

**Registered number: 12905017**

**STRABAG UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **STRABAG UK LIMITED**

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**STRABAG UK LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	A J Dixon S Wild
<b>Registered number</b>	12905017
<b>Registered office</b>	The Tower - 3rd Floor 65 Buckingham Gate London SW1E 6AS
<b>Independent auditor</b>	PKF Littlejohn LLP Statutory auditor 15 Westferry Circus Canary Wharf London E14 4HD

## **STRABAG UK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024**

The Directors present their strategic report for STRABAG UK Limited (the Company) for the year ending 31 December 2024, outlining our context in the wider STRABAG Group and as the centre of support for wider Group activity in the UK, the Company strategy, governance, the approach to managing risk and uncertainty, performance, and prospects.

#### **We are STRABAG - Global and Local**

The Company is a wholly owned subsidiary of STRABAG AG, which itself is a subsidiary of STRABAG SE, headquartered in Austria and listed on the Vienna stock exchange.

STRABAG SE is one of the largest construction companies in Europe, with approximately 86,000 employees, an output volume of >€19bn and a forward order book of >€25bn, with projected earnings for 2024 of c.6% EBIT margin. We use our financial strength to lead the future of construction through the development and application of innovations and technology to improve efficiency in our sectors and deliver value for our clients and stakeholders.

STRABAG provides construction services across the entire value chain of the built environment. We are innovators, technologists, problem solvers and risk managers. Our vision is to lead the global construction industry productivity challenge and to achieve carbon neutrality by 2040.

STRABAG's operations in the UK began in substance with the award of mega-projects to STRABAG AG UK Branch for HS2 (London Tunnels) and Anglo-American Plc (Woodsmith Mine), which have several years to run. These contract awards led to the decision to incorporation of the Company in 2020, to establish a permanent regional presence.

The UK now operates as a 'core country' in the STRABAG group and from 1 January 2025 became one of the thirteen Divisions that make up the entire Group. This highly significant recognition underlines the Group's long-term commitment to grow the Company to become one of the UK's market leaders, emulating STRABAG's position in its other core countries.

The Company operates as the leadership, operational and administrative centre for all STRABAG activity in the UK, providing staff and management for other UK entities of the group including STRABAG AG UK Branch's existing mega-projects. The Central Services (BRVZ, Health Safety & Wellbeing, Management Systems and Zentrale Technik) established within the Company provide all service functions to support all STRABAG operations and employees in the UK, e.g. with BRVZ for Finance, Accounting, Personnel & Payroll Administration, People and Culture and Information Technology.

#### **Financial Summary**

During the year the Company continued to invest significant resources in bidding for major UK infrastructure and built environment projects, continued delivery of concrete tunnel sections and continued with the delivery of existing contracts. The profit for the year after taxation amounted to £1,759k (2023: £24,590k).

#### **KPIs**

The Revenue of the Company for the year ending 31 December 2024 was £196.9m (2023: £135m).

Our people in the year averaged 1,426 (2023: 1,401), which includes over 600 directly employed skilled and trade operatives.

#### **Group context and guiding strategy**

The ultimate parent of the Company, STRABAG SE, is a European-based technology group for construction services, a leader in innovation and financial strength.

## **STRABAG UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

Through the Group Strategy 2030 (People.Planet.Progress.) the Group aims to achieve an EBIT margin of 6% by 2030 and focuses on six core strategic areas:

- Employees
- Global-local presence
- Circularity
- Expertise in the energy sector
- Technology leadership
- Depth of value creation.

Our activities span all areas of the construction industry and cover the entire construction value chain. We create added value for our clients by taking an end-to-end view of construction over the entire life cycle – from planning and design to construction, operation and facility management to redevelopment or demolition. In all of our work, we accept responsibility for people and the environment: We are shaping the future of construction and are making significant investments in our portfolio of more than 250 innovation and 400 sustainability projects.

In proving value to shareholders, we take a responsible role in society to operate with the highest standards of ethics and morals. The vision and strategy for the Group is guided by: Work on Progress – Climate Neutrality by 2040.

We recognise that few industries have a greater responsibility to find solutions for climate-neutral, socially responsible and sustainable business practices than the construction industry, which is responsible for 38% of global carbon emissions. We have set a clear goal to become climate neutral by 2040.

To facilitate achievement of climate neutrality by 2040 we have developed our Company specific Environment & Sustainability Strategy outlining a series of focal areas relating to reducing our carbon footprint, circularity and enhanced use of sustainable & recycled materials. We will utilise global expertise, innovation and sustainability projects (of which there are over 650) and technological advancement to reduce our direct and indirect carbon footprint.

From a group perspective, we disclose emissions through the Carbon Disclosure Project (CDP), adhere to the EU Taxonomy reporting obligations, report in line with European Sustainability Reporting Standards (ESRS), are accredited and certified by Ecovadis and rated by Sustainalytics. STRABAG follows the Greenhouse Gas Protocol (GHG Protocol) to monitor and measure its emissions and in 2024 the Company began developing targets using the Science Based Targets Initiative (SBTi) framework. Further information can be found in the Streamlined Energy and Carbon Reporting (SECR) section of the Directors' Report.

The Company operates on an integrated basis with the Group, with close policy, strategic and cultural alignment. We participate regularly on group-wide initiatives, share learning, and fully comply with the Group's robust governance and reporting requirements.

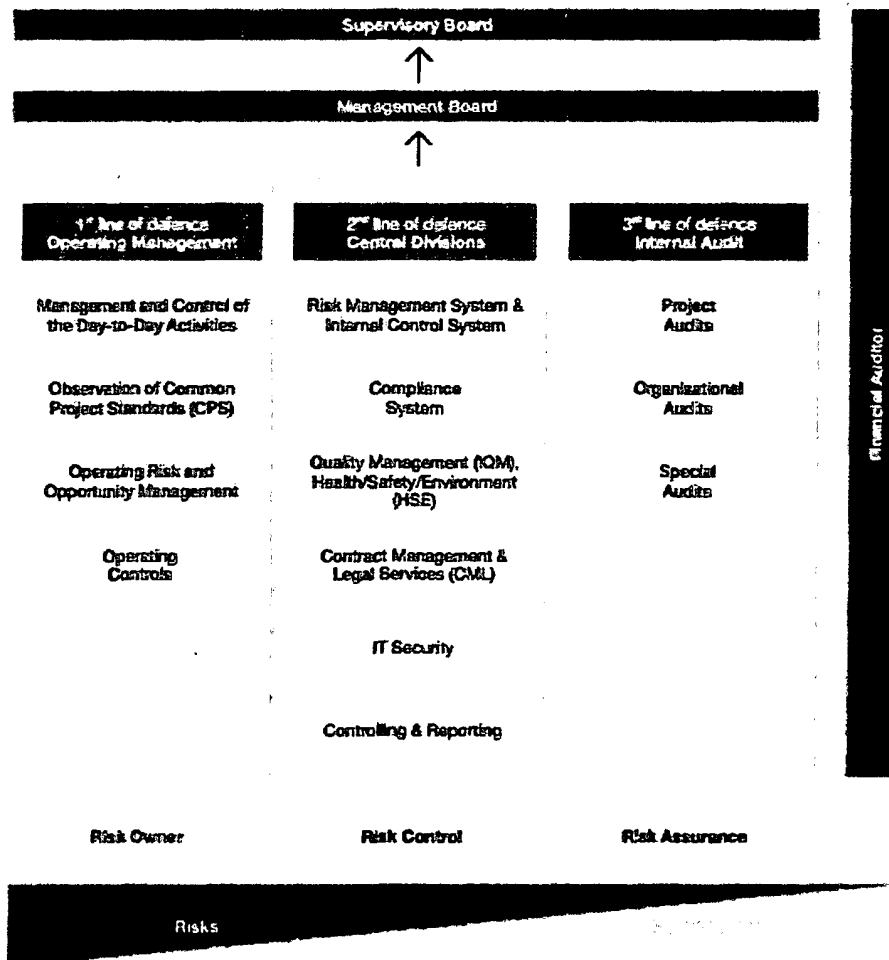
#### **Principal risks and uncertainties**

The Company adopts the Group's approach to the identification and management of business risk. We encounter many different risks and opportunities during our business activities. These risks are systematically identified and assessed using a proactive risk management system and managed in a consistent and goal-oriented manner through a risk management policy. This risk management policy is an integral part of the management system and describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

To ensure a responsible and proactive approach to risks and opportunities, we have integrated a risk management system (RMS) with an internal control system (ICS) in our management system based on the internationally recognised Enterprise Risk Management Framework. The organisation and responsibilities for the risk management are determined according to the three lines of defence, so that clear roles and responsibilities for risk management exist.

