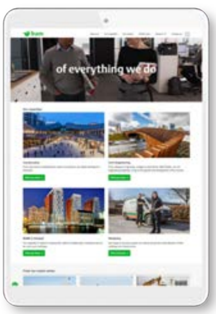
BAM FM Limited

Annual Report and Accounts 2022

https://ukandireland.bam.com

Contents

An overview of our 2022 performance, our future direction, and a review of the businesses underpinning our strategy.



Registered number
SC190053

Visit our website at:
https://ukandireland.bam.com

We are BAM

BAM FM operates throughout England, Scotland and Wales and provides a range of facilities management, energy management, minor construction works and related services.

As part of BAM Construct & Ventures, BAM FM offers essential integrated services to public and private sector organisations.

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

Year in review

Turnover (£m)

80.4

2022	80.4
2021	66.4
2020	65.2

Profit before tax (£m)

4.0

2022	4.0
2021	3.6
2020	3.5

Year-end work in hand (£m)

668.8

2022	668.8
2021	645.1
2020	660.8

Cash position at year-end (£m)

21.8

2022	21.8
2021	15.9
2020	18.5

Shareholder's funds at year-end (£m)

26.2

2022	26.2
2021	22.9
2020	20.0

Incident Rate

211

2022	211
2021	247
2020	232

Strategic report

The directors present their strategic report for the year ended 31 December 2022, which reports on BAM FM's strategy and financial results, the progress of the business and performance on sustainability.

BAM FM has been delivering integrated Facilities Management (FM) services to customers throughout the UK for over 20 years.

There are 900 staff working across the UK for BAM FM, delivering sustainable integrated services to our customers in the education, healthcare, retail and commercial sectors.

We work collaboratively with our clients to create a service in line with their own strategic and operational requirements, with a focus on both sustainable and well managed estates.

Aligned with BAM's five core values of Sustainable, Collaborative, Inclusive, Ownership & Reliable, our employees bring these to life through our daily work directly for our customers and also through our strategic decision-making.

Many of our FM services directly support health, education, emergency services and local government organisations. 2022 continued to show how essential our services are to ensure vital public services keep running.

The board of BAM FM and its parent company, BAM Construct & Ventures UK, remains committed to growing the overall Royal BAM Group's business and delivering on its Sustainability strategy.

During the year the business saw revenue growth of 21.1% to £80.4m (2021: £66.4m). Profit before taxation was £4.0m (2021: £3.6m).

Working safely

Working safely in these circumstances has been a top priority. Our Incident Rate of 211 (2021: 247) has decreased on 2021 alongside the number of RIDDOR's: 2 (2021: 1). We were awarded a ROSPA Gold Award for the 15th consecutive year.

Growth across the board

We have expanded our existing contract portfolio across both a range of sectors and also service offerings, including a number of new substantial contracts across the private sector.

Our strategic objective for 2023 is to further develop our integrated facilities management offering, building strategic long term partnerships with our national customer base, as well as demonstrating smart building solutions with customers such as the Guinness Partnership. Key retentions in the year included Robert Gordon University and MOD contracts. Our PFI portfolio continues to perform well and also represented opportunities for increased contract performance and additional project work.

We now offer integrated service capabilities UK wide with additional growth potential via our Projects and Energy capabilities. These services will be developed alongside our customers estate planning, with digital solutions at the forefront, guiding and informing them as they create sustainable buildings of the future.

We continue to work closely with the rest of the Royal BAM Group on a number of projects. Designing and delivering the necessary FM support packages, ranging from sophisticated heating, cooling and medical gas systems to vital hygiene, catering and portering, these projects see multiple BAM business units come together to create significant value for our customers.

Our sustained profitability reflects our focus on strong client relationships, selecting the right opportunities, and our commitment to deliver safely, efficiently and sustainably.

Strategic report

Sustainability - a core key capability

BAM FM has validated science-based targets to reduce carbon. Having first committed to reduce the CO2 intensity of operations by 50 per cent in 2030, compared to 2015, we are pleased to report that in 2020 we became one of the few contractors signed up to the World Green Building Council Net Zero Carbon Buildings Commitment.

