



Making  
Possible

BAM Nuttall Limited

# Annual Report and Accounts 2024

# Contents

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

## Introduction

We are BAM	1
Executive Director's foreword	2

## Strategic report

Organisational overview	3
Value creation	3
Business performance	4
Principal risks and uncertainties	5
Current strategy	7
Client focus first	7
Corporate responsibility	7
Research and development	12
Sustainability Strategy	13
Streamlined Energy & Carbon (SECR) reporting	16
Corporate Governance Statement	21

## Reports

Director's report	25
Directors' responsibilities statement	27
Independent auditors report	28

## Financial statements

Statement of comprehensive income	31
Balance sheet	32
Statement of changes in equity	33

## Notes to the financial statements

Authorisation of the financial statements and the statement of compliance with FRS101	34
Significant accounting policies	36
Turnover	50
Operating profit	50
Directors' remuneration	51
Staff costs	51
Net finance income	52
Tax	53
Tangible assets	55
Investments – non-current	56
Stocks	57
Debtors due in less than one year	57
Contract assets	57
Trade and other payables	57
Contract liabilities	57
Leases	58
Share capital	59
Pensions	59
Provisions for liabilities	66
Contingent liabilities	66
Financial risk management	67
Parent undertakings and controlling party	67
Government grants	67
Subsequent events	67



Visit our website at:  
[ukandireland.bam.com](http://ukandireland.bam.com)

## We are BAM

BAM Nuttall Limited is a leading civil engineering business, delivering design and construction services and creating sustainable environments that enhance people's lives.

As part of Royal BAM Group, we published an externally validated (by SBTi) Science Based reduction Target in line with a maximum 1.5°C global warming pathway in 2019 . As part of the UK&I division we are aiming to achieve Net Zero on our scope 1 and 2 emissions by 2030.

From offices and project sites across England, Scotland, Wales and the South Atlantic, our teams collaborate with public and private sector clients to create sustainable solutions for delivering or maintaining infrastructure, leaving long-lasting social value in the communities where we live and work.

Our project teams exploit their leadership and technical skills and gain experience using the latest digital technologies to execute work in a lean, green and efficient way.

Working in collaboration with expert partners and a highly valued supply chain of specialist subcontractors, consistent ways of working and modern construction methods are adopted, achieving improved performance.

We constantly strive to attract and develop a wider diversity of people, who can accelerate our collective response to industry and global challenges - whether improving employees' safety and wellbeing or eliminating carbon across project lifecycles.

Our goal is to continue to be a high-performing, collaborative design and construction partner for our infrastructure clients and supply chain, forging strong, strategic alliances that create sustainable value.

# Executive Director's foreword

BAM Nuttall's collaborative culture and strong industry relationships have helped increase resilience throughout 2024, so our business delivered its operations safely, profitably, sustainably and predictably. BAM Nuttall achieved its operational objectives despite challenges faced by employees and our industry, including; cost of living crisis, skills shortages, inflationary pressures and the ever increasing need to manage cyber-security.

We are proud of the progress made to support our teams and people by the continued embedment of our flexible working policy, encouraging employees and colleagues working for clients and supply chain partners to participate in our wellbeing programme of activities and the supporting initiatives.

We are optimising synergies through a Divisional structure for BAM United Kingdom and Ireland (BAM UK & Ireland) that will de-risk the wider business. As part of the UK&I Division our number of employees increased during in 2024 (although we anticipate more stability in the workforce in 2025).

Our teams have been actively engaged in exploiting digital construction and we have been setting out our continued journey to meet our sustainability targets in line with our sustainability strategy launched in 2023.

We also had a positive year financially. Our 2024 revenue of £1,362m (2023: £1,215m) and profit before tax of £91.2m (2023: £64.4m) exceeded our forecast, and resulted in a margin of 6.7% (2023: 5.3%), largely due to the continued focus on project selection that has derisked the portfolio and resolution of legacy projects. We have continued our success for winning future work, closing the year with a £4.2bn order book. We have continued a prudent growth strategy by securing sustainable revenue through selective tendering with our strategic clients.

We thank all our employees for their outstanding commitment and contribution throughout 2024, which has achieved this positive performance. This year, we have continued to build on our ability to promptly adapt to change so that we can continue to deliver projects for our clients, our people and the wider community safely, sustainably, healthily and inclusively.

**Huw Jones**  
**Executive Director, BAM Nuttall Limited**  
3 June 2025

# Strategic report

## Organisational overview

BAM Nuttall (the Company) is a wholly owned subsidiary of Royal BAM Group nv (the Group) and is a Segment within the Group's United Kingdom and Ireland (UK&I) Divisional structure.

Our purpose is to create sustainable environments that enhance people's lives. We design, construct and maintain civil engineering infrastructure across three Sectors - Transport, Major Projects and Regions and there is a senior leadership team in place to support the Board.

Our Sectors have a Preconstruction and Delivery Service, with Finance, Information Technology and Human Resources providing support. A Business Excellence team supports the three Sectors; supporting knowledge sharing and using strategic drivers including digital construction, innovation and sustainability.

2024 saw the continued embedment of the Divisional structure; seeing greater collaboration of all Divisional enabling services (HR, IT, Finance, HSQE and Legal) and more widely across Royal BAM Group, leveraging knowledge sharing and improving efficiency. We will continue to build on this in 2025.

Aligning with the Division's values employees follow our Code of Conduct to bring these to life through our daily interactions with others and through our strategic decision-making.

## Value creation

BAM Nuttall creates value for employees, clients, stakeholders and for wider society by delivering infrastructure for transport, including roads, railways, airports, utilities, tunnelling, marine and flood defences.

BAM Nuttall also creates added value by operating ethically and sustainably. We provide employment, apprenticeship and training opportunities and support the businesses, communities and charities local to our operations.

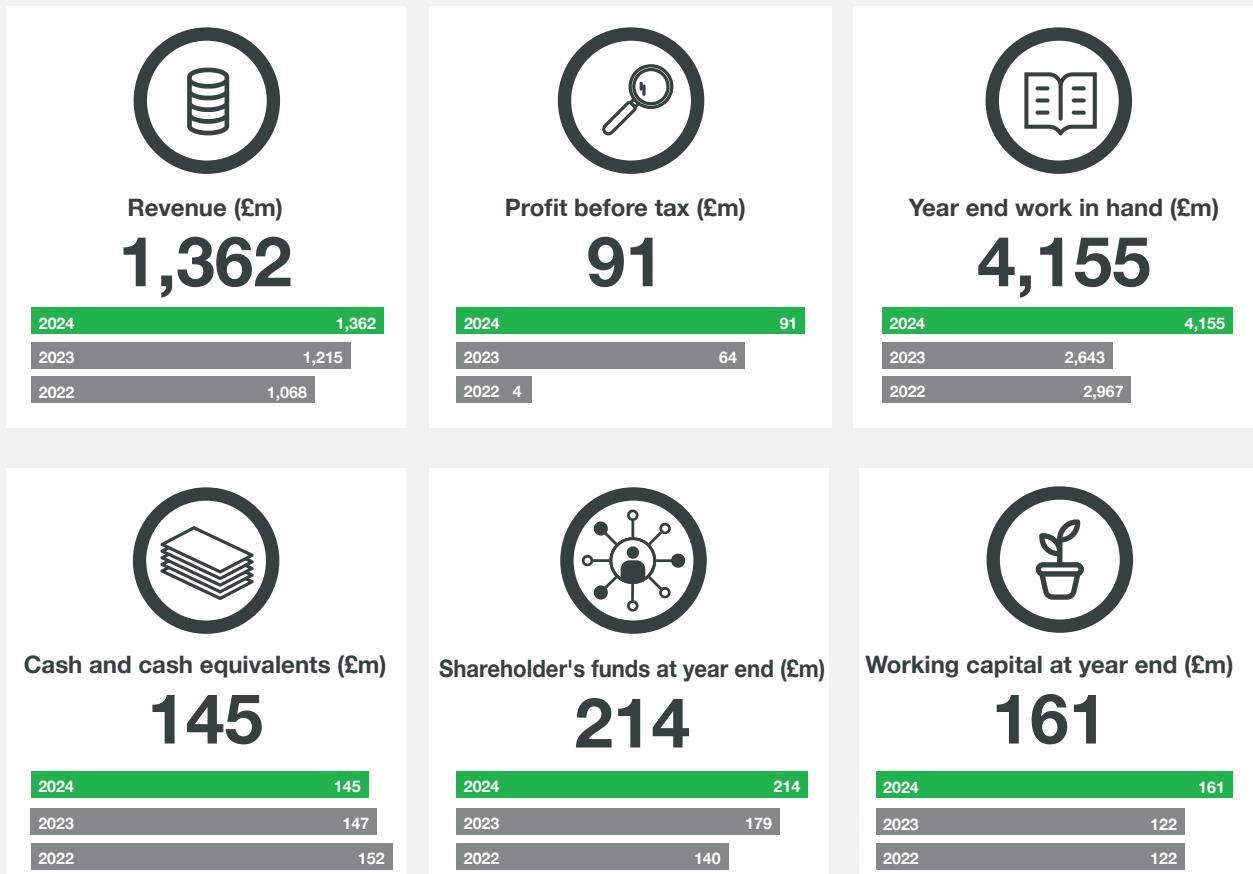
A key feature of our sustainability strategy is to have reduced our scope 1 and 2 CO<sub>2</sub> intensity by 80% in 2026 versus 2015 and our scope 3 by 50% versus 2019 by 2030 and to enhance people's lives by creating a positive impact in the communities where we work.



# Strategic report

## Business performance

Summary of key performance indicators:



Our Company continued to perform well in 2024. The Company achieved an increase in turnover, and profit before tax increased compared to 2023. We generated a profit before tax of £91.2m (2023: £64.4m) on a turnover of £1,362m (2023: £1,215m) producing a net margin of 6.7% (2023: 5.3%) largely due to the governance driving procurement of sustainable revenues and results and resolution of legacy projects. Our order book at year-end was £4.2bn. Notwithstanding the ongoing economic challenges, in the UK and globally, our outlook remains optimistic but cautious.

This sustainable performance resulted from a solid foundation of strong collaboration across our teams, clients and our industry stakeholders, creating strength and resilience in another globally turbulent year. Thanks to the quality and commitment of our people, partners, and clients, and their ongoing support and encouragement, we continued to see shining examples of excellence in the delivery of our work and secured sustainable work for the future.

Strategic partnerships across industry provided clear and consistent guidance such as managing uncertainty in price inflation with strong, visible leadership.

Our teams responded to new ways of working with tremendous flexibility and creativity, sharing practical advice and innovative adaptations for how to carry out tasks, while continuing to improve safety and productivity.

The use of digital construction tools and models continues to be exploited and allow teams to increase remote working, reschedule and plan work, while still delivering strong results. Our digital business platforms supported the fast distribution of news, while managers, supervisors, HR business partners and our people networks provided emotional support and reassurance where needed.

# Strategic report

## Principal risks and uncertainties

The Company regularly reviews the principal risks and uncertainties within the business both on a national level and a Sector level. The principal risks are associated with reputation, finance and legislation. When we identify a risk, we implement controls and mitigation strategies to reduce the overall impact on the business. The current principal risks and uncertainties are identified below along with controls and mitigation strategies.

### UK economy risk - Government and International uncertainty

The impact of the UK's departure from the EU on 31 December 2020 has continued to be monitored closely with a specific focus on the freedom of movement for business travel, the availability of a skilled workforce, changes to the importation of construction materials and the use of EU suppliers following the introduction of new rules. Notwithstanding, the overall impact of BREXIT changes have been minimal, albeit the emerging plans for new relationships with the EU, and how these might impact BAM Nuttall's business, are being monitored.

We are also continuing to monitor the announcements and broadcasts for infrastructure investment following the Labour Party winning the General Election in July 2024. In addition, the wider impact to import tariffs on goods that are used by the construction industry, following the inauguration of the new US President, will continue to be monitored too.

The ongoing conflicts in Ukraine and the Middle East continue to impact the global markets that we buy our goods in, but the cost of construction materials (particularly steel and cement) have fallen from Pandemic highs and stabilised. The delays to the supply chain have been alleviated too and through careful planning and keeping the business up to date we have been able to manage the impact of these risks within our forecasts.

### Emerging health and safety and environmental risks

The Company recognises the importance to its employees and society, as a whole, that the workplace is a healthy place to work, it is safe and that the tasks undertaken do not compromise the environment and where practical, biodiversity is enhanced. Our rigorous minimum standards are measured relative to emerging legislation, supported by continuous improvement and employees' feedback to ensure these risks are managed effectively.

### Climate Change Risk

In this report we provide details of our climate-related financial disclosures and confirm how they are based on and consistent with the Task Force on Climate-related Financial Disclosures (TCFD). The risks have been considered on a short (2026), medium (2030) and long (2050) term basis and the principal risks are:

- Managing domestic, European and international legislative changes
- Transitioning to emissions free energy sources and resources
- Increasing sustainability requirements from clients and stakeholders
- Extreme weather events
- Long term impacts of climate change on both BAM directly and our supply chain

Our strategic planning and operational delivery include measures to mitigate the impact of these risks throughout the life cycle of the projects that we are engaged in for our clients and their customers and the environments in which we work. Our commitment to reducing scope 1, 2 and 3 emissions aligns with current and emerging legislation and we have invested in the use and potential use of alternative fuels and materials.

We are engaged with our strategic clients to align their sustainability ambitions with our own and we design and plan operational delivery using weather risk assessment and management technology and by reference to publicly available weather forecasting data.