**STRABAG UK LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**



Organization of risk management following ECMA: Guidance on the 9<sup>th</sup> EU Company Law Directive, Article 41

The Group's internal risk reporting defines the following central risk categories:

- External risks
- Operating and technical risks
- Financial risks
- Business compliance and ethical risks
- Health, safety, wellbeing and environmental risks
- People and culture risks
- IT risks.

**External risks**

The construction industry is subject to cyclical fluctuations affected by the UK's economic health and the support for investment, public and private, the competitive situation, the conditions on the capital markets and technological changes in construction, all create uncertainty risk. These risks are continually observed and monitored by our management and operating units and reviewed regularly and compared to our medium-term plans. Changes because of this volatility lead to adjustments in our organisation and focus on our range of services.

## **STRABAG UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

For long-term contracts we manage inflationary risks through contract mechanisms that provide for variable consideration through indexation linked prices. We also ensure our contracts provide protections against 'force majeure' events, industrial unrest, changes in legislation, etc, so generally risks that cannot be adequately controlled or insured against are excluded.

#### ***Operating and technical risks***

These risks primarily include the complex risks associated with project selection and execution along with the technical risks that need to be assessed for each project. An integral part of the project risk management system is the Group's Common Project Standards (CPS), which provides a framework for standards and processes for effective delivery of projects and services in the form of an 'operating manual'. CPS comprise clearly defined criteria for the evaluation of new projects, a standardised process for the preparation and submission of bids, and integrated internal control systems.

Business transactions requiring approval are reviewed and approved in accordance with the Internal rules of procedure, through a Code of Procedure, which identifies the management level authorised to approve such transactions.

The Group has central divisions for equipment, materials, design and systems and innovations, all of whom participate as a matter of process in the governance framework and can be called upon when expertise is required.

All Group companies and staff are required to operate within the Group Management System, which combines the governance and controls framework for all activity. This System is communicated through a Management Manual together with the related Policies and Directives:

- Policies
- Code of Procedure
- Ethics-Business Compliance System
- Compliance Guidelines
- Common Project Standards
- Group Directives.

The Company operates within this Group Management System and is subject to internal audit against it. Where necessary, perhaps through legislation, market practice or local context we have supplemented Group Policies with UK specific Policies.

#### ***Financial risks***

Compliance with internal commercial guidelines is ensured by the Company's use of a central accounting and controlling department, which are also responsible for internal reporting and the periodic planning process. This reporting highlights any deviations against financial projections and identifies possible reporting anomalies. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception, or other infringements of the law) are monitored by the internal audit department.

#### ***Business compliance and ethical risks***

Given the risk of corruption and anti-competitive behaviour in the construction industry, the Group has implemented a set of tools that have proven effective in combating these risks. The rules for proper business behaviour are conveyed by the STRABAG Ethics Business Compliance System. These have corporate-wide validity. The STRABAG business compliance model is based on the Business Compliance Management System (BCMS) along with supplementary management directives, the Code of Conduct and the personnel structure defined for enforcement, consisting of the Chief Compliance Officer, the Corporate Business Compliance Officers and the Regional Business Compliance Officers as well as the internal ombudspersons and the external ombudsman. Mandatory training for all staff in the operation of the BCMS is expected.

## **STRABAG UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

#### ***Health, safety, wellbeing and environmental risks***

To control the risks related to employee safety and health, STRABAG has implemented a work safety and health management system in accordance with ISO 45001. Moreover, the Company works to review, maintain, and update this system as knowledge and learning is gained. Specially appointed officers and representatives ensure that the standards are followed, and management leads clearly to develop an identifiable culture that minimises harm and maximises wellbeing. This approach also forms part of the evaluation of subcontractors and suppliers.

We are committed to reducing the negative environmental impact of our activities as far as this is technically possible and economically feasible. The Company has implemented and is maintaining an environmental and energy management system based on ISO 14001. We seek to minimise the use of natural resources, avoid waste and promote recycling. Our Group's industry leading strategy to reach carbon neutrality by 2040, with clear goals along the way is testament to how seriously we take this risk of controlling activities to avoid harm.

#### ***People and Culture Risks***

The ability to attract, retain and develop the skills of our people, so that we have an engaged and motivated team, through which to achieve our objectives is fundamental to our survival and our success. Through an authentic leadership culture of caring for the wellbeing and development of all our employees we are creating a competitive advantage to generate opportunities and reduce risk. We are achieving this through policies and practice of fairness and inclusion, a culture of openness and transparency, high standards and initiatives to provide new skills for all those that wish to grow with us. We communicate to a regular calendar with our staff and seek feedback which we action. Recruiting bottlenecks and skilled labour shortages, fluctuation, and employee relations risks, are countered with a central People and Culture team. People risks are reduced to a large extent through the recruitment of qualified specialists and leaders, performance-based remuneration under compliance with employment legislation, and early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve employment conditions and raise employee satisfaction further contribute to the Company's appeal and prestige.

#### ***IT risks***

With the increasing threat posed by weak cyber-security, different measures are being implemented in the form of multistep security and anti-virus concepts, user access rights, password-controlled access, expedient data backups and independent power supply. The Group is also working together with professional specialty service providers to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and regularly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance, and compliance of the IT systems.

We also have in place business continuity plans, that include disaster recovery measures.

#### **Strategy and Prospects**

Demand in the UK construction industry through 2024 as expected remained flat, narrowly avoiding negative growth. 2025 and beyond provides a generally more positive market sentiment because the factors of advancing technology, aged built environment assets, the energy transition, the government's growth agenda, supported by policy change have provided strong momentum that we expect will create enduring demand for the services offered by the Company. The expected construction growth, which has a consensus of around 3% for 2025, is subject to some degree of uncertainty from the volatile geo-political world of tariffs and conflicts that could affect the UK economy through increased borrowing costs, holding back capital spending plans in our targeted client group.

As was the case in 2023, during 2024, we continued to invest significantly in tendering for the delivery of infrastructure and building projects and services in the UK. This disproportionate gearing towards securing new work will begin to diminish in 2025 because the investment has led to preferred bidder status on several projects and programmes that we expect to be awarded in Q2/Q3 2025. For example, the Company has been appointed as the preferred bidder on the HARP project, a major scheme to maintain drinking water across the Northwest of England. This is in collaboration with STRABAG AG's infrastructure investments arm, who are partnered with Equitix, a leading global infrastructure investor.

## **STRABAG UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

It should be further noted that due to the Company being the leadership and administrative centre for all STRABAG activity in the UK, which in 2024 generated Revenue of >£600m, the financial results of the Company reflect the cost and revenue attributable to the leadership, administration activities and projects of the Company. The Revenue generated from STRABAG's UK mega projects for HS2 and Anglo American are not part of the Company's accounts. Future work in the UK is now targeted principally through the Company.

STRABAG's position in the UK market, as is borne out by the Company's preferred bidder status reported above, continues to offer our targeted clients differentiated solutions, allowing us to stand out from the competition. This is because we can provide improved delivery assurance through technical depth earned from experience of self-delivery across the whole value chain. Self-delivery means we prefer to employ and develop our skilled workers directly, we own and maintain the equipment (and develop it), we control the materials, we have the specialist suppliers in-house, we carry out the design and we operate and manage assets – this is what makes STRABAG different, the depth of knowledge of the entire value chain is held in our people and processes and it is deep in our culture to understand and control the detail and manage risk more effectively. When we do partner with the supply chain, we deeply value their contribution and always seek to have relationships of trust and respect through knowledge of our respective needs.

STRABAG's global leadership in improving productivity in the construction sector through deploying technology and innovation plays a substantial part in the future of the Company. The Group provides expertise through a dedicated STRABAG Innovations and Digitalisation Division, focusing on standardisation, digitalisation and automation.

The Group's financial strength (Investment rating BBB+ stable) supports the Company to continue its accelerated path to becoming a key player in the UK market.

Production levels at our automated and fully commissioned concrete products factory in Hartlepool met the demand requirements placed on it and by Q3 2024 began to consistently deliver production levels well above baseline. The factory, which occupies a former oil-rig assembly unit on the docks of Hartlepool comprises state-of-the-art robotic equipment to automate manufacturing for the construction sector. The factory currently has two supply orders for concrete tunnel segments to be used on the new HS2 railway. The location was chosen because it is adjacent to a dock facility and adjacent to a rail head that we have brought back to life. This location allows us to deliver our products without using the road network.

In addition to the current UK capability for the design and build of infrastructure projects we have made significant steps towards establishing our building unit in the West Midlands which we expect will develop into a national presence over the coming years.

In the year the Company also delivered a ground engineering project and completed an exploratory tunnel for SSE plc in Scotland.

#### **S172 Statement**

The Directors consider that, during the year, they have acted to promote the long-term success of the Company and to operate with respect and responsibility for our shareholder and for wider society.

