morrisroe group

MORRISROE GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

COMPANY INFORMATION

DIRECTORS

B Morrisroe
D Bannister
M Ioannou
G Marapao

COMPANY SECRETARY

G Marapao

REGISTERED NUMBER

05997507

REGISTERED OFFICE

Unit 4, Oaks Court
Warwick Rd
Borehamwood
Hertfordshire
WD6 1GS

INDEPENDENT AUDITORS

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
2 London Wall Place
London
EC2Y 5AU

CONTENTS

GROUP STRATEGIC REPORT

INTRODUCTION

The directors present the strategic report of Morrisroe Group Limited (“the Group”) and its subsidiaries collectively referred to as the Morrisroe Group, for the year ended 31 October 2019.

BUSINESS REVIEW

These are interesting times for the Sector with many challenges as well as opportunities presenting themselves.

Sound financial and commercial strategy resulted in another profitable year with a strong balance sheet showing significant cash reserves. We have been well positioned for strategic acquisitions and able to continue to invest in people and resources to support our future growth strategy.

I am pleased that we maintained our margin despite the economic downturn which was compounded by ongoing political uncertainty around Brexit and which resulted in a drop in sales in the period.

Disappointingly a number of projects won were either suspended or cancelled. We elected to reposition ourselves to work in other markets and to reduce our costs base where appropriate rather than chase turnover.

FINANCIAL KEY PERFORMANCE INDICATORS

The key financial highlights for the group for the last four years are as follows:

	2019 £000’s	**2018 £000’s**	2017 £000’s	2016 £000’s
Profit before tax	**10,673**	**15,700**	16,171	14,328
Cash	**60,280**	**70,906**	68,215	33,254
Net assets	**65,553**	**56,422**	43,956	31,801
Current ratio	**2.10**	**1.92**	1.63	1.62

INVESTMENT AND GROWTH STRATEGY

The acquisition of specialist contractors GSS Piling Ltd and Geostructural Solutions Ltd has broadened our range of construction services and investment in a new larger piling rigs will enable GSS to enter the heavy piling market and work more closely with A.J. Morrisroe & Sons.

We acquired a new manufacturing facility in Ashford, Kent, increasing the production capability of our joinery business run by Houston Cox / Piper Joinery and additional yard space was secured in Bedfordshire for our precast and carpentry facility operated Kingscote Construction Services Limited to meet increasing client demand for precast and off-site solutions.

We have continued to upgrade and invest in new plant and equipment for operational efficiency and improved environmental performance and made significant investment in new NRMM IV compliant plant for use within the Ultra-Low Emissions Zone in London.

Our new regional office in Birmingham City Centre supports the teams based in the West Midlands.

Significant appointments in the period included the appointment of Martin Pedley as Managing Director of GSS Piling Limited, and the appointment of Michael Ioannou as Managing Director of A.J. Morrisroe & Sons Limited. John Shealy (Operations Director) and Dan Keogh (Preconstruction Director) were appointed to the Board of A.J. Morrisroe & Sons. John Sharkey joined Kingscote Design Limited as Temporary Works Technical Director.

PRINCIPAL RISKS AND UNCERTAINTIES

In spite of challenging market conditions owing to ongoing market uncertainty resulting from Brexit, the principal operating business A.J. Morrisroe & Sons has been able to establish itself in the Infrastructure Sector having been appointed to deliver rail infrastructure on the Barking Riverside Extension project. Regional growth in London and in Birmingham is expected to result in a healthy order book for the coming year.

Opportunities for Houston Cox in the Residential market continue to look encouraging and there are new opportunities for GSS Piling Limited in both the larger basement box market as well as in the infrastructure market.

IMPACT OF COVID-19

Our ability to adapt and keep going is what makes us resilient. The Group as a whole coped well in the face of almost daily challenges during the Covid-19 lockdown period. The CLC Covid-19 Task Force played a vital role in supporting the Sector to find solutions to a range of operational issues from shortages of PPE to social distancing and this enabled the Sector to stay operational. We were able to take full advantage of digital technology such as the use of video conferencing to enable to staff to work productively from their homes.

Government interventions particularly in relation to the corona virus job retention scheme lessened the impact of the pandemic on our staff. The Directors took salary cuts and the staff of Kingcote Design Limited and GSS Piling Limited also agreed to short term salary cuts. Around 5% of staff across the Group were furloughed and we expect the majority to return to work over the coming months. Minimal redundancies are expected.

Around 50% of projects were suspended at various points during the lockdown period which resulted in an exceptional drop in turnover between the months of March to June 2020.

Going forward we expect the commercial performance of many projects to be affected by programme delays and some unrecoverable costs. We are focussing on finding new efficiencies to mitigate the impact of the ongoing requirement for social distancing and new site operating procedures which has reduced labour capacity on site.

Over the longer term we intend to exercise some caution with regard to spend until the true impact on the global economy as well as our market is fully understood. Encouragingly, the Government has not reneged on its commitment to the National Infrastructure programme, and it is encouraging that plans for HS2 Phase 1 between London and the West Midlands were confirmed by Government to go ahead in the coming year.

At present our supply chain remains stable and material prices have not been affected. Increased spend on PPE and welfare facilities is expected for the foreseeable future.

RESPONSIBLE BUSINESS

We are a Responsible Business and apply principles of operating responsibly at every level of our business, for the benefit of our people, clients, suppliers and subcontractors.

We continually innovate to deliver the best solutions for customers from design through to construction methodology helping our clients to achieve high environmental standards on projects. We follow the Industry Prompt Payment Code administered by the Chartered Institute of Credit Management on behalf of BEIS and aim to achieve a maximum 30-day payment turnaround from the date of receipt of invoices. In the period we have ranked very well on the Build UK Fair Payments Index. Suppliers are procured through purchase subcontractor orders in accordance with our subcontractor commercial management protocol to ensure transparency and ethical relationships.

We have worked with our suppliers to improve our order processes for increased efficiency and to better understand our carbon footprint. We are also working with our suppliers to reduce the use of sacrificial plastic packaging.

