

OVERBURY PLC
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

OVERBURY PLC

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OVERBURY PLC

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

Directors

J Baker (Resigned 1 December 2022)
R Banister
C S Booth
A Boyle
P Brazier
M Chain (Appointed 1 December 2022)
S P Crummett
R S D Ewing
P Knight
J C Morgan
A Paton
O B Watson
A D Wood

Company Secretary

Clare Sheridan

Head Office

77 Newman Street
London
W1T 3EW

Registered Office

Kent House
14–17 Market Place
London
W1W 8AJ

Independent Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

OVERBURY PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activities

The principal activity of Overbury plc ("the Company") is the fit out and refurbishment of projects in the office, public sector, higher education, and retail banking markets. We do not expect this to change in the foreseeable future.

Business review

The results for the year and key performance indicators for the Company were as follows:

	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Revenue	877,741	678,778	637,778	721,125	747,454
Operating profit	44,938	33,865	30,517	30,250	38,593
Operating margin	5.1%	5.0%	4.8%	4.2%	5.2%
Net assets	110,190	107,257	112,291	87,273	82,568
Cash at bank	114,452	109,405	87,509	61,367	70,644
Average Daily Cash	127,460	87,042	60,434	52,759	63,687
Forward order book ¹	812,180	862,449	377,639	468,010	438,018

The Company delivered another excellent performance in the year which was again driven by strong and consistent project delivery, a high-quality workload and a continued focus on enhanced customer experience. Revenue increased 29% to £878m (FY 2021: £679m) while operating profit increased 33% to £44.9m (FY 2021: £33.9m), a record result for the Company, resulting in a strong operating margin of 5.1% (FY 2021: 5.0%).

During the year, there was no significant change to the overall balance of the business compared to previous years. The commercial office sector contributed 70% of revenue (FY 2021: 72%), with work in the public sector and for local authorities dropping back only slightly to 13% of revenue (FY 2021: 18%) offset by an increase in higher education work to 12% (FY 2021: 8%). The retail banking sector made up the remainder.

Similarly, the geographical spread of the business remained broadly similar to the prior year, with the London region accounting for 61% of revenue (FY 2021: 63%). In terms of type of work delivered in the year, 96% related to traditional fit out work (FY 2021: 94%), while 4% related to 'design and build' (2021: 6%). The proportion of revenue generated from the fit out of existing office space increased to 83% (FY 2021: 76%), with the fit out of new office space reducing to 17% (FY 2021: 24%). Of the fit out of existing office space, work was broadly split evenly between refurbishment 'in occupation' and non-occupied space.

Traditional office fit out projects won in the year included: 360,000 sq ft for Marsh McLennan in London; Shell UK's 250,000 sq ft Waterloo HQ; 250,000 sq ft for the relocation of a confidential global financial organisation to Paddington; 150,000 sq ft HQ for GSK in London's Life Sciences hub, known as the Knowledge Quarter; 110,000 sq ft for a professional services firm in London; and 80,700 sq ft for ROKU Europe in Manchester.

Project completions included: 366,000 sq ft for the European Bank for Reconstruction and Development (EBRD) in Canary Wharf; 200,000 sq ft for BP in the North Colonnade in Canary Wharf;

¹ The 'future order book' represents the Company's share of future revenue that will be derived from signed contracts or letters of intent.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

141,000 sq ft for Boston Consulting Group in London; 57,000 sq ft for International Hotel Group in Windsor; 50,000 sq ft for Convene in Bishopsgate, London; 20,000 sq ft for CBRE Investment Management in London; 17,000 sq ft for Tarmac in Birmingham; 13,300 sq ft for euNetworks in London; and projects for the BBC in Newcastle and the Cambridge Design Partnership in Cambridge.

In higher education, projects won and on site during the year included: the 19,000 sq ft fit out of a laboratory and workspace at Queen Mary University's Francis Bancroft building; 25,000 sq ft for Coventry University that included a laboratory refurbishment; three projects for University College London totalling £40m; an £8m fit out and refurbishment of Middlesex University's West Stand at StoneX Stadium; and the fit out of the School of Health at Leeds Beckett University.

Projects delivered through public sector frameworks and corporate partnerships included: an 86,000 sq ft office fit out for the Government Property Agency in Peterborough; £39m of works for the Mayor's Office for Policing and Crime (MOPAC), with a future order book of £22m; 39 projects won through the Company's partnership with NatWest Group; and a 60,000 sq ft fit out for the University of Leicester via the Pagabo framework. Also via Pagabo, work continued at Nottingham Central Library for Nottingham City Council.

Future outlook

At the year end, the secured order book was £812m, a sizeable workload albeit a reduction of 6% from the previous year end (FY 2021: £862m). Importantly of this total, £562m (69%) relates to 2023 and this level of orders for the next 12 months is 14% higher than it was at the same time last year.

