

**Galliford Try Construction (UK) Limited
(Formerly Miller Construction (UK) Limited)**

Annual Report and Financial Statements

For the six month period ended 30 June 2014
Registered Number SC209666

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Directors' Report and Financial Statements

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Strategic Report

The Directors present their report and audited financial statements for the six month period ended 30 June 2014.

Principal Activity

The company provides a full range of construction services from design and construction through to facilities management.

On 9 July 2014 the entire share capital of Construction Holdco 2 Limited, the parent company of Galliford Try Corporate Holdings Limited (formerly Miller Corporate Holdings Limited), was acquired by Galliford Try Construction and Investments Holdings Limited (formerly Galliford Try Infrastructure Holdings Limited), which is 100% owned by Galliford Try Plc.

Market

There are signs of an increase in the volume of opportunities on the back of improving economic conditions. However we remain selective in the work we pursue. Preference is given to frameworks and to strategic clients. Our emphasis is focused on those markets that contribute to and deliver the UK's economic (rail, energy, science and technology) and social (education, health, communities, defence) infrastructure. We continue to experience positive demand in these sectors.

We are also investing in the growth of our Services business through further expansion of our self-delivery capability.

Performance

The company delivered turnover of £189.2 million in the six month period (12 months to December 2013: £404.9 million). Turnover is now back at pre-recession levels but, more importantly, the forward order book is significantly weighted towards lower risk framework opportunities, services and work for strategic clients.

The total order book stands at over £1.9 billion. This comprises £937 million of signed contracts and preferred bidders plus a further £915 million of anticipated work from our existing framework agreements.

The company produced an operating loss of £7.7 million (4%) in the six month period (12 months to 31 December 2013: loss of £10.7 million (2.6%)) reflecting write-downs on a limited number of historic contracts which had been procured on the basis of price in a very competitive market. These projects encountered cost overruns, as a result of operational issues and insolvency of subcontractors, and difficulties in recovering the cost of client variations.

Billed and unbilled work in progress at the period end represented 42 days (2013: 42 days).

Strengthening the order book

During the period, we secured further significant work through our existing framework agreements with hub North Scotland, iESE, and Ministry of Justice. We also secured a position on the North Wales Schools and Public Buildings framework. We are one of six contractors on the framework through which a total of £270 million of work is expected to be delivered.

The hub North Scotland project continues to be highly active. We have been selected as contractor to build the £35 million Inverness Royal Academy. In addition we have been awarded the facilities management and lifecycle services contract at Alford Community Campus, a project currently under our construction.

In the period we won a further 5 contracts valued in excess of £47 million under the iESE framework, and a further £5 million of work through the Ministry of Justice Strategic Alliance Agreement Framework for the North.

Strategic Report (continued)

In March 2014 we reached financial close on the North Tyneside's Quality Homes for Older People PFI project. The partnership will deliver more than 900 apartments across 10 new and 16 refurbished sheltered housing schemes. Total construction value will exceed £78 million.

We have been appointed preferred bidder for the North East batch of the Priority Schools Building. This project, involving 6 secondary and 6 primary schools, will provide £103 million of construction value and £56 million of FM revenues.

Our growth in the Rail market continues with 5 new contracts won totalling in excess of £25 million.

Having established a clear pipeline of work in each of our chosen markets, it is vital that both our on-site delivery and aftercare service are market leading. We continue to invest in the improvement of our business platform and the development of our management team and supply chain to ensure we achieve a consistently high quality of delivery across all our operations.

Health and Safety

We place the highest priority on health and safety. The health and safety of our people and those who come into contact with our sites is our top priority. Our behavioural safety programme "Challenging Beliefs, Affecting Behaviour" reinforces that message and helps to shape a culture of care, maintaining that nothing we do is so important that we cannot take the time to do it safely.

People

We are committed to developing our people by investing in their careers. We place great importance on nurturing talent through training and development whilst attracting recruits to help us achieve our goals. We promote diversity and equality and protect the rights of our employees.

Community

Our objective is to make a positive impact in the communities in which we operate. We are an associate member of the Considerate Constructors Scheme and have pledged to project a positive image of our industry. We achieve this by engaging with our communities, listening to their needs and applying our knowledge to ensure we deliver projects that will meet the needs of those they serve.

