

REGISTERED NUMBER: 04309441 (England and Wales)

**Strategic Report, Director's Report and
Audited Financial Statements for the Year Ended 31 March 2017
for
Laing O'Rourke Infrastructure Limited**



**Contents of the Financial Statements
for the Year Ended 31 March 2017**

	Page
Company Information	1
Strategic Report	2
Director's Report	3
Independent Auditors' Report	6
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Laing O'Rourke Infrastructure Limited

**Company Information
for the Year Ended 31 March 2017**

DIRECTOR: A S McIntyre

SECRETARY: R E Turner

REGISTERED OFFICE: Bridge Place
Anchor Boulevard
Admirals Park, Crossways
Dartford
Kent
DA2 6SN

REGISTERED NUMBER: 04309441 (England and Wales)

INDEPENDENT AUDITORS: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

**Strategic Report
for the Year Ended 31 March 2017**

The director presents their Strategic Report of Laing O'Rourke Infrastructure Limited ("Company") for the year ended 31 March 2017.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is a wholly owned subsidiary of Laing O'Rourke Holdings Limited and a member of the Laing O'Rourke Corporation Limited Group ("Group") that is domiciled in England and Wales. The Company ceased entering into new contracts several years ago. A summary of the results is shown in the Director's Report on page 3. The director is satisfied with the financial result for the year and expects the business to trade profitably in the future as its existing contracts complete. New infrastructure projects are completed by other companies in the Group.

The directors of Laing O'Rourke Corporation Limited manage financial risks for the Group as a whole, rather than as individual entities. For this reason, the Company's director believes that analysis of the Company's risks should be viewed in the context of the Group. The principal risks and uncertainties of Laing O'Rourke Corporation Limited, which include those of the Company, are discussed in the Group's financial statements (which are available publicly and can be obtained from the Department of Registrar of Companies in Cyprus upon payment of the appropriate fee) however, do not form part of this report.

The directors of Laing O'Rourke Corporation Limited manage the Group's operations on a divisional basis. For this reason, the Company's director believes that analysis using key performance indicators should be viewed in the context of the Group. The development, performance and position of the Europe hub of Laing O'Rourke Corporation Limited, which include those of the Company, are discussed in the Group's financial statements which are available publicly, however, do not form part of this report.

ON BEHALF OF THE BOARD:



.....
A S McIntyre - Director

Date: 2 March 2018

**Directors' Report
for the Year Ended 31 March 2017**

The director presents their Directors' Report together with the audited financial statements of Laing O'Rourke Infrastructure Limited ("Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the year under review were those of civil and structural engineering and utilities contracting.

Information in respect of the Business Review, Financial Risks, Principle Risks and Uncertainties, as well as the future developments are not discussed in the Director's Report because they are presented on page 2 within the Strategic Report in accordance with s414c(ii) of the Companies Act 2006.

RESULTS

The results for the year are set out in the Income Statement on page 8.

Revenue for the year was £31.8 million (2016: £44.4 million). The profit before taxation was £4.8 million (2016: loss of £5.1 million) and the profit for the financial year was £2.7 million (2016: loss of £5.6 million). Total shareholders' funds of the Company at 31 March 2017 were £14.3 million (2016: £11.6 million).

GOING CONCERN

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Company is a member of the group of companies whose ultimate parent is Laing O'Rourke Corporation Limited (the "Laing O'Rourke Group"). The directors have assessed whether the going concern basis of preparation is appropriate by reference to the position of the entire Laing O'Rourke Group, as the Company is reliant on financial support from this group of companies.

The directors of Laing O'Rourke Corporation Limited have carefully considered those factors likely to affect the Group's future development, performance and financial position in relation to the ability of the Group to operate within its current and foreseeable resources, financial and operational.

Laing O'Rourke Corporation Limited has provided a letter of support to the Company on behalf of the Laing O'Rourke Group. Accordingly, the Director of the Company has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and conclude that it is appropriate for these financial statements to be prepared on a going concern basis.