EMPLOYEE ENGAGEMENT AND WELLBEING

Recognising the contribution our People make to delivering exceptional quality to our customers we invest in wellbeing and career development. Increased internal communications in the form of a regular internal newsletter has improved levels of engagement.

A Company-wide Wellbeing Survey provided valuable feedback and resulted in an increased focus on providing Company sponsored activities and events at Head Office. Employee engagement and wellbeing events included a two-day company canoeing and camping trip to Ross on Wye, a series of head office lunches and Christmas events, which has improved internal relationships across teams as well as improving levels of job satisfaction.

An increased focus on back care has resulted in the introduction of regular chair massage sessions which have been positively received.

Increased mental health awareness campaigns and communications has improved the uptake of mental health first aid training at all levels of the organisation, which has improved our overall understanding of the issues, facilitated more open conversations and reduced stigma. Internal Communication during the Covid19 lockdown were maintained as a priority to provide some assurance to staff.

TALENT MANAGEMENT

We have a high-performance culture that attracts and retains some of the best talent. We encourage and directly support the career development of our people. There is an annual appraisal process in place for all staff at which career development and progression is discussed. In the period three senior managers have become Members of the Chartered Institute of Building, and an ICE training scheme was launched by our Design Office to enable Civil Engineers to achieve professional qualifications.

INVESTMENT IN FUTURE SKILLS

Productive relationships with FE colleges, UTCs and Universities across London have resulted in the recruitment of talented young people into a range of apprenticeships and traineeships across a range of roles including Formwork, Carpentry & Joinery, Health & Safety, Design & Drafting and Civil Engineering. At least 5% of the workforce across the Group are either apprentices or trainees. We also continued to support Imperial College London to deliver a practical course module to second year Civil Engineering Undergraduates at the Constructionarium in Norfolk, providing materials and supervision.

DIVERSITY

The Group has continued to support Women into Construction and has recruited women into a range of roles from trades through to engineering. We are pleased that women are proportionately represented at every level of the business, and we are proud to say that 40% of the structural design engineers in our design office are women.

COMMUNITY SPONSORSHIP AND ENGAGEMENT

We provided sponsorship of £10,000 for the Greenwich Peninsula community annual summer fete and sponsored the Angel Canal festival in the City Road Basin in Islington for the fourth consecutive year providing funding of £1,000 to the River Canal Trust.

We continued to contribute to several community initiatives including an employer led collaboration with the London Legacy Development Corporation on the Queen Elizabeth Olympic Park in Stratford to maximise employment opportunities for communities living within the legacy boroughs.

We are delighted to have received a BCI Community Engagement Initiative of the Year 2019 Award for our collaboration with Blue Sky Building and suppliers at the Royal Mail Mount Pleasant development project. This initiative involved providing project management support, labour and materials to the value of £20,000 to a local primary school and resulted in the creation of an outdoor learning centre and community urban farm benefit the school and its local community.

CHARITY DONATIONS

We are a patron of CRASH charity. In addition to our patron donation we supported and hosted a range of fundraising events for CRASH.

Other charity fundraising initiatives supported in the period included Boots for Buildings and GAA7s events run by the Berkeleys Foundation, and fundraising events run by the Caudwell Foundation. Donations were also made to the Momentum Children’s Charity and Greenwich Starting Blocks which sponsors Athletes living in Greenwich and the Company also, the Teenage Cancer Trust and Nishkam Swat.

GROUP COMPANIES SUMMARY

The Morrisroe Group is the parent company for the following subsidiaries:

A.J Morrisroe & Sons Limited (trading as "Morrisroe"), founded in 1983, is the largest trading company in the Morrisroe Group. It specialises in technically complex and high-risk structures including deep basements, high rise, bespoke stadiums, and rail infrastructure such as station boxes and viaducts. Morrisroe operates predominantly in London and the South East as well as in Birmingham. Its reputation for consistency and reliability, technical and operational excellence both in relation to safety and quality has resulted in another healthy forward order book.

Kingscote Construction Services Limited formed in 2007 supports the Group's self-delivery model providing a one stop solution for all construction processes. It owns, maintains and services a broad range of mechanical and non-mechanical plant including large excavators, midi and mini excavators, dumpers, mobile and static concrete pumps, hydraulic placing booms, safe screens, safety fans and formwork hoists. Additionally, it owns and maintains around 32,000m2 of the latest Peri, Doka, Huennebeck and GASS formwork and falsework systems, and an extensive fleet of vehicles. In 2019 it established a precast and carpentry facility. In addition to investment in new NRMM IV compliant plant the Group continued to maintain FORS Gold accreditation for its fleet which is also Euro 6 compliant. All plant and diesel-powered machines are fitted with DPF and CRF filters in accordance with NRMM emissions standards.

Kingscote Design Limited, an associate established in 2012 is a specialist structural concrete and temporary works design consultancy. It provides technical expertise and detailed design services to customers is now one of the largest and post tensioning design teams in the UK. Kingscote design Limited operated an integrated management system (UKAS accredited) to confirm to ISO 2001:2008, ISO 14001:2004 and 18001: 2007. It is a member of the UK Post Tensioning Association (PTA), PTA Technical Forum, and Members of the Temporary Works Forum.

Houston Cox Central Limited trading as Houston Cox/Piper Joinery was formed in 2004 and provides a specialist joinery services.

GSS Piling Limited established in 2006 was acquired by the Morrisroe Group in 2019 along with Geostructural Solutions Limited. Both businesses offer a widely respected service in structural underpinning, substructure and basement works and restricted access piling.

FINAL COMMENT

The board are pleased with the overall performance of the Group and are optimistic for the year ahead.

This report was approved by the board and signed on its behalf.

B Morrisroe
Director

Date: 23 July 2020

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting 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; prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation and minority interests, amounted to £9,012,682 (2018 - £13,329,233).

Particulars of dividends paid are detailed in note 14 to the financial statements.