Principal risks and uncertainties

The Board is committed to identifying, evaluating and managing the principal risks and uncertainties facing the business.

Thematic Risk	Primary Area of Impact	Strategic Implications	Mitigating Action
People	Health, safety and environment (HSE)	All HSE incidents are vitally important.	We prioritise the need to provide a safe working environment.
	Human Resources (HR)	Significant HSE failings can have a direct reputational and financial impact on the business and our management resources.	We promote HSE performance. Comprehensive policies and frameworks manage these risks.
		Attracting, developing and retaining talented individuals at all levels is critical to our success.	We have an established HR strategy, supported by policies based in the Investors in People principles.

Strategic Report (continued)

Supply Chain	<p>Financial position of subcontractors</p> <p>Materials availability</p> <p>Specialist subcontractor expertise availability</p>	<p>Supply chain issues that can arise through the scope and / or valuation of construction contracts, make their ultimate outcome uncertain, and could lead to financial or reputational damage.</p> <p>Some of our construction contracts take significant time to complete, which means that the cost of supplies may rise or suppliers may become insolvent while the project is in progress.</p>	<p>We have business information systems providing profit margin and cash position by contract.</p> <p>We monitor construction progress against programme, in order to replan and reassess resources where applicable, and select our supply chain carefully.</p>
Macro environment	<p>Economic cycle and interest rates</p> <p>Level of public sector spending</p> <p>Confidence and availability of project finance</p>	<p>The level of public sector spending, the investment programmes of regulated sectors and the availability of project finance are macro-dependant.</p>	<p>We monitor Government and industry data on construction spending plans and output.</p> <p>We then adapt our approach to those sectors and clients where we see the best opportunities.</p>
Market	<p>Securing construction contracts</p> <p>Outlook and visibility</p>	<p>We take commercial risk on each construction contract, which includes credit and counterparty risk, pricing and technical ability to deliver.</p> <p>Failing to secure construction contracts at a price and on terms that deliver an acceptable return for the risk undertaken could cause potentially serious financial and resource allocation issues.</p> <p>We require a pipeline of suitable opportunities and need to ensure that we reach financial and contractual agreements without significant delays.</p>	<p>We have a rigorous approach to contract selection through an authorities matrix linking our capabilities and resources, as well as the terms under which we carry out the work. Further specific risk management assessments are undertaken for all major projects.</p> <p>We gather published and informal intelligence on our markets and closely monitor our orderbook and pipeline of opportunities.</p> <p>Our business planning process forecasts market trends, enabling us to match resources to projected workloads.</p>

Strategic Report (continued)

Corporate	<p>Continued availability of financing</p> <p>Project Delivery</p> <p>Reputation and brand management</p>	<p>We require expertise to deliver projects to the required time, quality and budget.</p> <p>We are committed to meeting stakeholder expectations regarding sustainability performance, primarily through delivering sustainable solutions for construction clients.</p> <p>A strong, identifiable brand and sound commercial processes at a corporate level intrinsically contribute to corporate value.</p>	<p>Funding is provided by equity and bank borrowings. The refinancing of the Galliford Try Company's core revolving credit facility in February 2014 means that we have a stable funding platform through to 2018.</p> <p>Our central functional teams have policies and procedures designed to identify and manage risks appropriate to their remit, and therefore support delivery of our strategy.</p> <p>We also operate contingency and disaster recovery policies to mitigate any potential financial or reputational damage.</p>
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Outlook

Our focus on frameworks has substantially improved the risk profile of our forward order book and will provide greater financial certainty over the medium term. We are well placed to deliver growth on the back of a focused strategy and a record order book.

By order of the Board

Signed

Date



M Cooper
Director

20 March 2015

Directors' Report

Results and Dividend

The results for the six month period are set out on page 9. The loss before tax for the six month period is £6,791,000 (2013 – £6,827,000). No dividend was made in 2014 (2013 – £260,000 in specie).

Change of accounting reference date

The company has changed its year end to 30 June. As a result these financial statements present the results for the six month period to 30 June 2014 and the financial position as at that date.

