VINCI PLC
Annual Report 2009

Contents

St Wilfrid's School, Crawley
Cover Image: Circle Bath Hospital

Our mission is to be the preferred construction, facilities and associated services partner for our clients and to be the benchmark against which our competitors are measured.

Report

Accounts

Company Information

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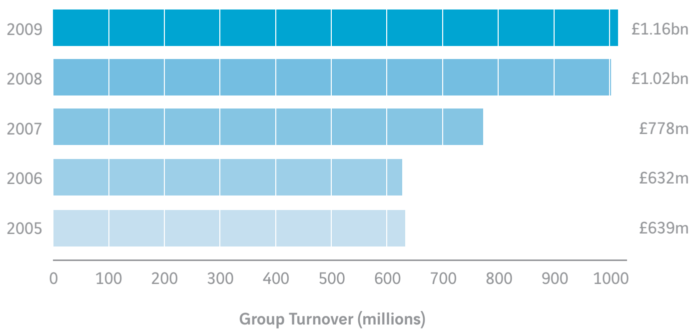
Chief Executive's
Report

The completion of the consolidation of the Group into its new operating structure has created a leaner and much more efficient organisation.

John Stanion
Chairman & Chief Executive
VINCI PLC



The UK economy suffered a severe recession throughout 2009 and this in turn caused a substantial reduction in construction demand and output. Whilst the Group's UK turnover increased in absolute terms during the year, on a like for like basis we experienced a significant decline that was particularly severe in the building sector. The scale of decline varied across the regions, with the Midlands and South West recording the most substantial downturn.

As a result of the reduction in volume, we moved swiftly during 2009 to fully integrate Norwest Holst and the Taylor Woodrow business that was acquired in September 2008. Norwest Holst Limited, the former major operating unit of VINCI PLC, was renamed VINCI Construction UK Limited and all the major construction operations of Norwest Holst and Taylor Woodrow were consolidated into five divisions comprising Building, Civil Engineering, Air, Technology and VINCI Facilities.

The Building division absorbed the building activities of both Norwest Holst and Taylor Woodrow and was divided into three regional sub-groups: Building Division - South, Building Division - Midlands, South West, Wales & Retail and Building Division - North. Each region operates through a number of local offices covering the whole of England and Wales. All the retail operations were merged to form an entity which operates nationally to provide retail solutions including construction and fit-out in both the retail and commercial sectors. Haymills was acquired in August 2009 and currently operates independently.

The Civil Engineering division comprises the former civil engineering activities of Norwest Holst and Taylor Woodrow and is subdivided into four sectors comprising Transport Infrastructure, Waste, Energy and Nuclear.

The Air division provides programme management, engineering and construction services to customers with airport infrastructure requirements. These include terminal buildings, car parks, baggage handling, retail remodelling, refurbishment of complex terminal facilities, piers and air bridges, capital investment programme management, construction management and business lounges.

The core businesses of VINCI Facilities are facilities management, repair and maintenance and small works in both the private and public sectors. VINCI Facilities combines the capability of Taylor Woodrow's facilities management business with the maintenance capability of Norwest Holst, Crispin & Borst, Rosser & Russell and Haymills Property Solutions.

The Technology division comprises three business units: Soil Engineering, Remediation Technologies and Taylor Woodrow's Technology Centre, a facility unique in the construction sector.

Other specialised subsidiaries within the Group include John Jones (Excavation) Limited, Conren Limited, VINCI Investments Limited, VINCI Education Limited and a new international company, Taylor Woodrow International Limited.

Turnover for the Group increased in the year to £1,164 million compared to £1,018 million in 2008. However, on a comparable basis, this represented a 17% decline on the previous year, taking into account the theoretical combined output of VINCI PLC and Taylor Woodrow Construction in 2008. Profit before tax fell to £14.6 million compared to £16.8 million in 2008. The overall cash position of the Group increased by £15 million to £149 million after payment of an £11 million dividend.

The completion of the consolidation of the Group into its new operating structure has created a leaner and much more efficient organisation with a significant reduction in the cost base. Regrettably, there were a number of redundancies created by the integration and reduction in volume.

Acquisitions and Disposals

In August 2009, VINCI PLC acquired certain assets from the administrator of Haymills Group Limited under a pre pack arrangement. The assets acquired included the trading name Haymills, a number of freehold properties, plant and vehicles, the Facilities Management division, the East Anglia Building division and its contracts and certain debtor balances. Approximately 400 employees of the Haymills Group Limited joined VINCI PLC.

Education
& Healthcare

Education and healthcare continued to provide an important element of construction output.