DIRECTORS

The directors who served during the year were:

B Morrisroe
D Bannister
M Ioannou
G Marapao

FUTURE DEVELOPMENTS

The group has noticed a modest uptick in its order book and remains hopeful that, notwithstanding the uncertainties arising from the effects of the recent Covid-19 pandemic and latest Brexit negotiations, the Group will consolidate it's position within the market.

Recent acquisitions within the Group enable it to provide a more complete service and, it is hoped, more business opportunities. The Group has established a presence in Birmingham through its regional office which is also offering a new avenue for growth. The Group is also looking to gain a share of the increasing Government expenditure on infrastructure projects in the years ahead.

The directors consider it appropriate to continue to adopt the going concern basis of accounting in the preparation of the financial statements.

DIRECTORS' INDEMNITY INSURANCE

Directors' liability and indemnity insurance was in force throughout the year to cover the directors and officers of the group against action brought against them in their personal capacity. Neither the insurance nor the indemnity provide cover where the individual has acted fraudulently or dishonestly.

ENVIRONMENTAL MATTERS

The Group is committed to its environmental objectives of educating its workforce, reducing waste, reducing emissions and energy consumption and recycling of materials. Its HSQE team regularly carry out a review of site and office practices to make sure that these objectives are met.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditors are
- unaware, and the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit informalion and lo establish that the company and the Group's auditors are aware of that informalion.

POST BALANCE SHEET EVENTS

Covid-19 has been addressed in the Strategic Report.

On 17 July 2020 the group acquired 75% of the share capital of Cantillon Limited.

There have been no other significant events affecting the group since the year end.

AUDITORS

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

G Marapao
Secretary

Date: 23 July 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF MORRISROE GROUP LIMITED

OPINION

We have audited the financial statements of Morrisroe Group Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 October 2019, which comprise the Group Statement of comprehensive income, the Group and company Balance sheets, the Group Statement of cash flows, the Group and company Statement of changes in equity and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 October 2019 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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

Auditors' 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.

OPINION 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 Group strategic report and the Directors' report for the financial year for which the financial
- statements are prepared is consistent with the financial statements; and the Group strategic report and the 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 Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been
- received from branches not visited by us; or
- the parent company 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 Directors' responsibilities statement 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, 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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.

Brendan Sharkey FCA
(Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson

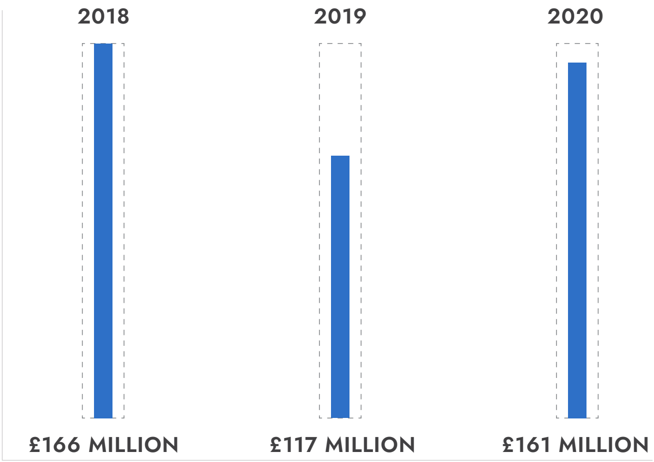
Chartered Accountants
Statutory Auditors