Directors

The Directors who held office during the period were as follows:

C C Webster – resigned 6 August 2014
M Cooper
T de la Motte
K M Miller – resigned 9 July 2014
S J Duffield – resigned 9 July 2014
R D Hodsden – resigned 9 July 2014
I T Jubb – appointed 5 July 2014

Employees

We understand that our people are the foundation of our success and that it is our duty to provide a working environment that is safe, healthy, inclusive and provides development opportunities.

A healthy lifestyle is fostered through our comprehensive employee programmes. These include the provision of flexible working arrangements, job-share schemes, child care vouchers, volunteering opportunities, pension scheme, life assurance and professional advice services. All of our employees are entitled to receive employer provided private healthcare insurance.

We treat all employees equally and do not tolerate discrimination. All employees receive training on our approach and we have developed an Equality and Diversity Action Plan setting out our commitment and activities in relation to equality, diversity and/or inclusion both to our employees and our clients. We give full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

Equipping our employees with the skills that they need both for today and for their career in the future is extremely important to us. All employees receive robust and expensive induction training and thereafter we analyse skills needs at the individual and business level at least annually. Addressing these needs is tailored to the individual and may take the form of training, further education, professional qualifications, participation in our dedicated management training scheme The Talent Development Initiative or even a charity placement. We have a number of trainees working at all levels across our business from apprentices to work placements, sponsorship students and graduates.

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' Report *(continued)*

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

Signed



M Cooper
Director

Date

20 March 2015

PO Box 17452
2 Lochside View
Edinburgh
EH12 1LB

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

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20 Castle Terrace
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EH1 2EG
United Kingdom

Independent auditor's report to the members of Galliford Try Construction (UK) Limited

We have audited the financial statements of Galliford Try Construction (UK) Limited for the six month period ended 30 June 2014 set out on pages 9 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on 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 2014 and of its loss for the six month period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

23 March 2015

Profit and Loss Account
for the six month period to 30 June 2014

	Note	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
Turnover	1	189,228	404,876
Cost of Sales		(190,283)	(402,799)
Gross (loss)/profit		(1,055)	2,077
Administrative expenses		(6,620)	(12,796)
Operating loss	2 – 4	(7,675)	(10,719)
Interest receivable and similar income	5	884	3,892
Loss on ordinary activities before taxation	2	(6,791)	(6,827)
Tax on loss on ordinary activities	6	(2,398)	1,385
Loss for the financial period	12	(9,189)	(5,442)

The loss for the period has been derived from continuing activities.

There are no recognised gains or losses other than the above loss for the period.

The notes on pages 11 to 22 form part of these financial statements.

Balance Sheet
As at 30 June 2014

	Note	30 June 2014 £' 000	31 December 2013 £' 000
Fixed assets			
Tangible assets	7	560	685
Investments	8	9	9
		<hr/>	<hr/>
		569	694
Current assets			
Debtors	9	205,999	205,294
Cash at bank and in hand		-	16,449
		<hr/>	<hr/>
		205,999	221,743
Creditors: amounts falling due within one year	10	(142,484)	(149,164)
		<hr/>	<hr/>
Net current assets		63,515	72,579
		<hr/>	<hr/>
Net assets		64,084	73,273
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	64,083	73,272
		<hr/>	<hr/>
Shareholders' funds	13	64,084	73,273
		<hr/>	<hr/>

The notes on pages 11 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors on 20 March 2015 and were signed on its behalf by:



M Cooper
Director

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost accounting rules in accordance with UK Generally Accepted Accounting Practice.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons: The Company is dependent for its working capital on funds provided to it by Galliford Try Corporate Holdings Limited, the company's immediate parent. Galliford Try Corporate Holdings Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The company is exempt from the requirement of Financial Reporting Standard 1, to prepare a cash flow statement, as it is a wholly owned subsidiary of Galliford Try Corporate Holdings Limited (formerly Miller Corporate Holdings Limited) and its cash flows are included within the consolidated cash flow statement of that company.

As the company is a wholly owned subsidiary of Galliford Try Corporate Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group. The company is exempt under s400 of the Companies Act 2006 from the requirement to prepare group accounts. The consolidated financial statements of Galliford Try Corporate Holdings Limited, within which this company is included, can be obtained from the address given in note 19.

Turnover

Turnover comprises the value of work done during the six month period ascertained by reference to contract measurement.