### Skills risk

Notwithstanding the residual impacts of Brexit on the pool of talent available, the workplace changes, prompted by the working practices adopted through the COVID-19 pandemic and large volume of work in the BAM Nuttall portfolio continues to drive the need to attract, train and maintain a skilled workforce.

The impact of a retiring workforce and technology creating new opportunities mean engineering continues to suffer from skills shortages, and new talent is needed.

Greater diversity in the workforce 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 STEM initiatives, the CITB, apprenticeships and the Apprenticeship Levy. We will continue to lobby for further support and improvement to the systems that support them.

# Strategic report

## Credit risk

The Company's policy is to trade only with recognised, creditworthy parties. It is the policy of the Company that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis, both at the operating and the corporate level, with the objective of minimising the Company's exposure to bad debts.

## Liquidity and cash flow risk

These risks are actively managed through the preparation and monitoring of a detailed twelve-month rolling cash flow forecast and over a longer timescale by the preparation of a two-year forward plan in the annual Operating Plan. See also the Going Concern section of the Directors' Report.

## Price and inflation risk

This risk relates to our ability to rigorously evaluate the cost of projects at bid stage, the control and recording of these costs during the delivery stage and our ability to recover these costs under the prescribed payment terms of our contracts. This ability has been challenging due to the impact of inflation pressures and supply chain solvency, but these have been managed (e.g. alternative sourcing routes by the supply chain) without a material impact on the business.

Other financial risks relate to the financial standing of our customers and supply chain in terms of their ability to discharge their contracted obligations to us.

Management of these financial risks is an integral part of the Company's formalised control processes and business procedures, including preparation of monthly project cost reports and a detailed quarterly review of projects by the BAM Nuttall Board.

## Legislative risk

These relate primarily to health, safety, environmental and corporate issues. Each of these issues receives significant focus at appropriate levels within the Company and mandatory policies and procedures (including e-learning) have been implemented in order to manage these issues: most recently relating to the Procurement Act 2023.

No significant uncovered risks were identified up to the date of these financial statements being issued, but the directors will continue to monitor the legislation like the planned active and passive divergence from EU law over the longer term, especially those that impact sustainability, digital data and GDPR. The risk of breaching sanctions imposed on countries (e.g. Russia) is mitigated against through a number of procedures that include JV and vendor assessments, and this risk has been reviewed and the measures found to be robust.

## Cyber risk

BAM Nuttall recognises that managing cyber risk is crucial for the protection of their operations, reputation, and customer trust. Cybersecurity is treated as a business-wide issue, not just an IT concern and the Board is engaged in regular discussions about cyber risks. Employees are encouraged to prioritise security in their daily activities and there are regular communications and training available. There is a comprehensive framework aligned with international standards like ISO 27000 including policies and procedures and since human error is a leading cause of breaches, there is investment in continuous training and tools to empower employees as the first line of defence through documents such as the Acceptable User Policy. Consideration is given to the legal implications (e.g. EU AI Act) and insurance where appropriate with the IT team continuously assessing and updating cybersecurity measures to address evolving threats.

## Post-COVID-19

The post-COVID 19 period has realised opportunities and risk. The recovery of support industries to infrastructure, whilst still a challenge, has stabilised, albeit the increase in prices and lead times for materials have remained higher than pre-COVID period. The impact on a skilled workforce; many left the industry during and after the COVID-19 pandemic and have not returned and the rebuilding of an experienced workforce continues.

During 2024 there have been few issues directly associated with post COVID growth, but these have invariably been subsumed by other factors, such as the inflationary impacts of conflict in Ukraine, Middle East and other global events.

## Pension Risk

To address the risks to BAM Nuttall, identified in the Section 37 Review for The Edmund Nuttall Staff Superannuation Fund, it is proposed that a detailed review of the Definitive Trust Deed and Rules dated 29 April 2004 against the 1995 Trust Deed and Rules is conducted (unless the Trustee's lawyer can confirm that the Rules are a consolidation and therefore do not require section 37 confirmation). If further evidence cannot be obtained to support the case that section 37 confirmation was obtained, there will be retrospective augmentation for the deeds of amendment dated 20 September 1999 and 25 October 2010 as the amendments made were benefit improvements. For the deed of amendment dated 30 September 2008, additional contemporaneous evidence shall be collated to confirm that section 37 confirmation was obtained or to confirm that it was not required. It is also proposed that further court cases and potential government actions will be monitored.

# Strategic report

## Current strategy - Building a sustainable tomorrow: 2024-2026

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

The order book remains strong, and we will be applying a conservative approach to 2025 and beyond monitoring the changing UK political landscape following the Autumn Statement by the new Labour Government and their proposals for investment in infrastructure, particularly related to the railways and energy security. The directors have put various measures in place to deal with scenarios that may arise.

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

As part of the strategy, BAM Nuttall is supporting and participating in the alignment of Royal BAM Group policies, processes and procedures for core enabling services including Information Security, Human Resources, Finance and Procurement for the UK&I Division. This alignment will support employees, teams and other Segments to leverage their combined capabilities and improve productivity and performance.

## Client focus first

Our approach is client focused. We build strong relationships with our clients, understanding their biggest challenges, to develop solutions tailored to them.

Building purposeful long term relationships with our clients is at heart of what we do. Our clients act as our north star, and we want to work with clients who share our vision of building a sustainable tomorrow, safe project delivery and leaving a lasting positive legacy wherever we go.

Getting to know our clients better ensures we can bring the best of BAM to our clients and means we can deliver solutions tailored to our client's specific needs using the full range of in-house capabilities that BAM offers.

We achieve this by engaging early and understanding our clients' – and their customers' – specific needs, which provides the opportunity to deliver bespoke, locally focused, progressive and sustainable solutions. Throughout all of this, we incorporate the best of BAM UK & Ireland to deliver the right outcomes for all, while building purposeful relationships for the long term.

Recent industry and government changes continue to reinforce our client focused model, including the IPA 2024 and NISTA

Further supporting this, our portfolio continues to be dominated by collaborative and outcome focused procurement models.

Client experience is fundamental. Making clients happy while delivering safely, sustainably and beyond their expectations is our simple goal.

## Corporate responsibility - ethics and standards

BAM Nuttall is committed to doing things right. This means being a responsible partner in society and acting with integrity towards employees, clients, business partners and shareholders, as well as the wider community in which we operate: only then will we be able to create sustainable environments that enhance people's lives. The BAM Code of Conduct describes the expected behaviours and it deals with subjects such as the BAM values, safety, human rights, preventing bribery and corruption, protection of data and respecting privacy. The BAM Code of Conduct subjects are part of the enterprise risk management process (including a compliance risk assessment), training and awareness, monitoring and reporting.

BAM Nuttall believes that communication and training are fundamental to making and keeping the Code of Conduct alive and to encourage open conversations.

BAM Nuttall adopted a targeted approach for the different working groups to achieve optimum understanding and adaptation. An interactive e-learning module has been developed to train employees in the Code of Conduct. Progress is closely monitored and reported to management. Additionally, Compliance Officers provide target group specific training sessions to educate on specific compliance themes.

The BAM Worldwide Safety and Wellbeing Day in 2024 focused on not cutting corners, safety behaviours and the impact of fatigue. A set of conversation starters were created, and all sites and offices were invited to have wellbeing and safety conversations.

# Strategic report

Feedback was very positive with high levels of engagement, and it raised awareness of the support that is available to employees through trained Wellbeing Champions, Company Employee Assistance Programme and online resources.

## People

The Board recognise and appreciate our people for the outstanding and unique qualities they bring to the business, and how they have brought our values to life. Our culture is collaborative and inclusive and is helping us to achieve our goal of a sustainable future. This differentiates us from our competitors and creates a unique employee value proposition to enable us to attract and retain talent.

A harmonisation process involving collective consultation commenced in September 2023 with the aim of aligning employee rewards and benefits across the UK&I Division and making BAM Nuttall a prime destination for talent. This exercise was completed with new terms commencing 1 July 2024. New modernised policies have also been introduced, such as the family friendly policies, including enhanced maternity, paternity and shared parental leave as well as carer's leave for all employees.

All employees have the opportunity to participate in the BAM Engagement survey, which is confidential and completed on a quarterly basis. This provides an opportunity to provide anonymous feedback and highlight areas of concern, for improvement, or to recognise good performance and teamwork.

Engagement remains high, and response rates for the survey are increasing.

Outcomes of the engagement survey are reviewed across BAM Nuttall; within its business units and its projects. Managers can take ownership of action plans and have successfully run small sessions on projects to gain direct feedback, which have improved survey completion rates and engagement.

Survey feedback indicated that employees strongly believe that safety is a top priority, that diverse perspectives are valued, and that the Company has the right culture to be successful in the future.

Retention continued to be an issue in 2024, and the exit interview software provided some insight into the reasons why people have chosen to leave the Company. The main reasons continue to be growth/career development and reward. We are beginning to see a pattern of leavers with short service (less than two years) who have not developed a sense of belonging or loyalty, with the ongoing hybrid working and consequent challenge to build meaningful relationships

with colleagues believed to be a factor. Focus on the Perform & Develop process has improved the uptake of the system for goal setting and performance targets.

The Company directly employed 3,508 FTEs on 31 December 2024 (3,399 on 31 December 2023), had a turnover of 17.0% and 18.0% of FTEs were women (19.7% in 2023).

## Diversity and inclusion

### Embracing diversity and fostering inclusion

What if 'building a sustainable tomorrow' means more than delivering our projects? We believe true progress goes beyond physical structures, and our people are what set us apart to achieve our goals. We focus on building incredible teams to deliver great projects.

### A safe place for everyone

A key part of achieving this is by making BAM a safe place for everyone. We strive to create an environment where everybody feels valued, respected and empowered to share their ideas; when every voice is not only heard but celebrated and where our people bring the best of themselves to BAM. Only then will we ensure our projects reflect the diverse needs and values of the communities we work within, and we pave the way for a more inclusive industry.

### Key Achievements in 2024

- **Inclusion-first mindset:** BAM is guided by an 'inclusion-first mindset' throughout everything we do. We further this thinking by working directly with our projects, operational, and enabling teams ensuring inclusion is the golden thread throughout our work, where everyone understands how they play a part at contributing to an inclusive, respectful, and psychologically safe organisation.
- **Segment inclusion steering groups:** Furthering our governance and accountability of D&I initiatives at BAM, we set up Segment Inclusion Steering Groups for each of our four UK & Ireland segments. These groups report directly to a Divisional Inclusion Steering Group ensuring consistency of our D&I efforts across a more operationally focused and granular level, furthering our golden thread approach.
- **Employee Resource Groups (ERGs):** BAM's Inclusion Networks support our people in bringing their whole selves to work. Ability@BAM, Forces@BAM, Minority Ethnic@BAM, Proud@BAM, Gender Action Network, and Future BAM, bring BAM's Diversity and Inclusion Policy to life. At least 10% of our workforce are members of at least one or more of these groups and we continue to improve on this so that all our employees benefit from their purpose.

# Strategic report

- **Training and development:** Over 6,900 participants attended our Inclusion@BAM webinars across UK & Ireland. Over 70% of our senior leadership team have completed an intensive 2-day inclusive leadership programme and we are committed to 100% completion for 2025. We continue to deliver a broad range of diversity and inclusion training programs to our colleagues to enhance their understanding and skills in creating an inclusive workplace.

## Initiatives and programs

- **Return on inclusion audit:** An inclusive culture which respects and values differences, is essential to make BAM stronger, more innovative and attractive. BAM's aim is for inclusion to be a golden thread throughout its operations. To support this, BAM is performing a biennial Return on Inclusion assessment with an external independent party. The next assessment is taking place in 2026 and hence BAM has focused in 2024 on embedding the recommendations from the previous assessment to improve its score to 60 (Silver) or higher.
- **Inclusive recruitment:** BAM undertook an intensive review of recruitment activities, and in 2024 applied a fresh approach to our approach through process, upskilling of recruitment teams and hiring managers.
- **D&I fundamentals and internal trainers:** In 2024 BAM increased investment in the development of internal trainers to deliver our D&I fundamentals programme to the business, recognising the success of peer-to-peer training. BAM plans to continue the growth of this network.
- **Partnerships and certificates:** In 2024, we had many great achievements in external collaborations. We renewed our membership with The WISE Campaign, as well as our Level 2 Disability Confident status. Additionally, we had a great year of engagement with the Armed Forces Covenant in which we achieved Gold Status for the Employer Recognition Scheme.

## Future goals

- **Strengthening the impact of our networks:** A key influence in driving change, BAM are committed to ensuring our network chairs have the necessary skills to deliver impactful initiatives and support. A partnership with Radius Networks to provide leadership development to chairs and executive sponsors will commence in 2025.
- **Embedding inclusion everyday:** Aligned with our Sustainability Strategy, BAM continues its focus on efforts to improve the Return on Inclusion scores, ensuring consistency across all areas of the business. In 2025, BAM will partake in a 'health check' to ensure that they are moving in the right direction, in preparation for the 2026 audit. BAM are also committed to upskilling the enabling functions to ensure that they lead with an inclusion-first mindset in all activities.
- **Utilising data to strengthen our decision making:** Utilising key developments in data insights and employee experience to provide robust and impactful change programmes.

