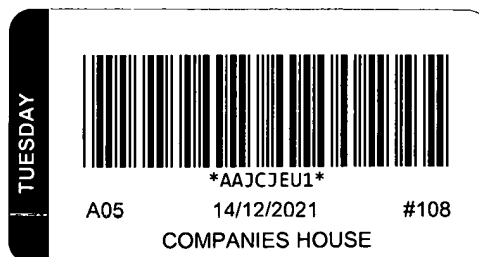


**Galliford Try Infrastructure Limited**

Annual report and Financial statements

For the year ended 30 June 2021

Registered number: SC055775



**Galliford Try Infrastructure Limited**

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## **Galliford Try Infrastructure Limited Directors and advisers**

### **Directors**

ND Cocker  
B Hocking  
KA Corbett (appointed on 6 November 2020)  
DJ Lowery (appointed on 25 May 2021)  
SJ Slessor (appointed on 1 April 2021)

### **Company secretary**

Galliford Try Secretariat Services Limited

### **Registered office**

PO Box 17452  
2 Lochside View  
Edinburgh  
EH12 1LB

### **Independent auditors**

BDO LLP  
Chartered Accountants and Statutory Auditors  
55 Baker Street  
London  
W1U 7EU

### **Bankers**

Barclays Bank plc  
15 Colmore Row  
Birmingham  
B3 2BH

HSBC Bank plc  
69 Pall Mall  
London  
SW1Y 5EY

## **Galliford Try Infrastructure Limited**

### **Strategic report for the year ended 30 June 2021**

The directors present their strategic report of Galliford Try Infrastructure Limited ("the Company"), for the year ended 30 June 2021.

#### **Review of business**

The Company's principal activity is the delivery of civil engineering projects primarily in public and regulated sectors across the United Kingdom.

The Company is a wholly owned subsidiary of an ultimate parent undertaking, Galliford Try Holdings plc, incorporated in the United Kingdom for which Group financial statements are prepared. The Company's operational key performance indicators are integrated with those of the Group. These are set out in the Business Review of the Annual Report of Galliford Try Holdings plc.

The Company won a number of contracts and positions on frameworks during the year. These included the Scottish Water's new Non-Infrastructure Framework for the SR21–27 investment programme, valued at £700m over a six-year timeframe and contract for the £85m M56 junctions 6 to 8 works for Highways England.

#### **Covid-19**

The Company has continued to operate sites in a safe and appropriate manner and strictly in accordance with both Government and the Construction Leadership Council health and safety guidelines and regulations. The Company performed a review of its accounting policies in light of the outbreak of the pandemic. Some of the key points that continue to remain applicable from this review are highlighted below:

- For a limited duration, the Company utilised the Government's Job Retention Scheme until August 2020 and has since repaid all amounts that were claimed from the scheme during the 2020/21 financial year. The grant income received was offset against the costs incurred in line with our existing accounting policy in the Income Statement (in accordance with IAS 20).
- The Company has reviewed any potential impairment indicators of both financial and non-financial assets (in accordance with IAS 36 and IFRS 9 in particular), especially where operations have been curtailed or customers are in financial distress.

#### **Section 172 Companies Act 2006**

Section 172(1) of the Companies Act 2006 imposes a general duty on every company director to act, in good faith, in the way they consider would be most likely to promote the success of the company for the benefit of its shareholders, while taking into account how the Company's activities and Board decisions will affect its stakeholders. This statement explains how the Board complies with its obligations under s172 and is consistent with that disclosed in the consolidated Galliford Try Holdings Plc annual report for the year ended 30 June 2021.

The Company recognises the importance of its stakeholders' views and actively engages with them, proactively considering their interests in the decisions it makes.

## **Galliford Try Infrastructure Limited**

### **Strategic report for the year ended 30 June 2021 (continued)**

#### **Section 172 Companies Act 2006 (continued)**

##### **Employees**

We use the following mechanisms to outline our approach to employee priorities and gather feedback on our interactions:

- Engagement through the Employee Forum, which is chaired by our Senior Independent Director; staff inductions with members of our Executive Board present; CEO roadshow; our annual Graduate Welcome event, director site and office visits; Performance Development Reviews/one-to-ones, toolbox talks and town halls.
- Wider communication tools such as emails, videos, webcasts, while also monitoring various metrics such as employee churn, sickness leave and wider health and safety KPI's.
- Independent support such as access to our Employee Assistance Programme and whistleblowing hotline.
- Encouraging and analysing independent employee feedback via employee surveys or external sites.

##### **Clients**

Satisfied clients are essential for a sustainable and profitable business. We use the following mechanisms to outline our approach to client priorities and gather feedback on our interactions:

- Direct engagement through face-to-face, video or telephone client meetings; high- quality bid submissions, contract negotiation and management; client satisfaction surveys; site tours; business development activities such as attendance at exhibitions and Meet the Buyer events.
- Indirect engagement such as project reports, marketing materials, an up-to-date website, press coverage and engaging in social media.
- Project performance feedback.

##### **Supply chain**

We rely on suppliers to deliver our construction projects. We use the following mechanisms to outline our approach to supply chain priorities and gather feedback on our interactions:

- Direct engagement through Meet the Buyer events; workshops; face-to-face, video or telephone meetings; contract negotiation and management and toolbox talks.
- Creating mutually-beneficial relationships through our Advantage through Alignment programme.
- Indirect engagement such as via trade associations, project reports, an up-to-date website, press coverage, engaging in social media and involvement in the Considerate Constructors Scheme.

We recognise the importance of our stakeholders' views and actively engage with them, proactively considering their interests in the decisions we make, and the sustainability objectives we have set ourselves

##### **Shareholders**

We must act in the interests of our shareholders to maintain the capital needed to fund our activities. We use the following mechanisms to outline our approach to shareholder priorities and gather feedback on our interactions:

- Direct engagement through investor roadshows; face-to-face, video or telephone communications; Capital Markets Days, results presentations and webcasts; analyst briefings; AGMs; our Annual Report; consultations and Regulatory News Service announcements.
- Indirect engagement such as an up-to-date website, press coverage, engaging in social media, trading updates; corporate and financial videos and contributions to investor decision-making resources.

**Galliford Try Infrastructure Limited**  
**Strategic report for the year ended 30 June 2021 (continued)**  
**Section 172 Companies Act 2006 (continued)**

**Communities**

We construct buildings and infrastructure in communities and must meet the needs of local groups so we are welcomed and can carry out our work.