Financial position and liquidity

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2022 were £110.2m (2021: £107.3m). The Company had net current assets of £106.2m (2021: £104.1m), including cash of £114.4m (2021: £109.4m) at 31 December 2022.

The Company is a member of the Morgan Sindall Group plc (the "Group") and participates in its banking arrangements (under which it is a cross guarantor). As at 31 December 2022 the Group had net cash balances of £354.6m. The Group has £180m of committed loan facilities maturing more than one year from the balance sheet date, of which £15m matures in March 2024 and £165m in October 2025. These facilities are undrawn at 31 December 2022.

Key performance indicators

The Company's financial key performance indicators are described in the business review above. No other key performance indicators are deemed necessary to explain the development, performance or position of the Company.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the market and economic environment, health, safety and environmental performance, contractual risk (including mispricing of contracts, managing changes to contracts and contract disputes, poor project delivery and poor contract selection), and counterparty and liquidity risk. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the strategic report in the Group's annual report, which does not form part of this report.

OVERBURY PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

With regard to credit risk the Company has implemented policies that require appropriate credit checks on potential customers before contracts are commenced. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers outside of the Group.

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to manage liquidity by ensuring that it will always have sufficient resources to meet its liabilities when they fall due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity is provided through cash balances and access to the Group's committed bank loan facilities.

Interest rate risk

In respect of interest rate risk the Company has interest bearing assets. Interest bearing assets include cash balances, all of which have interest rates applied at floating market rates.

Price risk

The Company has some exposure to commodity price risk as a result of its operations. This risk is managed on a project by project basis by limited forward buying of certain commodities and by negotiating annual purchase agreements with key suppliers. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Section 172(1) statement

The directors of the Company, when taking strategic, financial and operational decisions, consider what is most likely to promote the success of the Company and the Group in the long term, for the benefit of shareholders and having regard to the interests of wider stakeholders. The directors also understand the importance of engaging with key stakeholders and taking their views into account when making decisions as well as considering the impact of our activities on local communities, the environment, including climate change, and the Group's reputation.

In order to maintain a reputation for high standards of business conduct, we adhere to our Group Code of Conduct which states our commitment to our Human Rights Policy and provides a framework for how we should act when engaging with our clients, colleagues and suppliers. The Code of Conduct gives our employees practical guidance on upholding the Group's Core Values and delivering on the Group's strategic priorities which include our Total Commitments to being a responsible business.

The key activities of the Company's directors during the year included:

- Approval of the financial statements for the year ended 31 December 2021;
- Approval of an interim dividend for the year ended 31 December 2022;
- Preparation of the Company's five-year strategic plan and annual budget for approval by the Group Board; and
- Preparation of monthly reports on performance for the Group Board, including health and safety, risks and opportunities, and stakeholder engagement.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Further information, including the Group's Section 172 statement, can be found in the Group's 2022 report and accounts at morgansindall.com.

Engagement with stakeholders

Shareholders

Our ultimate and immediate shareholder is the Group. We create value for the Group by generating strong and sustainable results that translate into dividends. The directors discuss Company performance with the Group's executive directors in monthly management meetings and provide executive summaries for the Group Board. In addition, the directors routinely engage with the Group Board on topics of strategy, governance and performance. Company strategic plans are reviewed by the Group Board and include information on the impact of our activities on each stakeholder group and the environment.

Employee engagement

Our employees are at the forefront of our business. We are proud of our people who have the passion, commitment and the range of expertise we need to support and make a difference for our clients.

Our key priorities are to provide our employees with a fair, respectful and safe environment in which to work; have regard for their health and wellbeing; invest in their personal development and career progression; offer support for flexible working; and create an open and honest culture that promotes diversity and inclusion. Our employee policies are designed to support these goals and take account of external legislation, our Code of Conduct and Core Values so that we can continue to recruit, develop and retain the talent needed to deliver our strategy.

We believe it is essential to engage with our employees to understand their views and priorities and how they feel about the business.

The Group's 2022 Annual Report and Accounts describe how the Group Board engages with employees across the Group and how it reviews the Company's employee engagement activities throughout the year.

We engage directly with our employees and keep them updated with our business goals, market conditions, operational performance, health and wellbeing support and career advancement and personal development opportunities, using a variety of communication methods and channels. All new starters are given a formal induction programme which includes introducing them to our Core Values and Total Commitments.

We hold an annual conference for employees where directors and other senior managers communicate key messages and employees have the opportunity to share ideas and experiences with us and colleagues from different roles and regions. We encourage our employees to challenge the status quo and think differently so that they can keep improving.