As required by section 172(1) (a) to (f) of the Companies Act 2006 we have considered the interests of the wide range of stakeholders we affect, which includes our employees, our customers, shareholders, supply chain partners, banks, lenders, sureties and insurers, joint venture partners and the UK Government are all key stakeholders for the Company. We also consider our responsibility includes supporting the advancement of the construction industry, so we constantly innovate and lead in the development of initiatives to reduce waste and improve productivity.

## STRABAG UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### **a) The likely consequences of any decision in the long term:**

The Company is committed to achieving carbon neutrality by 2040 and launched the 'Work on Progress' initiative to support this (see: Group Context and SECR in the Strategic Report).

The main objective of the Company is to establish itself as a key player in the UK infrastructure and built environment sector (further reading: Group Context and Strategy and Prospects in the Strategic Report).

In pursuit of this objective and guided by the strategic priorities of the Group:

1. Sustainable profit growth with a reliable dividend;
2. Embed resourcefulness and recyclability;
3. Deploy construction life cycle technology;
4. Continually search for innovation and use our digitalisation skill;
5. Flexible business model supported by consistent strong risk management;
6. Financial strength as a competitive advantage – do not use suppliers' cash, invest in assets for efficiency, minimise borrowing cost, present strength to clients and the supply chain.

We use these to as a guide to invest in long term production assets and pursue long-term positions on frameworks (e.g. 6-10 years) and to be competitive on mega infrastructure programmes and to create repeat business reliability for key clients who have longer term strategic needs from their design and construction partners.

#### **b) The interests of the Company's employees:**

The Directors seek to achieve strong employee engagement, which is a pillar of our vision, to be an employer of choice by putting 'People First'. We have invested substantially in providing and encouraging learning and development opportunities for all our staff so they have the skills for the future and to optimise their growth within the Company. The communication with our staff is through multiple channels, including weekly, monthly and quarterly newsletters and group magazines. We hold a monthly briefing for all staff and our leadership culture is to be visible and available and always transparently responding to questions that arise (further reading: People and Culture risks in the Strategic Report and Engagement with employees and employment of disabled persons in the Directors Report).

#### **c) The need to foster the Company's business relationships with suppliers, customers and other stakeholders:**

Ensuring that we foster excellent stakeholder relationships is a core capability of the Company, not least because it is impossible to function successfully in the construction sector without such an approach, but because it is a core value to respect the interests of our neighbours and supply chain partners.

The Company operates weekly payment runs to ensure suppliers and subcontractors are paid within terms and local suppliers and subcontractors are used as much as is practicable.

Delivery of construction contracts is managed closely with our clients at every step of delivery in line with the Company "Common Projects Standards" directive and other Company policies and directives. The Company is subject to internal audit to ensure compliance with these (further reading: Operating and technical risks in the Strategic Report).

#### **d) The impact of the Company's operations on the community and the environment:**

Through the opening of our new segment production facility in Hartlepool and the ongoing delivery of a contract in the Scottish Highlands, the Company has created over 100 new skilled local jobs and has taken on apprentices from the local communities in which we operate.

In opening the new segment production facility, the Company re-established a disused rail link to provide direct access to the UK rail network. This enables the Company to make deliveries by rail freight instead of by lorry and over the next three years 56,000 lorry journeys will have been avoided from UK roads.

The consideration given to the impact of the Company's operations on the environment and initiatives undertaken in the year are explored fully in the SECR section of the Directors Report.

**STRABAG UK LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

***e) The desirability of the Company maintaining a reputation for high standards of business conduct:***

Given the risk of corruption and anti-competitive behaviour in the construction industry, the Company has implemented a set of tools that have proven effective in combating these risks. The rules for proper business behaviour are conveyed by the STRABAG Ethics Business Compliance Management System (BCMS) and the Directors have ensured that there is mandatory training for all staff in the operation of BCMS (further reading: Business Compliance and Ethical risks in the Strategic Report).

The Company has clear conflict resolution procedures for all stakeholders including escalation to senior management and Directors for amicable resolution of disputes and a whistleblowing platform is made available to all stakeholders of the Company, not just employees.

***f) The need to act fairly as between members of the Company:***

The Company is a wholly owned subsidiary of STRABAG AG and therefore has a single shareholder. The Directors have no considerations to address in relation to the need to act fairly between members of the Company.

This report was approved by the board and signed on its behalf.



**A J Dixon  
Director**

Date: 27.03.25.

## **STRABAG UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024**

The Directors present their report and audited financial statements of the Company for the year ended 31 December 2024.

#### **Principal Activity**

The Company's principal activity in 2024 was to tender for and deliver construction projects, related services and design and manufacturing connected with the UK's infrastructure and built environment. The Company acts as a financial and administrative service centre and a provider of staff and labour for all Group entities trading in the UK.

#### **Disclosure of Information in the Strategic Report**

For the financial overview of the Company, Key Performance Indicators, strategy and a review of the principal risks and uncertainties, please refer to the Strategic Report.

#### **Going Concern**

These financial statements 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 for the foreseeable future.

In making this statement the Directors are in receipt of written confirmation from STRABAG AG of its support for the Company.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,759k (2023: £24,590k).

The Directors proposed dividends in the year of £Nil (2023: £Nil) per ordinary share.

#### **Directors**

The Directors who served during the year were:

A J Dixon  
S Wild

#### **Political contributions**

During the year the Company made no political contributions (2023: £Nil).

#### **Employment of Disabled Persons**

The Company is committed to providing all employees and potential employees with equitable opportunities and to provide an environment that is fair and inclusive. We do not discriminate against anyone based on protected characteristics (age, disability, gender reassignment, sex, sexual orientation, marriage & civil partnership, pregnancy & maternity, race, religion, or belief).

The Company values and celebrates the diverse nature of our people. All employees have a duty to act in accordance with this policy and to always treat people with respect and dignity. The Company will not tolerate any discriminatory practices or behaviour.

## STRABAG UK LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### Engagement with employees

The Company seeks to achieve strong employee engagement, which is a pillar of our vision, to be an employer of choice by putting 'People First'. We achieve this through several initiatives, but principally by ensuring we have an open and transparent, two-way communication channel with all of our employees.

We have a dedicated communications team to support with this as well as People and Culture discussion and listening groups. Our employees receive a weekly updated electronic newsletter, a monthly update from the Directors and further regular contact from our senior leadership to inform on strategic updates and important news, as well as celebrating successes. We have internal websites that provide information and updates.

We also have a dedicated team focused exclusively on enhancing the health, safety and wellbeing of our employees, providing regular information and resources for all.

#### Engagement with Other Stakeholders

Ensuring that we foster excellent stakeholder relationships is a core capability of the Company, not least because it is impossible to function successfully in the construction sector without such an approach, but because it is a core value to respect the interests of our neighbours and supply chain partners.

#### Streamlined energy and carbon reporting (SECR)

##### Summary

This report summarises the 2024 energy usage, associated emissions, energy efficiency actions and energy performance under the Streamlined Energy and Carbon Reporting (SECR) requirements, as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. It also outlines the organisation boundaries and methodology utilised for the calculations in this report.

The total equivalent carbon emissions resulting from activities within the defined scope of this Energy and Carbon report is 2,909.51 tCO<sub>2</sub>e, while the emission intensity is 14.78 tCO<sub>2</sub>e/£m revenue.

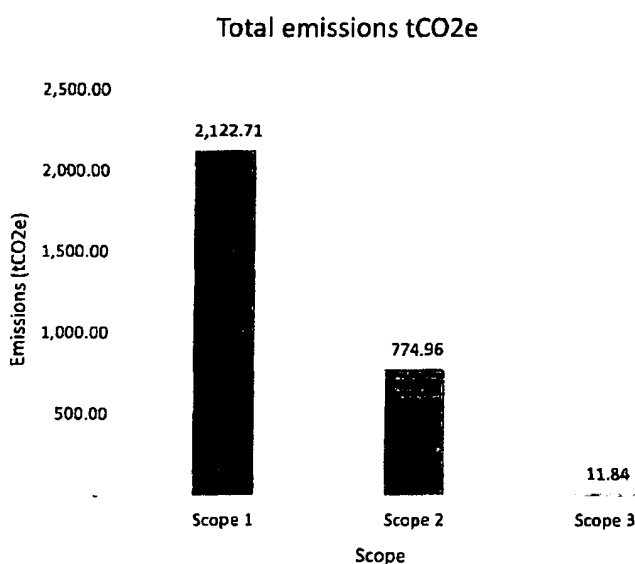


Figure 1: Overall carbon emissions by Scope

##### Data Inventory and methodology

The inventory is an accurate quantification of the carbon emissions that can be attributed to the operations within the boundary and scope for 2024. This has been prepared in accordance with the requirements of the

## **STRABAG UK LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

The Company has assessed data associated with all scope activity under its influence and in line with SECR requirements. Extrapolations and estimations were made where activity data of the inventory was lacking. Unless otherwise stated, all emission values in are given in tCO<sub>2</sub>e.