- Direct engagement such as through our membership of the Considerate Constructors Scheme, local newsletters, town hall meetings and exhibitions, school and college visits, site tours, Open Doors and local community engagement plans.
- Indirect engagement such as an up-to-date website, press coverage and engaging in social media.

**Standards of business conduct**

The Board is acutely aware of the need to maintain high standards of business conduct. The Galliford Try Holdings plc Group (the 'Group') has a strong ethical culture, underpinned by our values, policies and our Code of Conduct, all of which are endorsed by the Board. The Code of Conduct sets out the ethical standards everyone in Galliford Try must adhere to and provides a framework to ensure we always behave in a way that reflects our values. The Group also has specific policies and procedures to prevent bribery and corruption, as described on page 34 of the Group's annual report for year ended 30 June 2021.

**Environmental impact**

Information on the Company's environmental impact forms part of the wider Galliford Try Holdings plc Group which can be found on pages 28 and 29 and 30 of the Group's annual report for year ended 30 June 2021 which is publicly available.

**Principal risks, uncertainties and key performance indicators**

From the perspective of the Company, the principal risks and uncertainties are integrated with that of Galliford Try Holdings plc and are not managed separately. These are discussed within the Group's annual report.

The directors monitor the Company's revenue, operating profit, working capital and cash as its key performance indicators. The development, performance and position of Galliford Try Holdings plc, which includes the Company, is discussed in the Group's annual report, which does not form part of this report. The Galliford Try Holdings plc annual report is publicly available.

Further details on those considered to be the key principal risks are listed below:

Principal risk	Potential cause	Mitigation
<b>Work winning:</b>  We fail to secure an appropriate pipeline of projects to achieve our revenue and profitability targets	<ul style="list-style-type: none"> <li>- A significant and sustained reduction in Government investment in building and infrastructure projects.</li> <li>- Delays to and/or reduced levels of private sector investment due to macro-economic conditions.</li> </ul>	<ul style="list-style-type: none"> <li>- We manage the potential impact of an economic downturn by building a strong order book.</li> <li>- We concentrate on sectors and clients with long-term growth and profitability potential.</li> <li>- We focus on securing positions on key procurement frameworks and repeat business with key clients.</li> <li>- We have robust review and approval controls for bids and contracts supported by a risk-based heat map tool to ensure that project selection is aligned to our risk appetite.</li> </ul>

# Galliford Try Infrastructure Limited

## Strategic report for the year ended 30 June 2021 (continued)

### Principal risks, uncertainties and key performance indicators (continued)

<p><b>Project delivery:</b></p> <p>We fail to deliver projects safely, on time, in agreement with contractual terms, and to a high quality for our clients</p>	<ul style="list-style-type: none"> <li>- Programme delays and cost escalation.</li> <li>- Poor control of client and subcontractor variations and claims processes.</li> <li>- Contractual notices not given as per contract requirements.</li> <li>- Poor record-keeping and document management.</li> <li>- Poor design quality and/or co-ordination.</li> <li>- An imbalance between supply and demand for materials and subcontractors results in higher-than-expected prices.</li> <li>- Unrealistic estimates, including cost to complete, inflation estimates, outcomes of disputes, final value included in project forecasts.</li> </ul>	<ul style="list-style-type: none"> <li>- Continued reinforcement of our behavioural safety programme Challenging Beliefs, Affecting Behaviour, and the introduction of Lead Indicators which target no harm.</li> <li>- Robust review and approval of contractual terms, pre-contract to ensure we do not sign up to contracts with onerous terms.</li> <li>- Monthly cross-disciplinary contract review meetings on all projects.</li> <li>- A values-driven approach to project delivery focusing on close collaboration and client satisfaction to enable achievement of end goals for both parties.</li> <li>- Standardised formats (value cost analysis and cost and value reconciliation) for monitoring and reporting project performance and forecasts.</li> <li>- Comprehensive commercial training.</li> <li>- A programme of commercial 'health checks' to provide an independent assessment of the project team's reported project performance and forecast outturn.</li> </ul>
<p><b>Resources:</b></p> <p>We fail to secure the right people and other resources necessary to deliver our projects and manage our business</p>	<ul style="list-style-type: none"> <li>- We are unable to attract, retain and/or develop the right staff to meet our future needs, we mismatch our staffing levels to peaks and troughs in activity or lack diversity.</li> <li>- Lack of capacity in the supply chain due to high levels of activity in the construction sector.</li> <li>- Lack of geographical coverage.</li> <li>- Subcontractor insolvency.</li> <li>- Failure to comply with fair payment practices.</li> </ul>	<ul style="list-style-type: none"> <li>- We develop long-term relationships with key suppliers and subcontractors to ensure that we remain a priority customer when resources and materials are in short supply.</li> <li>- The Group's Advantage through Alignment programme facilitates greater engagement with our key supply chain members and provides them with greater visibility of our pipeline of projects.</li> <li>- We are committed to meeting the requirements of the Prompt Payment Code.</li> <li>- We monitor subcontractor financial strength using a credit tracker on the Dun and Bradstreet portal.</li> <li>- Each business unit reviews its cash forecast weekly and monthly, and the Group prepares a detailed daily cash book forecast for the following eight-week period to highlight any risk of intra-month fluctuations.</li> </ul>
<p><b>Regulatory compliance:</b></p> <p>We fail to comply with requirements of the various legal and regulatory regimes in which we operate, resulting in a high-profile breach and regulatory ensure</p>	<ul style="list-style-type: none"> <li>- Failure to update our procedures to reflect changes to key legislation and regulations.</li> <li>- Failure to provide sufficient and effective training to all staff.</li> <li>- Failure to implement effective compliance monitoring processes.</li> </ul>	<ul style="list-style-type: none"> <li>- Galliford Try has comprehensive policies and guidance at every level including our Code of Conduct, mandatory regulatory and cyber security e-learning for all employees, an anonymous and independent whistleblowing helpline, regular legal updates and briefings, six-monthly compliance declarations, and conflict of interest registers and authorisations.</li> <li>- The Ethics and Compliance Committee, chaired by the General Counsel &amp; Company Secretary, provides ongoing monitoring and oversight of policy and compliance activity in relation to key areas of legislation.</li> </ul>

**Galliford Try Infrastructure Limited**  
**Strategic report for the year ended 30 June 2021 (continued)**

**General**

The Company's loss for the financial year was £7,736k (2020: £17,681k), which will be deducted from reserves. Net liabilities as at 30 June 2021 were £54,530k (30 June 2020: £46,816k).

On behalf of the board

A handwritten signature in black ink, appearing to read 'ND Cocker', is positioned below the text 'On behalf of the board'.