We conduct regular surveys of our employees, following which we analyse their feedback and share with them the results of the surveys together with the actions that we will be undertaking in response and the impact of those activities.

A savings related share option scheme ("Sharesave") is currently in operation under which employees are given the opportunity to purchase Morgan Sindall Group plc shares in the future at a discount.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Diversity and inclusion

We recognise that diversity of thought, perspectives and experiences drive innovation and provide competitive advantage and therefore ensure that our employment practices promote a diverse and inclusive work environment. We are committed to creating opportunities for career growth and building a continuous learning culture. We hold personal development conversations with our employees throughout their careers with us and help them gain the skills they need to support their ambitions and drive the business forward.

We have developed action plans to improve inclusion. These include focusing on our recruitment and retention processes, promoting careers in the industry and supporting diversity and inclusion in our supply chain.

Disabled employees

The Company's policy aligns with the Group policy to give full and fair consideration to job applications made by disabled people; commit to making reasonable adjustments to their role and responsibilities; and offer the training and support they need to give them the same opportunities for progression as our other employees.

Engagement with suppliers, clients and partners and local communities

Customers

We aim to develop long-term relationships with our clients and partners. We believe the best approach to developing and nurturing long-term relationships is to base them on trust, by maintaining regular dialogue, listening attentively, being open and transparent when giving information, and working collaboratively.

Suppliers

Our suppliers and subcontractors are critical to our operations and we take a long-term collaborative approach to working with them. We engage with and monitor our subcontractors' performance against set criteria and give constructive feedback. The Group's whistle blowing service is available to our subcontractors to raise any concerns they have about behaviours or decisions that do not uphold the standards set by our Code of Conduct.

We follow the prompt Payment Code and, in the year, 96% of payments were made within 60 days. 93% of all payments in the year were made within agreed terms. We continue to keep our payment performance under review and to publish our payment practices every 6 months in accordance with UK law.

Communities

We engage with communities at a site level via newsletters, public noticeboards and, where appropriate, engagement with local community groups. More broadly, we have an active social media presence and regularly respond to members of the public who may have queries about our works. We are members of a variety of industry groups including Women in Construction, UK Green Building Council, SKA Technical Committee, and WELL Building Keystone Partners.

Additionally, we were again invited on the Considerate Constructors Scheme (CCS) Working Group as a result of our leadership in the sector on community engagement issues. CCS is an organisation with the express goal of improving the image of the construction industry in the eyes of the general public. We use the CCS framework to guide our approach to community engagement issues.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

We report to the Group Board of directors on a monthly basis on details of our relationships with our supply chain, clients and local communities, including feedback and satisfaction metrics and details of community initiatives. Further information on stakeholder engagement and the Group's delivery on its Total Commitments can be found in the Group's 2022 Annual Report and Accounts.

Approved by and on behalf of the Board



Robert Ewing
Director

28 February 2023

OVERBURY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and the audited financial statements for the year ended 31 December 2022. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared under United Kingdom Accounting Standards.

Going concern

The Company's business activities, together with the factors likely to affect its future development and performance, as well as the financial position of the Company, its cash flows, liquidity position and the borrowing facilities, are described in the Strategic Report on pages 2 to 7.

These financial statements have been prepared on a going concern basis which presumes that the Company has adequate resources to remain in operation and that the directors intend it to do so for the period ending 31 March 2024.

The company's future workload is healthy with a secured order book of £812m and the Company has a strong financial position at the year end with net current assets of £106.2m (2021: £104.1m), including cash of £114.4m (2021: £109.4m) at 31 December 2022.

The directors have reviewed the Company's forecasts and projections for the period to 31 March 2024, including sensitivity analysis to assess the Company's resilience to the potential financial impact of any plausible losses of revenue or operating profit which could arise from one of the principal risks to the business occurring. This showed that the Company would remain profitable throughout the period to 31 March 2024.

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2022 the Group had net cash balances of £354.6m. The Group has £180m of committed loan facilities maturing more than one year from the balance sheet date, of which £15m matures in March 2024 and £165m in October 2025. These facilities are undrawn at 31 December 2022.

Based on the above, the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the period ending 31 March 2024. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the principal accounting policies in the financial statements.

Directors

The directors who served during the year and to the date of this report are shown on page 1. None of the directors had any interest in the shares of the Company during the year ended 31 December 2022.

Directors' indemnities

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore, the Group maintains liability insurance for its directors and officers and those of its directors and officers of its associated companies. The Group has also indemnified certain directors of its Group companies to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties.

The Company has not made qualifying third-party indemnity provisions for the benefit of its directors during the year.

OVERBURY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Dividends

An interim dividend of £35.0m (2021: £33.0m) was paid during the year. The directors do not recommend the payment of a final dividend (2021: £nil).