2 London Wall Place
London
EC2Y 5AU

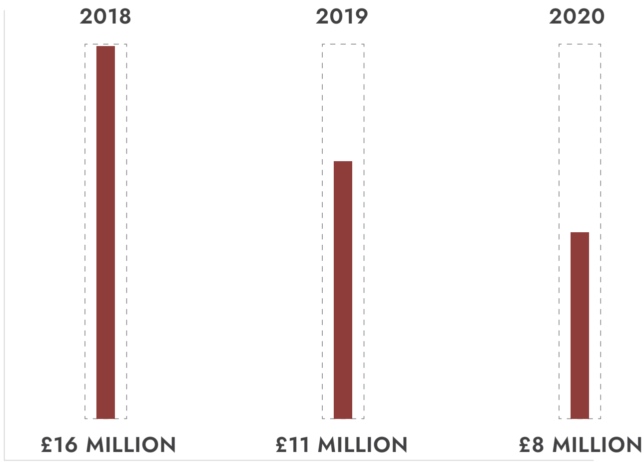
Date: 23 July 2020

GROUP FINANCIAL PERFORMANCE HIGHLIGHTS

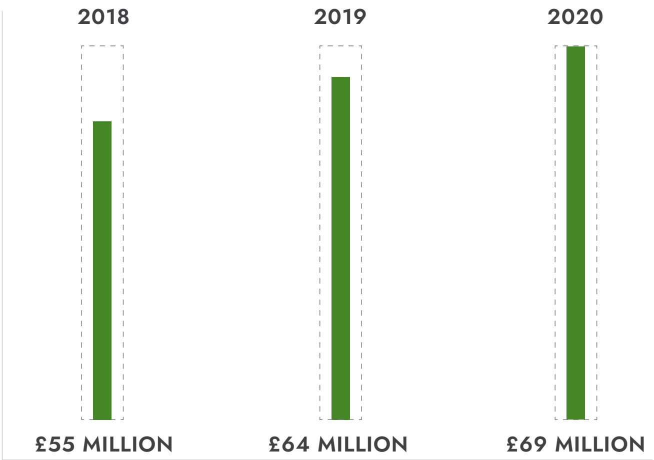
TURNOVER



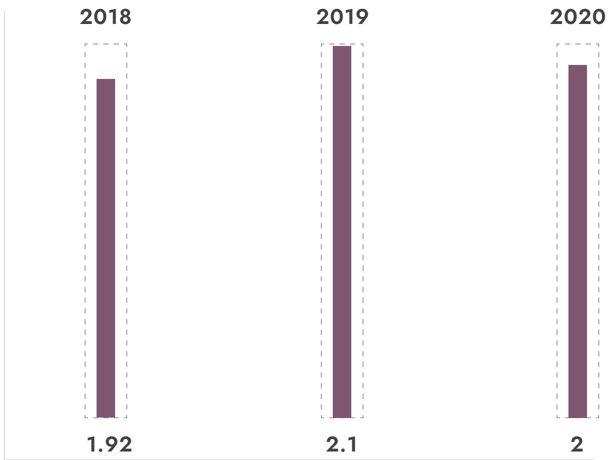
PRE TAX PROFIT



NET ASSETS



CURRENT RATIO



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	**2019** **£**	2018 £
Turnover	4	**116,912,966**	166,308,234
Cost of sales		**(101,225,733)**	(146,312,519
Gross profit		**15,687,233**	19,995,715
Administrative expenses		**(7,390,866)**	(5,209,692)
Other operating income	5	**1,100,549**	581,819
Operating profit	6	**9,396,916**	15,367,842
Income from current assets investments	10	**12,014**	13,793
Gain/(loss) in value of investments		**639,172**	(157,897)
Interest receivable and similar income	11	**622,376**	477,757
Interest payable	12	**2,953**	(1,995)
Profit before taxation		**10,673,431**	15,699,500
Tax on profit	13	**(1,392,083)**	(2,169,885)
Profit for the financial year		**9,281,348**	13,529,615
Unrealised surplus on revaluation of tangible fixed assets	17	**920,290**	
Other comprehensive income for the year		**920,290**	-
Total comprehensive income for the year		**10,201,638**	13,529,615
Profit for the year attributable to:			
Non-controlling interests		**268,666**	200,382
Owners of the parent company		**9,012,682**	13,329,233
		9,281,348	13,529,615

There were no recognised gains and losses for 2019 or 2018 other than those included in **the consolidated** statement of comprehensive income.

The notes on pages 25 to 52 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 OCTOBER 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	16		**5,257,859**		3,333
Tangible assets	17		**13,750,753**		7,550,757
Investments	18		**100,025**		100,000
			19,108,637		7,654,090
Current assets					
Stocks	19	**933,647**		543,551	
Debtors	20	**27,419,755**		28,074,024	
Current asset investments	21	**7,644,849**		6,964,336	
Cash at bank and in hand	22	**60,279,728**		70,905,533	
		96,277,979		106,487,444	
Creditors: amounts falling due within one year	23	**(45,748,967)**		(55,425,824)	
Net current assets			**50,529,012**		51,061,620
Total assets less current liabilities			**69,637,649**		58,715,710
Creditors: amounts falling due after more than one year	24		**(2,004,000)**		-
Provisions for liabilities					
Deferred taxation	26	**(450,798)**		(65,897)	
Other provisions	27	**(1,629,975)**		(2,227,775)	
			(2,080,773)		(2,293,672)
Net assets			**65,552,876**		56,422,038
Capital and reserves					
Called up share capital	28		**100,000**		100,000
Revaluation reserve	29		**1,824,877**		1,152,706
Capital redemption reserve	29		**800,000**		800,000
Profit and loss account	29		**61,533,395**		53,343,394
Equity attributable to owners of the parent company			**64,258,272**		55,396,100
Non-controlling interests			**1,294,604**		1,025,938
			65,552,876		56,422,038

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B Morrisroe
Director

Date: 23 July 2020

The notes on pages 25 to 52 form part of these financial statements.

COMPANY BALANCE SHEET

AS AT 31 OCTOBER 2019 (CONTINUED)

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	17		**1,393,714**		1,402,115
Investments	18		**12,722,499**		662,499
			14,116,213		2,064,614
Current assets					
Debtors	20	**1,903,098**		1,116,320	
Cash at bank and in hand	22	**2,344,747**		1,637,174	
		4,247,845		2,753,494	
Creditors: amounts falling due within one year	23	**(13,203,216)**		(806,682)	
Net current (liabilities)/assets			**(8,955,371)**		1,946,812
Total assets less current liabilities			**5,160,842**		4,011,426
Creditors: amounts falling due after more than one year	24		**(2,004,000)**		-
Provisions for liabilities					
Deferred taxation	26	**(11,345)**		(10,896)	
			(11,345)		(10,896)
Net assets			**3,145,497**		4,000,530
Capital and reserves					
Called up share capital	28		**100,000**		100,000
Revaluation reserve	29		**46,884**		46,884
Capital redemption reserve	29		**100,000**		100,000
Profit and loss account	29		**2,898,613**		3,753,646
			3,145,497		4,000,530

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B Morrisroe
Director

Date: 23 July 2020

The notes on pages 25 to 52 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

	Called up share capital £	Capital redemption reserve £	Evaluation reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Controlling interests £	Total equity £
At 1 November 2018	**100,000**	**800,000**	**1,152,706**	**53,343,394**	**55,396,100**	**1,025,938**	**56,422,038**
Comprehensive income for the year							
	-	-	-	9,012,682	9,012,682	-	9,012,682
Profit for the year							
Surplus on revaluation of freehold property (note 17)	-	-	920,290	-	920,290	-	920,290
	-	-	-	-	-	268,666	268,666
Movement in minority interest							
	-	-	-	(1,070,800	(1,070,800)	-	(1,070,800)
Dividends: Equity capital							
	-	-	(248,119)	248,119	-	-	-
Transfer to/from profit and loss account							
At 31 October 2019	**100,000**	**800,000**	**1,824,877**	**61,533,395**	**64,258,272**	**1,294,604**	**65,552,876**

The notes on pages 25 to 52 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