Education

A £21 million contract was completed for St Wilfrid's School in Crawley. Work continued on a number of other education projects including a £50 million development at Luton Sixth Form College, the £30 million Barnet College and a £29 million contract for East Barnet School. In Stockport, construction of Aquinas College continued.

New contracts awarded in the year included the £25 million High Storrs School as part of the Sheffield Building Schools for the Future (BSF) programme, the £25 million King David's School in Liverpool and a £40 million project for Phase III of the Middlesex University campus at Hendon.

Haymills have a number of contracts underway for various Colleges at Cambridge University.

The education and construction teams are currently involved in three tenders for BSF programmes and the outcome of these will be important for the future. VINCI Construction UK Limited secured a place on the Midlands and North Academies framework.

Healthcare

St Helens Hospital was completed in the year as part of a PFI scheme for St Helens and Knowsley PFI Teaching Hospitals NHS Trust. This £75 million state of the art facility is another example of the quality and design excellence that have become established in the sector. With a contract value of £200 million, Whiston Hospital, the second hospital forming part of this development, was largely completed at the end of 2009.

The first of what is planned to be a series of new private hospitals was completed in Bath. The £21 million Circle Bath Hospital is the first in the world to be designed by Foster + Partners. We are currently negotiating a follow on project in Reading.

Work continued on the £47 million Cynon Valley Hospital in South Wales as well as on the £29 million North Manchester General Hospital, along with a number of other projects under the ProCure 21 framework.

An £8 million contract was awarded to build a multi-storey car park as a variation to a £23 million contract to provide an elective care centre at Aintree University Hospital.

Main image: St Helens Hospital
1. Middlesex University Campus, Hendon
2. Circle Bath Hospital

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Credit: Nigel Young @ Foster + Partners

Chief Executive's Report (continued)

Work continues on a number of retail projects including another store for Tesco at Hanley and a £34 million shopping centre, the Mall, in Blackburn.

Retail

This continued to be an important sector of activity for the Group and part of the market in which the private sector has continued to invest despite the recession of the past two years.

Major contracts completed in the year included the Arc Development in Bury St Edmunds, a £51 million town centre mixed use development. A £16 million supermarket was completed for Tesco at Havant. Work was largely completed by the year end on a £14 million supermarket for Morrisons at Willenhall.

Work continues on a number of retail projects including another store for Tesco at Hanley and a £34 million shopping centre, the Mall, in Blackburn.

Work commenced at the end of the year on a new supermarket for Sainsbury at Biddulph in Staffordshire.

PEL Interiors were active in the fitting out of stores for Makro, Pure Gym and House of Fraser and undertook further remodelling projects for McDonald's.

Main image: Tesco, Havant
1. Private Housing Development, Hungate
2. Morrisons, Willenhall
3. The Mall, Blackburn

Development

A £25 million housing development was completed at Hungate and a £15 million office complex was handed over at West Regent Street in Glasgow.

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Retail
& Development

Airports


Welcome to
Terminal 4
Heathrow
More flights. More often.
Less time between
goodbye and hello.
Heathrow
Zones
C
D
E
F
Zones A-B
Zones C-F
Zones G-H
All departure gates
Check-in information
Foreign Exchange

Work continues on projects at Gatwick Airport, where the Air division operates in a number of capacities.

Airports

The Air Division completed the £83 million extension and refurbishment project at Heathrow's Terminal 4, handing over the new state of the art departures area six weeks early. Also in 2009, the division completed construction at Terminal 4 of a new business lounge, building out over the live airside aircraft stands, new loading bridges and stands for the Qantas A380s.

Work continues on projects at Gatwick Airport, where the Air division operates in a number of capacities.

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In the South Terminal, the division has been undertaking programme management for the entire Capital Investment Programme, co-ordinating the activities of over 100 projects. Also, the Air division has been providing construction management services to Gatwick Airport on the international departures lounge refurbishment project, the central search area upgrade project and the refurbishment of the immigration hall. The division is currently delivering the £31 million design and build refurbishment of Pier 2 which completes in 2013.

In the North Terminal, the division is undertaking the design and build of the refurbishment of the Inter Terminal Transit System (ITTS) while also undertaking the Principal Contractor role for the train replacement activities.

Finally, the division is providing design management and buildability advice to Gatwick Airport during the preconstruction phases of the South Terminal baggage factory, Pier 1 redevelopment, South Terminal forecourt and concourse and central search expansion projects, which combined have a value in excess of £150 million.

At Birmingham Airport Terminal 2, the multi-storey car park built by VINCI Construction UK some years ago was extended under a £13 million contract.

Main image: Heathrow Airport, Terminal 4
1. Birmingham International Airport MSCP, Phase 2
2. Gatwick South Terminal Inter Terminal Transit System

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Several contracts are ongoing under the Prison National Framework Agreement.

