

**Laing O'Rourke Infrastructure Limited**  
**Strategic Report, Directors' Report and**  
**Audited Financial Statements for the Year Ended 31 March 2020**



**Contents of the Strategic Report, Directors' Report and Audited Financial Statements  
for the Year Ended 31 March 2020**

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**Laing O'Rourke Infrastructure Limited**

**Company Information  
for the Year Ended 31 March 2020**

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**DIRECTORS:**

R C Baker  
D J McGeeney

**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 2020**

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The directors present their Strategic Report of Laing O'Rourke Infrastructure Limited (the "Company") for the year ended 31 March 2020.

**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 (the "Group") that is domiciled in England and Wales. A summary of the results is shown in the Directors' Report on page 4. The directors are satisfied with the financial result for the year and expects the business to continue to trade profitably in the future.

The Group has maintained a strong liquidity position throughout the ongoing Covid-19 pandemic as a result of decisive management actions and support from initiatives including tax deferrals and the Job Retention Scheme. After a period of temporary site closures at certain projects immediately after the first national lockdown was announced all sites were made Covid-safe and recommenced operations.

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 directors believe 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 includes the Company, are discussed in the Group's financial statements which are available publicly at [www.laingorourke.com](http://www.laingorourke.com), 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 directors believe 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 includes the Company, are discussed in the Group's financial statements which are available publicly, however, do not form part of this report.

**SECTION 172(1) STATEMENT**

At Laing O'Rourke we have a clear vision to be the recognised leader of innovation and excellence in all aspects of our business by 2023, and the Board shares the leadership team's confidence that we will improve on that deadline by some margin. It is our continuing commitment in the year to drive our transformative plan, which has already delivered resilience and added significant value. Our strategy will only lead to the long-term success of Laing O'Rourke through the engagement and support of our stakeholders. Throughout the planning of strategies around key areas such as diversity, the wellbeing of our people, relationships with suppliers, partnerships, policy makers, the local community and environment, the Board considers the impact of its decisions on Laing O'Rourke stakeholders in accordance with s172 of the Companies Act 2006. After weighing up the relevant factors, the Board considers which course of action best leads to the long-term success of the Company and a reputation amongst our stakeholders as a Company with high standards of business conduct, operating in an ethical and responsible manner in relation to all stakeholders.

We have set out our key stakeholders in the below table with an overview of how we have engaged with each stakeholder to understand their key material issues, so that the Board can give due regard to each stakeholder in its decision making. The Board recognises that the needs and requirements of stakeholders may change and the possibility of new stakeholders to be considered.

During the year, Laing O'Rourke has continued its focus on three main areas: stabilising performance, focus on delivery and laying the foundations to unlock future value. Many of our highlights provided in the adjacent table serve to improve or maintain current processes and procedures, staying on the adopted strategic path.

**Strategic Report  
for the Year Ended 31 March 2020**

Their material issues	How do we engage	Highlights
Clients		
Certainty of cost Certainty of programme Quality Health and Safety Sustainability	Customer satisfaction surveys and KPIs Early engagement Helping to find the right solution	
Employees		
Wellness Opportunities for development and progression Diversity and inclusion Salary & benefits Leadership	The Company has no employees. All of the directors and staff working on the Company's business are employed by another subsidiary undertaking. Please refer to the Laing O'Rourke Services Limited financial statements.	
Suppliers		
Long term partnerships Collaboration Fair processes Fair payment terms Ethical conduct Responsible sourcing	Regular engagement with senior executives of key suppliers to confirm their support Prompt Payment Code	Code of Conduct Prompt Payment Code Updated Modern Slavery Statement Whistleblowing hotline Brexit analysis
Local community		
Community engagement through social media, charitable donations, volunteering		
Environment		
Creating and maintaining a long term viable and sustainable environment for the future	Study requirements to reach Net Zero Carbon on live projects, external certifications, reduction of carbon emission targets, low carbon and environmental capacity within our solutions innovations, Partners of the Supply Chain Sustainability School, Partners of the UK Green Building Council, Members of the Considerate Constructors Scheme	
Central and local government		
Openness and transparency Compliance with legislation Support for local economic plans and community	Modern methods of construction, Conversations re UK Construction Working Capital, Relunched Code of Conduct, New Group Compliance Committee, Member of the Construction Leadership Council	
Financial stakeholders		
Current financial performance Openness and transparency Proactive communication Credit rating Economic certainty Industry certainty	Monthly business updates with financial stakeholders, Monthly reporting, Proactive conversations on business decisions	Committed financing until December 2021 secured in the UK, Audit & Risk Committee