Political contributions

The Company made no political contributions during the year (2021: nil).

Employment policies

The Company insists that a policy of equal opportunity employment is demonstrably evident at all times. Selection criteria and procedures and training opportunities are designed to ensure that all individuals are selected, treated and promoted on the basis of their merits, abilities and potential.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should as far as possible, be identical to that of a person who does not suffer from a disability.

Engagement with employees and other stakeholders

Details on engagement with employees and other stakeholders can be found in the Strategic Report on pages 2 to 7.

Environmental performance

The Group continues to maintain its leadership status in addressing climate change. For the third year in a row, the Group achieved a grade 'A' score for its leadership on climate change from CDP and since 2010, all the Group's (including the Company's) emissions have been independently verified.

In early 2021, the Group set its goal of achieving 'net zero' in its Scope 1, Scope 2 and operational Scope 3 emissions by 2030. The Group's route to net zero is through reducing such emissions by 60% (based on its 2019 emissions) and offsetting its residual emissions by investing in UK-based projects. In 2022, the Group achieved a reduction of 4% in its Scope 1, Scope 2 and operational Scope 3 emissions compared to 2021, resulting in a total 40% reduction compared to its 2019 baseline. Based on its current trajectory, the Group is on track to achieve its targeted reductions by 2030.

Considerable progress has been made by the Group with its responsible offsetting projects. These include its investment in a 25-year project to create nine new woodlands on the Blenheim Estate in Oxfordshire. As well as providing measurable, demonstrable gains in terms of absorbing and storing carbon, increasing biodiversity and improving soil, air and water quality, the woodlands will provide wellbeing benefits for people visiting the area.

In addition, since the year end, the Group announced its participation in two other responsible offsetting projects: a peatland restoration programme to restore over 300 hectares of blanket bog in the Northern Pennines AONB and the Yorkshire Dales National Park; and the acquisition of 54 hectares of land to support the RSPB in unlocking and restoring additional land next to their existing Lakenheath Fen reserve in Norfolk. In addition to preventing further carbon loss from the degraded soils and storing future carbon, both projects will enable endangered species to recover, support a range of wildlife and provide people with vibrant places to visit.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Group has set science-based targets for reducing carbon emissions and was one of the first construction companies globally to have its science-based emission targets officially accredited back in 2018. In 2022, the Group realigned its targets to a 1.5°C scenario and submitted them to the Science Based Targets Initiative for revalidation. As part of this, the Group has now extended its net zero target to include the full total of its Scope 3 emissions (i.e. not just operational Scope 3) by 2045. This target is consistent with progress made to date and with the 2030 net zero target, which includes only operational Scope 3 emissions.

Where possible, the Group integrates biodiversity into design decisions and measures the biodiversity net gain associated with projects. The Group also supports a circular economy by reducing waste, recycling, and reusing waste where appropriate. In 2022, 96% of the Group's waste was diverted from landfill and total waste reduced by 57%.

Further details of the Group's environmental performance and a copy of the Task Force on Climate-related Financial Disclosure (TCFD) report please see the Morgan Sindall Group plc 2022 Annual Report www.morgansindall.com.

Alongside the Group, the management of Overbury's environmental approach is driven from board level. We have always prided ourselves on the environmental performance of our projects and acknowledge our significant responsibility in ensuring our business operations provide a positive impact to the environment and communities we are working within. Our biggest area of responsibility and opportunity to create the most positive environmental impact is within our projects. We have our own internal sustainability team who ensure our sector leading sustainability offering for our clients.

In 2022, we worked on 54 projects targeting a formal sustainability assessment. Furthermore, we saw a significant increase in clients pursuing bespoke sustainability requirements, often with a strong focus on operation and embodied carbon. We delivered 18 project embodied carbon reports for clients with many more underway. We facilitated a number of workshops and training sessions across the business and with the supply chain to increase awareness around the carbon agenda, with particular focus on embodied carbon.

Our sustainability team are currently part of the team working on creating the new UK Net Zero Carbon Buildings Standard (<https://www.nzcbuildings.co.uk/>).

Independent auditor and disclosure of information to the independent auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

In accordance with section 489(4) of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

OVERBURY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework".

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies Act 2006. They 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. Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations.

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

Approved for and on behalf of the Board



Robert Ewing
Director
28 February 2023

OVERBURY PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERBURY PLC FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Overbury plc for the year ended 31 December 2022 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERBURY PLC FOR THE YEAR ENDED 31 DECEMBER 2022

inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 or 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 directors' responsibilities statement set out on page 10, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERBURY PLC FOR THE YEAR ENDED 31 DECEMBER 2022

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006) and the relevant tax compliance regulations in the UK.
- We understood how Overbury plc is complying with those frameworks by making enquiries of management including those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes, noting the strong emphasis of transparency and honesty in the Company's culture and the levels of oversight the Board and Group management have over the Company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitor those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing with a focus on journals indicating unusual transactions based on our understanding of the business, enquiries of management, and focussed testing on revenue and other related balances.

