

**Galliford Try Plant Limited**

Annual report and Financial statements

For the year ended 30 June 2020

Registered number: 05860430



## Galliford Try Plant Limited

<b>Contents</b>	<b>Page</b>
Directors and advisers .....	1
Strategic report .....	2
Directors' report .....	5
Independent auditors' report.....	8
Income statement .....	11
Balance sheet .....	12
Statement of changes in equity .....	13
Notes to the financial statements .....	14

**Galliford Try Plant Limited**  
**Directors and advisers**

**Directors**

N Cocker  
B Hocking

**Company secretary**

Galliford Try Secretariat Services Limited

**Registered office**

Blake House  
3 Frayswater Place  
Cowley  
Uxbridge  
Middlesex  
England  
UB8 2AD

**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

## **Galliford Try Plant Limited**

### **Strategic report for the year ended 30 June 2020**

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

#### **Review of business**

The Company's principal activity is the management of the Group's vehicle fleet. The current performance is considered to be satisfactory.

#### **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.

#### **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 is consistent with that disclosed in the consolidated Galliford Try Holding Plc's annual report for the year ended 30 June 2020.

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

#### **Employees**

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

- 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; contract negotiation and management; client satisfaction surveys; business development activities such as attendance at exhibitions.
- Project performance feedback.

#### **Supply chain**

We recognise the importance of our stakeholders' views and actively engage with them, proactively considering their interests in the decisions we make.

## **Galliford Try Plant Limited**

### **Strategic report for the year ended 30 June 2020(continued)**

#### **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 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, engaging in social media, trading updates; corporate and financial videos and contributions to investor decision-making resources.

#### **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 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 39 of the Group's annual report for year ended 30 June 2020.

#### **Environmental impact**

Information on the Group's environmental impact can be found on pages 36 and 37 of the Group's annual report for year ended 30 June 2020 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:

<b>Principal risk</b>	<b>Potential cause</b>	<b>Mitigation</b>
<b>Cash management:</b>  We are unable to maintain sufficient net cash to finance business operations	<ul style="list-style-type: none"><li>- Loss-making projects.</li><li>- Inability to produce accurate cash forecasts.</li><li>- Significant amounts of cash locked up in WIP and claims against clients.</li><li>- Insolvency of a key client.</li></ul>	<ul style="list-style-type: none"><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>

**Galliford Try Plant Limited**

**Strategic report for the year ended 30 June 2020(continued)**

**General**

The Company's profit for the financial year was £598k (2019: profit £544k), which will be added to reserves. Net assets as at 30 June 2020 was £10,506k (2019: £9,908k).

On behalf of the board

A handwritten signature in black ink, appearing to read 'N Cocker', with a horizontal line extending from the end of the signature.

**N Cocker**  
Director  
26 May 2021

## **Galliford Try Plant Limited**

### **Directors' Report for the year ended 30 June 2020**

The directors present their report and audited financial statements of Galliford Try Plant Limited ("the Company"), registered number 05860430 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 do not recommend the payment of a dividend (2019: £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 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.

## **Galliford Try Plant Limited**

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

#### **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.

#### **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.

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.

#### **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.



## **Galliford Try Plant Limited**

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

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

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 26 May 2021 and signed by its order by:



**Galliford Try Secretariat Services Limited**  
Company secretary  
26 May 2021

## **Galliford Try Plant Limited**

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

#### **Report on the financial statements**

##### **Opinion**

We have audited the financial statements of Galliford Try Plant 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.

## **Galliford Try Plant Limited**

### **Independent auditors' report to the members of Galliford Try Plant 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.

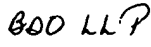
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<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.

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

DocuSigned by:  
  
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Charles Ellis (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
26 May 2021

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

**Galliford Try Plant Limited**  
**Income statement for the year ended 30 June 2020**

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 (restated)<sup>1</sup> £'000</b>
Revenue	2	<b>8,138</b>	15,283
Cost of sales <sup>2</sup>		<b>(6,201)</b>	(13,178)
Gross profit		<b>1,937</b>	2,105
Administrative expenses		<b>(1,203)</b>	(1,494)
Operating profit		<b>734</b>	611
Interest receivable and similar income	4	<b>397</b>	82
Interest payable and similar charges <sup>1</sup>	4	<b>(339)</b>	–
Profit before taxation	5	<b>792</b>	693
Tax on profit	6	<b>(194)</b>	(149)
Profit for the financial year		<b>598</b>	544

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.