	Called up share capital £	Capital redemption reserve £	Evaluation reserve £	Profit and loss account £	Equity attributable to owners of parent company £	controlling interests £	Total equity £
At 1 November 2017	**100,000**	**800,000**	**1,237,157**	**40,993,692**	**43,130,849**	**825,556**	**43,956,405**
Comprehensive income for the year							
	-	-	-	13,329,233	13,329,233	-	13,329,233
Profit for the year							
	-	-	-	-	-	200,382	200,382
	-	-	-	-	-	268,666	268,666
Movement in minority interest							
	-	-	-	(1,063,982)	(1,063,982)	-	(1,063,982)
Dividends: Equity capital							
Transfer to/from profit and loss account (note 17)	-	-	(84,451)	84,451	-	-	-
At 31 October 2018	**100,000**	**800,000**	**1,152,706**	**53,343,394**	**55,396,100**	**1,025,938**	**56,422,038**

The notes on pages 25 to 52 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 November 2017	**100,000**	**100,000**	**46,884**	**3,596,372**	**3,843,256**
Comprehensive income for the year					
Profit for the year	-	-	-	**1,000,274**	**1,000,274**
Dividends: Equity capital	-	-	-	**(843,000)**	**(843,000)**
At 1 November 2018	**100,000**	**100,000**	**46,884**	**3,753,646**	**4,000,530**
Comprehensive income for the year					
Profit for the year	-	-	-	135,767	135,767
Dividends: Equity capital	-	-	-	**(990,800)**	**(990,800)**
At 31 October 2019	**100,000**	**100,000**	**46,884**	**2,898,613**	**3,145,497**

The notes on pages 25 to 52 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	**9,281,348**	13,529,615
Adjustments for:		
Amortisation of intangible assets	**286,029**	9,001
Depreciation of tangible assets	**876,580**	618,497
Loss on disposal of tangible assets	**(2,896)**	(21,403)
Decrease in fixed assets held for sale	**-**	283,230
Interest paid	**(2,953)**	1,995
Interest received	**(634,390)**	(491,550)
Taxation charge	**1,392,083**	2,169,885
(Increase) in stocks	**(390,096)**	(192,621)
Decrease in debtors	**965,780**	3,821,917
(Decrease) in creditors	**(4,541,230)**	(11,006,334)
(Decrease)/increase in amounts owed to participating ints	**(1,390,605)**	3,860,947
(Decrease) in provisions	**(597,800)**	(550,002)
Corporation tax (paid)	**(2,668,884)**	(1,522,356)
Net cash generated from operating activities	**2,572,966**	10,510,821
Cash flows from investing activities		
Purchase of tangible fixed assets	**(7,227,857)**	(352,155)
Sale of tangible fixed assets	**1,074,467**	39,250
Purchase of unlisted and other investments	**(25)**	-
Purchase of short term listed investments	**-**	(7,000,000)
Interest received	**622,376**	477,757
HP interest paid	**3,268**	(822)
Dividends received	**12,014**	13,793
Cash consideration for fixed asset investments, net of cash receivable (note 30)	**(6,673,734)**	-
Net cash from investing activities	**(12,189,491)**	(6,822,177)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

	2019 **£**	2018 £
Cash flows from financing activities		
Repayment of finance leases	**(18,165)**	**(153,466)**
Dividends paid	**(1,070,800)**	(1,063,982)
Interest paid	**(315)**	(1,173)
Dividends paid to non controlling interests	**80,000**	220,982
Net cash used in financing activities	**(1,009,280)**	(997,639)
Net (decrease)/increase in cash and cash equivalents	**(10,625,805)**	2,691,005
Cash and cash equivalents at beginning of year	**70,905,533**	68,214,528
Cash and cash equivalents at the end of year	**60,279,728**	70,905,533
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**60,279,728**	70,905,533
	60,279,728	70,905,533

The notes on pages 25 to 52 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

1. GENERAL INFORMATION

Morrisroe Group Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office is given in the company information on the inside cover of these financial statements. The nature of the group's operations and principal activities are that of contractors specialising in groundwork and reinforced concrete frame construction.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements are presented in Sterling which is the functional currency of the group and rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 November 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor
- effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction: and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and the costs incurred and the costs to complete the contract can be measured reliably.

Amounts recoverable on contracts
The amount recoverable on each contract is based on stage of completion, by calculating costs incurred to date as a percentage of total costs, less provision for known or anticipated losses and progress payments received and receivable.

2.4 OPERATING LEASES: THE GROUP AS LESSOR

Rentals income from operating leases is credited to the Consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

2.5 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 INTEREST INCOME

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.7 FINANCE COSTS

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 PENSIONS

Defined contribution pension plan

The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.9 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 INTANGIBLE ASSETS

Goodwill
Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of 10 years.

Other intangible assets
Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

2.11 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line and reducing balance method. Depreciation is provided on the following basis:

Freehold property	1 % / 2.5% straight line basis
L/Term Leasehold Property	1% /2.5% straight line basis
Plant and machinery	25% reducing balance basis / 20% on cost
Fixtures and fittings	25% reducing balance basis / 20% on cost
Other fixed assets	25% reducing balance basis / 20% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.12 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers or by the directors.

Revaluation gains and losses are recognised in the Consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

2.13 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

2.18 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.21 TERMINATION COSTS

Termination benefits are recognised when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for termination benefits and may be made in other exceptional circumstances.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. 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 the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Fixed Assets
Judgments have been made in relation to the lives of tangible assets in particular the useful economic life and residual values of freehold and leasehold property and plant and machinery. The directors have concluded that the asset values and residual values are appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

Valuation of stock and WIP
Stock and WIP are included at the lower of cost and net realisable value. The directors have reviewed the stock obsolescence policy and are satisfied that stock and WIP are fairly valued at the year end.

Amounts recoverable on debtors
Judgments have been made in relation to the recovery of trade debtors and provisions for bad debts. The directors have concluded that amounts included as trade debtors are fairly valued at the year end.

Amounts recoverable on contracts
Amounts recoverable on contracts are valued at the amount expected to be recovered at the balance sheet date, with detailed post year end analysis undertaken to ensure the fair value of this accrued income. The directors have concluded that amounts recoverable on long term contracts are fairly valued at the year end.