Defence & Security

Work continued on the major redevelopment of RAF Northolt as part of Project MoDEL, a £180 million programme to consolidate and redevelop the Ministry of Defence's estate in Greater London. Phases 1 and 2 moved towards completion and a new £40 million contract was awarded for Phase 3.

Several contracts are ongoing under the Prison National Framework Agreement.

Main image: Prison National Framework Agreement
Below: Project MoDEL, RAF Northolt
1. Queen's Colour Squadron, Office Accommodation and Parade Ground
2. Junior Ranks Mess and Club
3. Officers' Mess

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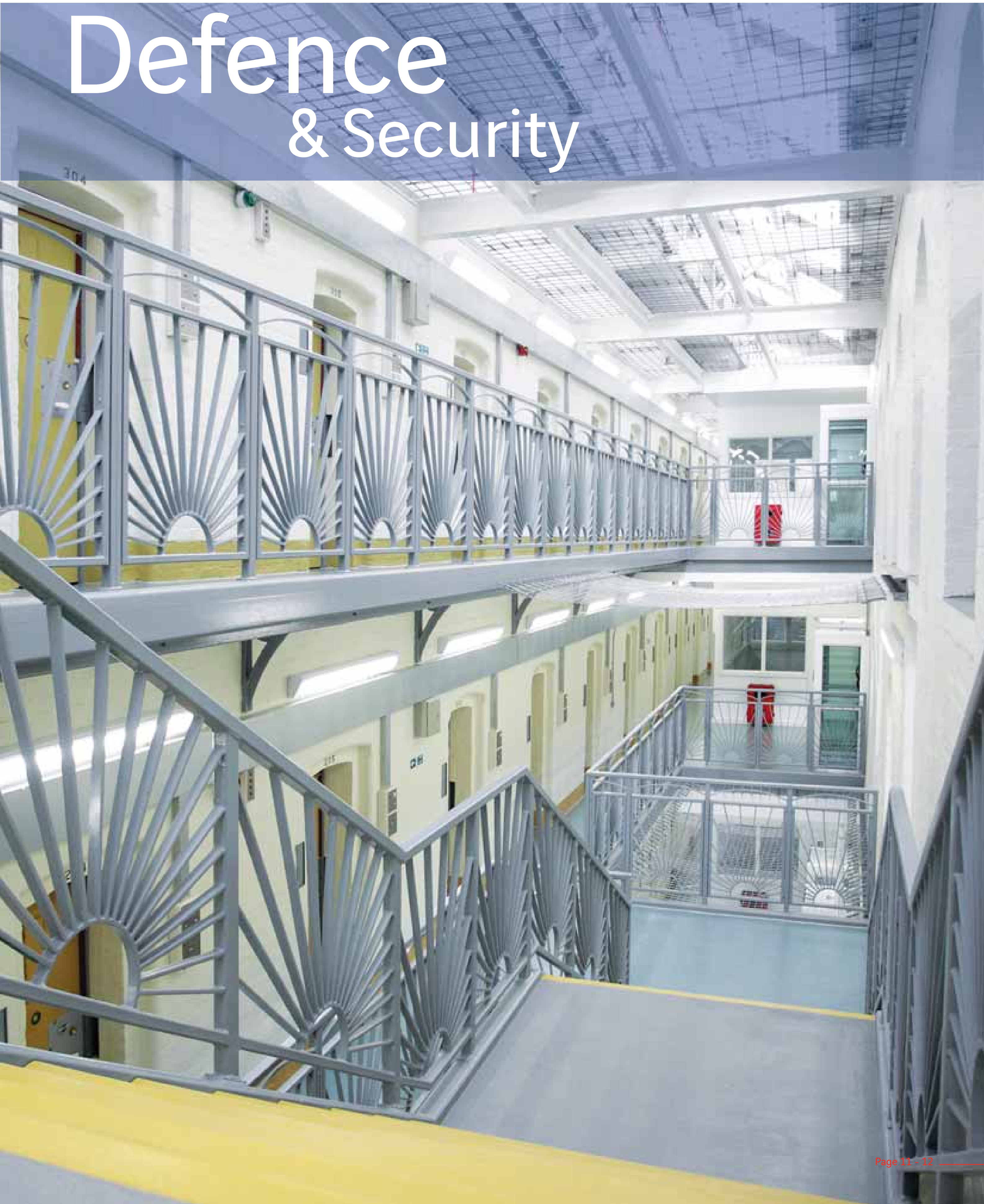
Defence
& Security



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Transport Infrastructure

A joint venture between VINCI Construction UK Limited and BAM Nuttall Ltd was awarded a £250 million contract to redevelop Tottenham Court Road Underground Station.