**ND Cocker**  
Director  
3 December 2021



## **Galliford Try Infrastructure Limited**

### **Directors' Report for the year ended 30 June 2021**

The directors present their report and audited financial statements of Galliford Try Infrastructure Limited ("the Company"), registered number SC055775 for the year ended 30 June 2021.

#### **Future developments**

The directors do not expect any significant changes to the principal activities of the Company in the foreseeable future.

#### **Dividends**

The directors do not recommend the payment of a dividend (2020: £nil).

#### **Political and charitable donations**

The Company is exempt from disclosing political and charitable donations as it is a wholly owned subsidiary incorporated in the United Kingdom.

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The policies to mitigate the potential impact of these financial risks are set by the directors, who monitor their effectiveness on a monthly basis during board meetings.

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Weekly reviews of the debtors ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the Company's liquidity position.

The rates of interest earned or paid on the Group's cash balances and loans and overdrafts are monitored on an ongoing basis with regular reviews of the Galliford Try Holdings group banking arrangements. Deposits, loans and overdrafts are made with reference to these facilities, in conjunction with projections of future cash requirements.

The Galliford Try Holdings group actively maintains an appropriate level of cash reserves that are available for operations and planned expansions of the Group as a whole. The Group ensures that sufficient cash reserves are made available to its subsidiary undertakings.

Additional information on the Group's financial risk management can be found in the consolidated group financial statements of Galliford Try Holdings plc copies of which are publicly available.

#### **Directors**

The present directors of the Company are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements, except as stated below.

KA Corbett, SJ Slessor and DJ Lowery were appointed as directors of the Company on 6th November 2020, 1 April 2021, and 25th May 2021, respectively. D Elliott and IJ Jones resigned as directors of the Company on 31 March 2021 and 30 June 2021 respectively.

#### **Qualifying third-party and pension scheme indemnity provisions**

The Group maintains appropriate Directors' and Officers' Liability Insurance on behalf of the directors and General Counsel and Company Secretary. In addition, individual qualifying third-party indemnities are given to the directors and General Counsel and Company Secretary which comply with the provisions of Section 236 of the Companies Act 2006 and were in force throughout the year and up to the date of signing the Annual Report.

## **Galliford Try Infrastructure Limited**

### **Directors' Report for the year ended 30 June 2021 (continued)**

#### **Going concern**

The Company is part of the wider Galliford Try Holdings plc group (the "Group"), and the directors of the Group have assessed the full cash requirements of each Company over the coming 12 months. As at 30 June 2021, the Group had substantial cash balances, no debt, and a strong forward secured order book.

The directors regularly review the working capital requirements of the Company as part of the Group while considering downside sensitivities, including the economic uncertainties resulting from Covid-19 which resulted in the closure of sites across the country. All sites have since re-opened and appropriate operating procedures adopted, including social distancing measures. Even in the worst-case scenario, the Group is forecast to continue to meet obligations and remain cash positive.

The directors of the Group have provided a letter of support that the Group will provide sufficient operational and financial support to the Company to enable it, in the normal course of business, to meet its liabilities as they fall due and carry on its business without curtailment for the foreseeable future. Given the financial strength of the wider Group the directors consider that this financial support will enable the Company to discharge its obligations in the ordinary course of business for a period of at least twelve months from the date when the financial statements are authorised for issue. The directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### **Employees**

The Company is an equal opportunities employer.

It is the Company's policy to give full and fair consideration to applications for employment by disabled persons, to continue wherever possible the employment of those who became disabled and to provide equal opportunities for the training, retraining, career development and promotion of disabled persons.

The establishment and maintenance of safe working practices are of the greatest importance to the Company and special training in health and safety is provided for employees. Within the bounds of commercial confidentiality, management disseminates information to, and consults with, all levels of staff about matters that affect the progress of the Company and are of interest and concern to them as employees. This has been achieved through road shows hosted at all the major business sites, webcasts of the annual results and through updates on the intranet. The Company also encourages employee involvement in the Company's performance by the operation of employee incentive schemes.

Further details are included within the section 172 statement within the Strategic Report.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the 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).

## **Galliford Try Infrastructure Limited**

### **Directors' Report for the year ended 30 June 2021 (continued)**

#### **Statement of directors' responsibilities (continued)**

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

- select suitable accounting policies and then apply them consistently;
- 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;
- 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;
- they have taken all the steps that they ought to have 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.

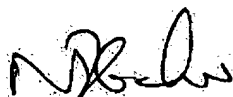
#### **Independent auditors**

The auditors, BDO LLP, have indicated their willingness to continue in office.

#### **Post balance sheet events**

On 7 October 2021, the Group acquired the water business of nmcn plc (including the share capital of Lintott Environmental Technologies Limited), to complement the existing water division. It is not expected there will be a significant impact to the Company as a result. No other matters have arisen since the year end that requires disclosure in the financial statements..

The directors' report was approved by the board of directors on 3 December 2021 and signed on its behalf by:



**ND Cocker**  
Director

## **Galliford Try Infrastructure Limited**

### **Independent auditors' report to the members of Galliford Try Infrastructure Limited**

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its loss 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.

We have audited the financial statements of Galliford Try Infrastructure Limited ("the Company") for the year ended 30 June 2021 which comprise the Income statement, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

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

#### *Independence*

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

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

## **Galliford Try Infrastructure Limited**

### **Independent auditors' report to the members of Galliford Try Infrastructure Limited (continued)**

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

##### *Extent to which the audit was capable of detecting irregularities, including fraud*

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## **Galliford Try Infrastructure Limited**

### **Independent auditors' report to the members of Galliford Try Infrastructure Limited (continued)**

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules and tax legislation.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, review of board and committee meeting minutes, enquiries with management, enquiries of in-house legal counsel and we considered the adequacy of controls around procurement fraud.


There are inherent limitations in the audit procedures described above and, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors within the significant judgements and estimates that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
BFEE3473AEAA4E3...