**ON BEHALF OF THE BOARD:**



.....  
R C Baker - Director  
27 January 2021

**Directors' Report  
for the Year Ended 31 March 2020**

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The directors present their Directors' Report together with the audited financial statements of Laing O'Rourke Infrastructure Limited for the year ended 31 March 2020.

**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, Principal Risks and Uncertainties, as well as the future developments are not discussed in the Directors' Report because they are presented on page 2 within the Strategic Report in accordance with s414c(11) of the Companies Act 2006.

**RESULTS**

The results for the year are set out in the Income Statement on page 9.

Revenue for the year was £42.1 million (2019: £42.8 million). The profit before taxation was £15.3 million (2019: £7.4 million), and the profit for the financial year was £15.0 million (2019: £7.8 million). Total shareholders' funds of the Company at 31 March 2020 were £45.2 million (2019: £30.2 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 wholly owned subsidiary of Laing O'Rourke Corporation Limited, the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2020 (the "Group"). The directors have assessed whether the going concern basis of preparation is appropriate by reference to the position of the entire Group, as the Company is reliant on its trading relationship with, and 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. Whilst the Group's consolidated financial statements for the year ended 31 March 2020 (the "Group Financial Statements") were prepared on the assumption that the Group will continue to operate as a going concern for at least the next 12 months from 14 December 2020, being the date on which the Group Financial Statements were signed, the Group's directors have disclosed in the Group Financial Statements a material uncertainty arising from the Group's dependency on both the completion of the renewal or refinancing of current debt facilities, which mostly have an expiry date of 31 December 2021, and the cash generated from the conversion of the Group's order book and replenishment of the future pipeline of work over the next 15 months to 31 March 2022, which are subject to market and macroeconomic factors, including the potential future impacts of Covid-19 and Brexit, including the implementation of the UK-EU trade agreement. This material uncertainty may cast significant doubt about the ability of the Group to continue as a going concern.

Having made the appropriate enquiries and considering the uncertainties described in the financial statements of Laing O'Rourke Corporation Limited, the Company's directors have a reasonable expectation that the Group, and therefore the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

However, as the Company relies upon its trading relationship with, and financial support from, the Group, the conditions within the Group indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**CHANGE IN ACCOUNTING STANDARDS**

During the year the Company implemented IFRS 16 'Leases' which led to an immaterial impact on the financial statements.

**DIVIDENDS**

No dividends were declared or paid during the year (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

**Directors' Report  
for the Year Ended 31 March 2020**

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**DIRECTORS**

Changes in directors holding office are as follows:

R C Baker appointed 22 September 2020

D J McGeeney appointed 20 December 2019

A S McIntyre resigned 22 September 2020

**DIRECTORS' INDEMNITIES**

As permitted by the Articles of Association, the director has 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.

**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.

**OTHER STAKEHOLDERS**

Similarly, from the perspective of the board, as a result of the UK Group Governance Structure (whereby the Company board has delegated authority to the European Executive Committee ("EEC")); the EEC has taken the lead in carrying out the duties of a board in respect of the Company's other stakeholders. The board of the Company has also considered relevant matters where appropriate. An explanation of how the EEC have regard to the need to foster the Company's business relationships with supplier, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, is set out in the Laing O'Rourke Plc's financial statements, which does not form part of this report.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**STREAMLINED ENERGY AND CARBON REPORTING**

The Company recognises the impact climate change has on the environment and society. The Company is committed to measuring and managing the carbon emissions associated with the business operations. Streamlined Energy and Carbon Reporting ("SECR") is discussed in the Laing O'Rourke Plc financial statements, which are available publicly but do not form part of this report.