Transport Infrastructure

The £208 million Docklands Light Railway Three Car Capacity Enhancement Project was substantially completed at the end of the year and work continues on the additional £10 million East Route, comprising platform extensions on the line to Beckton.

Work continued on the £181 million King's Cross Redevelopment and we are preferred bidder on a further £17 million package of work on station platforms.

Our role in construction management of enabling works for the Crossrail project has been further extended, including progressive integration of our team into the Delivery Partner organisation.

A joint venture between VINCI Construction UK Limited and BAM Nuttall Ltd was awarded a £250 million contract to redevelop Tottenham Court Road Underground Station just before the year end.

Work continued as part of the Early Contractor Involvement phase of the design and construction contract with East Sussex County Council for the £60 million Bexhill to Hastings relief road.

Replacement of rail underbridges on the A406 at Hanger Lane is in progress under our £17 million contract with Transport for London.

John Jones (Excavation) Limited was awarded a £16 million contract by Balfour Beatty Civil Engineering Limited which includes earthworks and culvert works as part of the construction of the new A421 dual carriageway which runs 13km from junction 13 of the M1 to Bedford.

Also for Balfour Beatty Civil Engineering Limited, John Jones (Excavation) Limited was awarded a £27 million contract for earthworks, pre-earthworks drainage and culverts for 28.5km of dual carriageway improvement works on the A46 between Newark and Widmerpool.

Main image: Tottenham Court Road Tube Station
1. Docklands Light Railway, South Quay
2. King's Cross Station Redevelopment Scheme

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Chief Executive's Report (continued)

The Technology division has also supported other divisions of VINCI Construction UK through the provision of a range of services such as cladding testing, energy management and building pathology.

Waste & Energy

The joint venture between VINCI Construction UK Limited, VINCI Construction Grands Projets and Balfour Beatty was active in studying the construction techniques required for the AREVA EPR and began tender preparation for the preliminary works contract for EDF at Hinkley Point.

Work continued on Phase 1 of the Sellafield Silos Direct Encapsulation Project.

The LNG tank at the Isle of Grain in Kent was completed during the year.

Technology

Soil Engineering has continued to deliver technically demanding and logistically difficult site investigation projects for major capital projects. In 2009, the land based studies were completed for Thames Water's Tideway Tunnel and several packages for Crossrail.

The Technology Centre has strengthened its working relationship with British Energy, successfully completing the Boiler Closure Unit project and continues to provide surveillance services for reactor vessel pre-stressing tendons. New capabilities were also added in ecology, low carbon consultancy and acoustic flanking tests.

A new business unit was established called Remediation Technologies, to commercially exploit the jet pump technology we own. A Joint Venture, EcoSoil, has been set up with Acumen Waste Management to provide soil cleaning using a purpose designed plant based in Widnes.

The Technology division has also supported other divisions of VINCI Construction UK through the provision of a range of services such as cladding testing and consultancy services for the Terminal 4 extension project at Heathrow; Building Information Modelling and site investigation at Gatwick Airport; and the production of the Design Guide for Schools.

Main image: Remediation Technologies Plant, Widnes
1. Heysham Nuclear Power Station
2. LNG Tank, Isle of Grain, Kent

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Waste, Energy
& Technology

Facilities Management

Mobilisation started for the 40 year facilities management contract at St Helens and Knowsley PFI Teaching Hospitals NHS Trust, the new Primary School at Glan Usk in Wales and Sheffield Building Schools for the Future programme.

Facilities Management

VINCI Facilities consolidated its activity into five operating units covering facilities management, technical services, partnership services and two regional building maintenance operations, Crispin & Borst and Haymills.

New contracts awarded in the UK included a three year contract for the facilities management to all TK Maxx stores and offices in the UK as well as refurbishment and improvements at the TK Maxx head offices in Watford. A three year contract was awarded to continue to provide facilities management services to DSGi. In Europe, VINCI Facilities was awarded Phase 1 of a three year FM contract with international fashion retailer, Esprit, for their stores in Benelux.

Mobilisation started for the 40 year facilities management contract at St Helens and Knowsley PFI Teaching Hospitals NHS Trust, the new primary school at Glan Usk in Wales and Sheffield Building Schools for the Future programme.

A three year facilities management contract was awarded for the Welsh Assembly Government Offices in Aberystwyth.

Contract awards at the Royal Berkshire Hospital exceeded £1 million.

In the education sector, services were provided to schools in Doncaster, Sheffield and Derby as part of PFI schemes.

Haymills continued to provide facilities management and base maintenance services to Defence Estates and the US Air Force on airbases in East Anglia and Southern England.