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.

Ernst & Young LLP

Bianca Gill (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
28 February 2023

OVERBURY PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £000	2021 £000
Revenue	1	877,741	678,778
Cost of sales		(775,160)	(597,220)
Gross profit		102,581	81,558
Administrative expenses		(57,643)	(47,693)
Operating profit	2	44,938	33,865
Interest receivable	5	2,074	289
Interest payable	5	(133)	(156)
Profit before tax		46,879	33,998
Tax	6	(8,946)	(6,032)
Profit for the financial year attributable to owners of the Company	13	37,933	27,966
Other comprehensive income			
		-	-
Total comprehensive income for the year attributable to owners of the Company		37,933	27,966

Continuing operations

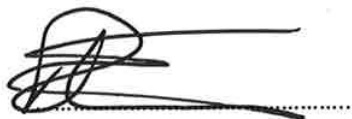
The results for the current and previous financial years all derive from continuing operations.

OVERBURY PLC

BALANCE SHEET AS AT 31 DECEMBER 2022

	Notes	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	7	4,734	5,542
Deferred tax asset	11	1,024	563
		5,758	6,105
Current assets			
Contract assets	9	38,288	30,841
Trade and other receivables	8	175,243	150,881
Cash and bank balances		114,452	109,405
		327,983	291,127
Total assets		333,741	297,232
Current liabilities			
Contract liabilities	9	(4,761)	(1,755)
Trade and other payables	10	(214,179)	(183,058)
Current tax liabilities		(1,410)	(658)
Lease Liabilities	16	(1,404)	(1,532)
		(221,754)	(187,003)
Net current assets		106,229	104,124
Non-current liabilities			
Lease Liabilities	16	(1,797)	(2,972)
		(1,797)	(2,972)
Total liabilities		(223,551)	(189,975)
Net assets		110,190	107,257
Capital and reserves			
Share capital	12	13,000	13,000
Retained earnings	13	97,190	94,257
Total shareholder's funds		110,190	107,257

The financial statements of Overbury plc (company number 00836946) were approved by the Board and authorised for issue on 28 February 2023. They were signed on its behalf by:



Robert Ewing, Director

OVERBURY PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital (Note 12) £000	Retained earnings (Note 13) £000	Total £000
At 1 January 2021	13,000	99,291	112,291
Total profit and comprehensive income	-	27,966	27,966
Dividends paid	-	(33,000)	(33,000)
At 31 December 2021	13,000	94,257	107,257
Total profit and comprehensive income	-	37,933	37,933
Dividends paid	-	(35,000)	(35,000)
At 31 December 2022	13,000	97,190	110,190

OVERBURY PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

General information

Overbury plc (the 'Company') is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 7. The address of the registered office is given on page 1.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, leases, presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of Morgan Sindall Group plc, which are available to the public at www.morgansindall.com.

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

These financial statements are presented in pounds sterling which is the Company's presentational and functional currency and rounded to the nearest thousand unless otherwise stated.

The directors consider that the ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall Group plc, which is registered in England and Wales. It is the only group into which the results of the Company are consolidated. Copies of the consolidated financial statements of Morgan Sindall Group plc are publicly available from www.morgansindall.com or from its registered office Kent House, 14-17 Market Place, London W1W 8AJ.

Adoption of new and revised standards

New and revised accounting standards adopted by the Company

During the year, the Company has adopted the following new and revised standards and interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements.

- Amendments to IFRS 3 'Reference to the Conceptual Framework'
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use'
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to IFRS Accounting Standards 2018-2020 cycle

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report. The Directors have reviewed the Company's forecasts and projections for the period to 31 March 2024, including

OVERBURY PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

sensitivity analysis to assess the Company's resilience to the potential financial impact of any plausible losses of revenue or operating profit which could arise from one of the principal risks to the business occurring. This showed that the Company would remain profitable throughout the period to 31 March 2024. The Company participates in the Group's centralised treasury arrangements and shares banking arrangements, including the provision of cross guarantees, with its ultimate parent Morgan Sindall Group plc and fellow subsidiaries.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Morgan Sindall Group plc, the Company's directors have a reasonable expectation that the Company and the Group will be able to continue in operational existence for the period to 31 March 2024. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Property, plant and equipment

Freehold and leasehold property, plant, machinery and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided in equal annual instalments at rates calculated to write off the cost of the assets over their estimated useful lives as follows:

Plant, equipment, fixtures and fittings	between three and ten years
Right of use - Leasehold buildings	the period of the lease
Right of use - Plant, equipment, fixtures and fittings	the period of the lease

Revenue

Revenue is defined as the value of goods and services rendered excluding discounts and VAT and is recognised as follows:

Construction contracts

A significant portion of the Company's revenue is derived from construction contracts. These services are provided to customers across a wide variety of sectors and the size and duration of the contracts can vary significantly from a few weeks to more than 2 years.