**Directors' Report  
for the Year Ended 31 March 2020**

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**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**DIRECTORS' CONFIRMATIONS**

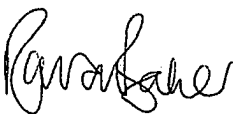
In the case of each director in office at the date the Directors' Report is approved:

- 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.

**INDEPENDENT AUDITORS**

The 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:**



.....  
R C Baker - Director

27 January 2021

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

In our opinion, Laing O'Rourke Infrastructure Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2020; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. The Company relies upon its trading relationship with, and financial support from, the group of companies whose parent is Laing O'Rourke Corporation Limited, the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2020 (the "Group"). The Group has disclosed in these consolidated financial statements the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, including its ability to provide the required trading relationship and financial support to the Company. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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

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**Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

**Use of this report**

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.

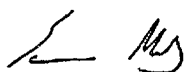
**OTHER REQUIRED REPORTING**

**Companies Act 2006 exception reporting**

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

We have no exceptions to report arising from this responsibility.



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

27 January 2021

**Income Statement  
for the Year Ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
<b>REVENUE</b>	3	42,099	42,773
Cost of sales		<u>(23,774)</u>	<u>(33,447)</u>
<b>GROSS PROFIT</b>		18,325	9,326
Administrative expenses		<u>(2,908)</u>	<u>(2,204)</u>
		15,417	7,122
Other operating (expense) /income		<u>(192)</u>	<u>190</u>
<b>OPERATING PROFIT</b>		15,225	7,312
Interest receivable and similar income	5	<u>60</u>	<u>98</u>
<b>PROFIT BEFORE TAXATION</b>	6	15,285	7,410
Tax on profit	7	<u>(251)</u>	<u>377</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>15,034</u>	<u>7,787</u>

The notes on pages 13 to 24 form part of these financial statements

**Statement of Comprehensive Income  
for the Year Ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
<b>PROFIT FOR THE YEAR</b>		15,034	7,787
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>15,034</u>	<u>7,787</u>

The notes on pages 13 to 24 form part of these financial statements

Statement of Financial Position  
31 March 2020

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Investments	8	654	654
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	45,791	32,182
Cash at bank and in hand		<u>8,796</u>	<u>20,878</u>
		54,587	53,060
<b>CREDITORS:</b>			
Amounts falling due within one year	10	<u>(10,003)</u>	<u>(22,842)</u>
<b>NET CURRENT ASSETS</b>		<u>44,584</u>	<u>30,218</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		45,238	30,872
<b>CREDITORS:</b>			
Amounts falling due after more than one year	11	<u>-</u>	<u>(668)</u>
<b>NET ASSETS</b>		<u>45,238</u>	<u>30,204</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Retained earnings		<u>45,238</u>	<u>30,204</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>45,238</u>	<u>30,204</u>

The financial statements on pages 9 to 24 were authorised for issue by the Board of Directors on 27 January 2021 and were signed on its behalf by:



.....  
R C Baker - Director

**Statement of Changes in Equity  
for the Year Ended 31 March 2020**

	Called up share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
<b>Balance at 1 April 2018</b>	-	22,417	22,417
<b>Changes in equity</b>			
Profit for the financial year and total comprehensive income	-	7,787	7,787
<b>Balance at 31 March 2019</b>	-	30,204	30,204
<b>Changes in equity</b>			
Profit for the financial year and total comprehensive income	-	15,034	15,034
<b>Balance at 31 March 2020</b>	-	45,238	45,238

**Notes to the Financial Statements  
for the Year Ended 31 March 2020**

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**1. STATUTORY INFORMATION**

Laing O'Rourke Infrastructure Limited is a private company, limited by shares, incorporated and domiciled 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 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 wholly owned subsidiary of Laing O'Rourke Corporation Limited, the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2020 (the "Group"). The directors have assessed whether the going concern basis of preparation is appropriate by reference to the position of the entire Group, as the Company is reliant on its trading relationship with, and 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. Whilst the Group's consolidated financial statements for the year ended 31 March 2020 (the "Group Financial Statements") were prepared on the assumption that the Group will continue to operate as a going concern for at least the next 12 months from 14 December 2020, being the date on which the Group Financial Statements were signed, the Group's directors have disclosed in the Group Financial Statements a material uncertainty arising from the Group's dependency on both the completion of the renewal or refinancing of current debt facilities, which mostly have an expiry date of 31 December 2021, and the cash generated from the conversion of the Group's order book and replenishment of the future pipeline of work over the next 15 months to 31 March 2022, which are subject to market and macroeconomic factors, including the potential future impacts of Covid-19 and Brexit, including the implementation of the UK-EU trade agreement. This material uncertainty may cast significant doubt about the ability of the Group to continue as a going concern.