Thomas Edward Goodworth (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London, UK

3 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Galliford Try Infrastructure Limited**  
**Income statement for the year ended 30 June 2021**

		<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
			<b>Pre- exceptional items</b>	<b>Exceptional items (note 3)</b>	<b>Total</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue		<b>291,531</b>	323,897	32,000	355,897
Cost of sales		<b>(280,898)</b>	(328,871)	(4,550)	(333,421)
Gross profit/(loss)		<b>10,633</b>	(4,974)	27,450	22,476
Administrative expenses		<b>(14,120)</b>	(2,498)	(90)	(2,588)
Other operating income		<b>–</b>	375	–	375
Income from shares in Group undertakings		<b>–</b>	415	–	415
Operating (loss)/profit		<b>(3,487)</b>	(6,682)	27,360	20,678
Interest receivable and similar income	5	<b>72</b>	4,168	–	4,168
Interest payable and similar charges	5	<b>(379)</b>	(9,448)	–	(9,448)
(Loss)/profit before taxation	6	<b>(3,794)</b>	(11,962)	27,360	15,398
Tax credit/(charge) on (loss)/profit	7	<b>(3,942)</b>	7,481	(5,198)	2,283
(Loss)/profit for the financial year		<b>(7,736)</b>	(4,481)	22,162	17,681

There are no recognised gains and losses other than those shown in the income statement above and therefore no separate statement of comprehensive income has been presented.

The notes on pages 16 to 32 are an integral part of these financial statements.

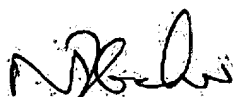
All results are derived from continuing operations.

**Galliford Try Infrastructure Limited**  
**Balance sheet as at 30 June 2021**

	Notes	2021 £'000	2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Right of use assets	8	6,625	6,976
Deferred income tax asset	15	10,812	2,869
<b>Total non-current assets</b>		<b>17,437</b>	<b>9,845</b>
<b>Current assets</b>			
Trade and other receivable	9	354,091	430,458
Corporation tax recoverable	10	2,047	18,979
Cash and cash equivalents	11	40,213	–
<b>Total current assets</b>		<b>396,351</b>	<b>449,437</b>
<b>Total assets</b>		<b>413,788</b>	<b>459,282</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank borrowings and overdrafts	13	–	(69,545)
Trade and other payables	12	(461,392)	(429,242)
Lease liabilities	8	(3,116)	(3,356)
<b>Total current liabilities</b>		<b>(464,508)</b>	<b>(502,143)</b>
<b>Net current liabilities</b>		<b>(68,157)</b>	<b>(52,706)</b>
<b>Non-current liabilities</b>			
Lease liabilities	8	(3,810)	(3,955)
<b>Total non-current liabilities</b>		<b>(3,810)</b>	<b>(3,955)</b>
<b>Total liabilities</b>		<b>(468,318)</b>	<b>(506,098)</b>
<b>Net liabilities</b>		<b>(54,530)</b>	<b>(46,816)</b>
<b>Equity</b>			
Share capital	16	15,000	15,000
Share premium		105	105
Other reserves		155,000	155,000
Profit and loss account		(224,635)	(216,921)
<b>Total equity</b>		<b>(54,530)</b>	<b>(46,816)</b>

The notes on pages 16 to 32 are an integral part of these financial statements.

The financial statements on pages 13 to 32 were approved by the Board of directors on 3 December 2021 and signed on its behalf by:



ND Cocker  
**Director**  
Registered number: SC055775



**Galliford Try Infrastructure Limited**  
**Statement of changes in equity for the year ended 30 June 2021**

	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Other reserves £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
As at 01 July 2019	15,000	105	155,000	(234,681)	(64,576)
Profit for the financial year	–	–	–	17,681	17,681
Transactions with owners:					
Share based payments	–	–	–	79	79
As at 30 June 2020 and as at 1 July 2020	15,000	105	155,000	(216,921)	(46,816)
Loss for the financial year	–	–	–	(7,736)	(7,736)
Transactions with owners:					
Share based payments	–	–	–	22	22
<b>As at 30 June 2021</b>	<b>15,000</b>	<b>105</b>	<b>155,000</b>	<b>(224,635)</b>	<b>(54,530)</b>

The notes on pages 16 to 32 are an integral part of these financial statements.

# **Galliford Try Infrastructure Limited**

## **Notes to the financial statements for the year ended 30 June 2021**

### **1. Accounting policies**

#### **General Information**

Galliford Try Infrastructure Limited ('the Company') is a limited Company incorporated, and domiciled in England and Wales (Registered number: SC055775). The address of the registered office is Galliford Try Infrastructure Limited, PO Box 17452, 2 Lochside View, Edinburgh, United Kingdom, EH12 1LB. Refer to note 21 for details of the immediate and ultimate parent undertaking. The principal activity of the Company is set out on page 2.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the Company operates. The amounts stated are denominated in thousands (£'000).

#### **Basis of accounting**

These financial statements apply the recognition, measurement and presentation requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 but make amendments where necessary in order to comply with the Act and take advantage of the FRS 101 disclosure exemptions.

These separate financial statements contain information about Galliford Try Infrastructure Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, Galliford Try Holdings plc, a listed company incorporated and domiciled in England and Wales.

The Company is a qualifying entity for the purposes of FRS 101. Note 21 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS as adopted by the EU may be obtained. The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present cash flow statement.
- The requirements of paragraph 45(b) and 46 to 52 of IFRS 2, Share Based Payments
- The requirements of IFRS 7, Financial Instrument Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies
- The requirements of paragraph 17 of IAS 24, Related Party Disclosures, and the requirements in IAS 24 to disclose related party transactions between two members of the Galliford Try Holdings group.
- The requirements of paragraph 134 (d) to 134 (f) of IAS 36 Impairment of Assets.
- Certain disclosure requirements under IFRS12 Disclosure of Interests in Other Entities.
- Certain disclosure requirements of Paragraph 38 and 40 of IAS1, Presentation of financial statements.

New amendments to standards that became mandatory for the first time for the financial year beginning 1 July 2020 are listed below. The new amendments had no significant impact on the Company's results other than certain revised disclosures.

- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9 (effective 1 January 2020)
- Amendments to IFRS 3 – Definition of a Business (effective 1 January 2020).
- Amendments to IAS 1 and IAS 8 on the Definition of Material (effective 1 January 2020).
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (effective 1 January 2020).
- Amendment to IFRS 16 Leases Covid-19-Related Rent Concessions (effective 1 June 2020)

**Galliford Try Infrastructure Limited**  
**Notes to the financial statements for the year ended 30 June 2021 (continued)**

**1. Accounting policies (continued)**

New standards, amendments and interpretations issued but not effective or yet to be endorsed by the EU are as follows:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021).
- Amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021).
- Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities as current or non-current (effective 1 January 2022).
- Narrow scope amendments to IFRS 3, IAS 16, IAS 37 (effective 1 January 2022)
- Annual improvements to IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective 1 January 2022)
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective 1 January 2023)
- IFRS 17 'Insurance Contracts' (effective 1 January 2023)
- Amendment to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023)

The Company has yet to assess the full impact of these new standards and amendments. Initial indications are that they will not significantly impact the financial statements of the Company.