Data collation includes requirements for the different emission scopes.

**Scope 1 emissions** – Emissions from combustion of gas and fuel utilised for operations such as fuel used in construction plant/equipment and transportation using the Company vehicle fleets.

**Scope 2 emissions** – Emissions from purchased and used electricity in daily business operations.

**Scope 3 emissions** – Emissions from business travel in employee-owned vehicles for work purposes.

#### ***Reporting methodology***

In this SECR reporting year (2024) a comparison is made between 2023 carbon emissions and that associated with the current reporting year, 2024. A comparison summary is included in Table 2 The data for both years has been compiled using consistent methodologies to ensure accuracy and comparability. Emissions were calculated using respective standardised GHG conversion factors published by UK Government.

#### ***Emissions intensity***

For the purpose of this report, carbon emissions as a function of revenue is chosen as a suitable factor of intensity.

**STRABAG UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

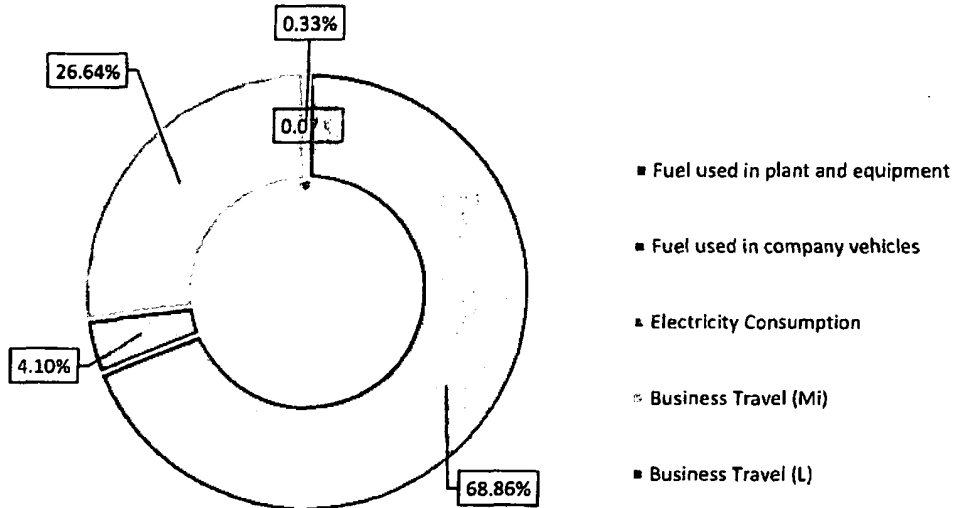
**Emissions results**

Table 1 outlines the total energy consumption and associated emissions below show the energy consumption and associated emissions for the reporting period while Figure 2 illustrates the breakdown in graphical form.

**Table 1: Emission results by Scope**

Emission source	Scope	Quantity (unit)	Total Emissions (tCO <sub>2</sub> e)	Emissions by scope (tCO <sub>2</sub> e)	% of Total emissions
Fuel used in plant and equipment	Scope 1 emissions	752,766 L	2,003.52	2,122.71	68.86
Fuel used in company vehicles		44,805.62L	119.18		4.10
Electricity Consumption	Scope 2 emissions	3,742,876.1kWh	774.96	774.96	26.64
Fuel used in business travel for employee-owned vehicles	Scope 3 emissions	33,260.9 Mi	11.84	11.84	0.33
		1,189.4L			0.07
<b>Total:</b>			<b>2,909.51</b>		<b>100%</b>

**Percentage emissions by source**



**Figure 2: Percentage emission by source**

## STRABAG UK LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### **GHG Breakdown**

A greenhouse gas (GHG) is any gas in the atmosphere which absorbs heat, and thereby keeps the planet's atmosphere warmer than it otherwise would be. These are the gases, accepted as predominantly responsible for the greenhouse effect and consequent global climate change. The Kyoto Protocol is an international treaty for controlling the release of GHGs from human activities, and the GHGs controlled under the treaty are Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFC), Perfluorocarbons (PFC), Sulphur hexafluoride (SF<sub>6</sub>) and Nitrogen trifluoride (NF<sub>3</sub>). These GHGs are often referred to as the "Kyoto gases". Table 2 provides a breakdown of the breakdown of the GHGs considered for this reporting period.

**Table2: Greenhouse Gas breakdown for STRABAG UK Limited**

GHGs	tCO <sub>2</sub> e
Carbon Dioxide (CO <sub>2</sub> )	2,874.88
Methane (CH <sub>4</sub> )	3.62
Nitrous Oxide (N <sub>2</sub> O)	31.01
Perfluorocarbons (PFCs)	0
Hydrofluorocarbons (HFCs)	0
Sulphur Hexafluoride (SF <sub>6</sub> )	0
Nitrogen Trifluoride (NF <sub>3</sub> )	0
<b>Total:</b>	<b>2,909.51</b>

#### **Inventory Summary**

The data shown in Table 3 below focuses on the years 2023 and 2024 for the purpose of comparison, providing insight into changes in the Company GHG emissions between each reporting period.

In the 2023 SECR report, Scope 1 carbon emissions were calculated using a conversion factor of 2.51 kg CO<sub>2</sub>e for an average biofuel blend. However, for 2024, emissions were calculated using a factor of 2.66 kg CO<sub>2</sub>e, reflecting the use of 100% mineral diesel/petrol. This adjustment was made to ensure consistency between our data inventory sheet and the Achilles Carbon Reduce-Toit data validation platform, which applies the 100% mineral diesel/petrol emission factor. This change aligns with updated government guidelines for emissions reporting.

The 2023 SECR report did not include electricity consumption (Scope 2) related to our newly (at the time) occupied Solihull Office, due to lack of availability. Having now obtained the energy data for October to December 2023, amounting to 5,432.34 kWh, this has been incorporated into the 2023 inventory to ensure completeness and accuracy.

Finally, in the 2023 SECR report, the Company estimated transport fuel emissions using vehicle mileage data, as actual fuel consumption data was unavailable from the supplier. For 2024, the Company switched to using actual fuel consumption data provided by the supplier, improving accuracy and explaining an increase in reported emissions, as mileage-based calculations utilising standardised rates often underestimate real-world fuel consumption.

**STRABAG UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**Table 3: GHG emissions and energy use for 2023 and 2024**

	Previous reporting year 01 January 2023 to 31 December 2023		Current reporting year 01 January 2024 to 31 December 2024	
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities tCO <sub>2</sub> e (Scope 1)	1,067.38	N/A	2,122.71	N/A
Emissions from purchase of electricity, heat, steam and cooling purchased for own use tCO <sub>2</sub> e (Scope 2, location-based)	653.79	N/A	774.96	N/A
Total gross Scope 1 & Scope 2 emissions tCO <sub>2</sub> e	1,721.17	N/A	2,897.67	N/A
Total gross Scope 1 & Scope 2 emissions tCO <sub>2</sub> e (all)	1,721.17		2,897.67	
Energy consumption used to calculate above emissions (kWh)	3,294,946.81	N/A	3,943,160.65	N/A
Electricity (kWh)	3,157,256.01	N/A	3,742,876.07	N/A
Transport fuels (kWh)	32,279.05	N/A	12,093.07	N/A
Other energy sources (Scope 1 & 2) kWh	105,411.75	N/A	188,191.50	N/A
Transport fuels (Scope 3) kWh	18,838.04	N/A	39,922.60	N/A
Total gross Scope 1 & Scope 2 emissions by unit turnover/revenue (tCO <sub>2</sub> e/£M)	N/A		N/A	
Methodology	ISO14064 Part 1 2018 and Carbon Reduce		ISO14064 Part 1 2018 and Carbon Reduce	
Emissions from other activities tCO <sub>2</sub> e (Scope 3)	4.65		11.84	
Total gross Scope 3 emissions tCO <sub>2</sub> e	4.65		11.84	
Total gross Scope 1, Scope 2 & Scope 3 emissions tCO <sub>2</sub> e	1,725.82		2,909.51	
Total gross emissions from above by ghg co2-E/£ (tCO <sub>2</sub> e/ghg co2-E/£)	N/A			
Third Party verification	Verified to ISO14064 Part 1 2018 and Carbon Reduce			

## STRABAG UK LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### Intensity Ratio

An intensity ratio of tCO<sub>2</sub>e per £ revenue is presented in Table 4.