Having made the appropriate enquiries and considering the uncertainties described in the financial statements of Laing O'Rourke Corporation Limited, the Company's directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

However, as the Company relies upon its trading relationship with, and financial support from, the Group, the conditions within the Group indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

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2. ACCOUNTING POLICIES - continued

**Adoption of standards**

IFRS 16 'Leases' became effective in the year ended 31 March 2020 and has been adopted. The effect on the Company financial statements of adopting these standards has been determined to be minimal.

**Basis of consolidation**

The results of the Company and its subsidiary undertakings were incorporated into the consolidated financial statements of Laing O'Rourke Corporation Limited, the Company has taken advantage of the exemption to prepare consolidated financial statements under section 401 of the Companies Act 2006. Laing O'Rourke Corporation Limited's registered address is Level 4, International Finance Centre 1, St Helier, Jersey, JE2 3BX.

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 paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- 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 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- 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.

**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 substantively 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.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020**

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**2. ACCOUNTING POLICIES - continued**

**Revenue recognition**

The Company recognises revenue when it transfers control over a product or service to its customer. Revenue is measured at the fair value of the consideration received or receivable, net of sales tax, for goods and services supplied to external customers, and excludes amounts collected on behalf of third parties. Revenue recognition is based on the satisfaction of individual performance obligations and these obligations are typically satisfied over time and therefore, 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 total expected costs of the contract.

Where consideration is not specified in the contract with a customer, and is therefore subject to variability, the Company assesses each individual instance and estimates the amount of consideration to be received from its customer. The measurement of variable consideration is subject to the constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

Additionally, where a modification to an existing contract occurs, the Company assesses the nature of the modification and whether it represents a separate performance obligation or whether it is a modification to the existing performance obligation.

The Company does not expect to have any contracts where the period between the request for payment for the transfer of goods and services to the customer and the payment by the customer exceeds one year. As a consequence, the Company does not adjust its transaction price for the time value of money.

**Construction and service contracts**

The Company earns revenue by providing civil and structural engineering and utilities contracting under fixed-price and variable priced contracts.

When the outcome of individual contracts can be estimated reliably, contract revenue is recognised over time by reference to the stage of completion of each contract, as measured by the proportion of total costs at the Statement of Financial Position date to the estimated total cost of the contract. Contracts costs are expensed as incurred.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is recognised as contract assets within trade and other receivables. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is recognised as contract liabilities within trade and other payables.

Estimates of the final outcome on each contract may include cost contingencies to take account of specific risks within each contract. Cost contingencies are reviewed on a regular basis throughout the life of the contract and adjusted where appropriate. However, the nature of the risks on projects are such that they often cannot be resolved until the end of the project and therefore may not reverse until the end of the project. The estimated final outcome on projects is continuously reviewed, recoveries from insurers are assessed and adjustments are made where necessary. Insurance recoveries are only recognised when they are virtually certain.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020**

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**2. ACCOUNTING POLICIES – continued**

In the year ended 31 March 2020, a change in methodology in relation to revenue recognition has been applied across the Group. Up until 31 March 2019, profit margin for certain contracts (generally fixed price lump sum) has been recognised by applying a 'bowed' profit recognition. This methodology applies additional contingency to projects in the earlier stages where end of project margin was historically less certain. For the year ended 31 March 2020, all projects have recognised profit on a straight-line basis cumulatively to 31 March 2020. This represents a change in accounting estimate per IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, and has been made on the basis that revenue is recognised more accurately by holding appropriate levels of contingencies within all projects and not to rely on a generic risk overlay position. The change is further supported by the Company's governance process assessing contingencies in projects, improved forecasting accuracy of projects in recent years, a move to a more selective bidding process and commencement of more pre-construction arrangements prior to commencing main works.

