

Tax Strategy

Newarthill and its group of companies (the “SRM Group”) recognises that the payment of tax is an important corporate contribution to society and an essential part of good governance.

SRM Group’s tax strategy (approved by the group’s Supervisory Board) is to maximise shareholder value, whilst acting in an ethical manner, in accordance with the group’s values, and fully complying with relevant laws and regulations. The group principally operates in the UK, but this tax strategy applies to all territories in which it does business.

Its approach to conducting its tax affairs and managing its tax risk is consistent with HMRC’s Framework of Co-operative Compliance and is in line with the OECD guidelines for multinational companies on Responsible Business Conduct Matters.

Further details are provided below.

Our business

SRM Group is a long established, family owned business that has operated in the construction sector for over 150 years. The ownership structure has provided a long period of corporate stability and has permitted the group to focus on generating profits through its core activities and responsible business practices, rather than a short-term view and single-minded focus on profit maximisation.

The group’s strategy towards corporate governance and risk management is focused around five key areas:

- Integrity in compliance and reporting
- Responsible business practices
- Investing in our people and developing capabilities
- Controlling and managing risks
- Maintaining our reputation.

These are ingrained in the group’s tax policy and its approach to managing tax risk.

Tax policy and managing tax risk

The SRM Group remains committed to conducting its tax affairs and managing its tax risk in a responsible manner, encapsulated by the following:

- Ensuring consistency with Group strategy.
- Monitoring key risks through periodic tax compliance meetings attended by those responsible for the different tax areas.
- Timely and full compliance with all reporting requirements, including the filing of all tax returns by their statutory deadlines.
- Investing in its people and developing their capabilities by providing guidance on tax related matters and encouraging/supporting them in technical and professional development.
- Interpreting the relevant laws in a legal way and structuring transactions on a *bona fide* basis (using commercial rationale and reflecting economic consequences), as opposed to artificial transactions where the main purpose is to obtain a tax advantage.

- Obtaining external advice where necessary to clarify or support the position taken in its tax submissions and to ensure compliance.

The ongoing monitoring and review of SRM group's tax policy is undertaken by internal tax specialists and is overseen by the Chief Financial Officer of Sir Robert McAlpine Limited and the Finance Director of the Newarthill Group.

Tax risk appetite

The SRM group has a low appetite for tax risk and a strong belief that it should pay the amounts of tax that fall legally due in the UK and any other territory in which it operates. Transactions are structured on the basis of commercial and business rationale and not on an artificial basis or with the purpose of creating an abusive tax result.

Where reliefs and incentives are available that offer legitimate tax efficiencies, the group will look to make use of these and to promote value for its stakeholders.

There can be instances where alternative approaches are permitted, or ambiguities can lead to varying interpretations, and ultimately to different tax outcomes. As the SRM group is committed to acting with integrity in compliance and reporting, management would use its judgement to determine the appropriate option, with consideration to the intended policy objectives of the legislating government. Third-party advice may be sought to gain clarity or to support the approach taken.

Approach towards its dealings with HMRC

In all of its dealing with HMRC, the SRM group remains committed to:

- Operating within a framework of openness, trust and transparency.
- Maintaining our collaborative and professional relationship.
- Conducting all communications in a courteous manner that upholds our mutual respect and follows agreed upon procedures.
- Timely sharing of information with HMRC in relation to our decision making, business activities, results, key developments and tax planning.

Should any dispute arise, the SRM group is committed to acting in a manner that facilitates timely resolution.

Our approach to tax has been published in accordance with Paragraph 16(2) Schedule 19 of the Finance Act 2016, and relates to our accounting period ended 31 October 2021.