Table 4: Emission Intensity

	Previous reporting year 01 January 2023 to 31 December 2023	Current reporting year 01 January 2024 to 31 December 2024
Total emissions (tCO <sub>2</sub> e)	1,725.82	2,909.51
Total revenue (£)	£135m	£196.9m
Intensity ratio (tCO <sub>2</sub> e/£m revenue)	12.78	14.78

#### Energy Efficiency Action

The Company is committed to year-on-year improvements in respect to operational energy efficiency and carbon emission reduction. Energy efficiency improvement is systematically managed through the Company ISO50001:2018 certified Energy Management System (EnMS). Through the EnMS the Company has developed an energy policy, approach to energy planning, implementing targeted improvement actions, analysing data and governance in line with the Plan, Do, Check, Act continual improvement principle. Fundamentally one of the key clauses associated with ISO50001:2018 is associated with the need to achieve consistent improvement and demonstrate continuous energy performance enhancement (Clause 10), during 2024 the Company has reviewed its approach to significant energy use (SEU) data analysis, rebaselining (through application of linear regression logic) and tailoring improvement actions.

Equally in 2024, the Company launched its Environment and Sustainability Strategy; 'Improvement Now, For the Future', which is aligned to and supports the Group corporate People, Planet, Progress strategy. The strategy and associated action plans outlines the Company approach to achieving 2030 goals of reducing Scope 1 and Scope 2 GHG emissions by 50% in comparison to a reference baseline while reducing Scope 3 GHG emissions by 30% in comparison to the same baseline.

At a business level, to facilitate achievement of our goals, the Company has taken a number of actions through 2024:

- Developed ISO20400:2017 aligned sustainable procurement system.
- Developed carbon management processes, procedures and PAS2080 Stage 1 verification.
- Carbon emissions data has been independently verified and certified under the Achilles Carbon Reduce Programme, aligned to the GHG Protocol Corporate Accounting and Reporting Standard (2015) and the international carbon reporting standard ISO 14064, Part 1:2018.
- Detailed design and procurement of solar panel array at key manufacturing facilities.

While at a project level, the Company is focusing on:

- Installation of solar panels and a wind turbine at one of its manufacturing facilities.
- Standardising the use of HVO.
- Establishing and implementing energy efficiency and low carbon site establishment and operation standards.
- Mandating Lifecycle Assessment on all projects with a minimum target of 10% reduction in comparison to baseline.

#### Qualifying third party indemnity provisions

Qualifying third party indemnity provision was in place for the benefit of all directors of the Company.

#### Post balance sheet events

There have been no significant events affecting the Company since the year end.

**STRABAG UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**A J Dixon**  
Director

Date: 27.03.25

## **STRABAG UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements of the Company 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework – Disclosure exemptions from UK-adopted IFRS for qualifying entities (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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

## **STRABAG UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRABAG UK LIMITED**

#### **Opinion**

We have audited the financial statements of STRABAG UK Limited (the 'Company') for the year ended 31 December 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes In Equity and notes to the financial statements, including 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 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Director's 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 a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

## **STRABAG UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRABAG UK LIMITED (CONTINUED)**

#### **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 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 the 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 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, 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.

## **STRABAG UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRABAG UK LIMITED (CONTINUED)**

#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of our experience in the sector.
- We determined the principal laws and regulations relevant to the Company in this regard to be those arising from Companies Act 2006, FRS 101 and relevant UK employment and tax legislations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and a review of legal correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to onerous contract provisions, IFRS 16 leases, long-term revenue contracts and stock valuation and we addressed this by challenging the assumptions and judgement made by management when auditing the significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**STRABAG UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRABAG UK LIMITED (CONTINUED)**

**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.

*PKF Littlejohn LLP*

**Stuart Leat (Senior Statutory Auditor)**

for and on behalf of  
**PKF Littlejohn LLP**

Statutory auditor  
15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

Date: *27 March 2025*

**STRABAG UK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £000	2023 £000
Turnover	5	196,896	135,057
Cost of sales		(198,753)	(135,426)
<b>Gross loss</b>		<b>(1,857)</b>	<b>(369)</b>
Administrative expenses		(17,323)	(16,875)
Other expense	7	(182)	-
<b>Operating loss</b>	6	<b>(19,362)</b>	<b>(17,244)</b>
Other income	8	17,000	37,000
Interest receivable and similar income	12	385	-
Interest payable and similar expenses	13	(2,834)	(3,852)
<b>(Loss)/profit before tax</b>		<b>(4,811)</b>	<b>15,904</b>
Tax on (loss)/profit	14	6,570	8,686
<b>Profit for the financial year</b>		<b>1,759</b>	<b>24,590</b>

There was no other comprehensive income for 2024 (2023: £Nil).

The notes on pages 26 to 48 form part of these financial statements.


**STRABAG UK LIMITED**  
**REGISTERED NUMBER: 12905017**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	Note	2024 £000	2023 £000
<b>Fixed assets</b>			
Property, plant and equipment	15	35,081	47,270
Right-of-use assets	16	5,082	5,370
		<u>40,163</u>	<u>52,640</u>
<b>Current assets</b>			
Stocks	17	3,858	3,592
Debtors: amounts falling due within one year	18	32,766	31,257
Cash and cash equivalents	19	20,893	9,885
		<u>57,517</u>	<u>44,734</u>
Creditors: amounts falling due within one year	20	(51,480)	(41,959)
<b>Net current assets</b>		<u>6,037</u>	<u>2,775</u>
<b>Total assets less current liabilities</b>		<u>46,200</u>	<u>55,415</u>
Creditors: amounts falling due after more than one year	21	(24,102)	(46,413)
		<u>22,098</u>	<u>9,002</u>
<b>Provisions for liabilities</b>			
Deferred taxation	22	(6,027)	(975)
Other provisions	23	(14,413)	(8,128)
		<u>(20,440)</u>	<u>(9,103)</u>
<b>Net assets/(liabilities)</b>		<u>1,658</u>	<u>(101)</u>
<b>Capital and reserves</b>			
Share capital	24	35	35
Profit and loss account		1,623	(136)
<b>Total equity</b>		<u>1,658</u>	<u>(101)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A J Dixon  
 Director  
 Date:

  
 27.03.25.

The notes on pages 26 to 48 form part of these financial statements.

**STRABAG UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>Share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 January 2023</b>	<b>35</b>	<b>(24,726)</b>	<b>(24,691)</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	24,590	24,590
<b>At 1 January 2024</b>	<b>35</b>	<b>(136)</b>	<b>(101)</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,759	1,759
<b>At 31 December 2024</b>	<b>35</b>	<b>1,623</b>	<b>1,658</b>

The notes on pages 26 to 48 form part of these financial statements.

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **1. General Information**

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Tower - 3rd Floor, 65 Buckingham Gate, London, England, SW1E 6AS.

The Company's principal activity in 2024 was to tender for and deliver construction projects, related services and design and manufacturing connected with the UK's infrastructure and built environment. The Company acts as a financial and administrative service centre and a provider of staff and labour for all Group entities trading in the UK.

#### **2. Statement of Compliance**

The individual financial statements of STRABAG UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

#### **3. Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **3.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

All amounts within the financial statements have been rounded to the nearest £1,000 unless otherwise stated.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101 (where applicable):

- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64 (j) to (m), B64(n)(ii), B64(o)(ii), B64(p), B64(g)(ii), B66 and B67 of IFRS 3.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraphs 110 (second sentence only), 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Contracts.
- Paragraphs 52, 58 provided that the disclosure of debtors or indebtedness required by paragraph 61(1) of schedule 1 is presented separately, 89 (second sentence only), 90, 91 and 93 of IFRS 16 Leases.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flow);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **3. Accounting policies (continued)**

##### **Basis of preparation of financial statements (continued)**

- IAS 7, 'Statement of cash flows'.
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 130(f)(ii), 130 (f)(iii), 134(d) to 134 (f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

#### **3.2 Going concern**

Net profit for the year was £1,759k (2023: £24,590k) and the Company has net assets for the year ended 31 December 2024 of £1,658k (2023: £101k net liabilities).

The Company is a wholly owned subsidiary of STRABAG AG, which itself is a subsidiary of the STRABAG SE group of companies which is listed on the Vienna stock exchange and one of the largest construction companies in Europe. The Board of STRABAG AG has approved the Company's business plan to achieve a long-term and sustainable presence in the UK on an on-going basis, with the intention of establishing the UK as a 'core country' in the Group's operations, so that it progressively offers the full range of services that STRABAG provides to other core countries in Europe and around the world.

The Directors have prepared the financial statements on a going concern basis. Directors have considered the following in making this assessment:

- The Directors have received confirmation from STRABAG AG, the parent company, that they will continue to support the operations of STRABAG UK Limited for the foreseeable future to allow it to be able to meet its own liabilities as they fall due.
- The Directors of the Company have prepared their own budgets and forecast and have concluded that they have sufficient funds from STRABAG AG to ensure that their liabilities are settled within payment terms.
- STRABAG AG have also committed to ensure that all intra group debts owed to them or between fellow subsidiaries will not be called upon within a period of 12 months from the date of approval of these financial statements.