The impact on the Income Statement for the year ended 31 March 2020 is to recognise an additional £1,159,000 of revenue with an offsetting liability of £1,159,000 removed from contract liability balances in the Statement of Financial Position, although this impact is partly offset by higher project contingencies at an individual project level.

**Fulfilment cost**

Pre-contract costs are expensed as incurred until it is virtually certain the contract will be obtained and there is contractual entitlement to revenue that will more than cover future pre-construction costs and further bid costs pertaining to the project in question. From the point that costs are considered to generate or enhance the resources of the entity, further pre-contract costs are recognised as an asset and charged as an expense over the period of the contract.

**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.

**Leases**

The Company assesses whether a contract is, or contains, a lease at the inception of the contract. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently depreciated over the lease term. The lease liability is measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, at the Company's incremental borrowing rate. The Company has elected to apply the practical expedient which allows the Company to use a single discount rate for a portfolio of leases with similar characteristics.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of less than 12 months and leases of low value assets (less than USD \$5,000). Instead the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. This policy is applied from 1 April 2019. Right-of-use assets are presented as part of Property, Plant and Equipment.

For the prior year IAS 17 applied where leases other than finance leases were classified as operating leases. The 2019 comparatives show payments made under operating leases as an expense in the Income Statement on a straight-line basis over the lease term.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

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2. **ACCOUNTING POLICIES - continued**

**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.

**Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and depreciation are reviewed for impairment or reversal of prior impairments when circumstances or events indicate there may be a change in the recoverable amount. For impairment testing, goodwill is allocated to cash-generating units by geographical reporting unit and business segment. Assets are grouped at the lowest level for which there are separately identifiable cash flows. The recoverable amount in the impairment test is based on fair value less cost to sell or value-in-use, whichever is greater.

**Investments**

Investments are stated at cost less provision for a permanent diminution in value. Income from investments is included in the Income Statement when the right to receive payment is recognised.

**Trade and other receivables**

Trade receivables are initially recorded at fair value and subsequently measured at amortised cost as reduced by allowance for expected credit losses and appropriate allowances for estimated irrecoverable amounts. Subsequent recoveries of amounts previously written off are credited to the income statement line in which the provision was originally recognised. Trade receivables include retentions within contract assets and are classified as a current asset unless recovery is due in more than one year.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and 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 statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

**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. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

**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 2020

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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 below:

a) Revenue and margin recognition

The Company's revenue recognition and margin recognition policies, which have been set out previously in the note are central to the way the Company values the work it has carried out in each financial year and have been consistently applied.

1 contract (2019: 1) was income generating in the year. 1 contract (2019: 3) individually had a material impact on operating profit.

The economic outcome of construction contracts is principally determined by the contractual terms (including related to how revenue is calculated (which can include milestone payments, progress based payments, incentives and gain-share or pain-share), the type of service being provided/risks being managed (for example traditional contracting or construction management) and the actual operational and financial performance versus forecast (at the time of contract award or subsequently). Other external factors can also have a material impact on performance, such as inflation, aspects of design development, ground conditions and the performance of sub-contractors.

The key judgements and estimates relating to determining the revenue and profit of these material contracts within the Company's accounts are:

- identification of separable performance obligations;
- ensuring revenue recognised is highly probable, specific attention being paid to the estimates of:
  - recoverability of claims and variations from clients for changes in condition/scope;
  - revenue receivable in relation to achievement of gain-share (or pain-share), milestones and other incentive arrangements;
  - deductions for any damages levied by clients e.g. for late handover;
  - percentage of completion of the project versus the planned cost programme;
  - achievability of the planned build programme; and
  - forecast cost to complete (including contingencies).
- allowances for post practical completion works (including rectification of defects).

Each contract is treated on its merits and subject to a regular review of the revenue and costs to complete by the project team and senior management.