Provisions
Judgments are made on the provisions required in respect of ongoing and completed contracts to cover any potential remedial work. The directors have concluded that the provisions at the balance sheet date are appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2019 **£**	2018 £
Contract sales	**116,912,966**	166,308,234
All turnover arose within the United Kingdom.	**116,912,966**	166,308,234

5. OTHER OPERATING INCOME

	2019 **£**	2018 £
Other operating income	**435,223**	348,201
Net rents receivable	**237,116**	233,618
Profit on disposal of tangible assets	**428,210**	-
	1,100,549	581,819

6. OPERATING PROFIT

The operating profit is stated after charging:

	2019 **£**	2018 £
Depreciation of tangible fixed assets	**876,580**	618,497
Amortisation of intangible assets, including goodwill	**286,029**	9,001
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**59,000**	49,000
Other operating lease rentals	**134,653**	131,483
Defined contribution pension cost	**287,665**	191,516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

7. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**59,000**	49,000
Fees payable to the Group's auditor and its associates in respect of:		
Taxation services	**11,000**	11,000
	11,000	11,000

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	**11,575,032**	10,214,666	**-**	-
Social security costs	**1,264,318**	1,106,568	**-**	-
Defined pension scheme contributions	**287,665**	191,516	**-**	-
	13,127,015	11,512,750	**-**	-

The average monthly number of employees, including the directors, during the year was as follows:

	2019 £	2018 £
Staff	**240**	205

The company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

9. DIRECTORS' REMUNERATION

	2019 £	2018 £
Directors' emoluments	**138,537**	129,282
Company contributions to defined contribution pension schemes	**895**	10,362
	139,432	139,644

During the year retirement benefits were accruing to 3 directors (2018 - 4) in respect of defined contribution pension schemes.

10. INCOME FROM INVESTMENTS

	2019 £	2018 £
Income from current asset investments	**12,014**	13,793
	12,014	13,793

11. INTEREST RECEIVABLE

	2019 £	2018 £
Interest receivable	**622,376**	477,757
	622,376	477,757

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Finance leases and hire purchase contracts	**(3,268)**	822
Other interest payable	**315**	1,173
	(2,953)	1,995

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

13. TAXATION

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	**1,841,695**	3,110,688
Adjustments in respect of previous periods	**(834,513)**	(929,403)
	1,007,182	2,181,285
Total current tax	**1,007,182**	2,181,285
Deferred tax		
Origination and reversal of timing differences	**384,901**	(11,400)
Total deferred tax	**384,901**	(11,400)
Taxation on profit on ordinary activities	1,392,083	2,169,885

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	**10,673,431**	15,699,500
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018-19%)	**2,027,952**	2,982,905
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**56,310**	92,727
Adjustments to tax charge in respect of prior periods	**(834,513)**	(929,403)
Exempt dividend income	**(496,283)**	(400,683)
Other differences leading to an increase (decrease) in the tax charge	**638,617**	424,339
Total tax charge for the year	**1,392,083**	2,169,885

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

14. DIVIDENDS

	2019 £	2018 £
Dividends paid on equity capital	**1,070,800**	1,063,982
	1,070,800	1,063,982

Included within dividends of £1,070,800 (2018: £1,063,982) were dividends paid to minority shareholders of £80,000 (2018: £220,982).

15. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £135,767 (2018 - £1,000,274).

16. INTANGIBLE ASSETS

Group	**Goodwill on consolidation £**	**Negative goodwill £**	**Total**
Cost			
At 1 November 2018	225,009	(135,000)	**90,009**
Additions	5,540,555	-	**5,540,555**
At 31 October 2019	5,765,564	(135,000)	**5,630,564**
Amortisation			
At 1 November 2018	189,051	(102,375)	**86,676**
Charge for the year	299,529	(13,500)	**286,029**
At 31 October 2019	488,580	(115,875)	**372,705**
Net book value			
At 31 October 2019	5,276,984	(19,125)	**5,257,859**
At 31 October 2018	35,958	(32,625)	**3,333**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

17. TANGIBLE FIXED ASSETS

Group	Freehold property £	L/Term Leasehold property £	Plant and machinery £	Fixtures and fittings £	Other assets £	Total £
Cost or valuation						
At 1 November 2018	3,982,093	3,027,813	4,202,426	808,520	573,082	**12,593,934**
Additions	2,773,422	-	3,969,656	39,608	445,171	**7,227,857**
Disposals	(1,652,459)	-	(70,154)	(5,571)	(155,870)	**(1,884,054)**
Revaluations	893,578	-	-	-	-	**893,578**
At 31 October 2019	5,996,634	3,027,813	8,101,928	842,557	862,383	**18,831,315**
Depreciation						
At 1 November 2018	1,079,649	415,893	2,597,582	638,608	311,445	**5,043,177**
Charge for the year on						
owned assets	51,612	19,477	615,714	47,290	142,487	**876,580**
Disposals	(685,315)	-	(56,803)	(5,000)	(65,365)	**(812,483)**
On revalued assets	(26,712)	-	-	-	-	**(26,712)**
At 31 October 2019	419,234	435,370	3,156,493	680,898	388,567	**5,080,562**
Net book value						
At 31 October 2019	5,577,400	2,592,443	4,945,435	161,659	473,816	**13,750,753**
At 31 October 2018	2,902,444	2,611,920	1,604,844	169,912	261,637	**7,550,757**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery		198,281
Motor vehicles	**9,860**	16,435
	9,860	214,716

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

VALUATIONS

Of the property held at 31 October 2019, £1,910,400 relating to freehold property and £2,256,018 relating to leasehold property was valued as at 31 October 2015. A revaluation surplus of £1,232,881 arose at the revaluation, being a surplus on cost of £891,950 and a reversal of depreciation of £340,931.

The properties were valued by the directors at 31 October 2019 at the same value, net of depreciation, as the directors are not aware of any material change in the value during the year.

There is a transfer between the revaluation reserve and the profit and loss account to reflect the additional depreciation on the revalued assets of £9,596 (2018: £10,331).