**Covid-19**

The Company has continued to operate sites in a safe and appropriate manner and strictly in accordance with both Government and the Construction Leadership Council health and safety guidelines and regulations. The Company performed a review of its accounting policies in light of the outbreak of the pandemic. Some of the key points that continue to remain applicable from this review are highlighted below:

- The Company utilised the Government's Job Retention Scheme in the previous year, with all income received in respect of July and August 2020 repaid. The grant income received was offset against the costs incurred in line with our existing accounting policy in the Income Statement (in accordance with IAS 20).
- The Company has reviewed any potential impairment indicators of both financial and non-financial assets (in accordance with IAS 36 and IFRS 9 in particular), especially where operations have been curtailed or customers are in financial distress. The Company benefits from a customer base predominantly within the public sector, which the Company considers provides greater financial security over the balances held within trade and other receivables.

**Going concern**

The Company is part of the wider Galliford Try Holdings plc group (the "Group"), and the directors of the Group have assessed the full cash requirements of the Company over the coming 12 months. As at 30 June 2021, the Group had substantial cash balances, no debt, and a strong forward secured order book.

The directors regularly review the working capital requirements of the Company as part of the Group while considering downside sensitivities, including the economic uncertainties resulting from Covid-19 which resulted in the closure of sites across the country. All sites have since re-opened and appropriate operating procedures adopted, including social distancing measures. Even in the worst-case scenario, the Group is forecast to continue to meet obligations and remain cash positive.

## **Galliford Try Infrastructure Limited**

### **Notes to the financial statements for the year ended 30 June 2021 (continued)**

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

##### **Going concern (continued)**

The directors of the Group have provided a letter of support that the Group will provide sufficient operational and financial support to the Company to enable it, in the normal course of business, to meet its liabilities as they fall due and carry on its business without curtailment for the foreseeable future. Given the financial strength of the wider Group the directors consider that this financial support will enable the Company to discharge its obligations in the ordinary course of business for a period of at least twelve months from the date when the financial statements are authorised for issue. The directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

##### **Critical accounting estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

##### **Revenue and profit recognition for long term contract accounting (estimate and judgment)**

In order to determine the profit and loss that the Company is able to recognise on its construction contracts in a specific period, the Company has to allocate total costs of the construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of estimation.

The estimation of final contract value includes assessments of the recovery of variations which have yet to be agreed with the client, compensation events and claims where these meet the criteria set out in the Company's accounting policies and are in accordance with IFRS 15 Revenue from Contracts with Customers and are therefore highly probable to be agreed. The amount of these variations and claims can be substantial and at any time, these are often not fully agreed with the customer due to timing and requirements of the normal contractual process.

The Company recognises recoveries of claims from clients in certain situations where clear entitlement has been established such as through dispute-resolution processes. Therefore, assessments are based on an estimate of the potential cost impact of the compensation events and revenue is constrained to the extent that amounts that the Company believes are highly probable of not being subject to a significant reversal.

Management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions. As with most large, complex construction projects, there is an element of estimation uncertainty over final account settlements. This is, however, reduced by the experience of the management team and the controls that are in place. The settlement of these final accounts may give rise to an over or under-recognition of profit or loss and associated cash flows, which could be material.

The Company's five largest unagreed variations and claims positions at the year-end are summarised in aggregate below, the most significant of which relates to three contracts with entities owned by a major infrastructure fund of a blue-chip listed company (as detailed further below).

## **Galliford Try Infrastructure Limited**

### **Notes to the financial statements for the year ended 30 June 2021 (continued)**

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

##### **Critical accounting estimates and judgments (continued)**

Of these five projects, four are materially complete with only one remaining on-site:

	£'000
Overall contract value (including revenue recognised for variations and claims)	335,475
Revenue in the year	88,703
Total estimated end of contract variations and claims before IFRS 15 constraints	151,450
Constrained revenue recognised in respect of variations and claims	52,535

These five positions represent the most significant estimates of revenue.

In respect of contract assets of £70,007k and in assessing receivable provisions calculated on an expected loss basis, the Company has recorded a provision of £14,000k (2020: £14,000k). The directors' estimate represents a reasonably possible outcome within an estimated reasonable range of outcomes of zero to £24,000k (2020: zero to £21,000k).

It is unclear whether the outstanding uncertainties will be resolved within the next 12 months.

There is one significant estimated claim recovery in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Included in contract assets of £70,007k is an assessment of the recovery to be made in respect of the outstanding claims on these contracts which are still being assessed with customers and recoveries have been assumed as highly probable. Our claims, supported by third party expert advice, exceeds the amounts recognised. However, there is a range of possible outcomes when these claims are finally settled.

##### **Exceptional items (judgment)**

Exceptional items are material or significant irregular items of income and expense which the Company believes should be disclosed in the income statement to assist in understanding the underlying financial performance achieved by the Company by virtue of their nature or size. Examples of items which may give rise to disclosure as exceptional items include gains and losses on the disposal of businesses and property, plant and equipment, significant unanticipated losses on contracts, cost of restructuring and reorganisation of businesses, acquisition costs and asset impairments.

##### **Taxation (estimate and judgment)**

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is probable future taxable profit will arise against which the temporary differences will be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and future taxable profits.

The Company has assessed that an asset equal to the value of any unutilised tax credits expected to be utilised over the next three financial years is appropriate, as, based on the already secured work for that timeframe, management has assessed it is probable that the Company will have sufficient taxable profits to enable the deferred tax asset to be recovered. Any remaining unutilised tax credits are not recognised.

**Galliford Try Infrastructure Limited**  
**Notes to the financial statements for the year ended 30 June 2021 (continued)**

**1. Accounting policies (continued)**

**Basis of consolidation**

These separate financial statements contain information about Galliford Try Infrastructure Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Galliford Try Holdings plc, a listed company incorporated and domiciled in England and Wales.

**Revenue and profit**

Revenue is recognised when the Company transfers control of goods or services to customers. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Where consideration is subject to variability, the Company estimates the amount receivable. Revenue recognised is constrained to the amount which is highly probable not to result in a significant reversal in future period. Revenue also includes the Company's proportion of work carried out under jointly controlled operations.

Where a modification to an existing contract occurs, the Company assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation.

Revenue is recognised as follows:

**Construction contracts**

Revenue comprises the value of construction services transferred to a customer during the period. The results for the period include adjustments for the outcome of contracts, including jointly controlled operations, executed in both the current and preceding years.