The level of estimation uncertainty in our construction business is mitigated by:

- the processes in place regarding the selection of projects during the bid/work-winning phase;
- the level of experience of management and the Board in delivering projects and accounting for the various types of projects;
- the process in place to identify and mitigate issues promptly; and
- volatility is also reduced by the effect of managing a significant portfolio of projects

Nevertheless, the profit recognition in our construction business is a key estimate, due to the variety of contract terms and the inherent uncertainties in any construction project.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020**

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**2. ACCOUNTING POLICIES - continued**

The estimation techniques used for revenue and profit recognition on construction contracts require forecast to be made of the outcome of long-term contracts which require assessments and judgements to be made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

As at 31 March 2020, Covid-19 was reasonably expected to have an impact on costs to complete across the Group's portfolio of construction contracts. After the Statement of Financial Position date, management has performed an ongoing assessment of forecast costs for construction contracts. Additional costs to progress or complete projects, and associated revenue, as a result of Covid-19 have been categorised as follows:

- costs that do not contribute to the progression or completion of a performance obligation; these costs are classified as inefficiencies and are expensed in the period in which they are incurred;
- costs associated with delay or additional measures required, such as those due to social distancing and additional PPE, are included in the costs to complete forecast insofar as they were reasonably foreseeable at 31 March 2020; and
- revenue associated with additional Covid-19 costs has been recognised where it was considered highly probable of not reversing as at the balance sheet date in accordance with IFRS 15 and the Company's policy on revenue and margin recognition.

The Company's revenue for the year is £42,099,000 (2019: £42,773,000) with an associated margin of 77.1 per cent (2019: 27.9 per cent). Should margin reduce by 1 per cent for the Company the impact of such a change across the Company at year-end would be an impact of £233,000 (2019: £329,000).

**Other judgements and estimation uncertainty**

**a) Disputes**

Management has used judgement in accounting for disputed amounts, legal cases and claims but the actual future outcome may be different.

**b) 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.

**c) Covid-19 and Brexit**

In light of Covid-19 and the impact of Brexit, including the implementation of the UK-EU trade agreement, management has considered other areas of judgement and estimation, including expected credit loss provisioning and impacts on costs to progress or complete construction contracts. Management has concluded that any updates to the estimates associated with these areas of the financial statements are not expected to result in significant change.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

3. **REVENUE**

All revenue is generated in the United Kingdom from civil and structural engineering and utilities contracting.

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

The Company discloses assets and liabilities related to contracts with customers as contract assets and contract liabilities. Contract assets represents unbilled amounts which have been recognised as revenue but not yet billed to the customer and retentions due. Contract liabilities occur when cumulative cash received exceeds cumulative revenue on a contract. In line with the expected credit loss model the loss allowance recognised in respect of contract assets is immaterial.

**Significant changes in contract assets and liabilities**

There were no significant changes in contract assets and liabilities in the year.

	2020 £'000	2019 £'000
Revenue recognised in relation to contract liabilities disclosed in the prior year	<u>38,157</u>	<u>42,979</u>

4. **EMPLOYEES AND DIRECTORS**

The Company has no employees (2019: 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. As directors hold directorships for other Group companies it is not possible to make a reasonable apportionment of the emoluments, therefore no key management personnel compensation has been disclosed. The Laing O'Rourke Services Limited financial statements discloses this, available from Companies House.

5. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020 £'000	2019 £'000
Bank account interest	<u>60</u>	<u>98</u>

6. **PROFIT BEFORE TAXATION**

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

	2020 £'000	2019 £'000
Provision for diminution in value of assets	-	13
Expense relating to short term leases or leases of low value assets	2,223	-
Hire of plant and equipment	-	3,435
Research and development expenditure (credit)	<u>192</u>	<u>(190)</u>

The audit fee and other administrative expenses of the Company were borne by another Group company, Laing O'Rourke Services Limited. A new category of expense relating to short term leases or leases of low value assets has been introduced as a result of applying IFRS 16. Comparative prior year cost is shown in hire of plant and equipment.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

7. TAXATION

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax	251	-
Adjustments in respect of prior years	-	(377)
Total tax charge/(credit) on profit	<u>251</u>	<u>(377)</u>