This programme commits us to ensure all buildings within our direct control reach net zero carbon in operation by 2030 and also commits us to influencing stakeholders and clients to achieve net zero. Our capabilities in building and energy management, design and construction put us in a good position to build on our carbon reduction to date, for ourselves and our clients.

Our energy services capability is central to our sustainability proposition. BAM Energy promotes energy efficiency and energy generation from renewable sources. This includes designing, installing, operating and financing of demand reduction and renewable energy systems for new and existing buildings.

Our energy procurement and utilities management solutions are not tied to any provider of products or systems. Instead we identify the best and most effective options for each customer's specific circumstances.

BAM FM received the Platinum SFMI Annual FM Award demonstrating that we are making real progress on our sustainability journey by increasing our Gold Level status, secured for five consecutive years, to Platinum at the Sustainable FM Index Annual FM Awards.

BAM has also actively supported the UK Government create its new Construction Playbook, which will see clients begin to improve how buildings are designed, built and managed over their lifecycle.

Looking ahead, we are targeting further growth driven by clients' need for efficient, sustainable buildings and support services.

Enhancing lives: social value in our delivery and business

Clients increasingly look to measure the social value delivered beyond the service itself. We are measuring the impact of our contracts on the communities in which we work and have been able to report through the Social Value Portal to provide transparency to our customers.

BAM FM continues to be accredited as a Living Wage Service Provider. The Living Wage is a voluntary higher rate, created and promoted by the Living Wage Foundation and more than 7,000 UK employers have chosen to pay it so far.

Strategic report

Medium term strategy - continued growth

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

Ethics and standards

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

Employees can raise any concerns about unethical activities through the Royal BAM Group's whistleblowing mechanism or confidential Employee Assistance Helpline. In 2022, there were no reported or detected breaches of the Bribery Act or of the Group's ethics policy. No employee availed of the confidential whistleblowing mechanisms.

Throughout 2022, the Company maintained constant vigilance against the risk of fraud. The measures included maintaining security controls, regular counter-checking with our banks, and communicating with staff and our customers about the need to be vigilant about bogus notifications or requests for sensitive information.

Principal risk and uncertainties

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

The directors have monitored the impact of the UK's exit from the EU and at the end of 2022 the impact of inflation, in particular with regard to labour.

a) Credit risk

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

b) Liquidity risk

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

c) Price and value risk

Price and value risk is considered at Company level as part of the review of management forecasts and at contract or project level as part of the appraisal process; both are monitored on an ongoing basis. Price risk is further mitigated through the process of benchmarking selected activity within each contract.

Strategic report

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

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

d) Legislative risks

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

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

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

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

Simon Finnie
Director
BAM FM Limited
04 March 2024

Directors' report

The directors present their report and accounts for the year ended 31 December 2022

Results and dividends

The profit of the Company for the year is set out in the Statement of Comprehensive Income on page 15. The directors paid a dividend of £nil (2021: £nil) to BAM Construct & Ventures UK Limited in the year.

Principal activities

The principal activity of the Company is to provide facilities management services.

Directors

The following served as directors during the year ended 31 December 2022 and up to the date of this report:

- J Wimpenny (resigned 31 January 2024)
- L Williamson (resigned 17 October 2022)
- S Finnie (appointed 18 August 2022)
- A Pickthall (appointed 10 October 2022, resigned 31 October 2023)
- A Cox (appointed 01 February 2024)

Qualifying third party indemnity provisions for directors

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

Events since the balance sheet date

There were no material adjusting events up to the date that the financial statements were formally approved by the directors.

Going Concern

The financial statements of BAM FM Limited (the Company) have been prepared on a going concern basis as the Directors have concluded that the Company will continue in operational existence and meet its liabilities as they fall due for the period of their assessment which is to 31 March 2025.

The Company has net current assets of £28.2m and net assets of £26.2m. The Company meets its day to day working capital requirements through the cash held at year end of £21.8m, and through access to its other cash pooling balances held with the Royal BAM Group.

The Company does not have any bank debt or other external borrowings or facilities. The Company is a guarantor to borrowing facilities that are held by the Company's ultimate parent entity, Royal BAM Group n.v.. Please refer to note 19 for further details.

The Directors have prepared base case and severe but plausible downside financial forecasts for the period until 31 March 2025. Taking into consideration the current environment, the forecasts show that the Company is expected to maintain positive cash flows in the base case and in the downside scenario which models reduced productivity and increased costs across the Company.