Of the property held at 31 October 2019, £336,425 relating to leasehold property was valued as at October 2011. Those properties were valued by the directors at 31 October 2019 at the same value, as the directors were not aware of any material change in value.

Of the property held at 31 October 2019, £2,750,000 relating to freehold property was valued as at 31 October 2019. A revaluation surplus of £920,290 arose at the revaluation, being a surplus on cost of £893,578 and a reversal of depreciation of £26,712.

Property held for sale at 1 November 2017 had a net book value of £283,230 and was sold during the prior year resulting in a profit on sale of £Nil. This resulted in a transfer from revaluation reserve to profit and loss reserve of £74,120 in the year to 31 October 2018.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Group	**2019** **£**	2018 £
Cost	**7,150,843**	4,974,923
Accumulated depreciation	(805,877)	(613,265)
Net book value	**6,344,966**	4,361,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

17. TANGIBLE FIXED ASSETS (CONTINUED)

Company	L/Term Leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 November 2018	**1,481,650**	**98,690**	**1,580,340**
At 31 October 2019	**1,481,650**	**98,690**	**1,580,340**
Depreciation			
At 1 November 2018	**89,431**	**88,794**	**178,225**
Charge for the year on owned assets	**5,927**	**2,474**	**8,401**
At 31 October 2019	**95,358**	**91,268**	**186,626**
Net book value			
At 31 October 2019	**1,386,292**	**7,422**	**1,393,714**
At 31 October 2018	1,392,219	9,896	**1,402,115**

The leasehold property held at 31 October 2019 was valued at 31 October 2015. This resulted in an add back of £46,884 of depreciation which is included in the company revaluation reserve. The leasehold property was valued by the directors at 31 October 2019 at the same value as at 31 October 2018, net of depreciation, as the directors were not aware of any material change in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

18. FIXED ASSET INVESTMENTS

Group	Other fixed asset investments £
Cost or valuation	
At 1 November 2018	**100,000**
Additions	**25**
At 31 October 2019	**100,025**

Other fixed assets investments of £100,000 represents shareholdings in one (2018: one) unlisted company of 16.33% (2018: 17.71%).

During the year the group acquired 25 Ordinary shares in an unlisted company which has been measured at cost.

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2018	**662,499**
Additions	**12,060,000**
At 31 October 2019	**12,722,499**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

18. FIXED ASSET INVESTMENTS (CONTINUED)

On 1 May 2019 the company acquired 100% of the share capital of GSS Piling Limited and Geostructural Solutions Limited.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
A.J. Morrisroe & Sons Limited	Construction services	Ordinary shares	100%
Kingscote Construction Services Limited	Plant hire and resale	Ordinary share	100%
Houston Cox Limited	Carpentry contracting and installation	Ordinary share	100%
Piper Joinery Limited	Joinery manufacturers	Ordinary share	100%
Concentric Properties Limited	Property letting	Ordinary share	100%
Houston Cox Central Limited	Carpentry contracting and installation	Ordinary share	100%
GSS Piling Limited	Ground work and reinforced concrete frame construction	Ordinary share	100%
Geostructural Solutions Limited	Ground work and reinforced concrete frame construction	Ordinary share	100%

19. STOCKS

	Group 2019 £	Group 2018 £
Raw materials and consumables	**256,200**	231,273
Work in progress	677,447	312,278
	933,647	543,551

Stock recognised in cost of sales during the year as an expense was £1,102,587 (2018 - £680,038).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

20. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Other debtors	**367,279**	-	**-**	-
Due within one year				
Trade debtors	**12,601,545**	13,764,924	**-**	-
Amounts owed by group undertakings	**-**	-	**1,219,603**	441,973
Other debtors	**8,938,672**	9,030,634	**661,823**	653,148
Prepayments and accrued income	**1,070,279**	1,125,285	**21,672**	21,199
Amounts recoverable on contracts	**4,374,511**	4,153,181	**-**	-
Tax recoverable	**67,469**	-	**-**	-
	27,419,755	28,074,024	**1,903,098**	1,116,320

21. CURRENT ASSET INVESTMENTS

	Group 2019 £	Group 2018 £
Listed investments	7,644,849	6,964,336
	7,644,849	6,964,336

The market value of the listed investments at 31 October 2019 was £7,644,849 (2018: £6,964,336).

No listed investments were disposed of during the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

22. CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Cash at bank and in hand	**60,279,728**	70,905,533	**2,344,747**	1,637,174
	60,279,728	70,905,533	**2,344,747**	1,637,174

23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Trade creditors	**10,341,353**	11,279,705	**61,945**	44,436
Amounts owed to group undertakings	**-**	-	**13,115,959**	405,531
Amounts owed to other participating interests	**7,434,932**	8,825,537	**-**	-
Corporation tax	**-**	1,722,857	**-**	105,256
Other taxation and social security	**559,193**	436,697	**-**	-
Obligations under finance lease and hire purchase				
contracts	**2,672**	20,837		
Other creditors	**5,596,240**	3,168,455	**350**	1,143
Accruals and deferred income	**21,814,577**	29,971,736	**24,962**	250,316
	45,748,967	55,425,824	**13,203,216**	806,682

The net obligations under hire purchase contracts are secured on the specific assets concerned. Title does not pass until the liability has been settled in full.