(a) Fixed price contracts - the amount of revenue recognised is calculated based on total costs incurred as a proportion of total estimated costs to complete. The estimated final value includes variations, compensation events and claims where it is highly probable that there will not be a significant reversal. Provision will be made against any potential loss as soon as it is identified.

(b) Cost plus contracts - revenue is recognised based upon costs incurred to date plus any agreed fee. Where contracts include a target price consideration is given to the impact on revenue of the mechanism for distributing any savings or additional costs compared to the target price. Any revenue over and above the target price is recognised once it is highly probable that there will not be a significant reversal. Revenue includes any variations and compensation events where it is highly probable that there will not be a significant reversal.

(c) Recoveries from claims against third-parties – The recognition of expected reimbursements resulting from certain third-party claims (previously accounted for under IAS 11 Construction Contracts) is accounted in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This requires recovery to be 'virtually certain' before an asset can be recognised.

**Government grants**

Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

**Galliford Try Infrastructure Limited**  
**Notes to the financial statements for the year ended 30 June 2021 (continued)**

**1. Accounting policies (continued)**

**Interest income and expense**

Interest income and expense is recognised on a time proportion basis using the effective interest method.

**Dividend policy**

Final dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

**Income tax**

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

The Company surrenders tax losses and other allowances by group relief to other companies within the Galliford Try Holdings plc Group. The party accepting such surrender pays the company an amount equal to the amount of tax such accepting party would have paid but for such surrender.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes with the exception of the initial recognition of goodwill arising on an acquisition. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying temporary differences can be deducted.

Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the comprehensive income, when it is charged or credited there.

**Property, plant and equipment**

All property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings comprise mainly offices. Depreciation is calculated to write off the cost of each asset to estimated residual value over its expected useful life. Freehold land and buildings are not depreciated. The annual rates of depreciation are as follows:

On cost:

Plant and machinery	15% to 33%
Fixtures and fittings	10% to 33%

In addition to systematic depreciation, the book value of property, plant and equipment would be written down to estimated recoverable amount should any impairment in the respective carrying values be identified. The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date. Repairs and maintenance expenditure is expensed as incurred on an accruals basis.

**Galliford Try Infrastructure Limited**  
**Notes to the financial statements for the year ended 30 June 2021 (continued)**

**1. Accounting policies (continued)**

**Leases**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term at a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the lease term on a straight-line basis, unless the useful life of the asset is shorter than the lease term.

**Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on an expected credit loss model (general or simplified approach as detailed under impairment of financial assets). The amount of the loss is recognised in the income statement.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against cost of sales in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

**Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at nominal value. Bank overdrafts are also included as they are an integral part of the Company's cash management.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

**Trade payables**

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate and subsequently held at amortised cost. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate. Changes in estimates of the final payment due are taken to developments (land), in due course, to cost of sales in the income statement.

**Retirement benefit obligations**

The Company operates a defined contribution pension scheme. The pension cost charge disclosed in note 4 represents contributions payable by the Company to the fund. Contributions to the defined contribution schemes are determined as a percentage of employees earnings and are charged to the income statement on an accruals basis.

Historically, the Company participated in Group operated defined benefit pension schemes for the benefit of certain of its employees, the assets of which were held separately from those of the Company in independently administered funds. However, as at 30 June 2021, all of these schemes have either been transferred to other parties or have been wound-up and the Group no longer has any associated liabilities.



## Galliford Try Infrastructure Limited

### Notes to the financial statements for the year ended 30 June 2021 (continued)

#### 1. Accounting policies (continued)

##### Share based payments

The Company operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions such as growth in earnings per share. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### 2. Revenue

Revenue and profit are recognised as follows:

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
Fixed price	<p>Contracts are typically accounted for as a single performance obligation; even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract given that each is highly interdependent on the other.</p> <p>The Company typically receives payments from the customer based on a contractual schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un-invoiced amounts are presented as contract assets.</p> <p>Management do not expect a financing component to exist.</p>
Cost-reimbursable	<p>A number of projects are undertaken using open-book/cost-plus (possibly with a pain/gain share mechanism) contracts.</p> <p>Contracts are typically accounted for as a single performance obligation with the majority of these contracts including a build phase only.</p> <p>The Company typically receives payments from the customer based on actual costs incurred. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un-invoiced amounts are presented as contract assets.</p> <p>Management do not expect a financing component to exist.</p>

##### Disaggregation of revenue

The Company derives its revenue from contracts with customers for the transfer of goods and services. All revenue is recognised over time.

## Galliford Try Infrastructure Limited

### Notes to the financial statements for the year ended 30 June 2021 (continued)

#### 2. Revenue (continued)

##### Transaction price allocated to the remaining performance obligations

Revenue on existing contracts, where performance obligations are unsatisfied or partially unsatisfied at the balance sheet date, is expected to be recognised as follows:

	2022	2023	2024 onward s	Total
Revenue - year ended 30 June 2021	£'000	£'000	£'000	£'000
Infrastructure	199,406	49,761	14,001	263,168
	2021	2022	2023 onwards	Total
Revenue for year ended 30 June 2020	£'000	£'000	£'000	£'000
Infrastructure	197,065	49,639	27,257	273,961

Any element of variable consideration is estimated at a value that is highly probable not to result in future reversal.

#### 3. Exceptional items

	2021 £'000	2020 £'000
Revenue	–	32,000
Cost of sales	–	(4,550)
Administrative expenses	–	(90)
	–	27,360

In the prior year, the Company reported net exceptional income of £27,360k. On 23 December 2019, the Galliford Try Group announced that following a lengthy period of negotiation, the AWPR joint venture had substantially agreed settlement terms with the client in respect of the final account of this major infrastructure project and that it expected to receive a cash payment of £32,000k.

A charge of £640k was recorded (£550k in cost of sales and £90k in administrative expenses) in respect of the restructuring exercise completed following the disposal of the housebuilding divisions to Vistry plc by the Galliford Try Holdings plc group, in addition to the impact of the Covid-19 pandemic, to reflect the ongoing size and structure of the Company.

#### 4. Employees and directors

Employee benefit expense for the Company for the year is:

	2021 £'000	2020 £'000
Wages and salaries	46,895	56,620
Redundancy and termination costs	469	1,187
Social security costs	5,258	6,336
Other pension costs	5,092	5,596
Share-based payments	22	79
	57,736	69,818

# Galliford Try Infrastructure Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 4. Employees and directors (continued)

The average monthly number of people including executive directors employed is:

	2021 Number	2020 Number
By activity:		
Production and sales	781	665
Administration and support	124	185
Management	59	39
<b>Average number of employees during the year</b>	<b>964</b>	<b>889</b>

The disclosure above includes employees who are employed by Galliford Try Employment Limited, a fellow subsidiary company, who are seconded to Galliford Try Infrastructure Limited, and their costs are recharged to the Company accordingly.