On the above basis of their assessment of the Company's financial position and of the confirmation received from the directors of STRABAG AG, the Company's directors continue to adopt the going concern basis of accounting in preparing these financial statements.

#### **3.3 Foreign currency translation**

##### **Functional and presentation currency**

The Company's functional and presentational currency is pound sterling. Monetary amounts in these financial statements are rounded to the nearest £1,000.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account, except where deferred in other comprehensive income from qualifying cash flow hedges.

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **3. Accounting policies (continued)**

##### **3.4 Tangible fixed assets**

Assets under construction relate to cost incurred in the improvement to leased property and construction of plant and machinery. When these assets are completed and are in the location and condition necessary for their intended use they are transferred to property, plant and equipment.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost of revalued amounts to their residual values over their estimated useful lives, as follows:

Right of use assets	- 8 - 10 years
Construction in progress	- not depreciated
Plant and machinery	- 3 - 15 years
Office equipment	- over 3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

As asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other Income / (expense)' in the Statement of Comprehensive Income.

When revalued assets are sold, the amounts included in the revaluation reserve that relate to those assets are transferred to retained earnings.

##### **3.5 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **3. Accounting policies (continued)**

##### **3.6 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### **3.7 Inventories**

Inventory costs include cost of purchase and production and are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Production costs include all direct costs as well as appropriate parts of overhead arising in the production. Distribution costs, as well as costs for general administration, are not included in the production costs. Borrowing costs related to production are recognised for inventories which are to be classified as qualifying assets.

##### **3.8 Trade and other receivables**

Trade and other debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rate for the contract assets.

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **3. Accounting policies (continued)**

##### **3.9 Impairment of financial assets and contract assets**

For the recognition of impairments, STRABAG allows for expected credit losses under IFRS 9. The expected loss impairment model is used for debt instruments for which subsequent measurement is made at amortised cost. The impairment requirements under IFRS 9 are also applied to non-financial contract assets.

Equity instruments measured at fair value through profit or loss or through other comprehensive income are not within the scope of the IFRS 9 impairment requirements.

IFRS 9 outlines a three-stage model to determine the scope of the risk provision, requiring expected credit losses to be measured from initial recognition at an amount equal to the twelve-month expected credit losses or, if the credit risk has worsened significantly, the full expected credit losses over the remaining life of the financial instrument. The general impairment model (general approach) is used for receivables from concession arrangements and for current and non-current other financial assets in the Group. Besides the general impairment model, the simplified impairment model (simplified approach) is used for trade receivables and for contract assets under IFRS 15. The simplified impairment model requires a risk provision equal to the expected losses over the full remaining life of the financial instrument to be recognised for trade receivables or contract assets regardless of the respective credit quality.

Application of the 30-days-past-due criterion is not useful in the construction sector, on the one hand because of incomplete performance recognition, on the other hand because contracts are often fulfilled for public-sector clients, whose internal processes to release payment may be lengthy but usually result in full and complete payment.

To determine the expected credit losses, trade receivables and contract assets are grouped into different portfolios with similar risk characteristics. In establishing the portfolios, STRABAG also considers the underlying country risk and the creditworthiness.

During the initial recognition of financial assets, STRABAG takes into consideration the probability of defaults and continually monitors the development of the credit risk in each reporting period, taking into account all reasonable and supportable information and forecasts. This includes especially the following indicators:

- internal estimate of creditworthiness by the client
- external information on creditworthiness based on the corresponding country risk.

Macroeconomic information (such as market interest rates) and other forecasts are included in the assessment of the credit risk.

Besides the application of the general and the simplified impairment approach, financial assets are impaired if there is objective evidence of credit default indicators. STRABAG makes such impairments if the debtor has significant financial difficulty; if there is a high probability that insolvency proceedings will be commenced against the debtor; if a breach of contract and payment default has occurred; or if the issuer's technological, economic, legal and market environment changes substantially.

Impairments lower the carrying amount of the financial assets. The impairment loss or gain resulting from the application of the impairment requirements is recognised through profit or loss in the other operating expense or income.

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **3. Accounting policies (continued)**

A financial asset defaults if bankruptcy proceedings have been started or it is highly probable that there is no reasonable expectation for repayment. These financial assets are then derecognised. When derecognising financial assets, STRABAG continues to undertake enforcement measures to attempt to recover the receivables that are due.

During the year under report, there were no changes with regard to the impairment approaches and criteria that were applied.

##### **3.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

##### **3.11 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Profit and loss account represents accumulated comprehensive income or losses for the year and prior periods for the Company.

##### **3.12 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

##### **3.13 Loans**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as creditors: amounts falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

## STRABAG UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

#### 3. Accounting policies (continued)

##### 3.14 Retentions

Retentions are typically a percentage of a construction contract, which are in accordance with the agreement with Clients or supplier/subcontractor held back and not paid until a later date. Retention receivables under trade receivables and retention payables under trade payables are recognised respectively.

After the retention period when the retention amount is to be paid, retention receivable and retention payable amounts are adjusted with cash receipt and payment accordingly.

##### 3.15 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### 3.16 Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts and Value-Added Taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement:

Revenues were generated from three activities:

###### 1. Bau Rechen Und Verwaltungszentrum (BRVZ) Fees

The Company operates BRVZ to provide central services to STRABAG Group's UK operative units. The services include finance, accounting, tax, payroll, HR and expatriate administration. An agreed certain percentage on operatives' revenue is charged as BRVZ fees.

###### 2. Recharge of Costs

The Company employs staff and labourers for all operative units of STRABAG in the UK. Salaries/wages and related cost are then re-charged to the relevant operative legal entity to recover its costs at no mark up.

###### 3. Revenue from contracts with customers

Revenue from contracts with customers is recognised over time as required by IFRS 15 - Revenue from Contracts With Customers.

For construction contracts with customers, the construction projects are built on the customers' properties and the customers always control the assets that are created or enhanced.

Construction is performed based on stand-alone contracts. The allocation of the transaction price to each performance obligation is made on the basis of the work estimate for the respective stand-alone item. If significant integration services are provided, a separate performance obligation is assumed. Transaction prices for construction contracts are determined on the basis of the contract value

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **3. Accounting policies (continued)**

##### **3.16 Revenue (continued)**

agreed with the customer. Contractual penalties or bonus payments during the construction period may lead to amendments of the transaction price. These are carried with the most probable value by reason and amount on the basis of the project controlling.

Revenue recognition over time is made using the output-oriented method on the basis of the work performed. The actual work performed, and the corresponding revenue are determined at the level of the stand-alone item according to the work estimate. Because of unforeseen deviations in the budgeted costs, the best indicator is considered to be the percentage of completion as derived directly from the actual work performed. The performance completed to date, one of the key corporate governance figures, must be directly determined by the construction site team on a monthly basis.

The projects, where the construction is at early stages and not be able to reasonably measure its progress towards complete satisfaction of a performance obligation and expects to recover the costs incurred in satisfying the performance obligation, the revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The contract asset represents the Group's right to consideration from construction contracts with customers. If the value of a contract asset of a construction contract exceeds the payments received for it, then this is shown on the assets side under contract assets. In the opposite case, the figure is reported on the equity and liabilities side under contract liabilities.

Payments for construction contracts are usually made parallel to the performance on the basis of regular invoicing. Payments of advance consideration before the actual performance are common practice, especially in building construction. Agreements covering extended terms of payment or staggered invoicing of performance completed are made only on a case-by-case basis with special approval by the Management Board of STRABAG SE.

If it is probable that the costs exceed the recoverable proceeds, an onerous contract provision is recognised in accordance with IAS 37. Any costs directly attributable to the contract are taken into account to determine the costs. The onerous contract provision, considered individually, is recognised at the amount that is required for the completion of the obligation from the contract. Up to the value of the contract asset, an impairment is recognised. If the value of the respective contract asset is exceeded, an onerous contract provision is recognised on the equity and liabilities side under the current provisions.

With regard to impairment, see note 3.9 "Impairment of financial assets and contract assets".

Inventories that have not yet been used in the construction process but are already present on the construction sites are no longer accounted for as a separate asset but are instead assigned to the respective contract and recognised as a contract asset.

Claims and variation orders in connection with construction contracts involve any modification or change (actual construction progress) to the contractually agreed scope of work (agreed specifications). Due to the existing contractual agreements, these modifications to the work to be performed cannot be invoiced until the client approves the changes or agrees to their invoice ability. Modifications or changes to the work to be performed include agreed changes to the work to be performed as well as disputed claims for additional costs due to disruption or due to changes in the scope of work.

