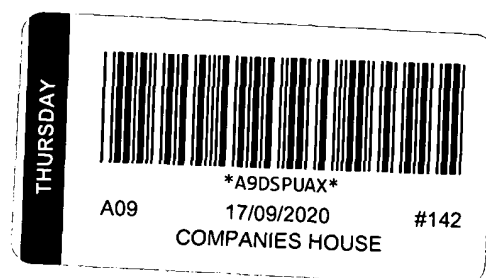


Report and Financial Statements

Higgs & Hill Overseas Limited

Registered No. 785092

**For the year ended
31 December 2018**



DIRECTORS

E. van Zuthem
W.R. Remmelts

INDEPENDENT AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

REGISTERED OFFICE

Breakspear Park
Breakspear Way
Hemel Hempstead
Hertfordshire
HP2 4FL

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The company's profit for the financial year was £ 14,155 (2017: profit of £ 209,695) which will be transferred to reserves. The directors are unable to recommend the payment of a dividend (2017: £nil).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company continued to be engaged in building construction operations worldwide. During the year the company had three active contracts, of which one entered into in the year through a joint operation with its fellow Royal BAM Group subsidiary, BAM Nuttall.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are financial and legislative. The company operates within limits prescribed by its ultimate parent company, Royal BAM Group n.v.

Management of financial risk is an integral part of the company's control processes. Stringent policies are in place at various management levels to identify and limit risk in the design, construction and maintenance activities undertaken by the company.

Legislative risk relates principally to health and safety and environmental issues, both of which receive significant focus at all levels of management.

Liquidity and cash flow risk is actively managed through the preparation and monitoring of Budgets and Quarterly Forecasts.

No significant uncovered risks were identified up to the date of these financial statements being issued.

FUTURE DEVELOPMENTS AND GOING CONCERN

The directors made a decision on 19 December 2018 to perform an internal reorganisation of Royal BAM Group companies. As part of an internal reorganisation of Royal BAM Group companies all rights, obligations and liabilities under the Joint Venture Agreements between the Company and BAM Nuttall Limited for the National Environment Research Council, dated 1 July 2016; Freetown Water Supply, Sierra Leone, dated 1 January 2018; and London City Airport Piling and Deck Works, dated 25 January 2018 were transferred to BAM International B.V. in the Netherlands with effect from 1 January 2019. Following this decision, the directors acknowledge that the Company remains exposed to incurring administration costs in the future. In order to fund these future costs, the Company has received a letter of financial support from the directors of the Company's parent, Bam International bv, which states it will provide financial support to the Company for a period of at least 12 months from the date of signing the Company's financial statements. However, on 2 July 2020 the Company's parent entity, Bam International bv announced its intention to wind down operations, which represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Subsequent to the transfer of the trade as described above, on 11 March 2020, the World Health Organization declared a "Public Health Emergency of International Concern", following the pandemic arising from the novel coronavirus ('COVID-19'). Given the Company's transfer of trade, the impact of COVID-19 on the Company's operations is not considered to be material.

DIRECTORS

During the period from 1 January 2018 to 31 May 2019, Mr G.K. Mazloumian and Mr W.R. Remmelts were the Directors of the Company. Mr G.K. Mazloumian informed the board of his decision to resign as per 1 June 2019 and it was resolved that Mr E. van Zuthem was appointed as Director of the Company with effect from 1 June 2019.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS FOR DIRECTORS

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

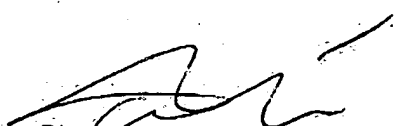
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware; and
- (2) having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

SMALL COMPANY EXEMPTION

The directors have taken advantage of the exemption provided under Section 414B of the Companies Act 2006 and have not produced a Strategic Report for the year.

On behalf of the board



Director
E. van Zuthem
Gouda
26 August 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 – FRS 101). 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 (FRS 101) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGGS & HILL OVERSEAS LIMITED

Opinion

We have audited the financial statements of Higgs & Hill Overseas Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 16, 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 state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 2.2 in the financial statements, which describes the financial support that the company's parent entity will provide to the company; however, on 2 July 2020, the company's parent entity announced its intention to wind down operations. As stated in Note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter – company restructure

We draw attention to Note 16.1 of the financial statements, which describes the financial impact to the company following a decision by the directors to restructure the company with effect from 1 January 2019. Our opinion is not modified in respect of this matter.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

work we have performed, we conclude 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.