The majority of contracts are considered to contain only one performance obligation for the purposes of recognising revenue. Whilst the scope of works may include a number of different components, in the context of construction activities these are usually highly interrelated and produce a combined output for the customer.

Contracts are typically satisfied over time. For fixed price construction contracts progress is measured through a valuation of the works undertaken by a professional quantity surveyor, including an assessment of any elements for which a price has not yet been agreed such as changes in scope.

Variations are not included in the estimated total contract price until the customer has agreed the revised scope of work.

OVERBURY PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

Where the scope has been agreed but the corresponding change in price has not yet been agreed, only the amount that is considered highly probable not to reverse in the future is included in the estimated total contract price. Where delays to the programme of works are anticipated and liquidated damages would be contractually due, the estimated total contract price is reduced accordingly. This is only mitigated by expected extensions of time or commercial resolution being achieved where it is highly probable that this will not lead to a significant reversal in the future.

In order to recognise the profit over time it is necessary to estimate the total costs of the contract. These estimates take account of any uncertainties in the cost of work packages which have not yet been let and materials which have not yet been procured, the expected cost of any acceleration of or delays to the programme or changes in the scope of works and the expected cost of any rectification works during the defect's liability period.

Once the outcome of a construction contract can be estimated reliably, margin is recognised in the statement of comprehensive income in line with the stage of completion. Where a contract is forecast to be loss-making, the full loss is recognised immediately in the statement of comprehensive income.

Contract balances

Contract assets

Contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts, certificates are issued by the customer on a monthly basis.

Contract liabilities

Contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. Contract liabilities are recognised as revenue when performance obligation to the customer has been satisfied.

Contract costs

Costs to obtain a contract are expensed unless they are incremental, i.e. they would not have been incurred if the contract had not been obtained, and the contract is expected to be sufficiently profitable for them to be recovered.

Costs to fulfil a contract are expensed unless they relate to an identified contract, generate or enhance resources that will be used to satisfy the obligations under the contract in future years and the contract is expected to be sufficiently profitable for them to be recovered.

Where costs are capitalised, they are amortised over the shorter of the period for which revenue and profit can be forecast with reasonable certainty and the duration of the contract except where the contract becomes loss making. If the contract becomes loss making, all capitalised costs related to that contract are immediately expensed.

Leases

Where the Company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease other than those that are less than one year in duration or of a low value.

OVERBURY PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Company's expectations of the likelihood of lease extension or break options being exercised. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any lease modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use assets are presented within the property, plant and equipment line in the balance sheet and depreciated in accordance with the Company's accounting policy on property, plant and equipment. The amount charged to the statement of comprehensive income comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Pensions

The Company contributes to The Morgan Sindall Retirement Benefits Plan and to other employees' personal pension arrangements, which are of a defined contribution type. For all schemes the amount charged to the statement of comprehensive income is equal to the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Income tax

The income tax expense represents the current and deferred tax charges. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the Company's expected tax liability on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Taxable profit differs from that reported in the statement of comprehensive income because it is adjusted for items of income or expense that are assessable or deductible in other years and is adjusted for items that are never assessable or deductible.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases used in tax computations.

Deferred tax is recognised on temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the tax rates expected to apply when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted and are only offset where this is a legally enforceable right to offset current tax assets and liabilities.

OVERBURY PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

Dividends

Dividends to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Company's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. 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.

Critical judgements and estimates in applying the Company's accounting policies

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Revenue and profit recognition for long term contracts (judgement and estimate)

In order to determine the revenue and profit recognition in respect of the Company's construction contracts, the Company has to estimate the total costs to deliver the contract as well as the final contract value. The Company has to allocate total expected costs between the amount incurred on the contract to the end of the reporting period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of judgement and estimation.

The final contract value may include assessments of the recovery of variations which have yet to be agreed with client, as well as additional compensation claim amounts. The amount of variations and claims are often not fully agreed with the customer due to timing and requirements of the normal contractual process. Therefore, assessments are based on an estimate of the potential cost impact of the compensation claims and revenue is constrained to amounts that the Company believes are highly probable of being received. The estimation of costs to complete is based on all available relevant information and may include judgements and estimates of any potential defect liabilities or liquidated damages for unagreed scope or timing variations. Costs incurred in advance of the contract that are directly attributable to the contract may also be included as part of the total costs to complete the contract. Judgement is required to consider when any pre contract costs are directly attributable to a specific contract.