In the event of agreed changes to the work to be performed, the client actively intervenes in the construction process and changes the scope of work. Changes to the work to be performed are regularly commissioned by the contractor before execution. In this case, a contract modification as defined by IFRS 15.18 exists in which all parties to the contract have agreed to the change in the

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **3. Accounting policies (continued)**

##### **3.16 Revenue (continued)**

scope of work and/or price. As a rule, the contract modification is accounted for as part of the original contract in accordance with IFRS 15.21(b), as the changes in the work to be performed are not distinct from the order before contract modification and the contract remains a single performance obligation.

Claims for additional costs arising from disruption are incurred when adjustments must be made to the construction process due to disruptions that lie within the client's sphere of influence. Claims for additional costs also arise in the case of changes ordered by the client who believes these do not result in additional costs, due, e.g. to guarantees for completeness, but which, in the opinion of the contractor, are not included in the scope of the contract. The complexity of construction contracts often leads to different legal views regarding the existence of a legal claim between the client and the contractor, which often results in protracted legal disputes.

In accordance with IFRS 15.19, the disputed claims for additional costs involve contract modifications for which the parties to the contract have not yet reached a final agreement with regard to the scope and/or price of the contract. The variable consideration from these contract modifications is therefore estimated in accordance with the provisions of IFRS 15.50-59 and recognised as revenue as part of the original contract in accordance with IFRS 15.21(b).

The estimate is based on qualitative and quantitative criteria. The large number of individual claims and variation orders in a construction project, the uncertainty over a long period of time, the individuality of the circumstances, the legal enforceability of the claim and the quality of the documentation are taken into account when estimating the variable consideration. The variable consideration is measured in such a way that there is no reversal of previously recognised revenue in subsequent periods.

The corresponding expense is recognised in profit or loss immediately when it is incurred. The consideration for revenue from project developments which, on the basis of the work performed by the reporting date, are realised over time, is recorded under contract assets. The contract asset represents the Group's right to considerations from project developments.

Revenue is recognised over time if a contractual agreement excludes the possibility of any alternative use and there exists a right to payment including a profit margin on the work performed. These conditions are always met if real estate projects are sold already prior to their completion.

In these cases, the revenue is recognised pro rata based on the degree of completion of the work.

Advances received are offset against the cost of the contract asset. If the advances received exceed the value of the contract asset, presentation is made on the equity and liabilities side under contract liabilities.

The notes on construction contracts with customers apply by analogy.

##### **3.17 Leases**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognised a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leased within a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the terms of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the lease asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **3. Accounting policies (continued)**

readily determined, the Company uses its incremental borrowing rate.

The Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any incentives.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Fixed Assets' in the Statement of Financial Position.

The Company applied IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

#### **3.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

## **STRABAG UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **4. Judgements in applying accounting policies and key sources of estimation uncertainty**

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

##### **Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **Economic Useful life of tangible assets**

The annual depreciation charges to tangible assets are sensitive to the changes in the estimated economic useful lives and residual values of the assets. The useful economic lives and residual values are assessed annually. Any changes to the condition of the lives of assets because of enhancements, and economic utilisation's are reflected on the amended estimates when necessary.

##### **Lease accounting**

In determining the lease term, management considers all factors and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

##### **Onerous Provision**

As at 31 December 2024, the directors have undertaken a review of all existing contracts with clients to assess whether any of them would suggest that they are to be loss making. In accordance with IAS 37 a provision of £14,265k (2023: £8,083k) for onerous contract is established in relation to the Supply of Tunnel Segments for the HS2 project and £88k in relation to a ground freezing trial project.

In calculating the provision, compensation events and changes in the indexation have been reflected to the actual contract value and to the forecasted costs in delivering each contract. Risk factors from our risk register, resource planning and cost increases due to inflation are considered in the provision calculation. Project forecasts are updated on a monthly basis throughout the year in line with the Group Common Project Standards framework and onerous contract provisions are re-assessed annually.

## STRABAG UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

#### 5. Turnover

An analysis of turnover by class of business is as follows:

	2024 £000	2023 £000
Construction	87,229	29,155
Recharge of costs	108,319	104,616
BRVZ fees	1,348	1,286
	<u>196,896</u>	<u>135,057</u>

Analysis of turnover by country of destination:

	2024 £000	2023 £000
United Kingdom	196,896	135,057
	<u>196,896</u>	<u>135,057</u>

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

#### **Assets and liabilities related to contracts with customers:**

The Company has recognised the following assets and liabilities related to contracts with customers.

	2024 £000	2023 £000
<b>Contract assets</b>		
At 1 January	-	3,865
Contract assets recognised in the year	5,223	-
Decrease due to amounts Invoiced in year	-	(3,865)
<b>At 31 December</b>	<u>5,223</u>	<u>-</u>

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**5. Turnover (continued)**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Contract liabilities</b>		
At 1 January	17,064	18,187
Increase due to cash received, excluding amounts recognised as revenue during the year	9,896	176
Decrease due to amounts recognised in revenue	(7,711)	(1,299)
<b>At 31 December</b>	<b>19,249</b>	<b>17,064</b>

Contract assets and contract liabilities are included within "debtors" and "creditors" respectively on the face of the balance sheet. They arise from projects such as manufacture and supply of segments and construction of an exploratory tunnel. The Company enters in to contract for these projects and it takes more than one year to complete. The contract assets comprise the right to payment from construction contracts with customers as well as from project developments for the work performed by the reporting date. If the advances received exceed the payment rights, presentation is made under contract liabilities.

Revenue recognised that was included in the contract liability balance at the beginning of the year is £7,711k (2023: £1,299k) and no impairment losses have been recognised in the year against the contract asset.

**6. Operating loss**

The operating loss is stated after charging/(crediting):

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Loss on disposal of fixed assets	182	-
Depreciation of tangible fixed assets	12,611	5,398
Depreciation of right-of-use assets	776	722
Foreign exchange gains	(53)	(15)
Defined contribution pension cost	3,902	3,214
Onerous contract provision	6,270	(6,429)
Dilapidation provision	15	15

**7. Other expense**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Loss on disposal of fixed assets	(182)	-
	<b>(182)</b>	<b>-</b>

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**8. Other income**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Debt waiver	17,000	37,000
	<u>17,000</u>	<u>37,000</u>

During the year, STRABAG AG, waived the repayment obligation for part of the inter company loan owed to it by the Company via STRABAG AG's UK Branch. The de-recognised liability amounted to £17,000k (2023: £37,000k) and is presented as other income in the Statement of Comprehensive Income.

Following the waiver the Company has an outstanding loan liability for the year ended 31 December 2024 of £19,526k (2023: £41,526k) owing to STRABAG AG UK Branch.

**9. Auditor's remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>57</u>	<u>50</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Accounts preparation services	<u>6</u>	<u>6</u>
	<u>6</u>	<u>6</u>

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**10. Employees**

Staff costs, including Directors' remuneration, were as follows:

	<b>2024</b>	<i>As restated</i>
	<b>£000</b>	<b>2023</b>
		<b>£000</b>
Wages and salaries	<b>117,035</b>	103,135
Social security costs	<b>15,001</b>	12,903
Cost of defined contribution scheme	<b>3,902</b>	3,214
	<b>135,938</b>	<b>119,252</b>

The figures for the year ended 31 December 2023 have been restated to align with the current year presentation.

The average monthly number of employees, including the Directors, during the year was as follows:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Construction services	<b>1,187</b>	1,175
Management	<b>91</b>	81
Administrative	<b>148</b>	145
	<b>1,426</b>	<b>1,401</b>

**11. Directors' remuneration**

The directors' remuneration attributable to the Company for the year was as follows:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Remuneration	<b>548</b>	369
Company contributions to pension scheme	<b>21</b>	43
	<b>569</b>	<b>412</b>

In respect of the highest paid director:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Remuneration	<b>332</b>	267
Company contributions to pension scheme	<b>11</b>	20
	<b>343</b>	<b>287</b>

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**12. Interest receivable and similar income**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Interest income on short term deposits	385	-
	<u>385</u>	<u>-</u>
	<u><u>385</u></u>	<u><u>-</u></u>

**13. Interest payable and similar expenses**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Interest payable to group undertakings	2,652	3,671
Interest on lease liabilities	182	181
	<u>2,834</u>	<u>3,852</u>
	<u><u>2,834</u></u>	<u><u>3,852</u></u>

**14. Taxation**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax credit on profits for the year	(3,751)	(4,962)
Adjustments in respect of previous periods	(7,871)	(4,699)
	<u>(11,622)</u>	<u>(9,661)</u>
	<u><u>(11,622)</u></u>	<u><u>(9,661)</u></u>
<b>Deferred tax</b>		
Deferred taxation for the current year	(1,691)	975
Adjustments in respect of prior periods	6,743	-
	<u>5,052</u>	<u>975</u>
	<u><u>5,052</u></u>	<u><u>975</u></u>
<b>Taxation on (loss) / profit on ordinary activities</b>	<u><u>(6,570)</u></u>	<u><u>(8,686)</u></u>

## STRABAG UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

#### 14. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 - lower than) the standard rate of corporation tax in the UK of 25% (2023- 23.52%). The differences are explained below:

	2024 £000	2023 £000
(Loss) / profit on ordinary activities before tax	(4,811)	15,904
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.52%)	(1,203)	3,741
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(4,239)	(7,788)
Remeasurement of deferred tax for changes in tax rates	-	60
Current tax prior year under provision	(7,871)	(4,699)
Deferred tax prior year under provision	6,743	-
<b>Total tax credit for the year</b>	<b>(6,570)</b>	<b>(8,686)</b>

The Company has tax losses of £1,850k (2023: £13,479k) which can be carried forward and offset against future taxable profits.