All results are derived from continuing operations.

The notes on pages 14 to 25 are an integral part of these financial statements.

<sup>1</sup> The 2019 restatement relates to the reclassification between revenue and cost of sales of £5,787k in line with the treatment in the current year of similar items.

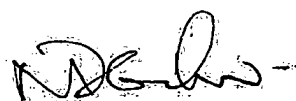
<sup>2</sup> The Company adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity. This results in a reduction in operating lease costs within cost of sales and administrative expenses and an increase in depreciation charge and interest expense (note 7,9 and 18).

**Galliford Try Plant Limited**  
**Balance sheet as at 30 June 2020**

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Right of use asset <sup>1</sup>	7	32	–
Trade and other receivables	8	47	–
Finance lease receivables	9	4,728	–
Deferred taxation	13	5	–
<b>Total non-current assets</b>		<b>4,812</b>	<b>–</b>
<b>Current assets</b>			
Trade and other receivable	8	10,128	7,088
Finance lease receivables	9	4,187	–
Cash and cash equivalents	10	6,233	8,320
<b>Total current assets</b>		<b>20,548</b>	<b>15,408</b>
<b>Total assets</b>		<b>25,360</b>	<b>15,408</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	(5,705)	(5,349)
Lease liabilities	7	(4,199)	–
Corporation tax payable	12	(201)	(149)
<b>Total current liabilities</b>		<b>(10,105)</b>	<b>(5,498)</b>
<b>Net current assets</b>		<b>10,443</b>	<b>9,910</b>
<b>Non-current liabilities</b>			
Deferred taxation	13	–	(2)
Lease liabilities	7	(4,749)	–
<b>Total non-current liabilities</b>		<b>(4,749)</b>	<b>(2)</b>
<b>Total liabilities</b>		<b>(14,854)</b>	<b>(5,500)</b>
<b>Net assets</b>		<b>10,506</b>	<b>9,908</b>
<b>Equity</b>			
Share capital	14	–	–
Other reserves		233	233
Profit and loss account		10,273	9,675
<b>Total equity</b>		<b>10,506</b>	<b>9,908</b>

The notes on pages 14 to 25 are an integral part of these financial statements.

The financial statements on pages 11 to 25 were approved by the Board of directors on 26 May 2021 and signed on its behalf by:



N Cocker  
**Director**  
Registered number: 05860430

<sup>1</sup> The Company adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity. This results in a reduction in operating lease costs within administrative expenses and an increase in depreciation charge and interest expense (note 7,9 and 18).

**Galliford Try Plant Limited**  
**Statement of changes in equity for the year ended 30 June 2020**

	Share capital £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
As at 01 July 2018	–	233	9,131	9,364
Profit for the financial year	–	–	544	544
As at 30 June 2019 and as at 01 July 2019	–	233	9,675	9,908
Profit for the financial year	–	–	598	598
<b>As at 30 June 2020</b>	<b>–</b>	<b>233</b>	<b>10,273</b>	<b>10,506</b>

The notes on pages 14 to 25 are an integral part of these financial statements.

## **Galliford Try Plant Limited**

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

#### **1. Accounting policies**

##### **General Information**

Galliford Try Plant Limited ('the Company') is a limited Company incorporated and domiciled in England and Wales (Registered number: 05860430). The address of the registered office is Galliford Try Plant Limited, Blake House, 3 Frayswater Place, Cowley, Uxbridge, Middlesex, UB8 2AD. Refer to note 17 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 17 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).