Profit recognition

Profits on long term contracts are recognised on a contract by contract basis, when the contract outcome can be foreseen with reasonable certainty, and are determined by reference to the valuation of work done less related costs of construction. Provision is made for all foreseeable contract losses. Claims are recognised as income when certified or agreed in writing.

Notes *(continued)*

1. Accounting policies *(continued)*

Depreciation

Depreciation of plant, equipment and vehicles is provided on the straight-line method over the estimated useful lives of the assets concerned. The useful lives are as follows:

Plant and equipment	3 to 10 years
---------------------	---------------

Long term contracts

Stock and work in progress is valued at the lower of cost and net realisable value. Contract work in progress is shown within debtors as amounts recoverable on contracts and is stated at cost incurred, plus attributable profits, less amounts transferred to the profit and loss account and after deducting foreseeable losses and payments on account not matched with turnover. Where payments on account exceed the value of work certified at the balance sheet date, these are shown separately within creditors.

Leasing

Expenditure on operating leases is charged to the profit and loss account on a straight-line basis over the lease period.

Taxation

The charge for taxation is based on the result for the six month period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19. Deferred tax assets are recognised to the extent that these amounts are recoverable.

Pensions

The company participates in The Miller Group Limited Group Personal Pension Plan: a group wide defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also participates in The Miller Group Pension Scheme: a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

1. Accounting policies (continued)

Investments

Fixed asset investments are shown at cost less any provision for impairment.

Dividends on Shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. Loss on ordinary activities before taxation

	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
<i>This is stated after charging/(crediting) the following:</i>		
Depreciation	167	272
Auditor's remuneration		
- audit of these financial statements	35	40
Amounts receivable by the auditors and their associates in respect of:		
- audit of financial statements of subsidiaries pursuant to legislation	-	3
- taxation	10	26
Operating lease rentals		
- land and buildings	272	376
- other	632	1,320
Management Charge to subsidiary companies	-	(500)
	<hr/>	<hr/>

3. Staff numbers and costs

The average number of persons employed by the company, including directors, during the period was as follows:

	6 months ended 30 June 2014 Number	Year ended 31 December 2013 Number
Construction	544	493
Administration	97	95
	<hr/>	<hr/>
	641	588
	<hr/>	<hr/>

Notes (continued)

3. Staff numbers and costs (Continued)

The aggregate payroll costs of these persons were as follows:

	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
Wages and salaries	18,025	31,676
Social security costs	1,760	3,308
Other pension costs (note 16)	1,303	2,294
	<hr/>	<hr/>
	21,088	37,278
	<hr/>	<hr/>

4. Remuneration of Directors

	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
Emoluments	372	729
Company contributions to money purchase pension schemes	29	71
	<hr/>	<hr/>
	401	800
	<hr/>	<hr/>

The number of directors who were members of pension schemes was as follows:

Money purchase schemes	3	3
	<hr/>	<hr/>

The aggregate of emoluments of the highest paid director was £199,000 (2013 - £382,000). He is a member of a money purchase pension scheme to which the company contributed £2,080 (2013 - £16,660) during the six month period.

5. Interest receivable and similar income

	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
Interest receivable from group companies	884	3,892
	<hr/>	<hr/>

Notes (continued)

6. Taxation

	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
Analysis of tax charge/(credit) in period:		
<i>UK Corporation Tax</i>		
Current tax on income for the period	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	2,398	(1,278)
Adjustment in respect of prior period	-	(107)
Total tax charge/(credit) for the period	<u>2,398</u>	<u>(1,385)</u>

Factors affecting the tax charge/(credit) for the current period

The current tax charge/(credit) for the period is lower (2013 – lower) than the standard rate of corporation tax in the UK, 22% (2013: 23.25%). The differences are explained below:

	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(6,791)	(6,827)
Current tax at 22% (2013: 23.25%)	(1,494)	(1,587)
Effects of:		
Expenditure not deductible for tax purposes	15	29
Timing differences	(48)	173
Group relief surrendered at nil consideration	1,527	-
Losses carried forward	-	1,385
	<u>-</u>	<u>-</u>

The UK government's budget for 2013 announced that the main rate of UK corporation tax was reduced from 24% for the tax year ending 31 March 2013 to 23% for the tax year commencing 1 April 2013. A further reduction to 21% was effective from 1 April 2014 with a further reduction to 20% effective from 1 April 2015.