Other clients for whom services continue to be provided included the Highways Agency, South London Healthcare NHS Trust, Buckinghamshire Hospitals NHS Trust, Sheffield City Council, the Royal Mail, the Royal Parks, the Metropolitan Police, Hertfordshire Police, Kent Police Authority, Wiltshire Police Authority and the Planning Inspectorate.

In the private sector, facilities management services continued to be delivered to Nationwide Building Society, Total UK, House of Fraser and the Olympic Delivery Authority.

Building maintenance services were delivered to many housing associations including Maidstone Housing Trust, Sandwell Homes, Wandsworth Borough Council, Flagship Housing Group, Central Bedfordshire Council, Hackney Homes and London Borough of Camden.

Main image: Planning Inspectorate
1. TK Maxx, Belfast
2. Royal Berkshire Hospital

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VINCI PLC remains in a strong position due to its balance sheet strength and cash holdings to ride out this downturn and to capitalise on any opportunities for external growth that present themselves and fit with our development strategy.

Outlook

The UK economy continued to suffer a severe recession throughout 2009, bringing output loss greater than in any previous recession in the past 80 years. The overall reduction in output over the period 2008 – 2010 is of the order of 6%, but in the construction sector the drop has been far more pronounced, with an unprecedented fall in demand.

In the last quarter of 2009, the UK economy recorded a return to growth of 0.3% but, given the level of fiscal stimulus applied to the economy through the temporary reduction in VAT, suspension of stamp duty at average house prices, car purchase subsidy scheme, deferred tax for SMEs, liquidity support to banks and quantitative easing, some growth was to be expected.

Looking ahead, as this support is withdrawn, it is far from certain that we can yet be relaxed about the recovery and at some point measures will have to be implemented to tackle the current deficit. In addition there is a mismatch between the reduction in economic output and increase in unemployment, which implies a reduction in productivity and some slack within the national workforce.

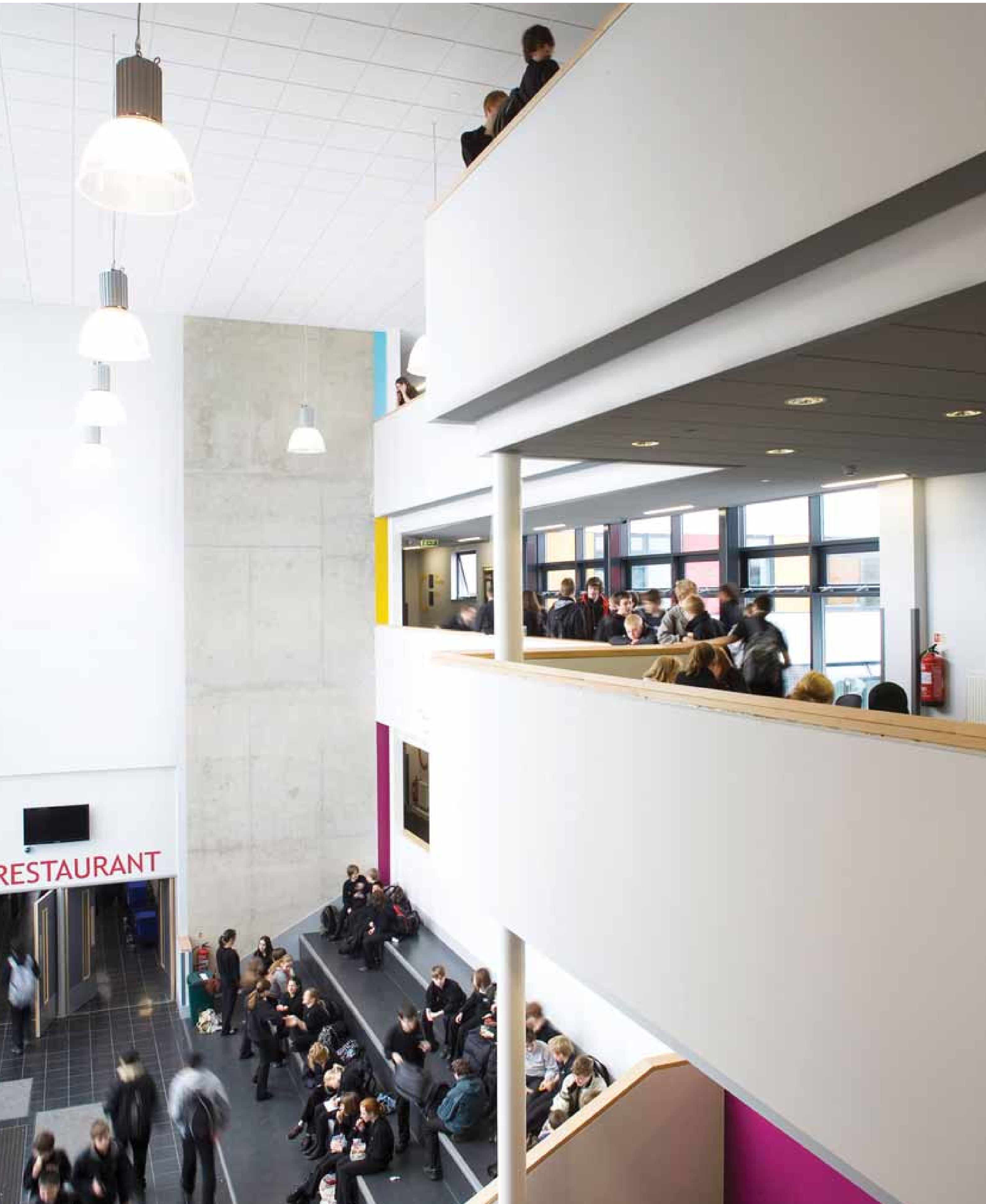
In the absence of a clear spending reduction plan in the period leading up to the General Election, planning ahead for business is fraught with difficulty. However, the construction industry has become very dependent upon public sector spending for work given the reduction in private sector demand. In common with most in the industry we urge the Government to consider carefully the ramifications of cutting investment in capital spending in education, health and transport infrastructure in particular. These sectors are crucial to the construction industry, generate employment and boost domestic demand whilst providing real benefits for the future efficiency of the economy.