## Pay gap reporting 2024

- Continuing at full force with our diversity and inclusion efforts, we are seeing a maintained position on our gender balance across the business in which we are currently standing at 19.6% (19.7% in 2023). In 2024, BAM Nuttal have reported a reduced mean average of 13.2% for their gender pay gap which was 15.24% in 2023.
- We are seeing positive trends including an increase of females in senior positions, showing a percentage increase in the highest pay quartile to 14.3% (13.45% in 2023). This brings us closer to our aim of equal representation across the quartiles.
- Furthermore, the number of female employees receiving a bonus was 13.6% in 2024 (male employees 26%), an increase from 13% in 2023 (male employees 26%), showing a justified movement of pay between women and men.
- In addition to the gender pay gap, our mean ethnicity pay gap has shown positive change moving from 11.16% in 2023 to 5.8% in 2024, and 5.9% for the median average, with a slightly reduced 6.6% minority ethnic representation from 7.2% in 2023.

# Strategic report

## Social sustainability

BAM aims to make a lasting societal impact by generating social value, a central theme in its goal of building a sustainable tomorrow. Social value allows for reinvestment into the communities where projects are executed. These investments include channelling wealth back into the local economy through local procurement and employment, supporting apprenticeships, and volunteering in local community projects. Activities that enhance social and local economic value are assigned a monetary value, and are expressed as a percentage of social value against revenue or contract value.

Social value is how BAM measures social sustainability activities, and is underpinned by three key strategic themes:

- **Social mobility:** empowering individuals by providing inclusive and accessible pathways in education, employment, and training programmes.
- **Foundational economy:** building community wealth through maximising opportunity for local procurement, invest in local charities and social businesses (VCSEs), and volunteering time, skills and expertise.
- **Social inclusion:** fostering equity, diversity and inclusion (EDI), actively engaging with the community, and creating lasting legacies that benefit the community long after construction is complete.

A striking example of a project where BAM Nuttall delivered substantial Social and Local Economic Value (SLEV) in 2024 is the Brighouse Flood Alleviation Scheme Early Supplier Engagement Phase project in West Yorkshire completed March 2024, which delivered 37% social value (circa £1 million). This was generated through six apprentices completing over 200 apprentice weeks, providing over 90 hours of education engagement activities and providing work experience placements as part of the 10,000 Black Interns programme.

Some additional highlights of BAM Nuttall delivering social value in 2024 were:

BAM Nuttall directly employed 242 apprentices. 23,000 apprenticeship and T-level weeks were delivered on our projects in 2024. Offering work placements and T-level placements resulted in participants going on to join BAM and our supply chain in full time employment and apprenticeships. BAM is recognised among the top ten best apprenticeship employers in the United Kingdom in the construction and property sector.

Additionally, over 3,629 hours were spent delivering schools engagement and careers activities in educational establishments and a further 16,869 hours of 'support into work assistance' were provided to unemployed people through career mentoring, including mock interviews, CV guidance and careers guidance. Staff provided 222 hours of expert advice to local voluntary, community or social enterprises. This comprised probono business advice for example legal, HR or health and safety.

We continued to provide opportunities and invest in the development of our workforce with BAM Nuttall staff completing a total of 52,741 hours of CPD/training throughout the year.

Every year BAM offers each staff member the opportunity to spend a paid work-day volunteering with charities or community organisations. In 2024, 16,873 BAM Nuttall staff volunteering hours supported local projects. engaging in impactful projects such as the refurbishment of community facilities. BAM Nuttall also supported many local community projects with cash donations, many provided through by staff fundraising efforts and in-kind contributions such as materials for refurbishment projects.

One highlight example of volunteering and a BAM donation (£2,000) to create a mural at Lamplighter's Marsh as part of the Avon and Shirehampton Enterprise Area flood defence project near Avonmouth for the Environment Agency (EA). BAM colleagues volunteered and collaborated with staff from the EA and Friends of Lamplighter's Marsh to create a mural of local wildlife reflecting the community's connection to the natural environment.

This year we were delighted that the Social Sustainability team on the Transpennine Rail Upgrade was recognised for their hard work with the local community. The team won Network Rail's 'SHELT awards 2024 – The railway that helps communities Thrive'.

Our social sustainability work demonstrates our commitment to meet our goal to foster a lasting, positive societal impact through our projects, championing social sustainability that actively involves communities and elevates people's lives.

# Strategic report

## Working better for safety, health and wellbeing

We focus on four areas for health and safety: safety, occupational health, mental and physical wellbeing.

We strive to give each approach its own profile and importance, while connecting the correlation of these themes through raising awareness, educating and inspiring people, accelerating change and improvements.

Our continuing goal is to have completely safe operations so that Company employees, everyone who works with the Company, and all stakeholders suffer no injury or ill health through our activities.

In early 2024 BAM colleagues across BAM Nuttall were invited to complete a survey as part of the BAM Safe and Well Programme (previously called the BAM Safety Leadership Programme). What our colleagues told us in the survey is helping to shape the future of safety in our organisation, and this insight enabled us to form a new collective vision:

### Everyone safe and well every day

This vision demonstrates our commitment across BAM Nuttall to our people as they are at the core of everything that we do and if everyone is safe and well every day, we can make so much more possible for our business. Throughout 2024 we launched the Safe and Well Steering Team. At the end of 2024 the Steering Team prepared for the launch of six new Regional Safe and Well Leadership Teams with team members across BAM UK & Ireland Division in early 2025.

In 2024, the main causes of safety incidents involving lost time related to access and equipment issues.

Our incident rate is low, and we continue to pursue further improvement. For 2025, our key objectives are focused on:

- Enhancing the reporting process for incidents and leading indicators by introducing an online tool
- Further enhancing the Zonal Working process to further mitigate the risks from mobile plant. Measuring the effectiveness of noise management and if necessary, improving that process
- Implementing outcomes of the Safe and Well leadership programme as identified by the Steering Committee and regional committees including the introduction of Don't walk by! Empowering all stakeholders to act and improve safety and well being

- Improving understanding of the impact of rework on safety
- Reducing exposure to respirable dusts including the addition of a second occupational hygienist to our occupational health team.

Senior managers across the Company conduct regular safety tours on our construction sites to demonstrate visible leadership on all matters of health and safety. In 2024, over 500 site safety inspections were conducted. As part of our commitment to being a responsible contractor, all our sites register with the Considerate Construction scheme.

In 2024 our average Considerate Constructors score was 44 out of 45, against an industry average of 41.

Our safety performance depends on collaboration and engagement with our supply chain. Our business unit delivery teams and procurement teams stage knowledge sharing conferences, both on and off site, with their supply chain partners. The Company safety management system is accredited to meet ISO 45001.

Best practice and lessons learnt from incidents are shared across all offices, project sites and teams using our intranet and management bulletins.

We regularly update our procedures and guidance and share a seasonal 'Safe Start' briefing across sites. Over 1,400 employees receive their annual health and safety update training face to face, this includes a module on mental health and wellbeing.

As well as extensive training and monitoring of safety policies, processes and procedures, we promote wellbeing throughout the Company and with our supply chain. Activities such as webinars with experts from Bupa, Legal and General, Spectrum Life, site Toolbox Talks, onsite nurses, health checks and health advice are offered; which extend to families of employees and suppliers. Over 1,500 employees were monitored by the occupational health team in 2024 as part of the Company's employee health surveillance programme.

2024 saw the continuation of an EAP for all UK employees (Spectrum Life) - with 24/7 advice and support and live and on demand fitness programmes and training. A comprehensive range of wellbeing webinars and toolbox talks were delivered across the business, with a mix of internal and external speakers. Topics included creating and supporting Time to Talk day, men's health, suicide awareness and prevention and improving muscular skeletal health.

# Strategic report

The comprehensive mental health and wellbeing training programme continued through 2024. We provided a two-day Mental Health First Aider ('MHFA') course, a MHFA refresher training course, e-learning, suicide awareness training, menopause awareness and a one-day manager training induction.

The now established BAMathon event saw nearly 900 employees participate in cycling, running, walking and swimming, in small teams, for the month of June. Many employees participated in the cycle to work scheme.

BAM Nuttall were awarded Gold in the Mind Index for the fourth consecutive year and won Top Large Employer for the second year. There were 35 individual employee nominations made across four categories with a win for Wellbeing Champion and highly commended in the Senior Leader category.

In addition, there were a number of other awards in CECA Workplace Wellbeing Initiative Award (Suicide awareness and prevention), Great British Workplace Wellbeing Award – Breaking the Silence (suicide awareness and prevention), Investors In People Wellbeing Award for large employers, for the third consecutive year, This Can Happen – Wellbeing Lead, Highly Commended, Inside Out – Wellbeing Leader, Highly Commended, Make A Difference Individual Award – Most Inspiring Wellbeing Lead, Highly Commended and Great British Workplace Wellbeing Awards - finalist in Best Physical Activity.

BAM Nuttall continues to hold gold in the Investors in People accreditation, with re-accreditation commencing in 2025 and 23 employees were nominated for individual wellbeing 2024 Making Possible Awards and 35 individuals nominated for Mind Awards.

Effectiveness, levels of engagement and feedback on initiatives is gathered through management reports and analysis of demographic information. For example, reasons for declining offers of employment, voluntary resignations, early/ill health retirements, absence rates (including declaration of mental health issues), EAP usage, use of counselling services, permanent health/disability claims, take up of wellbeing activities, participation in organised events and physical activities.

Much fund raising was undertaken at site and project level with funds raised for Lighthouse Club charity and Mind among others.

Wellbeing champions were supported by three online conferences, improved wellbeing communications and collateral, education and training and knowledge updates.

Suicide remains a risk in our business, with suicide interventions involving employees or employees intervening with members of the public.

Critical incident support is provided for serious incidents, whether work-based accidents, suicide interventions, unexpected deaths of colleagues or any serious incident that has the potential to cause emotional distress or trauma.

## Research and development

The Company continued investment in research and development during 2024, progressing initiatives such as the development of hydrogen as a fuel for construction plant, a solution to reduce fuel wasted due to plant idling, and renewable energy powered 5G connectivity solutions.

Building on our portfolio of previous successful collaborative research and development projects, our Element1 collaborative R&D project, funded by the UK Government Department for Energy Security and Net Zero (DESNZ) Red Diesel Replacement Competition continued its work to design, develop and deploy an end-to-end hydrogen fuel solution for the construction industry.

The Company is leading the project consortium which has successfully completed site deployments and continues its work until completion in March 2025. In addition to supporting the vision of 'Building a sustainable tomorrow' it will also lead the construction industry towards a zero emissions future.

Over the past year, the Company has supported the development of the Royal BAM Group's transformation strategy which focuses on further increasing capability in the areas of digital construction, a drive towards industrialised construction, and the roll out of a next generation of information management system.

BAM Nuttall continues to be a key influencer and participant in industry bodies through participation in groups such as the Institution of Civil Engineers, ENCORD, GIRI and i3P as well as providing speakers for various industry events.

We continued to engage with UK Research & Innovation (UKRI), through our participation in the 5G-CONQuEST collaborative R&D project and, funding the development of a renewable energy powered private 5G network solution for construction, which concluded successfully.

# Strategic report

## Sustainability Strategy

BAM Nuttall's sustainability strategy 'Building a sustainable tomorrow' is developed in conjunction with Royal BAM Group. The strategy comprises of six themes:

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

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

## Climate-related financial disclosure

We are committed to providing climate-related financial disclosures based on the guidance in the mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs. It is structured across each of the eight elements of the guidance.

## Governance arrangements in relation to assessing and managing climate-related risks and opportunities

The processes for identifying, considering and managing climate-related risks and opportunities in BAM Nuttall take place at three levels within our governance structure: Group level, Divisional level and subsidiary.

At the Royal BAM Group level, responsibility for climate-related risks lies with the Executive Committee (ExCo) that reports to the Supervisory Board. The ExCo defines the strategy which is translated into Strategic and Operational plans for its subsidiaries. Each subsidiary has a management team member with responsibility for sustainability who reports progress quarterly to the ExCo and the Group Director Strategy and Sustainability via the Sustainability Community Table. The Risk and Control Committee advises the Executive Committee on the main risks in the context of Royal BAM Group's risk appetite, with risk assessments carried out on a quarterly basis which require input and involvement from its subsidiaries.

At Divisional level, the UK & Ireland Division Leadership Team (DLT) meet to discuss topics related to the assessment and management of climate-related risks and opportunities. The UK&I Division Operations

Committee, includes the four Executive Directors from the subsidiaries in the United Kingdom and Ireland (of which BAM Nuttall is one). This committee discusses climate-related matters, receiving information from the Environmental Sustainability Director, supported by the Sustainability Controller who is focused on assurance of climate-related data. The Operations Committee plays a role in supporting climate-related initiatives needed within the operational business and has strategic level responsibilities in identifying, monitoring, considering and managing climate related risks and opportunities in strategic planning. These responsibilities result in the ability to mandate business change, as well as ensure business alignment to climate-related initiatives.

The Director for Environmental Sustainability has responsibility for climate-related topics. They join the Operational Committee to provide updates on climate-related matters including risks and opportunities. They also have responsibility for defining and delivering ESG strategy for the UK and Ireland, including cross functional alignment on climate-related topics, and also leads the Environmental Sustainability Leadership (ESL) Team, which meets regularly.

The main strategic focus with regards to climate-related matters has been on decarbonisation. A Carbon Reduction Plan has been reviewed and signed off by the Divisional Leadership Team with the Environmental Sustainability Director having responsibility for monitoring, delivering and reporting progress against this plan. At the subsidiary level, BAM Nuttall is represented on the Operational Committee by our Executive Director.