Opinion 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the directors' report has been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified no material misstatements in the 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; or
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

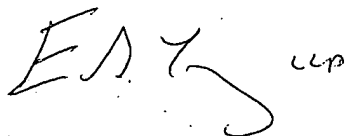
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <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 qualifying 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's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Handwritten signature of David Wilson, consisting of the letters 'EAY' followed by a stylized flourish and the letters 'LLP'.

David Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
London

Date..... 26 August 2020

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

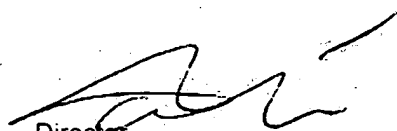
	Notes	2018 £	2017 £
Turnover	3	23,711,225	4,567,078
Cost of sales		<u>23,644,806</u>	<u>4,292,943</u>
Gross result		66,419	274,135
Administrative expenses	4	(24,347)	(23,491)
Foreign exchange gain/(loss)		(24,597)	9,040
Operating (loss) / profit		<u>17,475</u>	<u>259,684</u>
(Loss) / profit on ordinary activities before taxation		17,475	259,684
Taxation	6	(3,320)	(49,989)
(Loss) / profit for the financial year		<u>14,155</u>	<u>209,695</u>
Other comprehensive income		-	-
Total comprehensive (loss) / profit for the year		<u>14,155</u>	<u>209,695</u>

On January 1, 2019 the Joint Operation agreements with BAM Nuttall Limited for the Freetown Water Supply, British Antarctic Survey and London City Airport projects have been re-assigned to the sister company BAM International BV in the Netherlands.

BALANCE SHEET
At 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Investments	7	94	94
Investment in joint venture(s)	8	<u>485</u>	<u>485</u>
Current Assets			
Debtors: amounts falling due within one year	9	2,685,025	2,442,878
Amounts due from customers for contract work (contract asset)	10	<u>2,851,300</u>	<u>202,860</u>
Total Assets		5,536,904	2,646,317
Current Liabilities			
Creditors: amounts falling due within one year	11	4,953,066	3,554,678
Amounts due to customers for contract work (contract liability)	12	<u>1,478,044</u>	<u>-</u>
Total Liabilities		6,431,110	3,554,678
Total Assets less Current Liabilities		<u>(894,206)</u>	<u>(908,361)</u>
Capital and Reserves			
Called up share capital	13	1,000	1,000
Profit and loss account		<u>(895,206)</u>	<u>(909,361)</u>
Total equity shareholder's deficit		<u>(894,206)</u>	<u>(908,361)</u>

The financial statements on pages 8 to 16 were approved by the board of directors on 26 August 2020 and were signed on its behalf by


 Director
 E. van Zuthem

Registered No. 785092

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital	Retained Earnings	Total Equity
	£	£	£
At 1 January 2017	1,000	(1,119,056)	(1,118,056)
Profit for the financial year	-	209,695	209,695
At 31 December 2017	1,000	(909,361)	(908,361)
Profit for the financial year	-	14,155	14,155
At 31 December 2018	1,000	(895,206)	(894,206)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

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

The financial statements of Higgs & Hill Overseas Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 26 August 2020 and the balance sheet was signed on the board's behalf by E. van Zutphen Higgs & Hill Overseas Limited, a private company limited by shares, is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

The company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

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

The results of Higgs & Hill Overseas Limited are included in the consolidated financial statements of Royal BAM Group n.v. which are available from Runnenburg 9, 3981 AZ Bunnik, The Netherlands.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

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

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

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

- a) The requirements of paragraph 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 paragraphs 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.

2.2 Going concern

As at 31 December 2018 the Company is in a net liability position of £894,206 as there are assets of £5,536,325 and liabilities of £6,431,110 of which £4,693,371 represents an intercompany liability to the Company's parent entity, BAM International bv.