Notes (continued)

7. Tangible fixed assets

	Plant and Equipment
	£' 000
<i>Cost</i>	
At beginning of period	1,298
Additions	42
	<hr/>
At end of period	1,340
	<hr/>
<i>Accumulated Depreciation</i>	
At beginning of period	613
Charge for the period	167
	<hr/>
At end of period	780
	<hr/>
<i>Net book value</i>	
At 30 June 2014	560
	<hr/> <hr/>
At 31 December 2013	685
	<hr/> <hr/>

8. Investments

	30 June 2014 £' 000	31 December 2013 £' 000
Investment in subsidiary undertakings	9	9
	<hr/> <hr/>	<hr/> <hr/>

At 30 June 2014, the company held investments in the following undertakings:

	Country of incorporation	Shares held Class	%	Nature of Business
Birch Construction Division Limited	UK	Ordinary	100	Non Trading

Notes (continued)

9. Debtors

	30 June 2014 £' 000	31 December 2013 £' 000
Amounts recoverable on contracts	67,476	59,064
Amount owed by ultimate parent company	120,978	127,979
Amounts owed by group undertakings	8,103	2,479
Prepayments and accrued income	443	1,040
Other debtors	8,999	12,334
Deferred tax (see note below)	-	2,398
	<hr/>	<hr/>
	205,999	205,294
	<hr/>	<hr/>

Deferred tax

	30 June 2014 £' 000	31 December 2013 £' 000
At beginning of the period	2,398	1,013
Credit to profit and loss account	-	1,385
Charge to P&L	(2,398)	-
	<hr/>	<hr/>
At end of the period	-	2,398
	<hr/>	<hr/>

The elements of the deferred tax asset are as follows:

	30 June 2014 £' 000	31 December 2013 £' 000
Difference between accumulated depreciation and capital allowances	-	140
Other timing differences	-	235
Tax losses	-	2,023
	<hr/>	<hr/>
	-	2,398
	<hr/>	<hr/>

Notes (continued)

10. Creditors: Amounts falling due within one year

	30 June 2014 £' 000	31 December 2013 £' 000
Payments received on account	6,025	11,707
Trade creditors	49,676	37,973
Accrued charges - subcontractor liabilities	53,346	68,850
Amounts owed to immediate parent company	15,519	15,519
Amounts owed to group undertakings	12,982	13,143
Other creditors	442	464
Accruals and deferred income	567	1,508
Bank overdraft (secured)	3,927	-
	<hr/> 142,484 <hr/>	<hr/> 149,164 <hr/>

11. Share capital

	30 June 2014 £' 000	31 December 2013 £' 000
<i>Authorised, allotted, called up and fully paid:</i>		
1,000 Ordinary shares of £1 each	1	1
	<hr/>	<hr/>

12. Profit and loss account

	2014 £' 000
At beginning of period	73,272
Loss for the financial period	(9,189)
	<hr/>
At end of the period	64,083 <hr/>

Notes (continued)

13. Reconciliation of movement in shareholders' funds

	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
Loss for the period	(9,189)	(5,442)
Dividend in specie	-	(260)
	<hr/>	<hr/>
Net decrease in shareholders' funds	(9,189)	(5,702)
Opening shareholders' funds	73,273	78,975
	<hr/>	<hr/>
Closing shareholders' funds	64,084	73,273
	<hr/> <hr/>	<hr/> <hr/>

14. Related parties

The company has related party relationships with companies in which its immediate parent, Galliford Try Corporate Holdings Limited, holds an investment. In accordance with FRS 8 'Related Party Disclosures', sales to related parties, which includes the provision of construction services and professional assistance, were as follows;

	6 months ended 30 June 2014 £' 000	Year ended 31 December 2013 £' 000
GT (Leicester) Limited	40,017	77,340
Blue Light Partnership (ASP) Holdings Limited	12,863	48,674
ACP North Hub Limited	11,330	17,621
Miller Equitix Inverness Holding Limited	10,635	9,031
Solutions 4 North Tyneside Limited	5,796	-
	<hr/>	<hr/>
	80,641	152,666
	<hr/> <hr/>	<hr/> <hr/>

The balances outstanding at the period end were as below;