## Identifying, assessing and managing climate-related risks and opportunities

The governance arrangements identify, assess and manage climate-related risks and opportunities at three levels: at Group level, as part of the integrated enterprise risk management (ERM) process, within its subsidiaries and as part of the Tender Stage Gate process. BAM Nuttall has future plans to include a climate risk screening in the evaluation process for tenders where climate risks are considered a material part of the design and delivery of the tender.

BAM Nuttall's process for identifying, assessing and managing climate-related risks and opportunities related to BAM Nuttall's operations is in three steps: risk identification, risk assessment and risk management.

As part of risk identification, cross-functional stakeholders and the ESL team provide their inputs on relevant physical and transition risks and opportunities across our value chain (not just our own actions, but with our clients and supply chain) captured in a longlist

# Strategic report

which is reviewed on a regular basis. As part of this process, we assessed our exposure to each risk and opportunity in terms relevant to BAM Nuttall and our high impact areas in our value chain stage. Interviews with key internal stakeholders were held to assess perceived vulnerability (in terms of potential impact) - low, medium, or high - and ultimately to prioritise a short-list of the five most relevant transition risks and opportunities for BAM Nuttall and our impact on our value chain, which are currently being further assessed via climate scenario analysis.

We are using climate scenario analysis to evaluate and prioritise transition risks and opportunities across the value chain, as well as site- and region-level physical risks under different future time horizons. The eleven physical hazards considered include: heatwaves and heat stress; drought, water scarcity, heavy precipitation, riverine and coastal flooding, tropical cyclones, windstorms, heavy snowfall, and cold waves. We are using a 'rapid transition' scenario (aligned with 1.5°C) for transition risks and opportunities and a 'high impact' scenario (aligned with 4°C) for physical risks. Three-time horizons are being considered in this analysis: baseline or short-term (2026), medium-term (2030), and long-term (2050).

Based on this assessment, the most material climate risks or opportunities will then be integrated into Royal BAM Group's ERM process and managed accordingly. The process of identifying climate-related risks and opportunities will be an ongoing activity, with the risk

identification being reviewed on an annual basis. The Board of BAM Nuttall will ensure this process captures specific requirements for BAM Nuttall and these are reported up to Group.

The processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process and governance, this is subject to review; separate processes and procedures may need to be developed.

## Principal climate-related risks and opportunities arising in connection with operations

The principal transition risks and opportunities we identified and are currently assessing are highlighted below.

The physical risks were similarly considered, with ongoing focus in this area to gain further insights.

We will review the resilience of our strategy on the basis of our climate scenario analysis and intend to build on this assessment to continue our work towards better managing our climate risks and opportunities through improving granularity, continuing to monitor and assess progress, and better integrating climate risks into our overall risk management processes. The climate scenario analysis will be reassessed on an annual basis.

Risk / Opportunity		Risks			Opportunities	
Risk / Opportunity title		Limited availability of low-carbon raw materials	Carbon pricing mechanisms	Customer requirements for low-carbon developments	More efficient / low-carbon construction processes	Demand for low-carbon energy technologies and lower-carbon, resilient developments
Category	Technology	Policy		Market / Reputation	Resource efficiency / Energy Source	Products and services
Exposure area	Upstream supply chain	Own operations and upstream supply chain		Downstream supply chain	Own operations	Downstream supply chain
Time horizons	Short to medium term	Medium term		Short term	Short to medium term	Medium term
Primary potential business impact	Increased direct costs	Increased direct and indirect costs		Reduced / Increased revenue	Reduced costs	Increased revenue

# Strategic report

## Targets used to manage climate-related risks and to realise climate-related opportunities

In 2019 Royal BAM Group ratified its carbon reduction targets with the Science Based Targets Initiative and was one of the first companies in the construction sector to do so. Our reduction pathway is in line with the 1.5°C scenario and demonstrates our carbon reduction efforts are sufficient to meet this key objective. A Carbon Reduction Plan has been developed to align with and form part of the broader Royal BAM Group decarbonisation strategy.

We are committed to achieving an 80% reduction in our normalised scope 1 & 2 emissions by 2026 from 2015 levels in 2024 we achieved a 68% reduction. Additionally, BAM Nuttall has set a net zero emissions target for our Scope 1 & 2 emissions by the end of 2030 (this builds on the 80% reduction target for Scope 1 and 2 emissions intensity by 2026).

Whilst absolute scope 3 emissions have increased (due to increased workload compared to 2015), we do not disclose our full scope 3 footprint owing to lack of sufficient data. However Royal BAM Group have made a full scope 3 assessment covering all divisions based on financial analysis and this is disclosed in their integrated report. This shows good progress to meeting the overarching scope 3 target to reduce these absolute emissions by 50% by 2030 based on 2019 levels. The target to reduce greenhouse gas (GHG) emissions intensity from commercial fleet and staff transport has been increased to a 90% reduction by 2030 (compared to 2015 levels).

The key metrics that we use to track our decarbonisation journey are below.

Target	Baseline emissions 2015	2024 emissions	% change
Reduce Scope 1 and 2* GHG emissions intensity** by 80% by 2026			
Reduce Scope 1 and 2* GHG emissions intensity** by 90% by 2030	49tCO2e/£M	15.72tCO2e/£M	-68%
Reduce absolute Scope 3*** GHG emissions by 50% by 2030	24,960tCO2e	29,572tCO2e	18%
Reduce GHG emissions intensity** from commercial fleet and staff transport by 90% by 2030	12.95tCO2e/£M	5.91tCO2e/£	-54%

**Table 1, key carbon reduction targets**

\*We report market-based carbon emissions for our electricity use in line with our parent company and ISO14064.

\*\*Not corrected for inflation

\*\*\*Scope 3 disclosure doesn't yet include purchased goods and services, use of sold product, capital goods, investments, remote working or cloud computing due to data uncertainties.

# Strategic report

## Key performance indicators

The key performance indicators (KPIs) that we use to assess progress against our stated climate targets above are calculated in tonnes of carbon dioxide equivalent (tCO2e) for our Scope 1, Scope 2 (location-based and market-based), and selected Scope 3 emissions. We monitor these both as absolute emissions and in terms of emissions intensity relative to revenue (tCO2e/£m).

Each year, we measure our carbon footprint across Scope 1, 2 and selected Scope 3 emissions, following the World Business Council for Sustainable Development (WBCSD)/ World Resources Institute (WRI) Greenhouse Gas Protocol, a Corporate Accounting Standard, ISO14064 and the UK Government's environmental reporting guidelines, including the Streamlined Energy and Carbon Reporting (SECR) framework.

Our Biodiversity Strategy and Nature Positive Plan address the key drivers of nature loss - land-use change, overexploitation of natural resources, climate change, pollution, and invasive non-native species - across our value chain. Aligned with the Global Biodiversity Framework, we focus on reducing our most significant impacts while enhancing opportunities to benefit nature at every stage of construction. This includes addressing high-impact construction materials in our supply chain, improving our construction practices, and integrating nature-positive approaches at our depots and client projects. To ensure a structured transition and make these themes actionable and

monitored, BAM has developed its own Biodiversity approach: BAM Biodiversity+. As we strengthen our approach, we are also preparing for the Taskforce on Nature-related Financial Disclosures (TNFD), ensuring transparency and accountability in our biodiversity commitments.

## SECR

### 2024 summary

Since 2008 BAM Nuttall has reported its direct carbon emissions footprint in order to meet customer, legislative and parent company requirements and we have mature energy and carbon measurement systems which have continually improved over time. We measure our carbon emissions according to the Green House Gas Protocol - Corporate Standard and ISO 14064-1:2018 as part of our Carbon Reduce certification for the management and reduction of greenhouse gas emissions. BAM Nuttall total reported Scope 1,2 & selected 3 carbon emissions in 2024 was 51.0kt resulting in an intensity of 37.4tCO2e/£m revenue. This is a 22% reduction in carbon emissions intensity compared to the previous year (2023: 46.8tCO2e/£m). Our carbon emissions inventory showing 2023 and 2024 data is shown in table 2.

Note that our headline direct carbon emissions disclosures for Scope 1 & 2 use the market-based methodology for calculating emissions from grid electricity usage. The location-based emissions are disclosed in table 4.

# Strategic report

Emissions Source	Unit	2024		2023	
		tCO2e	Quantity	tCO2e	Quantity
Company car	Miles	470	2,544,220	365	2,233,052
Gas	kWh	66	359,925	24	130,680
Gas Oil	Ltr	471	171,034	500	181,540
HVO (Biodiesel)	Ltr	192	5,402,950	75	2,119,362
Diesel	Ltr	17,840	7,092,079	24,706	9,796,814
Petrol	Ltr	153	73,092	148	70,539
Hydrogen (Green)	Kg		2,055	-	394
Kerosene	Ltr	4	1,651	2	750
<b>Total Scope 1</b>		<b>19,196</b>		<b>25,820</b>	
Electric Vehicles	Miles	240	2,980,255	119	1,488,344
Electricity	kWh	1,982	7,538,956	2,347	9,965,069
<b>Total Scope 2 (Market-based)</b>		<b>2,222</b>		<b>2,466</b>	
Electricity (T&D)	kWh	156	8,707,454	189	10,548,619
Waste	tonnes	1,998	431,890	1,037	414,985
Hotel Stays	Nights	202	19,372	147	14,096
Train Travel	Miles	195	3,421,883	213	3,735,297
Upstream transportation	n/a	17,301	n/a	15,428	n/a
Air travel	Miles	660	1,637,930	927	2,334,939
Private Car	Miles	1,560	7,006,117	1,479	6,646,574
Well to Tank for Scope 1 & 2	N/A	6,144	-	7,852	-
Water	M3	21	55,990	32	84,822
Third party procured fuel	Ltr	1,334	604,685	1,209	548,024
<b>Total Scope 3</b>		<b>29,572</b>		<b>28,513</b>	
<b>Total Scope 1, 2 &amp; 3</b>		<b>50,990</b>		<b>56,799</b>	

Table 2 – carbon emissions inventory 2024 (2023 previously reported emissions from Electricity have been restated reflecting the adoption of market-based accounting in 2024. Emissions from Kerosene are also now included)

Biogenic Emissions	Unit	2024		2023	
		tCO2e	Quantity	tCO2e	Quantity
HVO biodiesel	Ltr	13,129	5,402,950	5,150	2,119,362
<b>Total 'Out of Scopes'</b>		<b>13,129</b>		<b>5,150</b>	

Table 3 – biogenic carbon emissions inventory 2024

Location-based emissions source	Unit	2024		2023	
		tCO2e	Quantity	tCO2e	Quantity
Electric Vehicles	Miles	240	2,980,255	119	1,488,344
Electricity	kWh	2,689	7,538,956	3,511	9,965,069
<b>Total Scope 2 'Location-based'</b>		<b>2,928</b>		<b>3,630</b>	

Table 4 – Scope 2 'Location-based' carbon emissions inventory 2024 & 2023

# Strategic report

In 2024, absolute emissions have increased slightly owing to the increase in business activity largely associated with the HS2 project. However, emissions intensity per £m turnover have decreased which is a result of the deployment of the biodiesel known as Hydrotreated Vegetable Oil (HVO) across the entire business, and the rapidly increasing number of pure battery electric vehicles.

Fuel consumption has increased by 4% compared to 2023 owing to the major earthworks activities at HS2. Despite the decision to mandate the use of HVO on all projects, the HS2 project is not able to switch and this means it now accounts for over half of the company's emissions. We also continue to implement energy efficiency measures on our construction sites and have invested in hybrid power solutions both through hired services and by equipping our site accommodation with solar panels.

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

Electricity consumption has remained at similar levels to 2023 owing to both the decrease in activity from the Brisbane Cross River Rail (CRR) project but offset by the tunnelling activities for the Silvertown Tunnel project.

In 2024 we switched to reporting emissions from grid electricity using the 'market-based' methodology bringing us into line with our parent company. This means we report electricity emissions as zero where the procurement of that energy is made using renewable energy backed by renewable energy guarantee of origin certificates known as REGO's. Changes were made to the 2023 figures for which there is no direct comparison between the 2024 figures and those from last year. To maintain full disclosure of the real emissions from electricity, we have disclosed the 'location-based' (actual) emissions in table 3.

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

- We mandated the use of HVO across all BAM Nuttall operations (excluding some joint ventures) which resulted in switching 5.4ML from Diesel to HVO saving 13.4ktCO<sub>2</sub>e of direct emissions. HVO is a diesel alternative with over 90% lower intensity as it is made from waste vegetable oils.
- Business travel has increased by 7% compared to 2023 owing to the increased business activity. However, the transition towards full electric and

hybrid company cars is now over 70% which has significantly curtailed emissions from company car use. By 2026 all company cars will have moved to full electric and by 2030 all commercial fleet vehicles will also be fully electric. Hybrid working continues to be adopted for most office-based functions.

- We saw the first use of a hydrogen fueled generator on the HS2 project which displaces diesel generators thereby reducing the emissions to zero. In addition to this the Element 1 consortium (an innovation project led by BAM as part of the governments Red Diesel Replacement competition) has begun trials of hybrid hydrogen/diesel excavators which have been used on three of BAM's projects in the north of England towards the end of the year. We expect to see more hydrogen use in the coming years in line with the UK Governments Hydrogen Strategy.

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

## Emissions reduction targets

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

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

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

A working group has been established to drive decarbonization initiatives and has representations from procurement, plant / fleet, innovation, carbon specialist and has director-level sponsorship.