OVERBURY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Analysis of revenue and profit before taxation

All revenue and profit before taxation relates to the Company's principal activity carried out in the UK. Revenue is analysed below:

	2022	2021
	£000	£000
Traditional	844,305	634,668
Design and build	33,436	44,110
Total revenue	877,741	678,778

In terms of type of work delivered in the year, 96% related to traditional fit out work (2021: 94%), while 4% related to 'design and build' (2021: 6%).

2. Operating profit

	2022	2021
	£000	£000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned assets	872	809
- right of use assets	1,436	1,462
Short term leases – plant & equipment	2,900	2,500
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	71	63

3. Staff costs

	2022	2021
	£000	£000
Wages and salaries	83,722	69,434
Social security costs	10,499	8,653
Pension costs	2,874	2,391
	97,095	80,478

	No.	No.
The average monthly number of employees (including executive directors) during the year was:	805	700

OVERBURY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. Directors' remuneration

	2022	2021
	£000	£000
Directors' remuneration		
Emoluments	5,742	5,195
Company contributions to money purchase pension scheme	58	70
	5,800	5,265

Remuneration of the highest paid director

Emoluments	978	952
Company contributions to money purchase pension scheme	4	4

	No.	No.
The number of directors who:		
- are members of money purchase pension schemes	11	10
- exercised options over shares in the ultimate Group	5	9

Total emoluments exclude amounts in respect of share options (granted and/or exercised), pension contributions, benefits under pension schemes and benefits under long term incentive plans.

Two current directors of the Company received no emoluments (2021: two) in their capacity as directors of this Company. These individuals are remunerated by another company in the Group.

5. Net interest receivable

	2022	2021
	£000	£000
Bank interest receivable	1,522	267
Other interest receivable	552	22
Interest receivable	2,074	289
Lease liabilities	(133)	(156)
Interest payable	(133)	(156)

OVERBURY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Tax

	2022	2021
	£000	£000
UK corporation tax charge on profit for the year	9,379	6,786
Adjustment in respect of previous years	28	(431)
Total current tax	9,407	6,355
Origination and reversal of timing differences	(266)	(196)
Adjustment in respect of previous years	(195)	(127)
Total deferred tax (note 11)	(461)	(323)
Total tax expense	8,946	6,032

Corporation tax is calculated at 19% (2021: 19%) of the estimable taxable profit for the year. The actual tax charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation:

	2022	2021
	£000	£000
Profit before tax	46,879	33,998
Tax on profit at corporation tax rate 19% (2021: 19%)	8,907	6,460
<i>Factors affecting the charge for the year:</i>		
Adjustment in respect of previous years	(167)	(558)
Expenses not deductible for tax purposes	246	131
Expected forthcoming changes in tax rates upon deferred tax	(32)	(73)
Other	(8)	72
Total tax expense	8,946	6,032

During 2021 it was announced that the UK statutory tax rate will increase from 19% to 25% from 1 April 2023. Consequently the applicable tax rate for the Company (taking into account its December year end) is expected to be 19% in 2021 and 2022, 23.5% in 2023, and 25% in 2024 and beyond. Deferred taxes at the balance sheet date are measured at the enacted rates that are expected to apply to the unwind of each asset or liability.

OVERBURY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. Property, plant and equipment

	Plant, equipment, fixtures & fittings £000	Right of use assets		Total £000
		Leasehold buildings £000	Plant, equipment, fixtures & fittings £000	
Cost				
As at 1 January 2022	4,325	8,718	499	13,542
Additions	1,264	-	358	1,622
Disposals	-	(59)	(374)	(433)
As at 31 December 2022	5,589	8,659	483	14,731
Depreciation				
As at 1 January 2022	(2,949)	(4,662)	(389)	(8,000)
Charge for the year	(872)	(1,352)	(84)	(2,308)
Disposals	-	-	311	311
As at 31 December 2022	(3,821)	(6,014)	(162)	(9,997)
Net Book Value				
As at 31 December 2022	1,768	2,645	321	4,734
As at 31 December 2021	1,376	4,056	110	5,542

8. Trade and other receivables

	2022 £000	2021 £000
Amounts falling due within one year		
Trade receivables	86,286	70,276
Amounts owed by Group undertakings	77,085	70,724
Prepayments	331	336
Other receivables	425	39
	164,127	141,375
Amounts falling due after more than one year		
Trade receivables	11,116	9,506
	175,243	150,881

Amounts owed by Group undertakings are payable on demand and are not interest bearing.