	30 June 2014 £' 000	31 December 2013 £' 000
GT (Leicester) Limited	9,200	7,159
Blue Light Partnership (ASP) Holdings Limited	6,487	8,793
ACP North Hub Limited	1,214	1,038
Miller Equitix Inverness Holding Limited	5,685	4,959
Solutions 4 North Tyneside Limited	609	-
	<hr/>	<hr/>
	23,195	21,949
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

14. Related parties (continued)

The company has related party relationships with companies which are joint ventures or associates of its immediate parent, Galliford Try Corporate Holdings Limited, or of the ultimate parent at the balance sheet date, The Miller Group (UK) Limited. In accordance with FRS 8 'Related Party Disclosures', sales to related parties, which includes the provision of construction services and professional assistance, were as follows;

	6 months ended 30 June 2014 £' 000	Year Ended 31 December 2013 £' 000
Alumno GT Camberwell LLP	-	391
Miller (St Neots) Limited	8	-
Miller Homes Limited	-	2,515
Community Ventures South Kirkby Limited	-	1,571
	<u>8</u>	<u>4,477</u>

The balances outstanding at the period end were as below;

	30 June 2014 £' 000	31 December 2013 £' 000
Alumno GT Camberwell LLP	198	219
Miller (St Neots) Limited	-	45
Miller Homes Limited	112	189
Community Ventures South Kirkby Limited	62	61
	<u>372</u>	<u>514</u>

15. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land & Buildings		Other	
	30 June 2014 £' 000	31 December 2013 £' 000	30 June 2014 £' 000	31 December 2013 £' 000
Leases expiring:				
Within one year	60	143	187	248
Between two and five years	345	85	894	1,073
Outwith five years	149	149	-	-
	<u>554</u>	<u>377</u>	<u>1,081</u>	<u>1,321</u>

Notes *(continued)*

16. Pensions

The Miller Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by Galliford Try Construction (UK) Limited to the scheme and amounted to £1,303,000 (2013 £2,294,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

The Miller Group also operates a defined benefit scheme. The latest full actuarial valuation of the scheme was carried out on 1 July 2011 and updated for FRS 17 purposes at 31 December 2013 by a qualified independent actuary. The scheme was closed to future accrual in 2011 therefore no charge against profits in the current accounting period was made (2013: nil).

17. Cross guarantees

At 30 June 2014 the company has, with certain other subsidiaries, jointly guaranteed the bank facilities available to the ultimate parent company, The Miller Group (UK) Limited and certain of its subsidiaries.

The Group's banks have security by way of a debenture over the whole assets and undertakings of the company.

18. Contingent liabilities

The company has contingent liabilities in relation to indemnities provided for performance bonds and guarantees of performance obligations. These relate to contracting agreements entered in the ordinary course of business by the company.

Disputes arise in the normal course of business, some of which may lead to litigation or arbitration proceedings. The company is in dispute with a customer and is aware that legal proceedings may commence in the coming year. The directors are confident any action can be successfully defended, but recognise that given the nature of this action the ultimate outcome is uncertain.

19. Ultimate parent company

At 30 June 2014, the company was a subsidiary undertaking of Galliford Try Corporate Holdings Limited, which was the immediate parent company registered in Scotland and incorporated in the United Kingdom.

The largest and smallest group in which the results of the company are consolidated is that headed by Galliford Try Corporate Holdings Limited. The consolidated financial statements of this group are available to the public and may be obtained from the Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh EH3 9FF.

The ultimate parent company at the balance sheet date was The Miller Group (UK) Limited.

Notes *(continued)*

20. Post Balance Sheet Events

On 9 July 2014 the entire share capital of Construction Holdco 2 Limited, the parent company of Galliford Try Corporate Holdings Limited, was acquired by Galliford Try Construction and Investments Holdings Limited (formerly Galliford Try Infrastructure Holdings Limited), which is 100% owned by Galliford Try Plc.

At the date of approval of these financial statements the company was ultimately controlled by Galliford Try plc.

On 9 July 2014, under a Deed of Amendment, Agreement, Substitution and Apportionment, the principal employer of The Miller Group Limited Pension Scheme ("the Scheme"), The Miller Group Limited and participating employers, Miller Developments Limited and Miller Construction (UK) Limited, ceased to participate in the Scheme. Miller Homes Holdings Limited is the new principal employer of the Scheme.