# Strategic report

## Emissions accounting methodology

Our emissions measurement is undertaken by consolidating supplier reports, project data submissions and smart metering into a central database from which the business can report to any interested party. Preference is given to obtaining measured data from already digitised formats to help avoid human error associated with manual processing. We employ a dedicated reporting analyst team who undertake this work which has greatly improved the efficiency and robustness of our reported emissions. We report on a wide variety of emissions sources inclusive of scope 1 & 2 emissions and the sub-set of scope 3 indirect emissions.

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

The methodology for calculating and disclosing electricity emissions was updated in 2024 to bring it into line with our parent company whereby our headline Scope 2 emissions disclosures use the market-based methodology.

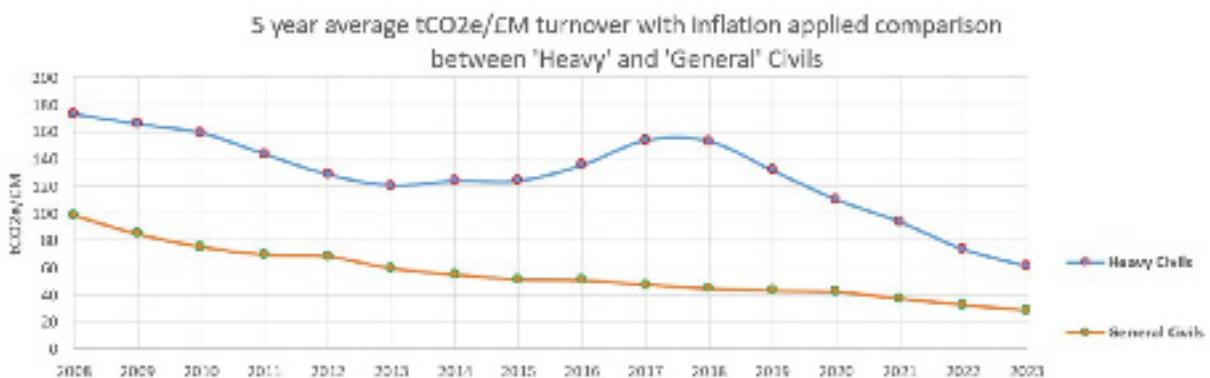
Our inventory continues to be certified to ISO14064 by Achilles as part of the 'Carbon Reduce' programme.

As we continue to implement our carbon reduction plan, we anticipate our scope 1 and 2 emissions will continue to fall as we procure a greater percentage of HVO compared to diesel, transition our company vehicle fleet away from combustion only models and begin utilising electric and/or hydrogen powered plant and equipment.

## Emissions analysis

Year to year comparisons tend to be volatile depending on our order book but analysis of the underlying trends in the normalised direct emissions intensity shows a continued intensity reduction in the majority of our activities. Figure 1 illustrates the emissions intensity trends split between 'heavy civils' (defined as projects with 500,000 tonnes or more of earthworks activities) and all other 'general civils'.

From this we can assume the emissions intensity of significant earthworks projects is on average approximately twice that of 'general civils' projects and they are therefore an obvious focus for emissions reduction solutions. Despite the positive influence of HVO, the key challenge lay in our ability to deliver these type of projects using alternative powered plant entirely such as electric or hydrogen. We continue to work closely with plant manufacturers to stimulate innovation in large construction plant.



# Strategic report

## Improvements in scope 3 disclosures

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

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

- We continue to proactively work with our supply chain to encourage them to take up Action Sustainability's carbon reporting tool to assist them in measuring, reporting and reducing their emissions. To date, over 100 of our suppliers are using this tool which will not only benefit our emissions reporting but also that of the wider industry.
- We have successfully deployed low carbon concrete on a number of projects. The most notable was the Dawlish sea wall project which used in excess of 10,000m<sup>3</sup> of ultra low carbon concrete and reduced the emissions of the project by over 1,100tCO<sub>2</sub>e.
- We continue to encourage our clients to include reduced environmental impact materials with a longer life expectancy in their projects.
- We are beginning to introduce low carbon concretes as part of permanent works and have undertaken a gap analysis of our management systems in order to implement PAS2080. In addition we signed up to the Concrete Zero initiative to drive adoption of low carbon concretes across the industry.

## Employee involvement

As reported earlier in the Strategic Report the Company engages with its employees through a number of channels and activities. These 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, webinars, surveys and face-to-face communication by the Board through a series of regular virtual team briefings and Q&A sessions.

## Section 172 (1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, 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.

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

# 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 health & safety tours, webinars, vlogs and posts on the intranet, BAM Connect, and Viva Engage.

Employee engagement is maintained through a variety of channels including recruitment and on-boarding platforms, engagement surveys (Glint), Company-wide conferences, development programmes and local communication events. Director and employee engagement, adopted during COVID lockdowns, has been retained, where effective, through several channels such as Microsoft Teams, allowing employees the opportunity to ask questions directly and receive answers, in addition to 'in person' meetings to maximise the numbers that can be engaged with at an event.

## Future developments

The Director's aim is to maintain the management policies which have resulted in the wider Group's success to date. The Company intends to continue civil engineering activities, principally in the UK, but is also active in selected international opportunities working collaboratively with other parts of the UK&I Division, Royal BAM Group and joint venture partners.

As our order book remains strong, we will be applying an optimistic but cautious approach to forecasting throughout 2024 and beyond due to among other things the ongoing conflicts in Ukraine and elsewhere globally.

The Directors are also monitoring the changes in the UK's legislative and political landscape resulting from the UK General Election in July 2024. Our industry remains reasonably secure in the short to medium term, with the impact of higher inflation and interest rates on issues such as access to labour, services and imports being monitored. The Directors have put measures in place to deal with various scenarios that may arise.

## Corporate Governance Statement

### Royal BAM Group nv

BAM Nuttall Limited ("BAM Nuttall") is a member of the BAM group of companies which is headed by Royal BAM Group nv. ("the Group"), 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: [www.mccg.nl](http://www.mccg.nl)

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

The Dutch Code is a well-established and robust code which is applied on a 'comply or explain' basis 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 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 Nuttall.

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

# Strategic report

## Corporate Governance within BAM Nuttall

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

In the opinion of the Directors of BAM Nuttall, given that BAM Nuttall is a member of Royal BAM Group and is subject to, and complies with, the standards, policies and procedures of Royal BAM Group, the adoption of the Dutch Code is in the best interests of BAM Nuttall, its shareholder and wider stakeholders. The Directors believe they have complied with the Dutch Code to the extent that the Directors 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 Nuttall

By virtue of the fact that Royal BAM Group applies the Dutch Code throughout the group, its corporate governance statement also describes, generally, the corporate governance processes and procedures at BAM Nuttall, 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 Nuttall. These principles and provisions state that certain structures, policies and procedures must be in place to meet the Dutch Code's requirements, for instance relating to the Dutch Code's concept of long-term sustainable value creation and culture, and to more operational matters such as risk management, compliance and whistle-blower procedures. Royal BAM Group 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 Group website). To ensure that all subsidiary companies throughout the Group adhere to these elements of the Dutch Code the UK&I Division has adopted them or issued Divisional standards, policies and procedures and the Board of BAM Nuttall operates within these Group or Divisional standards, policies and procedures and is responsible for their application within BAM Nuttall.

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

### Long term value creation strategy

1.1.1	We have a three-year business strategy. It is based on past performance and future market expectation and is monitored annually through an Operating Plan which itself is monitored quarterly by measuring financial, health and safety and environmental and 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 business 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 functions 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 for quality, finance, insurance and environment.
1.4.2 & 1.4.3	All the above (in 1.4) are reported monthly and quarterly relative to the operating plan and business plan.

# Strategic report

## 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 the UK&I Division and the Royal BAM 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 (see 2.1 above) are evaluated annually in order to assure they are able to carry out their duties properly. This has oversight of Group.
2.4.7	The Company has monthly and quarterly reporting from operational business units and support Departments including quarterly team meetings.

## Culture

2.5	S172 obligations are evidenced through the business plan and the annual operating plan
2.5.1	The adoption of values and incorporation and maintenance of those values is aligned with the UK&I Division and Royal BAM Group strategy
2.5.2	Local policy and procedure are introduced to support the Royal BAM Group Code of Conduct

## Misconduct and irregularities

2.6 & 2.6.1	We operate the Speak Up procedure established by Royal BAM Group which is published on the Group's company homepage and on BAM Nuttall's intranet
-------------	---

## Preventing conflicts of interest

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

## One tier governance structure

5.1	The Company acts with a one tier governance structure without the use of non-executive Directors.
5.1.1	In the absence of non-executive Directors, a Royal BAM Group Director, who is governed by the Dutch Code, chairs quarterly meetings.

# Strategic report

## 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 the parent company's external auditor and investor relations. BAM Nuttall 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 does not have an executive committee
- The Company's Directors do not have a maximum period of appointment
- The Company does not 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 is the sole shareholder.
- Code of Conduct matters are addressed with the Royal BAM Group Governance and Compliance Director
- The Company does not have any shares available to be bought and sold on the open market
- Royal BAM Group decide the remuneration policy
- The Company does not have an AGM
- The Company's Executive Director chairs meetings
- The Company does not have committees as referred to in best practice 2.3.2
- The Company does not have non-executive Directors

**Huw Jones**  
**Executive Director**  
3 June 2025

# Directors' report

## **The Directors present their report and financial statements for the year ended 31 December 2024.**

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

## **Principal activity**

The principal activity of BAM Nuttall Limited (the 'Company') is that of civil engineering, carried out through operating business units, together with contracting and other related activities.

## **Going concern**

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

The Company has net current assets of £161m and net assets of £214m. The Company meets its day-to-day working capital requirements through the cash held at year end of £145m, and through access to its other cash pooling balances held with Royal BAM Group and JV and project banks. The Company does not have any bank debt or other external borrowings [confirm] or facilities [confirm] other than leases. The Company is a guarantor to borrowing facilities that are held by the Company's ultimate parent entity, Royal BAM Group nv. Please refer to Note 20 for further details.

In preparing the financial statements, the Directors have considered the impact of climate-related change on a number of key estimates within the financial statements, including the recoverability of deferred tax assets, the useful economic life of plant, equipment and other intangible assets. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Company's going concern assessment to 30 June 2026.

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

However, given that the Company is reliant upon cash reserves held by Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company is reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company's ultimate parent entity that the Company will be provided financial support for the period until 30 June 2026. The Directors have assessed the ability of the ultimate parent company to provide this support, based on financial information for Royal BAM Group that has been shared with 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 nv., to enable the Company to continue in operation and meet its liabilities as they fall due for at least the period to 30 June 2026. Accordingly, the Directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

## **Employee involvement**

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

## **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.

# Directors' report

## Dividends

The Directors declared and paid a dividend of £24,612,000 during the year (2023: £8,500,000).

## Results

The results of the Company are set out on page 31.

## Qualifying third party indemnity provisions for directors

The ultimate parent company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

## Directors

The Directors who served during the year ended 31 December 2024 and up to the date of this report are as follows:

- I G Phillipot
- H Jones

None of the Directors have any personal or beneficial interest in the shares of the Group.

## Political donations

No political donations were made during the year (2023: £nil).

## 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 Company's auditor, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Auditors

A resolution to reappoint Ernst & Young LLP as Royal BAM Group's auditors was agreed by the members at the Group's Annual General Meeting.

## Future developments

The Directors' aim is to maintain the management policies which have resulted in the Group's success to date. The Company intends to continue civil engineering activities, principally in the UK, but is also active in selected international opportunities working collaboratively with other BAM companies and Joint Venture partners.

Our order book remains strong: the conflict in Ukraine and other macro-economic issues are having a limited direct effect on construction but to reflect the higher inflationary environment, we will be applying a conservative approach to 2025. This approach is in addition to the Directors' continued monitoring of the changing legislative and political landscape in the UK.

Our industry remains reasonably secure in the short term, but the future impact of higher inflation and interest rates on issues such as access to labour, services and imports will need to be monitored. The Directors have put measures in place to deal with various scenarios that may arise.

**Huw Jones**  
**Executive Director**  
3 June 2025

# Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, and applicable law), including IFRS 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent auditor's report

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

### Opinion

We have audited the financial statements of BAM Nuttall Limited for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and 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 company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the company's financial close process, we confirmed our understanding of management's going concern assessment process and 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 cashflow forecast for the going concern period to 31 May 2025 (the going concern period). The company modelled a base case and a downside scenario in their cashflow forecasts in order to incorporate and evaluate changes to the forecasted liquidity of the company.
- We tested the key assumptions included in the base case and downside scenario by reference to supporting information and searched for contrary evidence to challenge the key underlying assumptions.
- We determined through inspection and testing of the methodology and calculations that the methods utilised by management were an appropriate basis for the going concern assessment.
- Given the company's reliance on its ultimate parent undertaking's support, we examined the letters of support from the ultimate parent to determine the adequacy of comfort provided to the Directors of BAM Nuttall 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's auditor, requesting additional information from those auditors, considering various financing sensitivities and assessing the potential impact of the ultimate parent's contingent liabilities.
- We reviewed the company's going concern disclosures included in the annual report and financial statements in order to assess that the disclosures were appropriate and in conformity with the relevant 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 company's ability to continue as a going concern for a period to 31 May 2026.