The directors of the Company decided to transfer the rights and obligations of all contracts held by the Company to its parent undertaking on 19 December 2018 with this arrangement being effective from 1 January 2019 (refer to note 16.1). Following this decision, the directors acknowledge that the Company remains exposed to incurring administration costs in the future. In order to fund these future costs, the Company has received a letter of financial support from the directors of the Company's parent, Bam International bv, which states it will provide financial support to the Company for a period of at least 12 months from the date of signing the Company's financial statements. However, on 2 July 2020 the Company's parent entity, Bam International bv announced its intention to wind down operations, which represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Subsequent to the transfer of the trade as described above, on 11 March 2020, the World Health Organization declared a "Public Health Emergency of International Concern", following the pandemic arising from the novel coronavirus ('COVID-19'). Given the Company's transfer of trade, the impact of COVID-19 on the Company's operations is not considered to be material.

After considering how the future cash flows of the Company are impacted by the events described above, the directors still believe that the parent entity will provide support as required and the directors therefore continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

2.3 Other significant accounting policies:

a) New and amended standards and interpretations

IFRS 9, 'Financial instruments', addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The impact of IFRS 9 can be summarised as follows:

- All financial instruments are held to collect and the Company has not applied for the fair value option. As a result of this, for all financial instruments that meet the Solely Payments of Principal and interest (SPPI) criterion, the accounting remains at amortised cost.
- Based on the assessment made, the difference between the fair value and amortised cost of the non-current receivables involved is not material.
- The application of the expected credit loss (ECL) approach on assessment of impairment of debt instruments (including contract assets and contract receivables) did not result in a material impact, where under IAS 39 Financial Instruments an incurred loss model was applied;
- Since the overall impact of IFRS 9 is not material, the comparative figures have not been restated for IFRS 9 and no additional disclosures have been included.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cashflows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of good or service and thus the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue' and IAS 11, 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. The Company has adopted this standard at the date of initial application.

The Company used the retrospective method for implementation, which means that the financial statements of 2018 contain comparative figures over 2017 based on IFRS 15.

No impact was identified on opening equity as of 1 January 2017 or on comparative period amounts. This reflects the fact that the methods used by the Company to recognise revenue over time are consistent with the new standard. Currently all contracts entered into have one performance obligation.

The Company has availed of the following practical expedients under IFRS 15:

- Incremental costs of obtaining a contract with an amortisation period of less than one year have been expensed as incurred
- Consideration is not adjusted for the effects of any significant financing component where the contract is expected to complete in one year or less.

b) Revenue recognition – Contract revenue and costs

Turnover represents the sales value of work done on contracts and services activities in the period and excludes VAT. Profit and revenue on contracts is calculated in accordance with IFRS 15 Revenue from Contracts with Customers.

When an outcome of a contract can be estimated reliably, the Company's preferred method of revenue is the output method in which revenue is recognised based on the units of work performed and the price allocated thereto. This method is applied provided that the progress of the work performed can be measured based on the contract and during the contract's performance. Under this output method the units of work completed under each contract are measured monthly and the corresponding output is recognised as revenue. When it is not practicable to apply this 'units of production' output method, the 'percentage of completion' input method is used instead. Under this input method costs are recognised as incurred and revenue is recognised based on the proportion of total costs at the reporting date to the estimated total costs of the contract.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered highly probable i.e. agreed with the customer. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is highly probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as a provision for forecast losses.

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

Insurance claims can be recognised only if it is virtually certain that the amount recognised will be reimbursed.

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 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.

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.

c) Trade and other debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets due within one year. If not, they are presented as non-current assets due in more than one year.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

d) Trade and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year, if not they are classified as creditors due in more than one year.

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

e) Income taxes

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

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

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

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

f) Deferred Tax

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 legally 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.

g) Investments

Investments in subsidiary undertakings are recorded at cost, less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

h) Related parties

The company has taken advantage of the exemptions of FRS 101 not to disclose details of transactions between wholly owned undertakings of Koninklijke BAM Groep n.v. which prepares consolidated financial statements.

