

Morrison Construction Limited

Annual report and Financial statements

For the year ended 30 June 2020

Registered number: SC178956



Morrison Construction Limited

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Morrison Construction Limited
Directors and advisers

Directors

ND Cocker
KA Corbett

Company secretary

Galliford Try Secretariat Services Limited

Registered office

PO Box 17452
2 Lochside View
Edinburgh
Scotland
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
70 Pall Mall
London
SW1Y 5EY

Morrison Construction Limited

Strategic report for the year ended 30 June 2020

The directors present their strategic report of Morrison Construction Limited ("the Company"), for the year ended 30 June 2020.

Review of business

The Company's principal activities comprise construction and infrastructure developments. The Company did not trade during the current and prior year.

COVID-19

The Covid-19 outbreak developed rapidly in 2020. Measures taken to contain the virus have affected the wider economy and directly impacted on the Company's trading results. The Company continued to operate sites where possible, 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 Directors regularly review the working capital requirements of the Company as part of the Galliford Try Holdings plc Group while considering downside sensitivities, including the economic uncertainties resulting from Covid-19 which resulted in the closure of sites across the country (in the first lockdown between March and June 2020). All sites have since re-opened and remain open and appropriate operating procedures adopted, including social distancing measures. Further details are also provided in note 1.

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.

General

The Company's profit for the financial year of £415k (2019: £1,925k) represents dividend income. This has been subsequently distributed to the parent company, Galliford Try Infrastructure Limited. Net assets as at 30 June 2020 was £nil (30 June 2019: £nil).

On behalf of the board



Neil Cocker
Director
30 April 2021

Morrison Construction Limited

Directors' Report for the year ended 30 June 2020

The directors present their report and audited financial statements of Morrison Construction Limited ("the Company"), registered number SC178956 for the year ended 30 June 2020.

Future developments

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

Dividends

The directors paid dividend of £415k during the year (2019: £1,925k).

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 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.

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 234 of the Companies Act 2006 and were in force throughout the year and up to the date of signing the Annual Report.

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 2020 and at the time of signing these financial statements, the Group had substantial cash balances, no debt, and a strong forward secured order book.

Morrison Construction Limited

Directors' Report for the year ended 30 June 2020 (continued)

Going concern (continued)

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.

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). 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; 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 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, who were appointed during the year, have indicated their willingness to continue in office.

Post balance sheet events

No 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 30 April 2021 and signed by its order by:



Galliford Try Secretariat Services Limited
Company secretary

Morrison Construction Limited

Independent auditors' report to the members of Morrison Construction Limited

Report on the financial statements

Opinion

We have audited the financial statements of Morrison Construction Limited ("the Company") for the year ended 30 June 2020 which comprise the Balance sheet, the Income statement, the Statement of changes in equity and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Morrison Construction Limited

Independent auditors' report to the members of Morrison Construction Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

A further description of our responsibilities for the audit of the financial statements is located 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.

Morrison Construction Limited

**Independent auditors' report to the members of Morrison Construction Limited
(continued)**

BDO LLP

Charles Ellis (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30 April 2021

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

Morrison Construction Limited
Income statement for the year ended 30 June 2020

	Note	2020 £'000	2019 (restated) ¹ £'000
Other operating income	3	415	–
Income from shares in Group undertakings		–	1,925
Profit before taxation	3	415	1,925
Tax on profit	4	–	–
Profit for the financial year		415	1,925

¹In 2019, a dividend income of £1,925k was received from Morrison Falkland Limited and subsequently paid to its parent Company, Galliford Try Infrastructure Limited which was not recorded in prior year's financial statement.

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 11 to 14 are an integral part of these financial statements.

Morrison Construction Limited
Balance sheet as at 30 June 2020

	Note	2020 £'000	2019 £'000
Assets			
Current assets			
Total current assets		-	-
Total assets		-	-
Liabilities			
Current liabilities			
Total current liabilities		-	-
Net current assets		-	-
Total liabilities		-	-
Net assets		-	-
Equity			
Share capital	6	-	-
Profit and loss account		-	-
Total equity		-	-

The notes on pages 11 to 14 are an integral part of these financial statements.