## Galliford Try Plant Limited

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

#### 1. Accounting policies (continued)

##### Basis of accounting (continued)

The new standards and amendments had no significant impact on the Company's results except as described below:

- IFRS 16 Leases

The Company has adopted IFRS 16 Leases from 1 July 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lease accounting model. The Company, as lessee, has recognised a long-term depreciating right of use asset and corresponding lease liability. The lease was previously categorised as either operating or finance leases.

The Company has adopted the modified retrospective approach for IFRS 16, recognising the right of use asset as if IFRS 16 has always been applied (but using the incremental borrowing rate as at the date of initial application of 1 July 2019), with a resulting transition adjustment recognised to opening equity. The weighted average incremental borrowing rate applied was 3.77%.

The Company has used the following practical expedients permitted by the standard on transition to IFRS 16:

- The treatment of leases with a remaining term of less than 12 months at 1 July 2019 as short-term leases.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The reliance on assessments made under IAS 37 prior to transition as to whether leases are onerous as an alternative to performing an impairment review.

Payments associated with short-term leases (with a lease term of 12 months or less) and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

In line with the requirements of the standard with regards to the transition option adopted, the Company has not restated its comparative information which continues to be reported under previous leasing standards, IAS 17. As required by IFRS 16, the Company has provided a reconciliation of the lease commitment disclosed as at 30 June 2019 to the opening lease liability under IFRS 16 as at 1 July 2019.

The financial impact on transition is as follows:

	£'000
Right of use assets	32
Lease liabilities	(8,947)
Finance lease receivables	8,915
Retained earnings on transition at 1 July 2019	-

As a result of this new standard, the Company has reviewed its accounting policies in respect of lease accounting (where applicable) and this is detailed below.

##### Accounting policy applied from 1 July 2019

Prior to 1 July 2019, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Rentals under operating leases were charged to the income statement on a straight-line basis over the lease term.

## **Galliford Try Plant Limited**

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

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

##### **Basis of accounting (continued)**

##### **Accounting policy applied from 1 July 2019 (continued)**

From 1 July 2019, 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 Company. 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.

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company leases a variety of property, plant and equipment, such as offices, site plant and accommodation and cars. Rental contracts are usually made for fixed periods of 1 to 5 years but may be for longer or shorter periods or include extension options or break clauses. Leases of site plant and accommodation are not made for fixed periods but can be terminated when no longer required. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Payments associated with short-term leases and leases of low-value assets (defined as those with a weekly lease payment of less than £25) are recognised on a straight-line basis as an expense.

Assets and liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities comprise the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate.

The lease payments are discounted using the appropriate incremental borrowing rate specific to each lease within each asset class. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, with similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred or expected to dismantle and remove the underlying asset, less any lease incentives received.

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.

## **Galliford Try Plant Limited**

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

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

##### **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 (as detailed further in the Strategic report). 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 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.

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.

##### **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. Management do not consider there to be any critical estimates and judgements.

##### **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.

## **Galliford Try Plant Limited**

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

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

##### **Revenue and profit (continued)**

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.

##### **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.

##### **Leases**

Leases for all comparative periods have been accounted for under IAS 17. Under this standard, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Rentals under operating leases were charged to the income statement on a straight-line basis over the lease term. IFRS 16 is applicable to all accounting periods beginning on or after 1 July 2019. In accordance with IFRS 16, 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. For the subleased assets, the right-of-use asset is derecognised and a corresponding finance lease receivable is recognised. 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.

## Galliford Try Plant Limited

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

#### 1. Accounting policies (continued)

##### Trade and other receivables (continued)

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.

#### 2. Revenue

The Company's revenue is earned through the management of the group's vehicle fleet which is the only performance obligation. Revenue is recognised over the time of period when services are provided.