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

j) Contract assets and liabilities

Unlike the method used to recognise contract revenue, the amounts billed to the customer are based on the monthly achievement of progress towards our performance obligation in the contract and on acknowledgement thereof by the customer, which takes the form of a contractual document called a 'certificate of completion' or 'work order'. Thus, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified, by the customer. In the case of contracts in which goods and services transferred to the customer exceed the related amount billed or certified, the difference is recognised as a contract asset. Whereas in contracts in which the goods or services transferred are lower than the amount billed to or certified by the customer, the difference is recognised as a contract liability.

k) Pre – contract costs

Costs associated with bidding for contracts are expensed as incurred. Once the Company has secured preferred bidder status and it is probable that the contract will be awarded, future costs are capitalised in the statement of financial position.

l) Financial instruments

Financial assets and financial liabilities are recognised in the Company statement of financial position when the company becomes a party to the contractual provisions of the instrument. Trade receivables and other receivables do not carry any interest and are stated at their nominal value, reduced by appropriate allowances for expected credit losses. Expected credit losses are calculated utilising a provision matrix under the simplified approach under IFRS 9. Overdrafts are stated at their nominal value. Interest is recognised as it accrues using the effective interest method. Trade payables on normal terms are not interest bearing and are stated at their nominal value.

m) Joint arrangements

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

The company participates in contracts which are carried out in joint operations without the establishment of a legal entity. These arrangements are subject to joint control requiring unanimous consent for strategic, financial and operating decisions. The company proportionately accounts for its share of the income, expenditure assets and liabilities under each relevant heading in the financial statements.

2.4 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgement (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Revenue recognition

Contract revenue and costs

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and costs are recognised over the period of the contract by reference to the stage of completion using the "percentage of completion method" to determine the appropriate amount to recognise in a given period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

In determining the stage of completion, the Company has efficient, coordinated systems for cost estimating, forecasting and revenue and costs reporting. The system also requires a consistent judgement (forecast) of the final outcome of the project, including variance analyses of divergencies compared with earlier assessment dates. Estimates are an inherent part of this assessment and actual future outcome may deviate from the expected outcome, specifically for major and complex construction contracts. However, historical experience has also shown that estimates are, on the whole, sufficiently reliable.

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.

3 TURNOVER

Turnover, which is stated net of value added tax, represents revenue for services provided in the year. Turnover arises solely from one continuing class of business, building construction, and arose from operations worldwide.

4 ADMINISTRATIVE EXPENSES

The result on ordinary activities before taxation is stated after charging the following:

	2018	2017
	£	£
Auditors and tax advisors	(21,023)	(28,250)
Administrative expenses charged	(3,324)	4,759
Result on ordinary activities before taxation	<u>(24,347)</u>	<u>(23,491)</u>

The administrative expenses charged for the year are in a credit position due to a reversal of a prior year accrual recognised that was not required.

5 DIRECTORS' EMOLUMENTS

Total emoluments (including pension contributions) paid to the directors of Higgs & Hill Overseas Limited for their services as directors of the company were £nil (2017: £nil). G. Mazloumian and W.R. Remmelts are also directors of BAM International b.v, a related party. Their remuneration for the year, all of which is paid by BAM International b.v, is disclosed in the accounts of that company. They received no remuneration for their services as directors of this company.

6 TAXATION

a) Tax on profit on ordinary activities

	2018	2017
	£	£
Current tax:		
UK corporation tax at 19% (2017: 19.25%)	3,320	49,989
Adjustment in respect of current tax of prior years	-	-
Total current tax	<u>3,320</u>	<u>49,989</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax charge/(credit) for the year	<u>3,320</u>	<u>49,989</u>

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is equal to the standard corporation tax rate in the UK of 19% (2017 – 19.25%).

	2018	2017
	£	£
Profit/(loss) on ordinary activities before tax	<u>17,475</u>	<u>259,684</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	<u>3,320</u>	<u>49,989</u>
Total current tax charge/(credit)	<u>3,320</u>	<u>49,989</u>

During 2018 the ultimate parent company Koninklijke BAM Group N.V. published their Transfer Pricing report wherein BAM Group's international related party transactions are described. This report has been prepared with reference to the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, published in 1995 and most recently updated in July 2017.

c) Factors that may affect future tax charges

On the 8 July 2015 the Chancellor of the Exchequer announced that the rate of Corporation Tax will reduce from 20% to 19% by 2020, with a 1% interim reduction in 2017. On the 16 March 2016 the Chancellor of the Exchequer announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%.