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

# Independent auditor's report

## 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.

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

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

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

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

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

# Independent auditor's report

## 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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, Bribery Act 2010, Construction Act 2009, Minimum Wage regulations, Money Laundering regulations and the relevant tax regulations.
- We understood how BAM Nuttall Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures, including the Board of Directors. We corroborated our enquiries through our review of board minutes, compliance issue 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 parts of the business to understand where they considered there was susceptibility to fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals, reviewing legal advice where relevant and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify noncompliance with laws and regulations, a review of the reporting to the Board of Directors on compliance and regulations by the internal compliance team, enquiries of management, journal entry review, review of correspondence received from Company's external legal counsel and regulatory bodies and inquiries made to internal and external legal counsel.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

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

**Vania Tribos (Senior statutory auditor)**

for and on behalf of Ernst & Young LLP  
Statutory Auditor London  
3 June 2025

# Statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
<b>Revenue</b>	3	<b>1,361,529</b>	1,214,743
Costs and expenses		<b>(1,285,270)</b>	(1,162,599)
<b>Operating profit</b>	4	<b>76,259</b>	52,144
Dividends received from subsidiary company		<b>2,250</b>	-
Profit on disposal of fixed assets		-	162
Finance income	7	<b>15,249</b>	15,125
Finance expense	7	<b>(2,536)</b>	(3,054)
<b>Profit before taxation</b>		<b>91,222</b>	64,377
Income tax charge	8	<b>(25,236)</b>	(14,659)
<b>Profit for the year</b>		<b>65,986</b>	49,718
<b>Other comprehensive income / (expense):</b>			
Actuarial losses on defined benefit pension plans	18	<b>(8,316)</b>	(3,885)
Income tax relating to components of other comprehensive income	8	<b>2,079</b>	970
<b>Other comprehensive expense for the year, net of tax</b>		<b>(6,237)</b>	(2,915)
<b>Total comprehensive income for the year</b>		<b>59,749</b>	46,803

All amounts relate to continuing operations.

The Company has no gains or losses other than those disclosed above for either year.

# Balance sheet

at 31 December 2024

	Notes	2024 £000	2023 £000
<b>Fixed assets</b>			
Tangible assets	9	13,993	15,079
Right of use assets	16	34,806	30,075
Investments	10	15,206	15,206
Defined benefit pension plan asset	18	28,043	35,737
		<b>92,048</b>	<b>96,097</b>
<b>Current assets</b>			
Stocks	11	840	2,573
Debtors due in less than one year	12	411,559	421,632
Debtors due in more than one year		8,077	8,330
Amounts due from customers under construction contracts (contract assets)	13	101,552	84,379
Cash at bank and in hand		144,536	146,568
		<b>666,564</b>	<b>663,482</b>
<b>Current liabilities: amounts falling due within one year</b>			
Trade and other payables	14	(329,764)	(390,259)
Lease liabilities	16	(12,724)	(13,019)
Amounts due to customers under construction contracts (contract liabilities)	15	(163,517)	(137,792)
		<b>(506,005)</b>	<b>(541,070)</b>
<b>Net current assets</b>		<b>160,559</b>	<b>122,412</b>
<b>Total assets less current liabilities</b>		<b>252,607</b>	<b>218,509</b>
<b>Creditors: amounts falling due after one year</b>			
Lease liabilities	16	(20,492)	(17,870)
Deferred tax liability	8	(6,091)	(7,960)
Provisions for liabilities	19	(12,193)	(13,985)
		<b>(38,776)</b>	<b>(39,815)</b>
<b>Net assets</b>		<b>213,831</b>	<b>178,694</b>
Capital and reserves			
Called up share capital	17	27,000	27,000
Profit and loss account		186,831	151,694
<b>Equity shareholders' funds</b>		<b>213,831</b>	<b>178,694</b>

These financial statements were authorised for issue in accordance with a resolution of the board of directors of BAM Nuttall Limited, registered number 305189.

# Statement of changes in equity

at 31 December 2024

	Share Capital £000	Retained Earnings £000	Total Equity £000
<b>As at 1 January 2023</b>	27,000	113,348	<b>140,348</b>
Profit for the year	-	49,718	<b>49,718</b>
Other comprehensive income	-	(2,915)	<b>(2,915)</b>
<b>Total comprehensive income for the year</b>	-	46,803	<b>46,803</b>
Share based payments	-	43	<b>43</b>
Equity dividends paid	-	(8,500)	<b>(8,500)</b>
	-		
<b>At 31 December 2023</b>	<b>27,000</b>	<b>151,694</b>	<b>178,694</b>
Profit for the year	-	65,986	<b>65,986</b>
Other comprehensive income	-	(6,237)	<b>(6,237)</b>
<b>Total comprehensive income for the year</b>	-	59,749	<b>59,749</b>
Share based payments	-	-	-
Equity dividends paid	-	(24,612)	<b>(24,612)</b>
<b>At 31 December 2024</b>	<b>27,000</b>	<b>186,831</b>	<b>213,831</b>

# Notes to the financial statements

at 31 December 2024

## 1. Authorisation of the financial statements and the statement of compliance with FRS101

The financial statements of BAM Nuttall Limited (the “Company”) for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 3 June 2025 and the balance sheet was signed on the Board’s behalf by H Jones. BAM Nuttall Ltd is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards.

The Company’s financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

### Basis of preparation

#### Going concern

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

The Company has net current assets of £161m and net assets of £214m. The Company meets its day-to-day working capital requirements through the cash held at year end of £145m, and through access to its other cash pooling balances held with Royal BAM Group and JV and project banks. The Company does not have any bank debt or other external borrowings or facilities other than leases. The Company is a guarantor to borrowing facilities that are held by the Company's ultimate parent entity, Royal BAM Group nv. Please refer to Note 20 for further details.

In preparing the financial statements, the Directors have considered the impact of climate-related change on a number of key estimates within the financial statements, including the recoverability of deferred tax assets, the useful economic life of plant, equipment and other intangible assets. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Company's going concern assessment to 30 June 2026.

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

However, given that the Company is reliant upon cash reserves held by Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company is reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company's ultimate parent entity that the Company will be provided financial support for the period until 30 June 2026. The Directors have assessed the ability of the ultimate parent company to provide this support, based on financial information for Royal BAM Group that has been shared with 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 nv., to enable the Company to continue in operation and meet its liabilities as they fall due for at least the period to 30 June 2026. Accordingly, the Directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

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

#### Disclosure exemptions

On account of the Company being consolidated by Royal BAM Group nv, whose financial statements are prepared in accordance with international financial reporting standards (IFRS), the Company has taken advantage of the following disclosure exemptions under FRS 101:

# Notes to the financial statements

at 31 December 2024

## 1. Authorisation of the financial statements and the statement of compliance with FRS101 (continued)

- (a) The requirements of paragraphs 45 (b) and 46-52 of IFRS 2 Share-based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- (b) The requirements of paragraphs 62, B64 (d), B64 (e), B64 (g), B64 (h), B64 (j) to B64 (m), B64 (n)(ii), B64 (o)(ii), B64 (p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- (c) The requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- (d) The requirements of IFRS 7 Financial Instruments: Disclosures;
- (e) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (f) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: i) paragraph 79 (a)(iv) of IAS 1; ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment; and iii) paragraph 118 (e) of IAS 38 Intangible Assets;
- (g) The requirements of paragraphs 10 (d), 10 (f), 39 (c) 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 17 of IAS 24 Related Party Disclosures;
- (j) 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 134 (d) to 134 (f) and 135 (c) to 135 (e) of IAS 36 Impairment of Assets;
- (l) The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting estimates and errors; and
- (m) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

The following standards, interpretations and amendments to existing standards became effective on 1 January 2024 and have not had a material impact on the company:

### Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Company.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare Group accounts as it is a wholly owned subsidiary of Royal BAM Group nv.

The results of BAM Nuttal Limited are included in the consolidated financial statements of Royal BAM Group nv. which are available from St James House, Knoll Road, Camberley, Surrey, GU15 3XW.

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

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies

### Judgements and key sources of estimation uncertainty

Estimates and judgements are regularly 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. The basis for these estimates remain unchanged compared to those described in the 2023 financial statements.

#### Revenue recognition – contract revenue and costs

When the outcome of a contract can be estimated reliably, the contract revenue is highly probable and the contract will be profitable, contract revenue and costs 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 reforecast loss is recognised as an expense immediately, with any future element included in a provision for onerous contracts. When the outcome of a 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 to the extent of the cost incurred with nil margin, until the outcome of a contract can be reliably measured.

In determining the stage of completion the company has systems for cost estimating, forecasting and revenue and costs reporting. The system also requires a judgement (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, being based on certain assumptions and professional estimates of costs to complete. Thus the actual future outcome may materially deviate from the estimated outcome, specifically for major and complex contracts. However, historical experience has also shown that estimates are, on the whole, sufficiently reliable. See 'Principal accounting policies- Construction contracts' Note for further explanation regarding the recognition of revenue for contracts.

#### Claims receivable

In the normal course of business, the company recognises contract assets in connection with claims for (partly) satisfied performance obligations due from the principal and/or insurance claims 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 to the claim, will occur. The Company considers both the likelihood and the magnitude of a possible revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

- The amount of consideration is highly susceptible to factors outside the entity's influence. Those factors may include the judgment or actions of third parties such as 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 'Principal accounting policies- Construction contracts' note for further explanation regarding the recognition of variable consideration.

#### Taxation

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

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

### 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 variation 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, defined benefit obligations are 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 18.

### Principal accounting policies

#### Intangible assets

Non-integrated software is stated at cost less accumulated amortisation and impairment losses.

Amortisation on non-integrated software is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives of three years. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

#### Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment. On an annual basis, the Company assesses if there are any indicators of impairment by comparing the net asset values of each subsidiary to their carrying amount. If the net asset value is lower than the carrying amount, the Company assesses if the investment is impaired. If the recoverable amount of the investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount of the investment. An impairment loss is recognised immediately in profit or loss. An impairment loss is recognised 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.

#### Tangible fixed assets

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items.

Land is not depreciated. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Plant and machinery	over 3 to 10 years
Fixtures, fittings, tools and equipment	over 2 to 10 years
Freehold premises	over 25 to 50 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

#### Research and development

All research costs are charged to the income statement as incurred. Development expenditure is capitalised on the balance sheet where there is a clearly defined project, the expenditures are separately identifiable, the project is technically and commercially feasible, all costs are recoverable by future revenue and the resources are committed to complete the project.

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

### Stocks

Stocks 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. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

### 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 with 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 company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

### Construction contracts

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

The following five steps are identified within IFRS 15:

#### *Step 1 'Identify the contract with the customer'*

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

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.

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

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

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

- (a) as a separate contract when the modification promises distinct goods (according to IFRS 15.27) or services and the price reflects the stand alone selling price;

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

- (b) as a cumulative catch-up adjustment when the modification does not add distinct goods or services and is part of the same performance obligation. For the Company, as common within the 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 Company given the nature of the modifications;
- (c) or as a prospective adjustment when the considerations from the distinct goods or services do not reflect their standalone selling prices.

### *Step 2 'Identify the performance obligations'*

The purpose of this step is to identify all promised goods or services that are included in the contract. Examples of performance obligations are the construction of a highway, railway network the delivery of infrastructure works and so on.

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

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

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

Design and construct contracts in the context of the Company are usually accounted for as one performance obligation because of not meeting criterion IFRS 15.27 (b) The entity's promise to transfer the goods 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.

### *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 financial statements

at 31 December 2024

## 2. 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 Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. IFRS 15 provides two methods for estimating variable considerations: the sum of probability-weighted amounts in a range of possible consideration amounts or the most likely amount a range of possible consideration amounts. On the level of each performance obligation has to be decided which approach best predicts the amount of the consideration to which the Company will be entitled.

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

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

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

- (a) determine whether the rights and obligations of the parties to the contract that are created or changed by the variation order or contract claim are enforceable;
- (b) estimate the change to the transaction price for the variation order or contract claim;
- (c) apply the guidance relating to 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 Company makes a distinction between claims and variation orders. Variation orders are changes that are clearly instructed by the client creating enforceable rights to payment but for which the price change is not yet determined. Claims however relate to events for which the Company considers to have enforceable rights to a compensation from the client but these are not yet approved by the client.

The uncertainty relating to claims is usually higher, because of the absence of an instruction of the client for a change. As a result the risk of a significant reversal of revenue relating to claims is considered to be higher and it might be more difficult to prove that a claim amount meets the IFRS 15 'highly probable' criterion. Please refer to "Judgements and key sources of estimation uncertainty – Revenue Recognition" note for the related criteria.

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

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

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

### *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 Company 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 Company determines the stand-alone selling price at contract inception of the distinct goods or service underlying each performance obligation in the contract and allocates 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 Company would usually consider in setting stand-alone selling prices. Both direct and indirect costs are considered. The Company 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 Company recognises revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For each performance obligation identified in the contract, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

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

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

In general, the Company is 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 company 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 and country to country, however the Company's standard payment term states 60 days. A contract liability is recognised until the points are redeemed or expired.

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

When applying a method for measuring progress, the Company 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 Company's fulfilment of the contract, the Company assesses whether it obtains control of those contributed goods or services. If so, the Company 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 Company and stays with the customer.

### Capitalised cost

The capitalised contract cost includes cost to obtain the contract, cost to fulfil the contract and set-up cost. The Company 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 Company does not recognise revenue for costs incurred that are attributable to significant inefficiencies in the Company'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 of 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.

### Cash at bank and in hand

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

### 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.

### Pension costs

The company operates three defined contribution schemes, contributions into which are recognised in the income statement in the period in which they become payable.

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

The company does not have any active defined benefit pension schemes.