The industry has suffered in the recent past from a lack of stability in demand and as a consequence has been unable to maintain the level of skills and resources needed to efficiently meet increased demand when it occurs. During the past two years we have seen, as mentioned earlier in this report, a significant contraction in the volume of business within VINCI PLC. We have taken the necessary steps to consolidate and integrate the business to ensure we are the correct size and shape for this reduced output. We will continue to be proactive in managing the business and maintaining efficiency whilst upholding our policy of selectivity, protection of margins and cash management.

Bank base rates have remained at 0.5% throughout the period, resulting in a meagre return on the large cash balances we hold, but over time we would expect that situation to improve when the economy returns to sustainable growth.

Main image: Newfield School, Sheffield BSF
Below: Royal Oldham Hospital

Outlook


RESTAURANT

There are certain sectors that we have identified as priorities for attention and these include education through Building Schools for the Future and the Academies programmes, health through ProCure 21 and the private sector, energy in the widest sense, nuclear decommissioning and new nuclear reactors, waste and waste to energy plants, transport infrastructure, facilities management and innovative types of project development. We have also decided to return to international contracting, focusing initially on the Middle East where the Taylor Woodrow brand was well established, but we do not expect this to have a major impact immediately.

We entered 2010 with approximately 60% of our budget workload secured, equivalent to the same position in 2009 and, since January, a number of contract awards have increased this figure to the point where we are reasonably confident of a similar level of turnover as last year.

VINCI PLC remains in a strong position due to its balance sheet strength and cash holdings to ride out this downturn and to capitalise on any opportunities for external growth that present themselves and fit with our development strategy. However, we are not complacent about the scale of the challenges ahead.

The last two years have been unprecedented in the development and changes of VINCI PLC. The acquisition of Taylor Woodrow and Haymills in the period following on from those of a number of other construction businesses and the disposal of McGill, Simplex and ECoS, followed by the complete integration of the continuing businesses into VINCI Construction UK Limited along with the introduction of common business systems and a complete new accounting platform, have placed many demands on our staff. As always, we are dependent on the commitment of all the employees of the Group and they have risen to the challenges and delivered a transformation in the efficiency of the business. On behalf of the Board of Directors I thank them all for their loyalty and commitment.

J O M Stanion
Chairman & Chief Executive
VINCI PLC
18th March 2010

Main image: Silverdale School, Sheffield BSF
Below: St Catherine's Heath Centre, The Wirral

Corporate Responsibility Report

Watford Schools Art Competition

To underline our commitment to Corporate Responsibility (CR), we set annual objectives by which we measure ourselves in key areas.

In this section of our annual report, we provide a summary of our approach to Corporate Responsibility (CR) and an account of our achievements in 2009. To underline our commitment to CR, we set annual objectives by which we measure ourselves in key areas. Due to the relatively late acquisition of Haymills in the third quarter of 2009 and also for clarity of reporting, Haymills CR / sustainability activities have not been included. The information on the following pages details performance against the objectives we set in 2008 for 2009. Our CR Performance Data Tables are available to view on our website **www.vinci.plc.uk/cr**

VINCI PLC Highlights 2009

- Health and safety performance continued to improve with reportable accident incidence and frequency rates falling by as much as 37% since 2006.
- We continued to reduce environmental incidents and established consistent environmental KPIs across the business.
- We successfully integrated the Norwest Holst and Taylor Woodrow people and our Diversity, Equality and Inclusivity programme secured a VINCI Innovation Award.
- We maintained 100% compliance with corporate governance processes.
- We donated £92,533 to charity.