However, given that the Company is reliant upon cash reserves held by the Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company is reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company's ultimate parent entity that the Company will be provided financial support for the period until 31 March 2025. The Directors have assessed the ability of the ultimate parent company to provide this support, based on financial information for the Royal BAM Group that has been shared to certain members of the Board. The Directors also attend monthly and quarterly management meetings and weekly liquidity reports are provided by Royal BAM Group's treasury function.

In view of the assessment performed, the Directors are satisfied that sufficient financial resources will be generated by the Company or received from its ultimate parent entity, Royal BAM Group n.v., to enable the Company to continue in operation and meet its liabilities as they fall due for the period to 31 March 2025. Accordingly, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

Directors' report

Future Developments

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

The directors continue to monitor the changing UK political landscape resulting from uncertainty of the UK's exit from the EU at the end of 2020. The directors have put various measures in place to deal with scenarios that may arise.

Digital FM

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

Project Works

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

S172 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 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- 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 Senior Leadership Team and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Group level board meetings are held regularly where the directors consider the Company's activities and make decisions. As a part of those meetings the directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions.

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

Directors’ 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 in one of the cross-company schemes to build networks and improve collaboration. The directors engage with employees in a number of ways throughout the year. Employee engagement is maintained through a variety of channels including recruitment and on-boarding platforms, company-wide conferences, roadshows, development programmes and local communication events.

Supplier, customer and others engagement

BAM FM actively engages with suppliers, customers and other stakeholders. This is done in a variety of forums and following the COVID-19 pandemic, more is done virtually. The engagement stakeholders takes the form of two way feedback, that enables BAM FM to improve its service.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow directors and the Company’s auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

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

On behalf of the board,

Simon Finnie
Director
BAM FM Limited
04 March 2024

Statement of directors' responsibilities

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

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS101) and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing these accounts, the directors are required to:

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

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

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

Independent auditor's report

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

Opinion

We have audited the financial statements of BAM FM Limited for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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.

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 the review period to 31 March 2025.

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

Other information

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

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

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

We have nothing to report in this regard.

Independent auditor's report

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, Bribery Act 2010 and Money Laundering regulations.
- We understood how BAM FM Limited is complying with those frameworks by making enquires of management and those responsible for legal and compliance procedures, including the Board of Directors. We corroborated our enquires through our review of board minutes and compliance issues reported.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various part of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage contract results. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and reviewing legal advice where relevant.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify noncompliance with laws and regulations, a review of the reporting to the Board of Directors on compliance and regulations by the internal compliance team, enquires of management and journal entry testing.

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

Bianca Gill (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
04 March 2024

Statement of comprehensive income

For the year ended 31 December 2022	Notes	2022 £000	2021 £000
Continuing operations			
Revenue	3	**80,444**	66,363
Cost of sales		**(70,582)**	(57,912)
Gross profit		**9,862**	8,451
Administration and other expenses		**(6,295)**	(5,050)
Operating profit	4	**3,567**	3,401
Finance income	7	**418**	229
Profit on ordinary activities before taxation		**3,985**	3,630
Tax expense	8	**(757)**	(688)
Profit on ordinary activities after taxation		**3,228**	2,942
Total comprehensive income for the year		**3,228**	2,942

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

Statement of financial position

At 31 December 2022	Notes	2022 £000	2021 £000
Assets			
Non-current assets			
Plant and equipment	9	-	2
Investments	10	**1**	1
Deferred tax assets	8	**11**	13
Total non-current assets		**12**	16
Current assets			
Trade and other receivables	11	**9,045**	6,464
Amounts due from parent undertaking	11	**6,691**	7,923
Amounts due from group undertakings	11	-	2
Amounts due from fellow subsidiary undertakings	11	-	1,439
Amounts due from subsidiary undertakings	11	**1,806**	309
Contract assets	11	**20,359**	16,460
Cash at bank and in hand	12	**21,821**	15,892
Total current assets		**59,722**	48,489
Total assets		**59,734**	48,505
Current liabilities			
Trade and other payables	13	**18,409**	12,583
Amounts due to fellow subsidiary undertakings	13	-	288
Amounts due to own subsidiaries	13	**94**	-
Income tax payable	13	**2,115**	1,361
Contract liabilities	13	**10,886**	11,336
Total current liabilities		**31,504**	25,568
Non-current liabilities			
Provisions	14	2,065	-
Total non-current liabilities		2,065	-
Equity			
Share capital	15	**6,500**	6,500
Retained earnings		**19,665**	16,437
Total equity		**26,165**	22,937
Total equity and liabilities		**59,734**	48,505