DIVIDENDS

No dividends were declared or paid during the year (2016: £nil). The directors do not recommend the payment of a final dividend (2016: £nil).

DIRECTORS

A S McIntyre has held office from 1 April 2016 to the date of this report. Changes to directors holding office are as follows:

S R Purves - resigned 1 July 2016

J D Wilkinson - appointed 18 April 2016, resigned 31 May 2017

P Sheffield - resigned 31 March 2017

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

**Directors' Report
for the Year Ended 31 March 2017**

EMPLOYMENT POLICY

The Group continues to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of significant matters affecting the Company's trading position and of any significant organisational changes. The Group treats each application for employment, training and promotion on merit. Full and fair consideration is given to both disabled and able-bodied applicants and employees. If existing employees become disabled, every effort is made to find them appropriate work and training is provided if necessary.

HEALTH, SAFETY AND WELFARE

The Group is committed to ensuring the health, safety and welfare of all employees at work. All reasonable measures have been taken to achieve this policy. Arrangements have been made to protect other persons against risk to health and safety arising from the activities of the Group's employees when at work.

**Directors' Report
for the Year Ended 31 March 2017**

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Strategic Report and Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The director is responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date of the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
A S McIntyre - Director

Date: 2 March 2018

**Independent Auditors' Report to the Members of
Laing O'Rourke Infrastructure Limited**

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Laing O'Rourke Infrastructure Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 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.

What we have audited

The financial statements included within the Strategic Report, Director's Report and Audited Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 March 2017;
- the Income Statement and the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and Director's Report. We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the director

As explained more fully in the Director's Responsibilities Statement set out on page 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Independent Auditors' Report to the Members of
Laing O'Rourke Infrastructure Limited**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Director's Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 2 March 2018

Laing O'Rourke Infrastructure Limited (Registered number: 04309441)

**Income Statement
for the Year Ended 31 March 2017**

	Notes	2017 £'000	2016 £'000
REVENUE		31,812	44,370
Cost of sales		<u>(25,919)</u>	<u>(46,604)</u>
GROSS PROFIT/(LOSS)		5,893	(2,234)
Administrative expenses		<u>(1,440)</u>	<u>(3,003)</u>
		4,453	(5,237)
Other operating income	5	<u>349</u>	<u>61</u>
OPERATING PROFIT/(LOSS)		4,802	(5,176)
Interest income	4	<u>10</u>	<u>46</u>
PROFIT/(LOSS) BEFORE TAXATION	5	4,812	(5,130)
Tax on profit/(loss)	6	<u>(2,134)</u>	<u>(451)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>2,678</u></u>	<u><u>(5,581)</u></u>

The notes form part of these financial statements

**Statement of Comprehensive Income
for the Year Ended 31 March 2017**

	Notes	2017 £'000	2016 £'000
PROFIT/(LOSS) FOR THE YEAR		2,678	(5,581)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>2,678</u>	<u>(5,581)</u>

The notes form part of these financial statements

Laing O'Rourke Infrastructure Limited (Registered number: 04309441)

Statement of Financial Position
31 March 2017

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Investments	7	667	667
CURRENT ASSETS			
Trade and other receivables	8	18,086	23,222
Cash at bank and in hand		<u>26,872</u>	<u>7,162</u>
		44,958	30,384
CREDITORS:			
Amounts falling due within one year	9	<u>(31,338)</u>	<u>(19,102)</u>
NET CURRENT ASSETS		<u>13,620</u>	<u>11,282</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,287	11,949
CREDITORS:			
Amounts falling due after more than one year	10	<u>-</u>	<u>(340)</u>
NET ASSETS		<u>14,287</u>	<u>11,609</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Retained earnings		<u>14,287</u>	<u>11,609</u>
TOTAL SHAREHOLDERS' FUNDS		<u>14,287</u>	<u>11,609</u>

The financial statements on pages 8 to 21 were authorised for issue by the Board of Directors on 2 March 2018 and were signed on its behalf by:



A S McIntyre - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 March 2017**

	Called up share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 April 2015	-	17,190	17,190
Changes in equity			
Loss for the financial year and total comprehensive expense	-	(5,581)	(5,581)
Balance at 31 March 2016	-	11,609	11,609
Changes in equity			
Profit for the financial year and total comprehensive income	-	2,678	2,678
Balance at 31 March 2017	-	14,287	14,287

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 2017

1. **STATUTORY INFORMATION**

Laing O'Rourke Infrastructure Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparation

The financial statements of Laing O'Rourke Infrastructure Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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.

The financial statements are presented in Sterling (£) which is the functional currency for the company.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Company is a member of the group of companies whose ultimate parent is Laing O'Rourke Corporation Limited (the "Laing O'Rourke Group"). The directors have assessed whether the going concern basis of preparation is appropriate by reference to the position of the entire Laing O'Rourke Group, as the Company is reliant on financial support from this group of companies.

The directors of Laing O'Rourke Corporation Limited have carefully considered those factors likely to affect the Group's future development, performance and financial position in relation to the ability of the Group to operate within its current and foreseeable resources, financial and operational.

Laing O'Rourke Corporation Limited has provided a letter of support to the Company on behalf of the Laing O'Rourke Group. Accordingly, the Director of the Company has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and conclude that it is appropriate for these financial statements to be prepared on a going concern basis.

Basis of consolidation

The results of the Company have been incorporated into the consolidated financial statements of Laing O'Rourke Corporation Limited, which are publicly available, therefore the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Current and deferred tax

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

A deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of value-added tax, for goods and services supplied to customers. It includes the Company's share of revenue from work carried out under jointly controlled operations. Revenue from services and construction contracts is recognised by reference to the stage of completion of the contract, as set out in the accounting policy for construction and service contracts. Revenue from the sale of goods is recognised when the Company has transferred significant risks and rewards of ownership of the goods to the buyer, the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Construction and service contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of each contract, as measured by the proportion of total costs at the balance sheet date to the estimated total cost of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is recognised as due from customers on construction contracts within trade and other receivables. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is recognised as advance payments on construction contracts within trade and other payables.

Revenue and margin recognition

The Company's revenue recognition and margin recognition policies, are central to the way the Company values the work it has carried out in each financial year and have been consistently applied. These policies require forecasts to be made of the outcomes of long-term construction contracts, which require assessments and judgements to be made on changes in work scopes, contract programmes and maintenance liabilities.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in receivables are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Where such amounts have been received and exceed amounts recoverable, the net amounts are included in payables as payments on account.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred. Research and development expenditure credits relate to amounts recoverable from HMRC on previously incurred expenditure.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Leasing commitments

The Company has entered into leases and as a lessee it obtains the use of property. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases where a significant portion of the risks and rewards of ownership is transferred to the Company, are classified as finance leases.

Leases other than finance leases are classified as operating leases. Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term. Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Joint arrangements

The Company accounts for its share of the assets, liabilities, cash flows and results of joint arrangements that are not entities, measured according to the terms of the arrangements pro-rata to its respective interests.

Investments

Investments are stated at cost less provision for a permanent diminution in value. Income from investments is included in the income statement as committed.

Trade and other receivables

Trade and other receivables are initially recorded at fair value and subsequently measured at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents includes 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. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Creditors

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

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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Key judgements and estimation uncertainty

The preparation of financial statements under FRS 101 requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the statement of financial position date and the amounts of revenue and expenses incurred during the reported period. Actual outcomes may therefore differ from these estimates and assumptions. These estimates and assumptions that have the most significant impact on the carrying value of assets and liabilities of the Company within the next financial year are detailed as follows:

a) Revenue and margin recognition

The Company's revenue recognition and margin recognition policies which are set out above are central to the way the Company values the work it has carried out in each financial year and have been consistently applied. These policies require forecasts to be made of the outcomes of long-term construction and service contracts, which require assessments and judgements to be made on changes in work scopes, raw material and labour pricing, contract programmes and maintenance liabilities. Across the Company there are several long-term complex projects where the Company have made their best estimate on significant judgements. The range of potential outcomes could result in a material change to the Company's profitability and cash flows.