7 INVESTMENTS

	£
Cost:	
At 1 January 2018	94
Addition	-
At 31 December 2018	<u>94</u>
Amounts provided:	
At 1 January 2018	-
Disposal	-
At 31 December 2018	<u>-</u>
Net book value:	
At 31 December 2018	<u>94</u>
At 1 January 2018	<u>94</u>

The following are wholly owned subsidiary undertakings of the company:

Incorporated in Jamaica

Higgs & Hill Jamaica Limited

Dormant

Incorporated in St Kitts

Higgs & Hill St Kitts Limited

Dormant

8 INVESTMENTS IN JOINT VENTURE(S)

The company has a 50% interest in BBIN (SL) Limited. This joint arrangement is classified as a joint venture. These arrangements remain in place until a project is finished.

The company's share of the balance sheet of the joint venture is indicated below:

	2018 £	2017 £
Assets		
Non-current assets	-	-
Current assets	<u>485</u>	<u>485</u>
Liabilities		
Non-current liabilities	-	-
Current liabilities	<u>-</u>	<u>-</u>
Capital and Reserves		
Called up share capital	485	485
Profit and loss account	<u>-</u>	<u>-</u>

Aggregate information of joint ventures that are not individually material:

	2018 £	2017 £
Company's share of profit	-	-
Company's share of other comprehensive income	-	-
Company's share of total comprehensive income	-	-

The Company has no contingent liabilities or capital commitments under joint ventures. Transfers of funds and / or other assets are made in consultation with the partners of the joint ventures.

9 TRADE AND OTHER DEBTORS

	2018 £	2017 £
Trade debtors	2,685,025	908,385
Amounts receivable from group undertakings	<u>-</u>	<u>1,534,493</u>
	<u>2,685,025</u>	<u>2,442,878</u>

Amounts receivable from group undertakings are unsecured, payable on demand and interest free.

**10 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK
(Contract assets)**

	2018 £	2017 £
Contract asset - London City Airport project	2,851,300	-
Contract asset - British Antarctic Survey project	-	202,860
	<u>2,851,300</u>	<u>202,860</u>

11 CREDITORS: amounts falling due within one year

	2018 £	2017 £
Amounts due to group undertakings	4,693,372	1,514,747
Trade creditors	62,737	149,702
Accruals and deferred income	143,648	1,840,240
Corporation Tax payable	53,309	49,989
	<u>4,953,066</u>	<u>3,554,678</u>

£1,400,000 (2017: £1,400,000) of amounts due to group undertakings is secured by a first floating charge over all of the company's present and future undertakings, property, rights and assets. All amounts due to group undertakings are repayable on demand and interest free.

**12 AMOUNTS DUE TO CUSTOMERS FOR CONTRACT WORK
(Contract liability)**

	2018 £	2017 £
Contract liability - British Antarctic Survey project	766,000	-
Contract liability - Freetown Water Supply project	712,044	-
	<u>1,478,044</u>	<u>-</u>

13 CALLED UP SHARE CAPITAL

	2018 £	2017 £
Authorised, allotted, called up and fully paid 1,000 (2017: 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14 CONTINGENT LIABILITIES

There are no contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business.

15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is BAM Group (UK) Limited.

The ultimate parent undertaking and controlling party is Koninklijke BAM Groep n.v., a company incorporated in The Netherlands. The group accounts of the ultimate parent undertaking (the largest group of which the company is a member and for which group accounts are prepared) are available from this company's registered office.

16 SUBSEQUENT EVENTS

16.1 INTERNAL REORGANISATION OF ROYAL BAM GROUP

The directors made a decision on 19 December 2018 to perform an internal reorganisation of Royal BAM Group companies. As part of an internal reorganisation of Royal BAM group companies all rights, obligations and liabilities under the Joint Venture Agreements between the Company and BAM Nuttall Limited for the National Environment Research Council, dated 1 July 2016; Freetown Water Supply, Sierra Leone, dated 1 January 2018; and London City Airport Piling and Deck Works, dated 25 January 2018 were transferred to BAM International bv in the Netherlands with effect from 1 January 2019. These three contracts represent the entire trade of the Company. Following this decision, the directors acknowledge that the Company remains exposed to incurring administration costs in the future. Refer to note 2.2 for further analysis.

16.2 COVID-19 OUTBREAK

On 11 March 2020, the World Health Organisation declared COVID-19 as a pandemic, affecting multiple countries including the United Kingdom. The Board has considered the impact of this event on the future operating performance of the Company. Refer to note 2.2 for further analysis.