Regular valuations are prepared by independent, professionally qualified actuaries. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit actuarial method, which attributes entitlement to benefits to the current period (to determine current service cost). Past service costs are recognised in the income statement on a straight-line basis over the vesting period or immediately if the benefits have vested.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of benefit obligation taking into account material changes in the obligation during the year. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds (AA) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest costs is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur.

The defined benefit pension asset in the balance sheet comprises the fair value of plan assets, less the present value of the defined benefit obligation, less any past service cost not yet recognised and less the fair value of the plan assets out of which the obligations are to be settled directly.

### Contract assets and liabilities

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

For further guidelines regarding construction contracts see Note 2 revenue recognition.

### Joint arrangements

Investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations.

A joint arrangement exists where the co-owners have rights to the assets of the arrangement and obligations for the liabilities of the arrangement. An arrangement that is not structured through the formation of a separate company is a joint operation. Contracting projects performed in cooperation with outside contracting companies, with joint and several liability are reported by the company as joint venture. If the arrangement is a separate company, but the majority of the company's production is acquired by the co-owners, then the arrangement is often considered to be a joint operation. If on the other hand, the co-owners of the arrangement only have rights to the net assets of the arrangement, it is a joint venture. Classification of joint arrangement requires consideration of its legal form, the terms agreed by the parties in the contractual arrangement and other circumstances.

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

### Joint ventures

Joint ventures are joint arrangements whereby the company 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. Investments in joint ventures and associates are initially carried in the balance sheet at cost (including goodwill arising on acquisition) and adjusted by post-acquisition changes in the Group's share of net assets of the joint venture or associate, less any impairment in the value of individual investments. Losses of joint ventures and associates in excess of the Group's interest in those joint ventures and associates are only recognised to the extent that the Group is contractually liable for, or has a constructive obligation to meet, the obligations of the joint ventures and associates.

Unrealised gains and losses on transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the relevant joint venture or associate.

### Joint operations

The company proportionately accounts for its share of the income, expenditure assets and liabilities under each relevant heading in the income statement and balance sheet.

### Taxation

#### *Current tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income respectively directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

#### *Deferred tax*

Full provision has been made for deferred taxation in respect of timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for tax on gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legal enforcement 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.

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

### Foreign currency translation

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

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 balance sheet date. All differences are taken to the income statement.

### Provision for liabilities

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

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

### Financial instruments

#### *Financial Assets – classification*

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

The company classifies its financial assets in the classes "debt instruments at amortised costs," financial assets at fair value through profit and loss." Debt instruments at amortised 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 as other financial assets at fair value through profit or loss.

#### *Recognition and measurement*

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

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

- The debt instruments is held with the objective to hold financial assets in order 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.

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

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

### *Offsetting financial instruments*

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

### *Impairment of financial assets*

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

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

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

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

### **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.

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

### *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.

### **IFRS 16, 'Leases'**

#### *Right-of-use asset*

The Company recognises 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 re-measurement 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
Plant and machinery	1 to 5 years
IT Equipment	1 to 5 years
Motor vehicles	4 years

The majority of the lease contracts in land and buildings have a useful life up to 5 years.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). 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 Company 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 Company has renewal/extension options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (eg. a change in business strategy).

The assessment of whether the Company 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 16.

#### *Lease liabilities*

At the commencement date of the lease, the Company recognises 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.

# Notes to the financial statements

at 31 December 2024

## 2. Significant accounting policies (continued)

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the profit and loss.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. 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 re-measured 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 Company has applied judgement to determine the lease term, which significantly affects the amount of right-of-use asset and lease liabilities recognised. See Note 16 right-of-use assets and lease liabilities.

### **The Company:**

- 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 Company determined incremental borrowing rates that are currency specific and vary with the length of the contract. The Company has used a more high-level method to determine the incremental borrowing rate. The Company 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 Company 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 Company accounts for lease modifications as a 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 Company 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 recognised.

### *Government grants*

Government grants are not recognised until there is a reasonable assurance that the Company 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.

# Notes to the financial statements

at 31 December 2024

## 3. Turnover

Turnover is attributable to one activity, civil engineering and related operations.

An analysis of turnover by geographical market is given below:

	2024 £000	2023 £000
<b>Geographical area:</b>		
United Kingdom	1,327,206	1,179,700
Europe (excluding UK)	1,663	1,579
Outside Europe	32,660	33,464
	<b>1,361,529</b>	<b>1,214,743</b>

## 4. Operating profit

This is stated after charging/(crediting):

	2024 £000	2023 £000
<b>Foreign currency exchange differences</b>		
Foreign currency exchange differences	(978)	(636)
Depreciation – owned assets (Note 9)	2,624	6,813
<b>Auditors' remuneration:</b>		
Audit of the financial statements	776	582
Non-audit services (interim review)	80-	80-

# Notes to the financial statements

at 31 December 2024

## 5. Directors' remuneration

	2024	2023
	£000	£000
Remuneration as executives	814	668
Company contributions to defined contribution scheme	56	69
<b>Total emoluments</b>	<b>870</b>	<b>737</b>

	2024	2023
	£000	£000
The amounts in respect of the highest paid director are as follows:		
Emoluments	470	324

## 6. Staff costs

	2024	2023
	£000	£000
Wages and salaries	221,868	202,298
Social security costs	23,945	21,619
Other pension costs	24,144	21,263
	<b>269,957</b>	<b>245,180</b>

Included in other pension costs is a defined contribution cost of £24,144k (2023 – £21,263k), see Note 18.

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

	2024	2023
	No.	No.
Weekly paid staff	758	769
Monthly paid staff	2,784	2,734
	<b>3,542</b>	<b>3,503</b>

# Notes to the financial statements

at 31 December 2024

## 7. Net finance income

	2024	2023
	£000	£000
Interest receivable from parent undertaking	8,922	5,406
Bank interest receivable	3,828	5,937
Other finance income	809	1,879
Net finance income on defined benefit pension schemes (Note 18)	1,690	1,903
	<b>15,249</b>	<b>15,125</b>
Interest payable to parent undertaking	30	19
Bank interest payable	13	342
Other finance expense	228	502
Finance lease expense	2,265	2,191
	<b>2,536</b>	<b>3,054</b>
Net finance income	<b>12,713</b>	<b>12,071</b>

# Notes to the financial statements

at 31 December 2024

## 8. Tax

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

(a) Tax charged in the income statement

	2024 £000	2023 £000
<b>Current income tax:</b>		
UK corporation tax	23,579	13,868
Prior year adjustment	1,487	2,105
<b>Total current income tax</b>	<b>25,066</b>	15,973
 <b>Deferred taxation:</b>		
Origination and reversal of temporary timing differences	(618)	1,371
Prior year adjustment	788	(2,685)
<b>Total deferred tax</b>	<b>170</b>	(1,314)
 Tax expense in the income statement	 <b>25,236</b>	 14,659

(b) Tax relating to items charged or credited to the other comprehensive income

	2024 £000	2023 £000
<b>Current tax:</b>		
Current tax credit on pension scheme	-	-
 <b>Deferred taxation:</b>		
Actuarial gains on defined benefit pension plans	(2,079)	(970)
 Tax income in statement of other comprehensive income	 <b>(2,079)</b>	 <b>(970)</b>

# Notes to the financial statements

at 31 December 2024

## 8. Tax (continued)

### (c) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2023 – lower than) the rate of corporation tax in the UK of 25.00% (2023: 23.52%). The differences are reconciled below:

	2024	2023
	£000	£000
<b>Accounting profit before income tax</b>	<b>91,222</b>	64,377
Tax calculated at UK standard rate of corporation tax of 25.00% (2023: 23.52%)	22,806	15,141
Expenses not deductible for tax purposes	1,988	(100)
Depreciation in excess of capital allowances	-	17
Prior year adjustment	2,275	(581)
Non-taxable income	(1,833)	182
Amount relating to other comprehensive income	-	-
Rate change	-	-
<b>Total tax expense reported in the income statement</b>	<b>25,236</b>	14,659

### (d) Deferred tax

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

	2024	2023
	£000	£000
<b>Deferred tax liability</b>		
Accelerated capital allowances	(1,469)	(1,232)
Pension and post-employment benefits	(7,010)	(8,936)
	<b>(8,479)</b>	<b>(10,168)</b>
<b>Deferred tax asset</b>		
Short term temporary differences	1,973	2,113
Other temporary differences	415	95
	<b>2,388</b>	<b>2,208</b>
<b>Disclosed on the balance sheet</b>		
Deferred tax asset	2,388	2,208
Deferred tax liability	(8,479)	(10,168)
	<b>(6,091)</b>	<b>(7,960)</b>

A deferred tax asset in respect of short term and other temporary differences has been recognised in the balance sheet on the grounds that there will be suitable taxable profits within the company. Based upon all available evidence management believe this will allow for the future reversal of the underlying timing difference.

# Notes to the financial statements

at 31 December 2024

## 8. Tax (continued)

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

## 9. Tangible assets

	Freehold offices £000	Plant and machinery £000	Fixtures, fittings, tools & equipment £000	Total £000
<b>Cost:</b>				
At 1 January 2024	13,528	8,266	18,979	40,773
Additions	1,260	160	86	1,506
Disposals	-	(1,478)	-	(1,478)
FX	-	(74)	-	(74)
<b>At 31 December 2024</b>	<b>14,788</b>	<b>6,874</b>	<b>19,065</b>	<b>40,727</b>
<b>Depreciation:</b>				
At 1 January 2024	3,723	5,763	16,208	25,694
Charged during the year	489	1,229	906	2,624
Disposals	-	(1,513)	-	(1,513)
FX	-	(71)	-	(71)
<b>At 31 December 2024</b>	<b>4,212</b>	<b>5,408</b>	<b>17,114</b>	<b>26,734</b>
<b>Net book value:</b>				
<b>At 31 December 2024</b>	<b>10,576</b>	<b>1,466</b>	<b>1,951</b>	<b>13,993</b>
At 1 January 2024	9,805	2,503	2,771	15,079

# Notes to the financial statements

at 31 December 2024

## 10. Investments – non-current

	2024	2023
	£000	£000
Investment in Subsidiaries	15,206	15,206
Investments in Joint Ventures	-	-
	<b>15,206</b>	<b>15,206</b>

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. For the year ended 31 December 2024 management concluded that the recoverable amount of each investment was in excess of the carrying value and therefore no impairment was necessary.

The company's subsidiary undertakings at 31 December 2024 were:

Name of undertaking	Country of registration	Holding of ordinary shares %	Nature of business
BAM Nuttall Demolition Limited	England	100	Dormant
Allbrook Contract Hire Limited	England	100	Contract hire
Broadland Environmental Services Limited	England	90	Civil Engineering
BAM Rail M & E Limited	England	100	Dormant
BBIN (SL) Limited	Sierra Leone	100	Civil Engineering
BAM International Australia Pty Limited	Australia	100	Civil Engineering

The registered address for all of the above subsidiary undertakings registered in England is St James House, Knoll Road, Camberley, Surrey, GU15 3XW. The registered address for BAM International Australia Pty Limited is Level 3, 1292 Hay Street, West Perth 6005, Western Australia. The registered address for BBIN (SL) Limited is Freetown Water Supply Project Office, Mile 13, Peninsular Highway, Freetown.

The company has a 50% interest in BMM JV Limited and BNS JV Limited. The company has permanent establishments in Norway and Australia.

## 11. Stocks

	2024	2023
	£000	£000
Raw materials and consumables	840	2,573

# Notes to the financial statements

at 31 December 2024

## 12. Debtors due in less than one year

	2024	2023
	£000	£000
Trade debtors	<b>106,404</b>	92,701
Amounts owed by parent and fellow group undertakings	<b>287,487</b>	264,437
Income tax receivable	-	-
Other debtors	<b>17,668</b>	64,494
	<b>411,559</b>	421,632

Amounts owed by parent and fellow group undertakings include £238,097k on deposit with Royal BAM Group (2023: £199,501k) which is due on demand.

## 13. Contract assets

At 31 December 2024, the Company had contract assets of £101.6m (2023: £84.4m), which was net of expected credit loss allowance of £nil (2023: £nil). Contract assets consist of work-in-progress.

## 14. Trade and other payables

	2024	2023
	£000	£000
Amounts owed to parent and fellow group undertakings	<b>23,066</b>	73,146
Trade creditors	<b>67,164</b>	43,778
Accruals and deferred income	<b>185,437</b>	230,058
Income tax payable	<b>12,212</b>	4,996
Other taxes and social security costs	<b>41,349</b>	37,135
Other creditors	<b>536</b>	1,146
	<b>329,764</b>	390,259

Amounts owed to parent and fellow group undertakings have no specific terms of settlement and are therefore considered current.

## 15. Contract liabilities

At 31 December 2024, the Company had contract liabilities of £163.5m (2023: £137.8m). Contract liabilities consist of billing-in-excess. Revenue recognised in the year from amounts that were included in the contract liabilities at the beginning of the year equals £137.8m (2023: £162.3m). Revenue recognised in the year from performance obligations satisfied in previous years equals £nil (2023: £nil).

