Group earlier in this document. They are also included in the consolidated financial statements of the ultimate parent entity Royal BAM Group n.v., which are available from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

The financial statements of BAM Construct UK Limited (the Company) and of its subsidiaries (together the Group) have been prepared on a going concern basis as the Directors have concluded that the Company and Group will continue in operational existence and meet its liabilities as they fall due for the period of their assessment which is to 30 June 2023.

The Company has net current liabilities of £15.6m and net assets of £86.2m. The Company meets its day to day working capital requirements through the cash retained in the Company (at year end £23.6m), and through access to its other cash pooling balances held with the Royal BAM Group.

The Company and Group do not have any bank debt or other external borrowings or facilities, other than leases. The Company is a guarantor to borrowing facilities that are held by the Company's ultimate parent entity, Royal BAM Group n.v.. Please refer to note 23 in the BAM Construct consolidated financial statements for further details.

The Directors continue to consider the impact of COVID-19 on the future operating performance of the Company. However, following the lifting of the majority of restrictions across the UK, COVID-19 is not expected to have a significant impact on the Company's operations and future prospects.

The Directors have prepared base case and severe but plausible downside financial forecasts for the review period until 30 June 2023. Taking into consideration the current environment, the forecasts show that the Group is expected to maintain positive cash flows in the base case and in the downside scenario which models reduced productivity and increased costs across the Group.

However, given that the Group is reliant upon cash reserves held by the Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company and Group are reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company's ultimate parent entity that the Company and Group will be provided financial support for the period until 30 June 2023. The Directors have assessed the ability of the ultimate parent company to provide this support, based on financial information for the Royal BAM Group that has been shared to certain members of the Board. The Directors also attend monthly and quarterly management meetings and weekly liquidity reports are provided by Royal BAM Group's treasury function.

Notes to the parent company financial statements

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

In view of the assessment performed, the Directors are satisfied that sufficient financial resources will be generated by the Company or received from its ultimate parent entity, Royal BAM Group n.v., to enable the Company and the Group to continue in operation and meet its liabilities as they fall due for the period to 30 June 2023. Accordingly, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

The principal accounting policies adopted by the Company are the same as those outlined in Note 2 to the consolidated financial statements. The following additional policies are also relevant to the company financial statements.

2. Accounting policies

1) Basis of preparation

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

The accounting policies that were applied in preparing the financial statements for the years ended 31 December 2020 and 2021 are described in Note 2. In addition the Company has taken advantage of the following disclosure exemptions under FRS 101:

a) The requirements of paragraphs 45 (b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;

b) The requirements of paragraphs 62, B64 (d), (e), (g), (h), (j) to (m), (n)(ii), (o)(ii), (p), (q)(ii), B66 and B67 of IFRS 3 Business Combinations;

c) The requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;

d) The requirements of IFRS 7 Financial Instruments: Disclosures;

e) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

f) The requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
   i) paragraph 79 (a)(iv) of IAS 1;
   ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment;
   iii) paragraph 118 (e) of IAS 38 Intangible Assets; and
   iv) paragraphs 76 and 79(d) of IAS 40 investment Property;

g) 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;

h) The requirements of IAS 7 Statement of Cash Flows;

i) The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting estimates and errors;

Notes to the parent company financial statements

2. Accounting policies (continued)

j) 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 ;

k) 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; and

l) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS15.

m) The requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

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 financial statement 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.

Pension and other post employment benefits

The judgement adopted by the Company are the same as those outlined in note 2.4 to the consolidated financial statement.

Determining the lease term

The judgement adopted by the Company are the same as those outlined in note 2.4 to the consolidated financial statement.

Taxation

The judgement adopted by the Company are the same as those outlined in note 2.4 to the consolidated financial statement.

4. Significant accounting policies

a) Investment 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 reduced to 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.

b) Dividends

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

Notes to the parent company financial statements

5. Auditor's remuneration

	2021 **£000**	2020 £000
Audit of Group's consolidated financial statements	**147**	119
Audit of Parent Company's financial statements	**121**	98
Audit of Parent Company's subsidiaries	**372**	355
Total audit	**640**	572
Other assurance services (non-audit)	**-**	–
Total fees paid by the Company	**640**	572

All auditors remuneration is paid by BAM Construct UK Limited.

6. Income tax

a) Income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021 **£m**	2020 £m
Current income tax		
Current income tax (credit) / charge	**(2.4)**	0.9
Adjustments in respect of current income tax of previous year	**0.4**	–
Current tax (credit) / charge	**(2.0)**	0.9
Deferred tax:		
Relating to origination and reversal of temporary differences	**(0.1)**	2.9
Rate change	**8.2**	–
Total deferred tax	**8.1**	2.9
Income tax charge reported in the profit or loss	**6.1**	3.8
Deferred tax relating to items recognised in other comprehensive income during the year:		
Net gain on re-measurement gains and losses on defined benefit plans	**(6.4)**	(2.3)
	(6.4)	(2.3)

Notes to the parent company financial statements

6. Income tax (continued)

b) Reconciliation of the total tax charge

The tax rate charged on profits on ordinary activities for 2021 is higher (2020: higher) than the statutory corporation tax rate enacted in the UK. The corporation tax rate of 19.00% for 2021 (2020: 19.00%) is derived as a pro-rata figure due to the change in statutory corporation tax rates enacted for the fiscal year (April to March).