The financial statements were approved by the Board of directors on 04 March 2024 and signed on its behalf by:

Simon Finnie
Director
BAM FM Limited
04 March 2024

Registered number
SC190053

Statement of changes in equity

For the year ended 31 December 2022	Share capital £000	Retained earnings £000	Total £000
Balance at 1 January 2021	6,500	13,495	**19,995**
Total comprehensive income for the year	–	2,942	**2,942**
Balance at 31 December 2021	6,500	16,437	**22,937**
Total comprehensive income for the year	–	3,228	**3,228**
Balance at 31 December 2022	6,500	19,665	**26,165**

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with UK GAAP

The financial statements of BAM FM Limited (the 'Company') for the year ended 31 December 2022 were authorised for issue by the board of directors on 04 March 2024 and the statement of financial position was signed on the board's behalf by Simon Finnie. BAM FM Limited is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and in accordance with applicable UK accounting standards and legislation.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of BAM Construct & Ventures UK Limited.

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

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

2. Accounting policies

2.1 Basis of preparation

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

Going Concern

The financial statements of 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 within the period of their assessment which is to 31 March 2025.

The Company has net current assets of £28.2m and net assets of £26.2m. The Company meets its day to day working capital requirements through the cash held at year end of £21.8m, and through access to its other cash pooling balances held with the Royal BAM Group n.v..

The Company does not have any bank debt or other external borrowings or facilities. The Company is a guarantor to borrowing facilities that are held by the Company's ultimate parent entity, Royal BAM Group n.v.. Please refer to note 19 for further details.

The Directors have prepared base case and severe but plausible downside financial forecasts for the review period until 31 March 2025. Taking into consideration the current environment, the forecasts show that the company is expected to maintain positive cash flows in the base case and in the downside scenario, which models reduced productivity and increased costs across the Company.

Notes to the financial statements

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

However, given the Company is reliant upon cash reserves held by the Royal BAM Group and is a guarantor of borrowings of its ultimate parent company, the Company is reliant upon ongoing support of its ultimate parent. The Directors have received confirmation from the Company's ultimate parent entity that the Company will be provided financial support for the period until 31 March 2025. The Directors have assessed the ability of its ultimate parent company to provide this support, based on financial information for the Royal BAM Group that has been shared to certain members of the Board.

In view of the assessment performed, the Directors are satisfied that sufficient financial resources will be generated by the Company or received from its ultimate parent entity, Royal BAM Group n.v., to enable the Company to continue in operation and meet its liabilities as they fall due for the period to 31 March 2025. 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 that were applied in preparing the financial statements for the years ended 31 December 2022 and 2021 are described in Note 2. In addition the Company has taken advantage of the following disclosure exemptions under FRS 101:

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

(b) The requirements of IFRS 7 Financial Instruments: Disclosures;

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

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

(e) The requirements of paragraphs 10 (d), 10 (f), 16, 38A to 38D, 40A to 40D iii and 134-136 of IAS 1 Presentation of Financial Statements;

(f) The requirements of IAS 7 Statement of Cash Flows;

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

(h) The requirements of paragraph 17 and 18A of IAS 24 and the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(i) The requirements of paragraphs 130f (ii), 130f (iii), 134 (d) to 134 (f) and 135 (c) to 135 (e) of IAS 36 Impairment of Assets;

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

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

Notes to the financial statements

2. Accounting policies (continued)

2.2 Changes in accounting policy and disclosures

(a) Application of new and revised standards

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

The amendments to IAS 37 specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. These costs include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendment is effective for annual periods beginning on or after 1 January 2022. The Company's accounting policies were already in line with the amendment even before it was made effective. Thus, the amendment has no impact to the Company's financial statements.