The amounts owed to group undertakings and other participating interests are interest-free, with no security and no fixed repayment terms. The respective group and related undertakings have each confirmed that these amounts are not due for repayment until such time as funds are available in the company to meet these commitments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

24. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Other creditors (note 30	**2,004,000**	-	**2,004,000**	-
	2,004,000	-	**2,004,000**	-

25. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Financial assets				
Financial assets measured at fair value through profit or loss	**67,924,577**	77,869,869	**2,344,747**	1,637,174
Financial assets that are debt instruments measured at amortised cost	**20,823,198**	21,003,192	**1,874,131**	1,095,121
	88,747,775	98,873,061	**4,218,878**	2,732,295
Financial liabilities				
Financial liabilities measured at amortised cost	**(46,607,889)**	(51,358,081)	**(15,206,866)**	(700,283)

Financial assets measured at fair value through profit or loss comprise current asset listed investments and cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed to group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, amounts owed to other participating interests, other creditors and accruals and deferred income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

26. DEFERRED TAXATION

Group	**2019** **£**	2018 £
At beginning of year	**(65,897)**	(77,297)
Charged to profit or loss	**(384,901**	11,400
At end of year	**(450,798)**	(65,897)

Company	**2019** **£**	2018 £
At beginning of year	**(10,896)**	(11,810)
Charged to profit or loss	**(449)**	914
At end of year	**(11,345)**	(10,896)

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Accelerated capital allowances	**(430,251)**	(47,004)	**(11,345)**	(10,896)
Revaluation	**(20,547)**	(18,893)	**-**	-
	(450,798)	(65,897)	**(11,345)**	(10,896)

27. PROVISIONS

Group	**Provisions £**
At 1 November 2018	**2,227,775**
Charged to profit or loss	**(597,800)**
At 31 October 2019	**1,629,975**

The provisions are for litigation in process against the group in respect of disputes. The information required by FRS 102 in respect of the nature of the provision and the related uncertainties of the timing and amount is not disclosed, because the directors consider that doing so could be seriously prejudical to the group in the outcome of a number of disputes with and claims from third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

28. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
100,000 (2018 - 100,000) Ordinary £1 shares shares of £1.00 each	**100,000**	100,000

29. RESERVES

Revaluation reserve
The revaluation reserve is the amount arising on the revaluation of fixed assets, being the difference between the amount of these assets determined under the histroical cost convention and the amount determined by the revaluation of the assets.

Capital redemption reserve
The capital redemption reserve of is represented by amounts transferred on the redemption of preference capital and is not distributable.

Profit and loss account
The profit and loss account is represented by retained earnings. Changes in reserves are set out in the Statement of Changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

30. BUSINESS COMBINATIONS

On 01 May 2020 the group acquired 100% of share capital of GSS Piling Limited and Geostructural Solutions Limited. The consideration of £12,060,000 is satisfied by £10,056,000 in cash and £2,004,000 deferred considation and recognised in other creditors (note 24).

Recognised amounts of identifiable assets acquired and liabilities assumed	Book value £	Fair value £
Tangible	2,769,223	2,769,223
	2,769,223	2,769,223
Stocks	322,306	322,306
Debtors	1,773,911	1,773,911
Cash at bank and in hand	3,382,266	3,382,266
Total assets	**8,247,706**	**8,247,706**
Due within one year	(1,728,261)	(1,728,261)
Total identifiable net assets	**6,519,445**	**6,519,445**
Goodwill		5,540,555
Total purchase consideration		**12,060,000**

Consideration	£
Cash	10,056,000
Deferred consideration	2,004,000
Total purchase consideration	**12,060,000**

Total purchase consideration Cash outflow on acquisition	£
Purchase consideration settled in cash, as above	10,056,000
	10,056,000
Less: Cash and cash equivalents acquired	(3,382,266)
Net cash outflow on acquisition	**6,673,734**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

31. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £287,665 (2018: £191,516). Contributions totalling £51,546 (2018: £26,494) were payable to the fund at the balance sheet date and are included in creditors.

32. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Land and buildings		
Not later than 1 year	**60,206**	52,706
Later than 1 year and not later than 5 years	**86,868**	5,728
Later than 5 years	**17,184**	-
	164,258	58,434
Other		
Not later than 1 year	**76,166**	67,936
Later than 1 year and not later than 5 years	**81,912**	48,556
	158,078	116,492

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

33. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption in the Financial Reporting Standard Number 102 Section 33 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.

At 31 October 2019, a net sum of £7,434,932 (2018: £8,825,537) was due to Morrisroe UK Limited, a company controlled by a director of the group, B Q Morrisroe. This amount is included in creditors. During the year, the group purchased construction services in the normal course of operations, from that company in the sum of £19,059,388 (2018: £26,012,919).

At 31 October 2019, included within other debtors, a net sum of £13,977 (2018: £76,077) was due from Morrisroe Management Limited, a company in which a director of the group, B Q Morrisroe, is a director, in respect of management charges. During the year, the group was invoiced for management charges by Morrisroe Management Limited in the normal course of operations amounting to £770,718 (2018: £2,020,024).

At 31 October 2019, included within other creditors, a net sum of £2,138,233 (2018: £1,334,104) was owed to Selaco Limited, a company in which a director of the group, B Q Morrisroe, is a director, in respect of subcontractor charges. During the year, the group was invoiced for subcontractor charges by Selaco Limited in the normal course of operations amounting to £3,311,178 (2018: £13,934,875).

During the year, the group was invoiced for professional services by Kingscote Design Limited in the normal course of operations amounting to £1,652,714 (2018: £1,749,334). B Q Morrisroe, a director of the group, is a director of Kingscote Design Limited. At 31 October 2019, included within creditors, a net sum of £807,267 (2018: £669,764) was owed to Kingscote Design Limited.

At 31 October 2019, included within other debtors, a net sum of £2,479,705 (2018: £2,229,728) was owed by Kingscote Homes Limited, a company in which a director of the group, B Q Morrisroe, has a participating interest. This is a loan which is unsecured, interest charged at 0.5% and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

During the year, the company advanced a loan amounting to £360,000 to AJB Property Developments Limited, a company in which Mr A Beckett, a director of the subsidiary Houston Cox Limited, is also a director. The loan outstanding at the year end is unsecured, bares 6% interest and is repayable on 20 December 2020.

During the year a dividend of £990,800 (2018: £843,000) was paid to the director B Q Morrisroe. The balance owed to the director at the year end was £859 (2018: £1,250).

morrisroe group

LONDON

Unit 3/4
Warwick Rd
Borehamwood
WD6 1GS
+44 0208 731 4000

BIRMINGHAM

Office 307
3 Brindley Place
Birmingham
B1 2JB
+44 0208 731 4000

Registered number: 05997507