##### 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:

	2021	2022	2023 onwards	Total
Revenue – year ended 30 June 2020	£'000	£'000	£'000	£'000
Fleet management revenue	6,486	4,021	2,258	12,765
	2020	2021	2022 onwards	Total
Revenue – year ended 30 June 2019	£'000	£'000	£'000	£'000
Fleet management revenue	12,762	7,529	3,688	23,979

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

**Galliford Try Plant Limited****Notes to the financial statements for the year ended 30 June 2020 (continued)****3. Employees and directors**

Employee benefit expense for the Company for the year is:

	2020 £'000	2019 £'000
Wages and salaries	345	355
Social security costs	31	33
Other pension costs	35	27
	<b>411</b>	<b>415</b>

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

	2020 Number	2019 Number
By activity:		
Administration and support	11	11
Management	3	3
<b>Average number of employees during the year</b>	<b>14</b>	<b>14</b>

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

**Aggregate directors' emoluments**

The emoluments of all directors are paid by other subsidiaries within the group. These directors are also directors of fellow subsidiaries of Galliford Try 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.

**4. Interest payable and similar charges / interest receivable and similar income**

	2020 £'000	2019 £'000
Interest receivable and similar income		
-on gross cash balances (note 10)	59	82
-on leased assets	338	
<b>Total interest receivable and similar income</b>	<b>397</b>	<b>82</b>
Interest payable and similar charges		
-on leased assets	(339)	-
<b>Total interest payable and similar charges</b>	<b>(339)</b>	<b>-</b>
<b>Net finance income</b>	<b>58</b>	<b>82</b>

**5. Profit on ordinary activities before taxation**

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

	2020 £'000	2019 £'000
Employee benefits expense	411	415
Depreciation on		
- Owned assets	-	1
- Leased assets	5	-

## Galliford Try Plant Limited

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

#### 5. Profit on ordinary activities before taxation (continued)

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

The auditors' remuneration is borne by Galliford Try Services Limited, a subsidiary of the company (2019: £3k was borne by Galliford Try Infrastructure Limited, a fellow subsidiary of Galliford Try Holdings plc).

#### 6. Tax on profit on ordinary activities

	2020 £'000	2019 £'000
Current tax for the year	(182)	(152)
Deferred tax credit	1	1
Adjustments in respect of prior years:		
Current tax	(19)	2
Deferred tax	6	–
<b>Income tax expense</b>	<b>(194)</b>	<b>(149)</b>

The total income tax expense for the year of £194k (2019: £149k) is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The differences are explained below:

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation	792	693
Profit before income tax multiplied by the blended standard rate in the UK of 19.0% (2019: 19.0%)	(150)	(132)
Expenses not deductible for tax purposes	(31)	(19)
Adjustments in respect of prior years	(13)	2
<b>Income tax expense</b>	<b>(194)</b>	<b>(149)</b>

#### 7. Leases

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

##### Right of use assets

	Total £'000
<b>Cost</b>	
At 01 July 2019 (on transition to IFRS 16)	–
Additions	37
<b>At 30 June 2020</b>	<b>37</b>
<b>Accumulated depreciation</b>	
At 01 July 2019 (on transition to IFRS 16)	–
Charge for the year	5
<b>At 30 June 2020</b>	<b>5</b>
<b>Net book amount</b>	
<b>At 30 June 2020</b>	<b>32</b>
At 01 July 2019 on transition to IFRS 16	–

**Galliford Try Plant Limited****Notes to the financial statements for the year ended 30 June 2020 (continued)****7. Leases (continued)**

## Lease liabilities

	2020 £'000	2019 £'000
Current	4,199	–
Non-current	4,749	–
<b>Total lease liabilities</b>	<b>8,948</b>	<b>–</b>

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

	2020 £'000	2019 £'000
Depreciation of right-of-use assets	5	–
Interest expense (included in finance cost)	339	–
<b>Total expenses</b>	<b>344</b>	<b>–</b>

The Company has not early adopted the Amendment to IFRS 16 Covid-19 Related Rent Concessions (effective 1 June 2020). The amendment is optional and not expected to have a material impact.