(b) New standards and interpretations in issue but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Company. With regard to amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, which is applicable for annual periods beginning on or after 1 January 2023, the Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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

Notes to the financial statements

2. Accounting policies (continued)

2.3 Judgments and key sources of estimation uncertainty

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

Revenue recognition

The Company's revenue recognition policies as specified in note 2.4 require management to make judgments and estimates, particularly for revenue that is recognized over time. Revenue for performance obligations that are satisfied over time are generally recognized using the cost-to-cost method (i.e. an input method). This method requires a forecast to be made of the profit margin on the performance obligation upon its completion and the costs yet to incur. The stage of completion is then determined by comparing actual costs incurred to date to total costs to complete the performance obligation. The Company has coordinated systems for cost estimating, forecasting and revenue and costs reporting. The system also requires a judgement on a consistent basis of the final outcome of the project, including analyses of variances from earlier assessment dates.

Making forecasts of the profit margin upon completion of the performance obligation involves judgments and estimates on costs as well as revenue. On the cost side, estimates are to be made with respect to costs to be incurred to complete the performance obligation as well as maintenance. On the revenue side estimates are to be made with respect to the amount of variable consideration and judgments are required to determine whether such variable consideration should be restricted. Variable consideration includes fees for changes in scope of work ("variation orders").

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

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

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

Notes to the financial statements

2. Accounting policies (continued)

2.4 Significant accounting policies

a) Revenue recognition

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

- Maintenance and service contracts

Revenue recognition is subject to judgments and uncertainties as described in 2.3. A provision is recognised when contracts for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. This assessment is based on a contract as a whole, which is not necessarily the same as if evaluated on project level, because a contract may include more performance obligations. In determining the amount of variable considerations as part of the economic benefits expected to be received under the contract, the same policies apply as those described below.

Maintenance and service contracts

The Company operates maintenance and service contracts. These services can be sold as separate contracts (e.g. facilities management) but also as part of a larger contract with other promised goods or services (e.g. maintenance of an highway that was also constructed). When part of a larger contract, the maintenance and service component generally represents a separate service and the transaction price is allocated to performance obligations based on the relative stand-alone selling price.

Onerous loss provision

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.

Notes to the financial statements

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Revenue from maintenance and service contracts is recognized over time. Progress for these contracts may be measured in different ways, depending on the nature of the service. The Company applies the progress measure that best depicts the way the customer receives and consumes the benefits. E.g. for a facilities management contract, progress may be measured based on time; the number of months or years that the service has been provided as compared to the number of months of years that the service was contracted. Measuring progress based on time is generally not appropriate for highway maintenance contracts as the amount of service (and costs) fluctuate significantly during the contract period. For these contracts, progress is measured based on the cost-to-cost method.

b) Interest income

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

c) Investments in subsidiaries

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

d) Plant and equipment

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

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

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

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

Notes to the financial statements

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

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

e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years.

A reversal of impairment loss is recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

f) Provisions for liabilities

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

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 statement of comprehensive income net of any reimbursement.

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

g) Financial Instruments

1) Financial assets

Classification

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired or issued. In principle, the financial assets are held in a business model whose objective is to collect contractual cash flows over the lifetime of the instrument.

Notes to the financial statements

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

The Company classifies its financial assets as financial assets at amortised cost. Financial assets are included in current assets, except for those due greater than twelve months after the end of the reporting period which are classified as non-current assets.

Recognition and measurement

The Company initially measures a financial asset at its fair value and it is subsequently measured at amortised cost.

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

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

Impairment of financial assets

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

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

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

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

Notes to the financial statements

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

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

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

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

2) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

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

Interest and non interest bearing loans and borrowings

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

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

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

De-recognition of financial liabilities

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

Notes to the financial statements

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

3) Offsetting of financial instruments

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

h) Cash at bank and in hand

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

i) Income taxes

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

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, but only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

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

Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

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

Notes to the financial statements

3. Turnover

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

	2022 £000	2021 £000
Revenue from FM services	**80,444**	66,363
Turnover from continuing operations	**80,444**	66,363

Other revenue disclosures

The project contract liability balance at the beginning of the year (£11.3m), has been recognised as revenue in the current year. Within the facilities management business, regular instalments will take place resulting in no significant pre-financing longer than a year.