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
<b>Profit before taxation</b>	<u>15,285</u>	<u>7,410</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	2,904	1,408
Effects of:		
- diminution in value of investments	-	2
- adjustments in respect of prior years	-	(377)
- group relief for no credit/ at no charge	<u>(2,653)</u>	<u>(1,410)</u>
Tax charge/(credit)	<u>251</u>	<u>(377)</u>

Group companies will between them no longer charge for the surrender of tax losses, unless specifically agreed between the surrendering and claimant companies.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing it to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 and therefore all UK deferred tax assets and liabilities, which were recognised at 17%, have been recalculated at 19% as at 31 March 2020, this did not result in either a credit or charge to the Income Statement.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

8. INVESTMENTS

	Subsidiary undertakings shares £'000
<b>Cost</b>	
At 1 April 2019 and 31 March 2020	<u>773</u>
<b>Provision</b>	
At 1 April 2019 and 31 March 2020	<u>119</u>
<b>Net Book Value</b>	
At 31 March 2020	<u>654</u>
At 31 March 2019	<u>654</u>

The directors believe that the carrying value of the individual 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 principal 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	50%

9. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	45,102	31,554
Other receivables	-	11
Contract assets	-	1
Corporation tax	-	91
VAT	-	525
	<u>45,102</u>	<u>32,182</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

9. **TRADE AND OTHER RECEIVABLES - continued**

	2020 £'000	2019 £'000
Amounts falling due after more than one year:		
Contract assets	<u>689</u>	<u>-</u>
Aggregate amounts	<u>45,791</u>	<u>32,182</u>

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

Trade receivables and contract assets are stated after a provision using the simplified approach to measuring expected credit losses which is immaterial in 2020 and 2019.

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

	2020 £'000	2019 £'000
Trade payables	673	1,963
Tax and social security	7	13
Amounts owed to group undertakings	536	209
Corporation tax	373	-
Contract liabilities	4,504	18,669
VAT	805	-
Other payables	8	909
Accruals and deferred income	113	193
Subcontractor accruals and retentions	<u>2,984</u>	<u>886</u>
	<u>10,003</u>	<u>22,842</u>

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

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

	2020 £'000	2019 £'000
Subcontractor retentions	<u>-</u>	<u>668</u>

12. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
2 (2019: 2)	Ordinary	£1	<u>2</u>	<u>2</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

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**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 2020. The Laing O'Rourke Corporation Limited consolidated financial statements are available for viewing at [www.laingorourke.com](http://www.laingorourke.com).

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. RELATED PARTY DISCLOSURES**

As a wholly owned subsidiary within the Group, the Company has taken advantage of the exemption permitted by FRS 101 not to provide information on related party transactions with other wholly owned subsidiaries within the Group.

**15. CHANGES IN ACCOUNTING POLICIES**

**IFRS 16 'Leases'**

This note explains the impact of the adoption of IFRS 16 'Leases'. The Company adopted IFRS 16 from 1 April 2019, it has replaced IAS 17 'Leases' and eliminated the classification of leases as either operating or finance leases and introduced a single lessee accounting model. This resulted in some changes to accounting policies but no reclassification of amounts recognised in the financial statements. At the date of transition there was no requirement to restate the brought forward reserves of the Company as at 1 April 2019.

**16. EVENTS AFTER THE END OF THE REPORTING PERIOD**

The UK-EU trade agreement took effect from 1 January 2021. The Group planned for potential outcomes to ensure we have robust contingency plans in place that will enable us to mitigate any impact on our core activities. As a result there has been no change to the Group's work winning discipline nor material negative impact on current live projects, staff recruitment and attrition nor unexpected input price inflation due to Brexit.

**17. GUARANTEES AND CONTINGENT LIABILITIES**

As at 31 March 2020, the Company was the guarantor of unsecured committed revolving credit facility and term loans of Laing O'Rourke Plc, for an amount of £159.0 million (2019: £163.4 million) that expires in December 2021. The Company is also a guarantor in respect of Surety Bonds and Bank Guarantees issued on behalf of Laing O'Rourke Plc and its subsidiaries. These guarantees may give rise to liabilities in the Company if Laing O'Rourke Plc does not meet its obligations under the terms of the guarantees. No material losses are anticipated in respect of these contingent liabilities.