	2021 £m	2020 £m
Accounting (loss) / profit before tax	**(9.1)**	7.3
Profit on ordinary activities multiplied by UK Corporation tax rate of 19.00% (2020: 19.00%)	**(1.7)**	1.4
Income not taxable for tax purposes	**(0.5)**	(0.5)
Adjustments in respect of prior year	**0.4**	–
Expenses not deductible for corporation tax purposes	**(0.3)**	0.5
Effect of changes in tax rate	**8.2**	2.4
Income tax expense reported in the statement of profit or loss	**6.1**	3.8

c) Factors that may affect future tax charges

The deferred tax balance as at the year end has mainly been recognised at 25.00% (2020: 19.00%), which is the enacted corporation tax rate effective from 1 April 2023.

d) Deferred tax

The deferred tax asset included in the company statement of financial position related to the following:

	2021 £m	2020 £m
Deferred tax asset		
Balance at 1 January	**0.9**	0.8
Tax recognised in the profit and loss	**–**	0.1
Balance at 31 December	**0.9**	0.9

A deferred tax asset in respect of depreciation in advance of capital allowance relief 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. Based on all available evidence management believe this will allow for the future reversal of the underlying temporary differences.

Notes to the parent company financial statements

6. Income tax (continued)

Deferred tax liability provided in the financial statements is as follows:

	2021 £m	2020 £m
Deferred tax liability		
Balance at 1 January	**(4.6)**	(4.0)
Tax expense recognised in the profit and loss	**(8.2)**	(2.9)
Tax income recognised in the OCI	**6.4**	2.3
Balance at 31 December	**(6.4)**	(4.6)

The deferred tax liability is in respect of the Company's defined benefit pension liabilities. There are no income tax consequences attached to the payment of dividends in either 2021 or 2020 by the company to its shareholders.

7. Dividends paid and proposed

Dividends declared and paid by the Company during the year amounted to £nil (2020: £nil).

Notes to the parent company financial statements

8. Property, plant and equipment

	Short leasehold property £m	Plant and equipment £m	**Total £m**
Cost			
At 1 January 2020	1.1	12.7	**13.8**
Additions	–	0.4	**0.4**
Disposals	–	–	**–**
At 31 December 2020	1.1	13.1	**14.2**
Additions	–	0.8	**0.8**
Disposals	–	–	**–**
At 31 December 2021	1.1	13.9	**15.0**
Depreciation			
At 1 January 2020	1.1	11.6	**12.7**
Charge for the year	–	0.8	**0.8**
Disposals	–	–	**–**
At 31 December 2020	1.1	12.4	**13.5**
Charge for the year	–	0.6	**0.6**
Disposals	–	–	**–**
At 31 December 2021	1.1	13.0	**14.1**
Net book value			
At 1 January 2020	–	1.1	**1.1**
At 31 December 2020	–	0.7	**0.7**
At 31 December 2021	–	0.9	**0.9**

Notes to the parent company financial statements

9. Right-of-use assets

	Land and buildings	**Total**
Balance at 1 January 2020	13.2	**13.2**
Additions	6.3	**6.3**
Depreciation charges	(3.2)	**(3.2)**
Balance at 1 January 2021	16.3	**16.3.**
Additions	2.0	**2.0**
Depreciation charges	(2.6)	**(2.6)**
Balance at 31 December 2021	15.7	**15.7**

All right-of-use assets are related to operating leases.

Additional information on right-of-use assets is disclosed in note 15 to the consolidated financial statements.

10. Investments

	Investments in subsidiaries £m	**Total £m**
Cost		
Balance at 1 January 2020	81.9	**81.9**
Additions	–	**–**
Impairments	–	**–**
Balance at 31 December 2020	81.9	**81.9**
Additions	–	**–**
Impairments	–	**–**
Balance at 31 December 2021	81.9	**81.9**
Carrying value		
At 1 January 2020	81.9	**81.9**
At 31 December 2020	81.9	**81.9**
At 31 December 2021	81.9	**81.9**

For a list of subsidiaries in which BAM Construct UK Limited has an investment see note 29 in the Group Financial Statements.

Notes to the parent company financial statements

11. Trade and other receivables

	2021 £m	2020 £m
Current		
Trade debtors	0.3	0.1
Corporation tax	6.6	4.7
Other receivables	0.1	0.1
Amounts due from ultimate parent	193.6	181.5
Amounts due from other group undertakings	67.1	56.0
Amounts due from related parties	–	0.3
	267.7	242.7

12. Trade and other payables

	2021 £m	2020 £m
Current		
Amounts due to subsidiaries	261.2	256.0
Amounts due to other group undertakings	–	–
Other payables	35.1	7.8
Accruals	8.3	3.7
	304.6	267.5
Non-current		
Provisions	2.1	3.2
Deferred tax liability	6.4	4.6
	8.5	7.8

13. Lease liabilities

	2021 £m	2020 £m
Current	3.2	2.3
Non-current	15.6	16.4
	18.8	18.7

Additional information on lease liabilities is disclosed in note 20 to the consolidated financial statements.

14. Pensions and other post-employment benefit plans

The salaries and related pension expenses for staff employed in the BAM Construct UK Limited Group are incurred by the Parent Company. See BAM Construct UK consolidated financial statements for further details of salaries and pension schemes.

Notes to the parent company financial statements

15. Provisions and contingent liabilities

See BAM Construct UK consolidated financial statements note 22 for further details of provisions and contingent liabilities.

16. Authorised and issued share capital

		2021		2020
	Number	**£m**	Number	£m
Share capital				
Authorised: ordinary shares of £1 each	**40,000,000**	**40.0**	40,000,000	40.0
Issued: ordinary shares of £1 each	**40,000,000**	**40.0**	40,000,000	40.0

17. 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 undertakings of the ultimate parent undertaking, Royal BAM Group n.v.

18. Ultimate group undertaking

The Company's immediate parent undertaking is BAM Group (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) are available from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4FL.

19. Subsequent event disclosure

Subsequent to the year the Company finalised a long standing claim with a subcontarctor. The directors of the Company do not belive that this is a an adjusting event.

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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

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