b) Disputes

Management's best judgement has been taken into account in reporting disputed amounts, legal cases and claims but the actual future outcome may be different from this judgement.

c) Taxation

The Company is subject to tax and judgement is required in determining the provision for income taxes including the recognition of deferred tax assets. The Company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based upon management's assessment of exposures. Assets are only recognised where it is reasonably certain additional tax will become payable in future periods and when the asset can be utilised.

d) Financial risk management

In the course of its business, the Company is exposed to foreign currency risk, liquidity risk, interest rate risk and credit risk. The overall aim of the Company's financial risk management policies, processes and controls is to use judgement to minimise potential adverse effects on financial performance and net assets. Further details are provided in the Strategic Report.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2017**

3. EMPLOYEES AND DIRECTORS

The Company has no employees (2016: none). All of the directors and staff working on the Company's contracts are employed by another subsidiary undertaking of Laing O'Rourke Corporation Limited, Laing O'Rourke Services Limited. Costs for staff are incurred on the basis of time spent on the Company's contracts and these costs are included in cost of sales or administrative expenses as appropriate. The management charge includes a recharge of administrative costs borne by Laing O'Rourke Services Limited on behalf of the Company and it is not possible to identify separately the amount of directors' emoluments.

4. INTEREST INCOME

	2017 £'000	2016 £'000
Bank Interest	<u>10</u>	<u>46</u>

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging/(crediting):

	2017 £'000	2016 £'000
Hire of plant and equipment	1,913	2,210
Land and building operating lease rentals	-	1
Research and development expenditure credit	<u>(349)</u>	<u>(61)</u>

The audit fee and other administrative expenses of the Company were borne by another Group company, Laing O'Rourke Services Limited.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

6. TAXATION

	2017 £'000	2016 £'000
Current tax		
UK corporation tax	918	394
Adjustments in respect of prior years	<u>1,393</u>	<u>(120)</u>
Total current tax charge	<u>2,311</u>	<u>274</u>
Deferred tax		
Origination and reversal of temporary differences current year	41	(1,300)
Adjustments in respect of prior years	(218)	1,392
Impact of change in tax rate	<u>-</u>	<u>85</u>
Total deferred tax (credit)/charge	<u>(177)</u>	<u>177</u>
Tax charge on profit/(loss)	<u>2,134</u>	<u>451</u>

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK 20% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit/(loss) before taxation	<u>4,812</u>	<u>(5,130)</u>
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	962	(1,026)
Effects of:		
- adjustments in respect of prior years	1,175	1,272
- impact of change in tax rates	-	85
- other adjustments	<u>(3)</u>	<u>120</u>
Tax charge	<u>2,134</u>	<u>451</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act (No.2) 2015 on 18 November 2015 and the Finance Act 2016 on 15 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the statement of financial position date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

7. INVESTMENTS

	Subsidiary undertakings shares £'000
Cost	
At 1 April 2016 and 31 March 2017	<u>773</u>
Impairment	
At 1 April 2016 and 31 March 2017	<u>106</u>
	106
Net Book Value	
At 31 March 2017	<u>667</u>
At 31 March 2016	<u>667</u>

The impairment relates to provision for diminution in value of subsidiary undertakings with respect to their net asset positions at 31 March 2017 and 31 March 2016.

The director believes that the carrying value of investments are supported by their underlying assets.

Holdings

The Company holds an interest in the share capital of the following company:

Subsidiary undertaking	Principal activity	Interest in ordinary voting shares
Laing O'Rourke Utilities Limited	Utilities contracting	100%

The company above is registered in England and Wales, the registered address is Bridge Place, Anchor Boulevard, Admirals Park, Dartford, DA2 6SN.