At 31 December 2022, retentions held by customers for contract work, which are included within trade receivables, were £28.6m (2021: £22.1m). These will be collected in the normal operating cycle of the company. The company manages the collection of retentions through its post completion project monitoring procedures and ongoing contract with clients to ensure that potential issues that could lead to the non-payment of retentions are identified and addressed promptly.

OVERBURY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Construction contracts

The Company has recognised the following revenue-related contract assets and liabilities:

	2022 £000	2021 £000
Contract assets	38,288	30,841
Contract liabilities	(4,761)	(1,755)

At 31 December 2022 costs to fulfil a contract, which are included within the contract assets, amounted to £2.3m (2021: £2.0m).

The contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts certificates are issued by the customer on a monthly basis.

The Company has taken advantage of the practical expedient in paragraph 94 of IFRS 15 to immediately expense the incremental costs of obtaining contracts where the amortisation period of the assets would have been one year or less.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 31 December 2022 are expected to satisfy performance obligations in the next 12 months.

Significant changes in the contract assets and the contract liabilities during the year are as follows:

	2022 £000		2021 £000	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
As at 1 January	30,841	(1,755)	26,431	(960)
Revenue recognised:				
- performance obligations satisfied in the current year	875,986	1,755	677,818	960
Cash received for performance obligations not yet satisfied	-	(4,761)	-	(1,755)
Amounts transferred to trade receivables	(868,539)	-	(673,408)	-
As at 31 December	38,288	(4,761)	30,841	(1,755)

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the balance sheet date:

	2023 £000	2024 £000	2025 £000	Total £000
As at 31 December 2022	561,671	204,509	46,000	812,180

OVERBURY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Trade and other payables

	2022	2021
	£000	£000
Amounts falling due within one year		
Trade payables	20,600	29,242
Social security and other taxes	40,746	35,510
Other payables	1,158	948
Accruals	151,675	117,358
	214,179	183,058

11. Deferred tax asset

	2022	2021
	£000	£000
Balance at 1 January	563	240
Charge for the year (note 6)	461	323
Balance at 31 December	1,024	563

Deferred tax assets consist of the following amounts:

	2022	2021
	£000	£000
Accelerated capital allowances	873	479
Short term timing differences	167	84
Other	(16)	-
	1,024	563

12. Share capital

	2022	2021
	£000	£000
Issued and fully paid		
13,000,000 ordinary shares of £1 each	13,000	13,000

The Company has one class of ordinary share which carries no rights to fixed income.

13. Retained earnings

	2022	2021
	£000	£000
Balance as at 1 January	94,257	99,291
Profit for the year	37,933	27,966
Dividends of 269p per share (2021: 254p per share)	(35,000)	(33,000)
Balance as at 31 December	97,190	94,257

14. Pension commitments

The Company contributes to the Morgan Sindall Retirement Benefits Plan and to other employees' personal pension arrangements. The Morgan Sindall Retirement Benefits Plan is a defined contribution post-retirement benefit plan under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. The pension creditor at 31 December 2022 was £713k (2021: £573k).

OVERBURY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. Contingent liabilities

Performance bonds have been entered into in the normal course of business. Performance bond facilities and banking facilities of the Group are supported by cross guarantees given by the Company and other participating companies in the Group.

Contingent liabilities may also arise in respect of subcontractor and other third party claims made against the Company, in the normal course of trading. A provision for such claims is only recognised to the extent that the Directors believe that the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. However, such claims are predominantly covered by the Group's insurance arrangements.

16. Lease liabilities

The Company leases assets including property, plant and equipment. The average lease term is 4 years. There are no variable terms to any of the leases. The maturity profile for the lease liabilities at 31 December 2022 are set out as follows:

	Leasehold Property		Other Assets	
	2022	2021	2022	2021
	£000	£000	£000	£000
Maturity analysis				
Within one year	1,309	1,464	95	68
Within two to five years	1,512	2,755	230	41
After more than five years	55	176	-	-
	2,876	4,395	325	109

	2022			2021		
	Leasehold property	Other assets	Total	Leasehold property	Other assets	Total
	£000	£000	£000	£000	£000	£000
As at 1 January	4,395	109	4,504	5,900	218	6,118
Additions	-	345	345	-	-	-
Terminations	(59)	(66)	(125)	-	-	-
Repayments	(1,569)	(87)	(1,656)	(1,656)	(114)	(1,770)
Interest expenses	109	24	133	151	5	156
As at 31 December	2,876	325	3,201	4,395	109	4,504

17. Related party transactions

In the ordinary course of business, the Company has traded with its parent company Morgan Sindall Group plc together with its subsidiaries. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in note 8 of these financial statements.

18. Subsequent events

There were no subsequent events that affected the financial statements of the Company.