Amy Tang, a GCSE student from Kings Langley School, was the Supreme Winner of the 2009 Watford Schools Art Competition sponsored and supported by VINCI Construction UK Limited. Amy is pictured here with Head Teacher, Gary Lewis.

Main Challenges for 2010

There will be a number of significant challenges that we, along with the rest of the industry, will face in 2010. The current economic climate has already had an impact on work opportunities and will continue to do so for the foreseeable future.

We will retain our focus on driving improvement in our performance as a responsible business, focusing on the following areas:

- Understanding and reducing our carbon footprint.
- Becoming more efficient in our use of energy.
- Continuing to reduce the waste we produce.
- Developing the capabilities of our people.
- Safe and healthy working.
- Balancing professional and social contribution.

Reduction in work opportunities, combined with an increasingly competitive marketplace, will put considerable pressure on CR initiatives right across the industry. Despite these economic challenges, we will not relent in our belief that CR remains a high priority for our organisation. The effective deployment of our CR strategy, in combination with our key values of team work and innovation, will ensure that we focus our efforts on exceeding the requirements of all our stakeholders. We have considerable faith that our systematic approach to CR will enable us to effectively differentiate ourselves in the marketplace, reduce business risk and continue to generate goodwill amongst our stakeholders.

Our People

Throughout 2009, the Learning and Development department focused on consolidating all training records from both VINCI PLC and Taylor Woodrow and a subsequent review of best practice from both sets of records was undertaken.

Objectives for 2009:	Achievements in 2009:
Continue to consolidate and integrate the people of VINCI PLC and Taylor Woodrow into the organisation by formulating a learning and development strategy for the restructured business based on better understanding of risk and identifying key competencies.	Achieved [1]
Roll out a new recruitment process with strong emphasis on direct sourcing.	Achieved [2]
Continue the reduction of voluntary staff turnover.	Reduced from 14.5% in 2008 to 5.1% in 2009
Reduce sickness absence and increase employee safety at work.	Sickness absence reduced by 28% [3]
Extend our current range of benefits through the introduction of a flexible benefit scheme in 2009.	Flexible benefits planned for 2010 [4]
Reinforce our commitment to equality, diversity and inclusion in the workplace.	We have maintained the level of diversity in our workforce [5]

Notes on performance against objectives:

[1] Throughout 2009, the Learning and Development department focused on consolidating all training records from both VINCI PLC and Taylor Woodrow and a subsequent review of best practice from both sets of records was undertaken. Due to this review process and the economic climate, only business critical training was organised during 2009. This allowed the business to operate in a safe and efficient manner whilst maintaining a control on cost. The consolidation exercise also allowed the Learning and Development department to achieve a record level of CITB grant recovery of just under £2 million.

[2] The roll out of a new recruitment process commenced early in 2009 with advertising being placed with job centres, in local papers and local radio to cut down the cost of recruiting through agencies. The Company also placed a strong emphasis on recruiting through its own employees through the increase in the Introduce a Friend bonus. External recruitment tailed off quickly during 2009 due to the economic conditions, with the emphasis shifting onto the retention of its current employees where possible.

This drop could partly be attributed to market conditions but could also be attributed to the continual development of employees and the changing nature of the business following the acquisition of Taylor Woodrow.

[3] Absence rates continued to fall from 4.6 days per person employed in 2008 to 3.3 days per person in 2009. These numbers cover all absence including a number of long term sickness cases. There has also been a significant reduction in the short term absence rate from 1.5 days lost per person in 2008 to 1.0 per person in 2009. Employee safety statistics are provided in the section on health and safety.

[4] The introduction of the flexible benefits scheme, Options, will be introduced across the board during the first quarter of 2010 in line with the harmonisation of terms and conditions between VINCI PLC and Taylor Woodrow. The introduction of flexible benefits will allow an employee to tailor make their benefit choices to suit their own personal requirements and also assist with the harmonisation of benefits across the Group. Options will continue to be reviewed, modified and expanded throughout 2010 to give employees even greater flexibility. The introduction of a flexible benefits scheme will also assist in the retention of existing employees and the recruitment of new staff.

[5] Through the Docklands Light Railway project, which ran through five London boroughs with differing cultures, high unemployment and deprivation, VINCI Construction UK was able to address issues of equality, diversity and inclusion. This was done through raising awareness of diversity to the project team and our subcontractors. By addressing these issues, it also allowed VINCI Construction UK to build relationships with the local schools and colleges which provided individuals with access to career advancement opportunities.