Joint arrangements

The Company has an interest in the following unincorporated joint arrangements whose principle place of business is in the United Kingdom.

Joint arrangement	Principal activity	Ownership interest
Costain Laing O'Rourke Farringdon	Civil engineering	50%
M-Pact Manchester	Civil engineering	60%
Laing O'Rourke Costain Kings Cross	Civil engineering	50%
Laing O'Rourke Dredging International	Civil engineering	56%
Veolia LOR Omega	Civil engineering	50%

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

8. **TRADE AND OTHER RECEIVABLES**

	2017	2016
	£'000	£'000
Trade receivables	125	-
Amounts owed by group undertakings	17,420	21,724
Amounts recoverable on contract	204	894
Other receivables	337	427
	<u>18,086</u>	<u>23,222</u>

The deferred tax asset is detailed further in note 11.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade receivables are stated after provisions for impairment of £nil (2016: £nil).

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£'000	£'000
Payments received on account	16,671	4,398
Trade payables	829	1,099
Tax and social security	17	5
Amounts owed to group undertakings	4,093	4,321
Corporation tax	570	2,020
VAT	3,017	49
Other payables	118	869
Amounts owed to joint ventures	5	-
Accruals and deferred income	312	5,362
Subcontractor accruals and retentions	5,706	979
	<u>31,338</u>	<u>19,102</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017	2016
	£'000	£'000
Subcontractor accruals and retentions	<u>-</u>	<u>340</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

11. DEFERRED TAX

	2017 £'000	2016 £'000
Losses	-	177
Total deferred tax asset	-	177
1 April	177	-
Deferred tax (charged)/credited to the income statement (note 6)	(177)	177
31 March	-	177

The deferred tax asset has been reported within receivables (note 8).

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £'000	2016 £'000
2 (2016: 2)	Ordinary	£1	-	-

13. ULTIMATE PARENT COMPANY

The immediate parent undertaking of Laing O'Rourke Infrastructure Limited, is Laing O'Rourke Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Suffolk Partners Corporation, a company incorporated in the British Virgin Islands.

Laing O'Rourke Corporation Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2017. Copies of the Laing O'Rourke Corporation Limited consolidated financial statements are available for viewing at the Registrar of Companies in Cyprus on payment of the appropriate fee.

Laing O'Rourke Plc is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Laing O'Rourke Plc are available from the Registrar of Companies in England and Wales on payment of the appropriate fee.

14. CONTINGENT LIABILITIES

The Company has given performance and trade guarantees in the normal course of business. The Company is party to disputes from which legal actions have or may arise in the ordinary course of business. While the outcome of these disputes is uncertain, the directors believe that, except where provided in these financial statements, no material loss to the Company will occur. In forming their opinions the directors have taken relevant legal advice.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

15. **OTHER FINANCIAL COMMITMENTS**

As at 31 March the Company had total future commitments under non-cancellable operating leases as follows:

Expiry date:	Land and buildings	
	2017 £'000	2016 £'000
Within one year	-	10
Between one and five years	-	-
	<u>-</u>	<u>10</u>

Future commitments have been calculated from current rental payments which are subject to periodic review.

During the years to 31 March 2017 and 31 March 2016 the majority of the operating lease charges associated with the financial commitments above were borne by another Group company, Laing O'Rourke Services Limited.

16. **RELATED PARTY DISCLOSURES**

As a wholly owned subsidiary within the Laing O'Rourke Corporation Limited Group, the Company has taken advantage of the exemption permitted by FRS 101 not to provide information on related party transactions with other undertakings within the Laing O'Rourke Corporation Limited Group.

Sale of goods and services provided by related parties

	2017		2016	
	Expenditure in year £'000	Creditor at year-end £'000	Expenditure in year £'000	Creditor at year-end £'000
Explore Transport Limited (JV)	<u>25</u>	<u>5</u>	<u>-</u>	<u>-</u>