# Notes to the financial statements

at 31 December 2024

## 16. Leases

### Right of use assets

	Land and buildings £000	Plant and machinery £000	IT Equipment £000	Motor vehicles £000	Total £000
<b>At 1 January 2024</b>	2,337	17,075	127	10,536	30,075
Additions	1,133	15,842	-	10,023	26,998
Disposals	-	-	-	-	-
Depreciation	(1,038)	(9,816)	(122)	(5,646)	(16,622)
Re-measurements	-	(4,255)	-	(1,390)	(5,645)
<b>At 31 December 2024</b>	<b>2,432</b>	<b>18,846</b>	<b>5</b>	<b>13,523</b>	<b>34,806</b>

### Leases

	Land and buildings £000	Plant and machinery £000	IT Equipment £000	Motor vehicles £000	Total £000
<b>At 1 January 2024</b>	2,523	17,609	154	10,603	30,889
Loans granted	1,133	15,606	-	10,022	26,761
Disposals	-	-	-	-	-
Repayments	(1,039)	(11,895)	(131)	(5,543)	(18,608)
Re-measurements	(10)	(4,489)	(17)	(1,310)	(5,826)
<b>At 31 December 2024</b>	<b>2,607</b>	<b>16,831</b>	<b>6</b>	<b>13,772</b>	<b>33,216</b>

The undiscounted future lease payments as included in the lease liabilities are as follows:

	2024 £000	2023 £000
Not later than one year	16,555	14,028
Later than one year and not later than five years	19,148	19,524
Later than five years	229	398
	<b>35,932</b>	<b>33,950</b>

# Notes to the financial statements

at 31 December 2024

## 16. Leases (continued)

Profit and loss related accounts:

	2024	2023
	£000	£000
Depreciation expense of right of use assets	16,622	15,625
Interest expense on lease liabilities	2,265	2,191
Rent expense – short term leases	47,303	51,190
Rent expense – lease of low-value assets	-	-
Rent expense – variable lease payments	-	-
	<b>66,190</b>	<b>69,006</b>

## 17. Share capital

There are no changes to share capital during the year.

	Authorised 2024 & 2023	Allotted called up & fully paid 2024 & 2023
	£000	£000
150,000 3.85% redeemable cumulative preference shares of £1 each	150	-
27,000,000 ordinary shares of £1 each	27,000	27,000
	<b>27,150</b>	<b>27,000</b>

A dividend of 91.2p per share was paid in 2024 (2023: 31.5p per share).

## 18. Pensions

### a) Staff pension scheme

The BAM Nuttall Limited contributory defined benefit pension scheme was closed to future accrual with effect from 31 October 2010, for members at this date, the link between past service to final salary ceased 31 December 2017 for the calculation of benefits.

The valuation used for FRS 101 disclosures has been based on the most recent triennial actuarial valuation, 31 December 2023, and updated to take account of the requirements of FRS 101 in order to assess the liabilities of the scheme. Scheme assets are stated at their market values at the respective balance sheet dates. The Company recognises a net defined benefit asset because it is entitled to a return of surplus at the end of the plans' lives.

# Notes to the financial statements

at 31 December 2024

## 18. Pensions (continued)

	2024	2023
<b>Main assumptions:</b>		
Rate of salary increases	n/a	n/a
Rate of increase in pensions in payment	3.00%	2.80%
Discount rate	5.60%	4.80%
Inflation assumption	2.50%	2.40%
<b>Post-retirement mortality (in years):</b>		
Current pensioners at 65 - male	23.1	22.8
Current pensioners at 65 - female	24.6	24.0
Future pensioners at 65 - male	24.7	24.9
Future pensioners at 65 - female	26.3	26.3

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	+/- 0.5%	-£13.6m / + £15.2m
Post retirement mortality	+/- 1 year	-£7.5m / + £7.4m

The assets and liabilities of the scheme at 31 December are:

	2024	2023
	£000	£000
<b>Scheme assets at fair value</b>		
Equities	6,218	16,672
Bonds	214,647	241,842
Cash and cash equivalents	2,985	4,378
Real Estate	3,233	7,911
Other	21,639	6,325
Fair value of scheme assets	248,722	277,128
Present value of scheme liabilities	(224,719)	(245,230)
Defined benefit pension plan surplus	24,003	31,898

# Notes to the financial statements

at 31 December 2024

## 18. Pensions (continued)

An analysis of the defined benefit cost for the year ended 31 December is as follows:

	2024 £000	2023 £000
<b>Recognised in the Income Statement</b>		
Administration cost	1,006	644
Recognised in arriving at operating profit	1,006	644
Net interest on defined benefit asset	(1,508)	(1,703)
<b>Taken to the Statement of Comprehensive Income</b>		
Return on plan assets (excluding amounts included in net interest expense)	(28,613)	1,222
Actuarial changes arising from changes in demographic assumptions	(2,321)	2,460
Actuarial changes arising from changes in financial assumptions	22,900	(5,217)
Actuarial changes arising from experience adjustments	(363)	(2,009)
Recognised in the Statement of Comprehensive Income	(8,397)	(3,544)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2024 £000	2023 £000
<b>Defined benefit obligation at end of prior year</b>		
Defined benefit obligation at end of prior year	245,230	240,180
Past service cost	-	-
Interest on benefit obligation	11,491	11,723
Benefits paid	(11,786)	(11,439)
Actuarial gains and losses	(20,216)	4,766
Defined benefit obligation at end of year	224,719	245,230

# Notes to the financial statements

at 31 December 2024

## 18. Pensions (continued)

Changes in the fair value of the plan assets are analysed as follows:

	2024	2023
	£000	£000
Fair value of plan assets at end of prior year	<b>277,128</b>	274,563
Current Service Cost	(1,006)	(644)
Interest income in plan assets	<b>12,999</b>	13,426
Contributions by employer	-	-
Contributions by employee	-	-
Benefits paid	(11,786)	(11,439)
Actuarial gains and losses	(28,613)	1,222
 Fair value of plan assets at end of year	 <b>248,722</b>	 277,128

During the year the company made no special contributions (2023: £nil). No ordinary contributions were made (2023: £nil).

	Contributions in the year		Amounts outstanding	
	2024	2023	2024	2023
	£m	£m	£m	£m
Ordinary contribution	-	-	-	-
Special contribution	-	-	-	-
 	 -	 -	 -	 -

The company does not expect to make any contributions in 2025.

### (b) Citrus scheme

BAM Nuttall Limited has an obligation to a multi-employer defined benefit scheme, in respect of deferred members only, who were employed under local authority contracts.

The Company contributes to the scheme at various levels which are determined by independent qualified actuaries on the basis of triennial valuations using the projected unit credit funding method. The calculations have been based on preliminary results arising from the formal valuation as at 31 March 2024.

The valuation used for FRS 101 disclosures has been based on the most recent actuarial valuation and updated to take account of the requirements of FRS 101 in order to assess the liabilities of the scheme at 31 December 2024. Scheme assets are stated at their market value at respective balance sheet dates. The Company recognises a net defined benefit asset because it is entitled to a return of surplus at the end of the plans' lives.

# Notes to the financial statements

at 31 December 2024

## 18. Pensions (continued)

	2024	2023
<b>Main assumptions:</b>		
Rate of salary increases	n/a	n/a
Discount rate	5.60%	4.80%
Inflation assumption	2.50%	2.40%
<b>Post-retirement mortality (in years):</b>		
Current pensioners at 65 - male	20.7	20.8
Current pensioners at 65 - female	23.4	23.0
Future pensioners at 65 - male	22.0	22.4
Future pensioners at 65 - female	25.5	26.2

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	- 0.5%	+£0.3m
Inflation assumption	+ 0.5%	+£0.3m
Post retirement mortality	+ 1 year	+£0.3m

The assets and liabilities of the scheme at 31 December are:

	2024	2023
	£000	£000
<b>Scheme assets at fair value</b>		
Equities	508	338
Liability Driven Investment Funds	2,618	3,493
Insurance linked securities	281	338
Diversified Growth Funds	566	676
Multi Asset Credit Funds	6,139	789
Cash	522	5,634
 Fair value of scheme assets	 10,634	 11,268
 Present value of scheme liabilities	 (6,594)	 (7,429)
 Defined benefit pension plan surplus	 4,040	 3,839

# Notes to the financial statements

at 31 December 2024

## 18. Pensions (continued)

An analysis of the defined benefit cost for the year ended 31 December is as follows:

	2024	2023
	£000	£000
<b>Recognised in the Income Statement</b>		
Administration cost	62	41
Recognised in arriving at operating profit	62	41
Net interest on defined benefit asset	(182)	(200)
<b>Taken to the Statement of Comprehensive Income</b>		
Return on plan assets (excluding amounts included in net interest expense)	(664)	(100)
Actuarial changes arising from changes in demographic assumptions	227	-
Actuarial changes arising from changes in financial assumptions	496	(123)
Actuarial changes arising from experience adjustments	22	(118)
Recognised in the Statement of Comprehensive Income	81	(341)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2024	2023
	£000	£000
<b>Defined benefit obligation at end of prior year</b>		
Interest on benefit obligation	346	353
Administration costs	62	41
Benefits paid	(498)	(462)
Actuarial gains and losses	(723)	123
Experience (inflation)	(22)	118
Defined benefit obligation at end of year	6,594	7,429

# Notes to the financial statements

at 31 December 2024

## 18. Pensions (continued)

Changes in the fair value of the plan assets are analysed as follows:

	2024	2023
	£000	£000
Fair value of plan assets at end of prior year	11,268	11,277
Interest income in plan assets	528	553
Contributions by employer	-	-
Contributions by employee	-	-
Benefits paid	(498)	(462)
Actuarial gains and losses	(664)	(100)
 Fair value of plan assets at end of year	 10,634	 11,268

Regular contributions made by the company during the year amounted to £nil (2023: £nil). In addition, the company made a special contribution of £nil (2023: £nil).

The company does not expect to make any contributions in 2025.

### (c) Contributory pension schemes

The company has made arrangements for employees to participate in four separate defined contributory schemes, the aggregate employer contribution paid to schemes amounted to £24,144,000 (2023 - £21,263,000).

#### High Court Ruling on the assessment of the validity of the section 37 certificates for amendments of the defined benefit pension scheme

In June 2023, the UK High Court (Virgin Media Ltd v NTL Pension Trustees II Ltd) ruled that certain historical amendments between 6th April 1997 and 5th April 2016 for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmed (s37 requirements). At the balance sheet date, the decision remained under appeal, however the appeal was subsequently dismissed in July 2024 and the ruling upheld. Currently, the Company is collecting legal advice from the two pension funds involved to see how to react.

To address the risks to BAM Nuttal, identified in the Section 37 Review for The Edmund Nuttal Staff Superannuation Fund, it is proposed that a detailed review of the Definitive Trust Deed and Rules dated 29 April 2004 against the 1995 Trust Deed and Rules is conducted (unless the Trustee's lawyer can confirm that the Rules are a consolidation and therefore do not require section 37 confirmation). If further evidence cannot be obtained to support the case that section 37 confirmation was obtained, there will be retrospective augmentation for the deeds of amendment dated 20 September 1999 and 25 October 2010 as the amendments made were benefit improvements. For the deed of amendment dated 30 September 2008, additional contemporaneous evidence shall be collated to confirm that section 37 confirmation was obtained or to confirm that it was not required. It is also proposed that further court cases and potential government actions will be monitored and the Auditor will be kept up to date with these ongoing investigations and findings..

# Notes to the financial statements

at 31 December 2024

## 19. Provision for liabilities

	Claims against company	Onerous contracts	2024	2023
	£000	£000	£000	£000
Opening balance at 1 January	1,141	12,844	13,985	57,194
Created during the year	-	-	-	1,041
Utilised during the year	-	(751)	(751)	(44,250)
Released during the year	(1,041)	-	(1,041)	-
<b>Closing balance at 31 December</b>	<b>100</b>	<b>12,093</b>	<b>12,193</b>	<b>13,985</b>

The provision relates to expected settlement amounts on claims against the Company and onerous contracts. The timing of the outflows are uncertain.

## 20. Contingent liabilities

- (a) The company has contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business.
- (b) On 30 November 2022, the Royal BAM Group n.v. entered into a revolving credit facility agreement that provides a facility of maximum €330 million which can be used for general corporate purposes, including working capital financing. The facility had a term of four years (until 30 November 2026) plus two one-year extension options.

During 2023 the first option was exercised and during 2024 the second option was exercised and the maturity extended to 30 November 2028. Loans obtained under the facility are subject to variable market interest rates (EURIBOR) plus a margin in the range of 1.75% - 3.00% depending on the Group's Recourse Leverage Ratio. On an annual basis, the margin is adjusted based on the Group's performance on four ESG KPIs meeting their respective target. The RCF is subject to financial covenants and to market conform commitment and utilisation fees.

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

# Notes to the financial statements

at 31 December 2024

## 21. Financial risk management

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

### a) Credit risk

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

### b) Liquidity risk

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

### c) Price and value risk

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

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

## 22. Parent undertakings and controlling party

The company's immediate parent undertaking is BAM Group (UK) Limited, a company incorporated in England and Wales.

The smallest and largest group of undertakings of which the company is a member and for which group financial statements are prepared is Royal BAM Group n.v., a company incorporated in The Netherlands. A copy of the group financial statements is available from the Company Secretary, BAM Group (UK) Limited, St James House, Knoll Road, Camberley, Surrey, GU15 3XW.

At the balance sheet date the ultimate parent undertaking and controlling party was Royal BAM Group n.v.

## 23. Government grants

Government grants received in 2024 amounted to £12.3m (2023: £1.8m), of which £12.3m (2023: £1.8m) was related to R&D.

## 24. Subsequent events

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



**Making  
Possible**

**Registered office**  
St James House  
Knoll Road  
Camberley  
GU15 3XW

T: +44 (0)1276 63484  
F: +44 (0) 1276 66060

Registered number: 305189