The revenue recognised from performance obligations satisfied in previous periods amounts to £nil (2021: £nil). Performance obligations are satisfied as services are rendered.

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

	2022 £000	2021 £000
Up to 1 year	**69,400**	56,000
2 to 5 years	**169,000**	210,000
Over 5 years	**430,400**	379,100
Total	**668,800**	645,100

4. Operating profit

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

	2022 £000	2021 £000
Operating profit is stated after charging:		
Depreciation of owned assets	**2**	2

5. Auditor's remuneration

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

Notes to the financial statements

6. Staff costs and directors' remuneration

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

During the year 2022 James Wimpenny and Simon Finnie, directors of the Company, were also directors of the immediate parent, BAM Construct & Ventures UK Limited. The directors received total remuneration for the year of £728,003 (2021: £368,644), all of which was paid by the immediate parent. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the holding and fellow subsidiary companies.

The directors of the Company received remuneration from BAM Construct & Ventures UK Limited as employees of that company. Directors' emoluments are subsumed within management charges of £2.1m levied by BAM Construct & Ventures UK Limited on the Company (see Note 4), but the amount is not separately identified within this recharge.

7. Finance income

	2022 £000	2021 £000
Interest receivable from parent undertaking	**387**	209
Interest receivable from subsidiary undertakings	**31**	20
	418	229

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

Notes to the financial statements

8. Income tax

a) Tax charged in the income statement

	2022 £000	2021 £000
Current income tax		
Current income tax charge	**755**	688
Adjustments in respect of current income tax of previous year	**-**	2
	755	690
Deferred taxation		
Origination and reversal of temporary differences	**2**	2
Adjustment in respect of prior years	**-**	-
Effect of tax rate change on opening balance	**-**	(4)
Total deferred tax charge	**2**	(2)
Total tax expense reported in the profit or loss	**757**	688

b) Reconciliation of the total tax charge

The tax rate charged on profits on ordinary activities for 2022 is higher than (2021: lower than) the statutory corporation tax rate enacted in the UK. The statutory corporation tax rate was 19% (2021 19%). The differences are reconciled below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	**3,985**	3,630
Profit on ordinary activities multiplied by UK Corporation tax rate of 19% (2021: 19%)	**757**	690
Adjustments in respect of prior years	**-**	2
Expenses not deductible	**-**	-
Remeasurement of deferred tax in respect of rate change	**-**	(4)
Total tax charge	**757**	688

c) Factors that may affect future tax charges

The deferred tax balance as at the year end has mainly been recognised at 25.00% (2021: 25.00%), which is the enacted corporation tax rate effective from 1 April 2023.

Notes to the financial statements

8. Income tax (continued)

d) Deferred tax

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

	2022 £000	2021 £000
Deferred tax asset		
Balance at 1 January	**13**	11
Prior year adjustment	**-**	1
Recognised in the profit and loss	**(2)**	1
Balance at 31 December	**11**	13

There are no unprovided deferred tax liabilities. Deferred tax included in the statement of financial position relates to the following:

	2022 £000	2021 £000
Deferred tax asset		
Accelerated capital allowances	**11**	13
	11	13

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

Notes to the financial statements

9. Plant and equipment

	Plant and Equipment £000	Total £000
Cost		
Balance at 1 January 2021	78	**78**
Additions	–	**–**
Disposals	-	**-**
Balance at 31 December 2021	78	**78**
Additions	–	**–**
Disposals	–	**–**
Balance at 31 December 2022	78	**78**
Depreciation		
Balance at 1 January 2021	74	**74**
Charge for the year	2	**2**
Eliminated on disposals	-	**-**
Balance at 31 December 2021	76	**76**
Charge for the year	2	**2**
Eliminated on disposals	–	**–**
Balance at 31 December 2022	78	**78**
Net book value		
At 31 December 2021	2	**2**
At 31 December 2022	-	**-**

Notes to the financial statements

10. Investments

	Investment in subsidiary £000	Total £000
Carrying value		
Balance at 1 January 2021	1	**1**
Additions	–	**–**
Balance at 31 December 2021	1	**1**
Additions	–	**–**
Balance at 31 December 2022	1	**1**