#### Highest paid director

	2021 £'000	2020 £'000
Aggregate emoluments	262	315
Company pension contributions to money purchase schemes	38	37
	<b>300</b>	<b>352</b>

#### Aggregate directors' emoluments

	2021 £'000	2020 £'000
Aggregate emoluments	862	860
Company pension contributions to money purchase schemes	109	131
<b>Total</b>	<b>971</b>	<b>991</b>

The emoluments of two directors are paid by other subsidiaries within the Galliford Try Holdings plc Group. They are also the directors of fellow subsidiaries of Galliford Try Holdings plc and it is not possible to make an accurate apportionment in respect of their emoluments to this subsidiary. Accordingly, the above details include no emoluments in respect of these directors. Their emoluments are disclosed where appropriate in the financial statements of the companies where significant costs are incurred.

### 5. Interest payable and similar charges / Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable and similar income		
- on gross cash balances (note 13)	–	4,148
-from joint ventures	8	20
-other interest income	64	–
<b>Total interest receivable and similar income</b>	<b>72</b>	<b>4,168</b>
Interest payable and similar charges		
- on gross overdraft balances (note 13)	–	(9,055)
-other interest payable (including interest on lease liabilities)	(379)	(393)
<b>Total interest payable and similar charges</b>	<b>(379)</b>	<b>(9,448)</b>
<b>Net finance cost</b>	<b>(307)</b>	<b>(5,280)</b>

**Galliford Try Infrastructure Limited****Notes to the financial statements for the year ended 30 June 2021 (continued)****6. Loss before taxation**

The following items have been included in arriving at the loss on ordinary activities before taxation:

	2021 £'000	2020 £'000
Employee benefits expense	57,736	69,818
Gain on sale of investments	–	375
Depreciation on property, plant and equipment - leased assets	3,781	3,251
Repairs and maintenance expenditure on property, plant and equipment	34	44

**Services provided by the Company's auditors**

In the current and prior years, the auditors' fee was born by Galliford Try Services Limited, a fellow subsidiary of Galliford Try Holdings plc. No other services were provided.

**7. Tax on profit**

	2021 £'000	2020 £'000
Current tax for the year	854	(2,731)
Deferred tax expense	(5,511)	(300)
Adjustments in respect of prior years:		
Current tax	750	3,016
Deferred tax	(35)	2,298
<b>Income tax credit</b>	<b>(3,942)</b>	<b>2,283</b>

The total income tax charge for the year of £3,942k (2020: credit £2,283k) is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are explained below:

	2021 £'000	2020 £'000
loss on ordinary activities before taxation	(3,794)	15,398
Profit/(loss) before income tax multiplied by the standard rate in the UK of 19.0% (2020: 19.0%)	721	(2,926)
Expenses not deductible for tax purposes	(5)	(17)
Non-taxable income	31	150
Adjustments in respect of prior years	715	5,089
Other	(5,404)	(13)
<b>Income tax credit</b>	<b>(3,942)</b>	<b>2,283</b>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# Galliford Try Infrastructure Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 8. Leases

This note provides information for leases where the Company is a lessee.

#### Right of use assets

	Land and buildings £'000	Plant and machinery £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 July 2020	3,362	1,403	5,117	9,882
Additions	186	757	2,487	3,430
Disposals	(274)	(449)	(531)	(1,254)
<b>At 30 June 2021</b>	<b>3,274</b>	<b>1,711</b>	<b>7,073</b>	<b>12,058</b>
<b>Accumulated depreciation</b>				
At 1 July 2020	713	606	1,587	2,906
Charge for the year	861	862	2,058	3,781
Disposals	(274)	(449)	(531)	(1,254)
<b>At 30 June 2021</b>	<b>1,300</b>	<b>1,019</b>	<b>3,114</b>	<b>5,433</b>
<b>Net book amount</b>				
<b>At 30 June 2021</b>	<b>1,974</b>	<b>692</b>	<b>3,959</b>	<b>6,625</b>
At 30 June 2020	2,649	797	3,530	6,976

#### Lease liabilities

	2021 £'000	2020 £'000
Current	3,116	3,356
Non-current	3,810	3,955
<b>Total lease liabilities</b>	<b>6,926</b>	<b>7,311</b>

The statement of profit or loss shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Depreciation of right-of-use assets	3,781	3,251
Interest expense (included in finance cost)	308	274
Expenses relating to short term lease and leases of low value	5,422	7,364
<b>Total expenses</b>	<b>9,511</b>	<b>10,889</b>

Maturity of contractual undiscounted future lease payments:

	Land and Buildings £'000	Plant and machinery £'000	Motor Vehicles £'000
<b>As at 30 June 2021</b>			
Less than 1 year	776	769	1,852
Between 1 and 5 years	2,083	242	2,497
More than 5 years	1,253	6	—
<b>Total</b>	<b>4,112</b>	<b>1,017</b>	<b>4,349</b>

**Galliford Try Infrastructure Limited****Notes to the financial statements for the year ended 30 June 2021 (continued)****8. Leases (continued)**

As at 30 June 2020	Land and Buildings £'000	Plant and machinery £'000	Motor Vehicles £'000
Less than 1 year	998	849	1,997
Between 1 and 5 years	2,859	1,011	4,349
More than 5 years	1,253	6	–
<b>Total</b>	<b>5,110</b>	<b>1,866</b>	<b>6,346</b>

**9. Trade and other receivables**

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	24,842	23,389
Contract assets	70,007	57,329
Amounts owed by Group undertakings	242,928	338,407
Amounts owed by joint ventures	1,709	–
Other debtors	7,283	952
Recoverable value-added tax	680	392
Prepayments	6,642	9,989
	<b>354,091</b>	<b>430,458</b>

Amounts owed by Group undertakings do not bear interest, have no fixed date of repayment and are repayable on demand.

**10. Corporation tax recoverable**

	2021 £'000	2020 £'000
Corporation tax recoverable	2,047	18,979

The Company surrenders tax losses and other allowances by group relief to other Galliford Try group companies. The party accepting such surrender pays the Company an amount equal to the amount of tax such accepting party would have paid but for such surrender.

**11. Cash and cash equivalents**

	2021 £'000	2020 £'000
Cash and cash equivalents	40,213	–

Refer to note 13 on the presentation of cash and cash equivalents as net with bank overdrafts in the current year.