The financial statements on pages 8 to 14 were approved by the Board of directors on 30 April 2021 and signed on its behalf by:



ND Cocker
Director
Registered number: SC178956

Morrison Construction Limited

Statement of changes in equity for the year ended 30 June 2020

	Note	Share capital £'000	Profit and loss account £'000	Total equity £'000
As at 01 July 2018		–	–	–
Profit for the financial year(restated) ¹	5	–	1,925	1,925
Transactions with owners:				
Dividends paid (restated) ¹		–	(1,925)	(1,925)
As at 30 June 2019 and as at 01 July 2019		–	–	–
Profit for the financial year	5	–	415	415
Transactions with owners:				
Dividends paid		–	(415)	(415)
As at 30 June 2020		–	–	–

¹In 2019, a dividend income of £1,925k was received from Morrison Falkland Limited and subsequently paid to its parent Company, Galliford Try Infrastructure Limited which was not recorded in prior year's financial statement.

The notes on pages 11 to 14 are an integral part of these financial statements.

Morrison Construction Limited

Notes to the financial statements for the year ended 30 June 2020

1. Accounting policies

General Information

Morrison Construction Limited ('the Company') is a limited Company incorporated and domiciled in England and Wales (Registered number: SC178956). The address of the registered office is Morrison Construction Limited, Blake House, 3 Frayswater Place, Cowley, Uxbridge, Middlesex, UB8 2AD. Refer to note 8 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 have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 8 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.
- The requirements of Paragraph 38 of IAS1, Presentation of financial statements.

New amendments to standards that became mandatory for the first time for the financial year beginning 1 July 2019 are listed below. The new amendments had no significant impact on the Company's results other than certain revised disclosures:

- Amendments to FRS 9 'Financial Instruments' on prepayments with negative compensation and modification of financial liabilities (effective 1 January 2019).
- Amendments to IAS 19 'Employee Benefits' on plan amendment curtailment or settlement (effective 1 January 2019).
- IFRS 16 'Leases' (effective 1 January 2019).
- Amendments to IAS 28 'Long-term interests in Associates and Joint Ventures' (effective 1 January 2019).
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019).
- Amendments resulting from annual improvements 2015-2017 cycle (effective 1 January 2019).

Morrison Construction Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

1. Accounting policies (continued)

Basis of accounting (continued)

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

- 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 – Covid-19-Related Rent Concessions (effective 1 June 2020).
- IFRS 17 'Insurance Contracts' (effective 1 January 2023).
- Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities as current or non-current (effective 1 January 2022).

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 Covid-19 outbreak has developed rapidly in 2020. Measures taken to contain the virus have affected the wider economy and directly impacted on the Company's trading results. The Company continued to operate sites where possible, in a safe and appropriate manner and strictly in accordance with both Government and the Construction Leadership Council health and safety guidelines and regulations. In light of the pandemic, the Company has performed a further review of its accounting policies and consider they remain appropriate.

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 2020 and at the time of signing these financial statements, 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 reopened and appropriate operating procedures adopted, including social distancing measures. The Group is forecast to continue to meet obligations and remain cash positive.

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.

Morrison Construction Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

1. Accounting policies (continued)

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 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.

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.

2. Employees and directors

The Company had no employees during the year (2019: none). Management services are provided by the directors. The directors did not receive any emoluments from the Company for their services during the year (2019: nil).

3. Profit before taxation

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

	2020	2019
	£'000	(restated)
		£'000
Profit on sale of investment	415	–
Income from shares in group undertakings	–	1,925

Services provided by the Company's auditors

The auditors' fee is born by Galliford Try Services Limited, a fellow subsidiary of Galliford Try Holdings plc.

Morrison Construction Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

4. Tax on profit

	2020 £'000	2019 £'000
Current tax for the year	–	–
Deferred tax	–	–
Income tax	–	–

The total income tax credit for the year of £nil (2019: credit £nil) is in line with (2019: higher than) the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%) as explained below:

	2020 £'000	2019 (restated) £'000
Profit on ordinary activities before taxation	415	1,925
Profit before income tax multiplied by the standard rate in the UK of 19.0% (2019: 19.0%)	(79)	(366)
Non-taxable income	79	366
Income tax	–	–

5. Dividends

	2020 £'000	£'000 per share	2019 £'000	£'000 per share
Paid in the year	415	415	1,925	1,925

Since the year end, the directors have not paid any dividend to its parent company.

6. Share capital

	Number of shares	Share capital £'000
Allotted and fully paid ordinary shares of £1		
At 01 July 2019	1	–
At 30 June 2020	1	–

7. Post balance sheet events

No matters have arisen since the year end that requires disclosure in the financial statements.

8. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Galliford Try Infrastructure 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.