Entity name	Interest in voting equity	Country of incorporation	Registered Office	Nature of business
BAM Energy Limited	100%	United Kingdom	2	Renewable Energy Services
Sutton Group Limited	100%	United Kingdom	1	Holdings Company
Sutton Maintenance Limited	100%	United Kingdom	1	Mechanical & Electrical

The registered offices for the companies are as follows:

1 Breakspear Park, Breakspear Way, Hemel Hempstead, Herts. HP2 4FL

2 Kelvin House, Buchanan Gate Business Park, Stepps, Glasgow. G33 6FB

Notes to the financial statements

11. Trade and other receivables

	2022 £000	2021 £000
Current		
Trade and other receivables	**9,045**	6,464
Amounts due from parent undertaking	**6,691**	7,923
Amounts due from fellow group undertakings	**-**	2
Amounts due from fellow subsidiary undertakings	**-**	1,439
Amounts due from subsidiary undertakings	**1,806**	309
Contract assets	**20,359**	16,460
	37,901	32,597

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

Trade receivables are non-interest bearing and are generally on terms of 30 - 90 days. At 31 December 2022, £314k (2021: £509k) was recognised as a provision for expected credit losses. The significant change in contract assets is due to normal activity in the facilities management business. Other changes as mentioned in IFRS 15 (paragraph 118) are not relevant.

	2022 £000	2021 £000
Allowance for doubtful debts		
Balance at 1 January	**509**	242
Change for year	**-**	267
Release unused provision	**(195)**	-
Balance at 31 December	**314**	509
Current	**314**	509
Non-current	**-**	-

12. Cash at bank and in hand

Restricted cash of £2,013k (2021: £2,443k) included within total cash at bank and in hand of £21,821k (2021: £15,892k) is not available for use without joint agreement with third parties.

Notes to the financial statements

13. Trade and other payables

	2022 £000	2021 £000
Current		
Trade and other payables	**5,008**	7,060
Accruals	**13,401**	5,523
Amounts due to fellow subsidiary undertakings	**-**	288
Amounts due to own subsidiaries	**94**	-
Income tax payable	**2,115**	1,361
Contract liabilities	**10,886**	11,336
	31,504	25,568

Trade payables are non-interest bearing and are normally settled on 30-60 day terms. Amounts due to group undertaking and fellow subsidiary undertakings are interest free and repayable on demand. In the prior year accruals were included within trade and other payables.

The Company, along with other Group entities, is party to a guarantee in respect of the cash pool overdraft balance within the cash pooling facility with Bank of Scotland Plc. At 31 December 2022 there were £nil (2021: £nil) overdraft balances in companies in the cash pooling facility. The net overdraft position in the cash pooling facility as at 31 December 2022 was £nil (2021: £nil). This guarantee is not expected to give rise to any loss.

At 31 December 2022, BAM FM had contract liabilities of £10.9m (2021: £11.3m). Contract liabilities consist of billing–in–excess of revenue recognised in the year. The change in contract liabilities in the year is due to normal activity and timing of certification work done in the construction business.

14. Provisions

	Onerous contract £000
Balance at 1 January	-
Arising in the year	2,065
Balance at 31 December	2,065
Current	-
Non-current	2,065

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

Notes to the financial statements

15. Authorised and issued share capital

		2022		2021
	Number	£000	Number	£000
Share capital				
Authorised: ordinary shares of £1 each	**6,550,000**	**6,550**	6,550,000	6,550
Issued: ordinary shares of £1 each	**6,500,000**	**6,500**	6,500,000	6,500

16. Other related party transactions

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

17. Ultimate group undertaking

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

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

18. Subsequent event disclosure

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

19. Contingent liabilities

During the year, the Royal BAM Group n.v. renewed the revolving credit facility to a value of €330m (2021: €360m), to which BAM FM Ltd and other Group entities is a guarantor. The utilisation of this facility as at 31 December 2022 was €nil (2021: €nil). The directors are satisfied that the Royal BAM Group n.v. is currently able to fulfil all its obligations under these agreements without recourse to any of the guarantors.

The ultimate parent company guarantees issued amount to €140m (2021 :€169m). Guarantees issued by banks and surety companies amount to €1bn (2021 :€1.3bn). Guarantee facilities amount to €2.0bn (2021 :€2.9bn).

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

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