**Galliford Try Infrastructure Limited****Notes to the financial statements for the year ended 30 June 2021 (continued)****12. Trade and other payables**

	2021 £'000	2020 £'000
Trade payables	39,757	44,125
Contract liabilities	27,999	30,324
Amounts owed to Group undertakings	305,517	245,617
Other taxation and social security, payable	5,536	6,819
Other creditors	–	40
Accrued liabilities and deferred income	82,583	102,317
	<b>461,392</b>	<b>429,242</b>

Amounts owed to fellow group undertakings are non-interest bearing, unsecured and repayable on demand.

**13. Bank borrowings and overdrafts**

	2021 £'000	2020 £'000
Current		
Bank borrowings and overdrafts	–	69,545

In 2016, the IFRS Interpretations Committee released an update in respect of IAS 32 'Financial instruments: presentation' specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. The Company's bank arrangements and facilities with both HSBC Bank plc and Barclays Bank plc provide the legally enforceable right to offset and in the current year and prior year, the Group demonstrated its intention to offset by formally sweeping the balances. Consequently, the balances have been offset in the financial statements.

Treasury is managed by Galliford Try Services Limited, a fellow subsidiary of Galliford Try Holdings plc, on behalf of the Group and all subsidiary entities. In the prior year those entities earned interest at a rate of 1.5% on gross bank deposits and were charged 6.5% on gross bank overdrafts.

**14. Contract balances**

Contract assets and liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the Balance Sheet. Where there is a corresponding contract asset and liability in relation to the same contract, the balance shown is the net position. The timing of work performed (and thus revenue recognised), billing profiles and cash collection, results in trade receivables (amounts billed to date and unpaid), contract assets (unbilled amounts where revenue has been recognised) and customer advances and deposits (contract liabilities), where no corresponding work has yet to be performed, being recognised on the Company's balance sheet.

# Galliford Try Infrastructure Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 14. Contract balances (continued)

	2021		2020	
	Contract assets £'000	Contract liabilities £'000	Contract assets £'000	Contract liabilities £'000
1 July 2020 and 2019	57,329	(30,324)	92,114	(19,168)
Revenue recognised of which relates to performance obligations satisfied in the current year	277,353	14,178	343,357	12,540
	334,682	(16,146)	435,471	(6,628)
Transfers in the period from contract assets to trade receivables	(264,675)	–	(378,142)	–
Net cash received in advance of performance obligations being fully satisfied	–	(11,853)	–	(23,696)
<b>30 June 2021 and 2020</b>	<b>70,007</b>	<b>27,999</b>	<b>57,329</b>	<b>(30,324)</b>

### 15. Deferred taxation

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 19.0% or 25% depending on when individual deferred income tax assets and liabilities are expected to reverse (2020: 19.0%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 30 June 2021 was:

	2021 £'000	2020 £'000
<b>Deferred tax assets</b>	<b>10,812</b>	<b>2,869</b>

The movement for the year in the net deferred income tax account is as shown below:

	2021 £'000	2020 £'000
At 1 July 2020 and 2019	2,869	784
Adjustment as a result of transitioning to IFRS 16 on 1 July 2019	–	87
Transfer in of GPA claim	13,489	–
Income statement:		
Adjustment to prior year's deferred income tax	(35)	2,298
Deferred tax expense	(5,511)	(300)
<b>At 30 June 2021 and 2020</b>	<b>10,812</b>	<b>2,869</b>

Deferred income tax assets have been recognised in respect of all the losses and other temporary differences because it is probable that these will be recovered.



**Galliford Try Infrastructure Limited****Notes to the financial statements for the year ended 30 June 2021 (continued)****16. Share capital and other reserves**

	Number of shares	Share Capital £'000	Other reserves £'000	Total £'000
Allotted and fully paid ordinary shares of £1				
At 1 July 2019 and 30 June 2020	15,000,000	15,000	155,000	170,000
At 30 June 2021	15,000,000	15,000	155,000	170,000

**17. Guarantees and contingent liabilities**

The parent company Galliford Try Holdings plc and Group subsidiary companies have entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued on behalf of the group undertakings, including joint arrangements and joint ventures, in the normal course of the business amounting to £146,800k (2020: £157,400k).

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Company's financial position.

**18. Share based payments**

The Group operates a performance related share incentive plans for executives, this is discussed in the Group's annual report (refer to note 26). The Group also operates savings related option schemes ("SAYE"). The total charge for the year relating to employee share based payment plans was £22k (2020: £79k) all of which related to equity settled share based payment transactions.

**Savings related share options**

The Group operates an HMRC approved sharesave scheme, under which employees are granted an option to purchase ordinary shares in the Group at up to 20% less than the market price at grant, three years after the start date of their participation dependent on their entering into a contract to make monthly contributions into a savings account over the three years. These funds are used to fund the option exercise. This scheme is open to all employees meeting the minimum employment period. No performance criteria are applied to the exercise of sharesave options. The options were valued using the binomial option-pricing model.

The weighted average fair value of awards granted during the year was 50p (2020: nil). There was nil share options exercised during the year ended 30 June 2021 (2020: 20,872) and the weighted average share price at the date of exercise was nil (2020: 868p). The weighted average remaining contractual life is 2 years and 11 months (2020: nil).

## Galliford Try Infrastructure Limited

### Notes to the financial statements for the year ended 30 June 2021 (continued)

#### 19. Related party transactions

	Sales to related parties <sup>1</sup>	
	2021 £'000	2020 £'000
Trading transactions		
Joint ventures	15,438	17,785
<sup>1</sup> Sales to related parties includes management fees recharges and shown net within administrative expenses.		
	2021 £'000	2020 £'000
Amount owed to Joint ventures	1,709	–

Sales to related parties are based on terms that would be available to unrelated third parties. Receivables are due within one year (2020: one year) and are unsecured and interest free. Payables are due within one year (2020: one year) and are interest free.

#### 20. Post balance sheet events

On 7 October 2021, the Group acquired the water business of nmcn plc (including the share capital of Lintott Environmental Technologies Limited), to complement the existing water division. It is not expected there will be a significant impact to the Company as a result. No other matters have arisen since the year end that requires disclosure in the financial statements.

#### 21. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Galliford Try Construction & Investments Holdings Limited which is registered in England and Wales. The ultimate parent undertaking and controlling party is Galliford Try Holdings plc, which is registered in England and Wales. This is the only company into which the Company's results are consolidated. Copies of the consolidated Group financial statements of Galliford Try Holdings plc are publicly available from Galliford Try Holdings plc, Blake House, 3 Frayswater Place, Cowley, Uxbridge, Middlesex, UB8 2AD.