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

On 11 July 2023, Finance (No.2) Act 2023 was enacted in the UK, introducing the OECD Pillar Two model rules including a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023.

For Pillar two tax purposes, the Company is part of a "UK tax group" which means the Company and other STRABAG group companies that have a taxable presence in the UK. The aggregated effective tax rate for Pillar two purposes for the UK tax group is more than 15%. Accordingly, under the Pillar two tax rules as enacted in the UK, the Company has no Pillar two tax payable for the year ended 31 December 2024.

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**15. Property, plant and equipment**

	Plant and machinery £000	Office equipment £000	Construction in progress £000	Total £000
<b>Cost</b>				
At 1 January 2024	52,565	104	-	52,669
Additions	935	49	61	1,045
Disposals	(799)	-	-	(799)
<b>At 31 December 2024</b>	<b>52,701</b>	<b>153</b>	<b>61</b>	<b>52,915</b>
<b>Depreciation</b>				
At 1 January 2024	5,377	22	-	5,399
Charge for the year on owned assets	12,568	43	-	12,611
Disposals	(176)	-	-	(176)
<b>At 31 December 2024</b>	<b>17,769</b>	<b>65</b>	<b>-</b>	<b>17,834</b>
<b>Net book value</b>				
<b>At 31 December 2024</b>	<b>34,932</b>	<b>88</b>	<b>61</b>	<b>35,081</b>
<i>At 31 December 2023</i>	<i>47,188</i>	<i>82</i>	<i>-</i>	<i>47,270</i>

**16. Leases**

**Company as a lessee**

The Company has lease contracts for land and buildings used for operating activities. The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the Statement of Financial Position relating to leases:

	2024 £000	2023 £000
<b>Right-of-use assets:</b>		
At 1 January	5,370	5,876
Additions	488	216
Depreciation	(776)	(722)
<b>At 31 December</b>	<b>5,082</b>	<b>5,370</b>

## STRABAG UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Lease liabilities are due as follows:

	2024 £000	2023 £000
Current	749	671
Non-current	4,576	4,887
	<u>5,325</u>	<u>5,558</u>

Right-of-use assets are being depreciated over the length of the lease.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2024 £000	2023 £000
Interest expense on lease liabilities	182	181
Depreciation charge of right-of use assets	776	722
	<u>776</u>	<u>722</u>

Total cash outflow for leases was £903k (2023: £840k).

#### 17. Stocks

	2024 £000	2023 £000
Raw materials	2,505	3,592
Finished goods	1,353	-
	<u>3,858</u>	<u>3,592</u>

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**18. Debtors: Amounts falling due within one year**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	2,717	2,912
Amounts owed by group undertakings	17,686	10,612
Other debtors	104	72
Prepayments and accrued income	907	8,000
Tax recoverable	6,129	9,661
Contract assets	5,223	-
	<u>32,766</u>	<u>31,257</u>

Amount owed by group undertakings are unsecured, repayment on demand and interest free except for balance due from cash pooling arrangement entered into with STRABAG BRVZ GmbH which charge interest at 3.50%. The interest rate may be adjusted quarterly in line with the borrowing rates for EUR in the STRABAG SE Group. Interest received during the year from this arrangement was £155 (2023: £Nil).

**19. Cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Cash on hand and in banks	566	9,885
Short term deposits	20,327	-
	<u>20,893</u>	<u>9,885</u>

**20. Creditors: Amounts falling due within one year**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	3,851	2,425
Amounts owed to group undertakings	8,446	2,194
Other taxation and social security	11,943	10,521
Lease liabilities (Note 16)	749	671
Accruals and deferred income	7,242	9,084
Contract liabilities	19,249	17,064
	<u>51,480</u>	<u>41,959</u>

Amounts due to group undertakings are unsecured, repayable on demand and interest free except for balance due to cash pooling arrangement entered into with STRABAG BRVZ GmbH which charge interest at 3.75%. The interest rate may be adjusted quarterly in line with the borrowing rates for EUR in the STRABAG SE Group. Interest payable during the year from this arrangement was £47k (2023: £Nil).

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**21. Creditors: Amounts falling due after more than one year**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Lease liabilities (Note 16)	4,576	4,887
Amounts owed to group undertakings	19,526	41,526
	<u>24,102</u>	<u>46,413</u>

Amounts owed to group undertakings include a loan with the parent company STRABAG AG. The loan currently bears interest at 5.3% and is payable quarterly in arrears. The interest rate may be adjusted quarterly in line with the borrowing interest rates for GBP in the STRABAG SE Group. The Company is in receipt of a letter of support from STRABAG AG where they have committed that the outstanding amounts owed will not be called for a period of at least 12 months from the signing of the accounts.

**22. Deferred taxation**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	(975)	-
Charged to profit or loss	(5,052)	(975)
<b>At end of year</b>	<u>(6,027)</u>	<u>(975)</u>

The deferred taxation liability is made up as follows:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	(6,556)	(4,344)
Tax losses carried forward	463	3,369
Pension	66	-
	<u>(6,027)</u>	<u>(975)</u>

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**23. Other provisions**

	<b>Onerous contract provision £000</b>	<b>Dilapidations provision £000</b>	<b>Total £000</b>
At 1 January 2024	8,083	45	8,128
Charged to profit or loss	8,774	15	8,789
Utilised in year	(2,504)	-	(2,504)
<b>At 31 December 2024</b>	<b>14,353</b>	<b>60</b>	<b>14,413</b>

As at 31 December 2024, the Directors have undertaken a review of all open contracts to assess whether any would suggest that they are to be loss making.

During the year the Company has utilised £2,504k of the provision recognised in prior years in respect of the project to provide precast concrete tunnel linings. It was further identified that the total loss on this project would extend by an additional £8,686k due to several mechanical breakdowns in the year and owing to price increases for raw materials that will not be covered by the contractual mechanism for price indexation. The future loss on this project is now expected to be £14,265k, with these losses being covered by future utilisation of the provision recognised.

A loss provision of £88k was recognised in respect of a ground freezing trial project owing to a technical fault with some key equipment required for delivery of the contracted works. This loss is anticipated to realise in 2025 and will be fully covered by utilisation of the provision recognised.

A dilapidation provision of £60k (2023: £45k) has been included as at 31 December 2024 to take into account the restoration costs included as a financial obligation within a contract entered into during the year ended 31 December 2021.

**24. Share capital**

	<b>2024 £000</b>	<b>2023 £000</b>
<b>Allotted, called up and fully paid</b>		
35,000 (2023 - 35,000) Ordinary shares of £1.00 each	<b>35</b>	<b>35</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**25. Pension commitments**

The Company operates a defined contribution pension plan. The assets of the plan are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £3,902k (2023: £3,214k). Contributions totalling £495k (2023: £1k recoverable) were payable to the fund at the balance sheet date.

**STRABAG UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**26. Capital commitments**

At 31 December, the Company had the following capital commitments:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Contracts for future capital expenditure not provided in the financial statements	<b>504</b>	<b>680</b>
	<b>504</b>	<b>680</b>

**27. Related party transactions**

The Company has taken advantage of the exemption available within FRS 101 not to disclose the specifics of related party transactions between subsidiaries which are wholly owned within the same parent group (STRABAG SE).

Amounts owed from related parties have been disclosed in note 18. Amounts owed to related parties have been disclosed in notes 20 and 21.

**28. Ultimate controlling party**

The Group into which the Company was consolidated at year end was STRABAG SE which is incorporated in Austria. Copies of financial statements may be obtained from Triglavstr. 9, 9500 Villach/Austria.

The Company's immediate parent undertaking is STRABAG AG, a company incorporated in Austria.

In the Directors' opinion, the Company's controlling party, is STRABAG SE. There is no one ultimate controlling individual.