**8. Trade and other receivables**

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade receivables	1,026	520
Less: provision for impairment of receivables	(18)	(10)
Trade receivables - net	1,008	510
Amounts owed by Group undertakings	8,613	6,307
Prepayments	507	271
	<b>10,128</b>	<b>7,088</b>

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

	2020 £'000	2019 £'000
Amounts falling due in more than one year:		
Trade receivables	47	–
	<b>47</b>	<b>–</b>

**9. Finance lease receivables**

	2020 £'000	2019 £'000
Current	4,187	–
Non-current	4,728	–
	<b>8,915</b>	<b>–</b>



**Galliford Try Plant Limited****Notes to the financial statements for the year ended 30 June 2020 (continued)****9. Finance lease receivables (continued)**

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

	2020 £'000	2019 £'000
Less than 1 year	4,169	–
1-2 years	2,771	–
2-3 years	1,648	–
3-4 years	719	–
4-5 years	1	–
Total undiscounted lease payments receivable	9,308	–
Unearned finance income	(393)	–
Net investment in the lease	8,915	–

**10. Cash and cash equivalents**

	2020 £'000	2019 £'000
Cash and cash equivalents	6,233	8,320

It should be noted that cash and cash equivalents and bank overdrafts are presented on a net (offset) basis in the current year whereas they were presented on a gross basis in the prior year. 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, the Company demonstrated its intention to offset by formally sweeping the balances. Consequently, the balances have been offset in the financial statements in 2020.

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, and those entities earn interest at a rate of 1.5% on bank deposits and are charged 6.5% on bank overdrafts. It should be noted that interest income has been earned on gross cash balances and interest expense has been charged on gross overdraft balances (note 4).

**11. Trade and other payables**

	2020 £'000	2019 £'000
Trade payables	556	882
Amounts owed to Group undertakings	1,977	331
Other taxation and social security, payable	600	226
Accrued liabilities	2,572	3,910
	5,705	5,349

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

**Galliford Try Plant Limited****Notes to the financial statements for the year ended 30 June 2020 (continued)****12. Corporation tax payable**

	2020 £'000	2019 £'000
Corporation tax payable	201	149

**13. Deferred taxation**

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 19.0% (2019: 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 2020 was:

	2020 £'000	2019 £'000
Deferred tax assets/(liabilities)	5	(2)

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

	2020 £'000	2019 £'000
At 1 July 2019	(2)	(3)
Income statement: Deferred tax credit	7	1
<b>At 30 June 2020</b>	<b>5</b>	<b>(2)</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.

**14. Ordinary shares**

	Number of shares	Ordinary shares £'000
Allotted and fully paid ordinary shares of £1		
At 01 July 2019	1	–
<b>At 30 June 2020</b>	<b>1</b>	<b>–</b>

**15. Guarantees and contingent liabilities**

The parent company Galliford Try 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 £157.4m (2019: £239.2m).

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.

## Galliford Try Plant Limited

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

#### 16. Post balance sheet events

No matter has arisen since the year end that requires disclosure in the financial statements.

#### 17. 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 was the only company into which the Company's results were 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.

#### 18. Impact of the adoption of IFRS 16 Leases

The following is the impact of transition on the individual balance sheet accounts:

	As originally reported at 30 June 2019 £'000	Impact of IFRS 16 £'000	As at 1 July 2019 £'000
Right of use assets	–	32	32
Lease liabilities	–	(8,947)	(8,947)
Finance lease receivables	–	8,915	8,915
Net impact on retained earnings on transition at 1 July 2019	–	–	–

The following is a reconciliation of the operating lease commitment disclosed at 30 June 2019 to opening lease liability at 1 July 2019:

	£'000
Operating lease commitment disclosed at 30 June 2019	(15,184)
Short term leases	4,629
Discounted at the incremental borrowing rate <sup>1</sup>	(2,053)
Adjustments as a result of a different lease term under IFRS 16	3,661
<b>Lease liability recognised at 1 July 2019</b>	<b>(8,947)</b>

<sup>1</sup> The weighted average borrowing rate was 3.77%, with a range of values between 3.10% and 5.98%.

#### Impact in the period

As a result of the application of IFRS 16, the operating lease rental expense previously charged to operating profit in the income statement is replaced by an amortisation charge for the 'right of use' assets recognised in operating profit and an interest charge on the lease liabilities recognised in finance costs. During the year ended 30 June 2020, the depreciation charge relating to right of use assets was £5k and the interest charge was £339k. Further lease interest income of £338k have been recognised in respect of subleased assets.