Many individuals benefited from the Company addressing issues of equality, diversity and inclusion, including the local community who were given access to employment, education and training opportunities.

The Equality, Diversity and Inclusion scheme was such a success that this approach is now being adopted on another VINCI Construction UK site. The scheme was also entered and recently won the sustainable development category in the VINCI Innovation Awards.

Following on from the Get Women into Construction scheme in 2008, 2009 saw one of VINCI Construction UK's Project Managers win the Women in Construction Professional / Consultant of the Year award.

Health & Safety

BSI carried out eight man-days of auditing in December 2009 and confirmed that integration had been successful by awarding 18001 certification to those parts of the business not already covered.

Objectives for 2009:	Achievments in 2009:
Achieve total integration of the Taylor Woodrow and VINCI PLC businesses and management systems, including certification to ISO 18001.	Achieved [1]
Continue to promote the Behavioural Change/ Health and Safety Leadership course.	Achieved [2]
Further improve the reporting of near-misses as an important tool in accident prevention.	Near miss reports rose from 87 in 2008 to 440 in 2009 [3]
Drive down accident rates, absence from work and instances of occupational ill health.	Achieved [4]

Our Air division accomplished 1,449,331 working hours without a reportable accident in 2009.

Notes on performance against objectives:

[1] BSI carried out eight man-days of auditing in December 2009 and confirmed that integration had been successful by awarding 18001 certification to those parts of the business not already covered.

[2] The original training course for Managers has been further developed during the year into two other courses; one for Supervisors, the other for Operatives. The courses are fully subscribed with a programme of training continuing in 2010.

[3] The near-miss reporting system has been rolled out across the integrated business and is being used. It is recognised that the robust, effective use of this tool is the hallmark of a mature, well managed business. However, it remains a challenging area for the smaller business units where the culture in this respect is still developing. We will further refine the data collection and analysis procedures in the coming year to improve effectiveness.

[4] There were three instances of occupational ill-health reported in the year; two concerned pre-existing hand/arm vibration symptoms and one was asbestos related. All three cases related to previous employments and not VINCI PLC.

Reportable Accident Incidence and Frequency Rates

As previously reported, the rates have fallen. However, it should be noted that we are not strictly comparing like with like as the figures published in the last report were for VINCI PLC prior to the acquisition, whereas the 2009 numbers include activities from the former Taylor Woodrow business.

	2008	2009
Incidence Rate	5.5	3.9
Frequency Rate	0.3	0.3

Our Air division accomplished 1,449,331 working hours without a reportable accident in 2009 and a cumulative 2,166,288 working hours since the previous reportable accident.

Performance against other performance indicators

In addition to the metrics reported above, we also measure our performance against a number of other performance indicators. A summary and commentary is provided below:

- Health and Safety Adviser Reports
- High Scores 43
- Low scores 153

It would be wrong to try and compare these scores to the previous report, as we have further changed and clarified the scoring criteria as a result of experience. Many of the low scores relate to the management system integration process. What the scores do show is that work at height, and in particular the use of mobile scaffold towers, is an issue and we have put a programme of action in place to deal with this.

Health & Safety Presentation

A school health and safety presentation was conducted at Stanley Road Primary School, followed by a short talk to the Key Stage 2 pupils about the construction industry. The school is in the locality of the TA Centre project we currently have on site in Worcester.

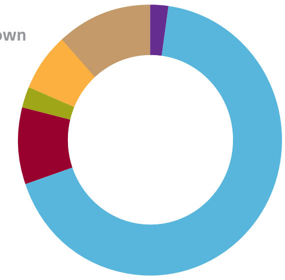
Enforcing Visits and Actions

The enforcing authorities, most commonly the Health and Safety Executive, visited our sites and premises on 43 occasions in 2009.

Although their visits were mainly of a routine nature, nine were aligned with the HSE's national two week Blitz campaign on all main contractors. None of these Blitz visits required further action on the Company's behalf.

Results of Enforcement Visits - Workforce Breakdown

No action required	29
Write back	4
Meeting	1
Letter / Advice note	3
Minor (Dealt with immediately)	5
Prohibition Notice	1



Prohibition Notice

On the 27th November 2009 at a Stradform site in Newquay (part of VINCI Construction UK Ltd Building Division), the Health and Safety Executive served a prohibition notice upon Stradform, prohibiting further work at height in a particular location. Work took place to immediately rectify the situation and remedial measures were introduced to prevent a recurrence.

There have been no prosecutions of VINCI PLC companies for Health and Safety offences in 2009 and none are pending.

Training

A considerable amount of health, safety and environmental protection training was undertaken by the Company during the year. Whilst all of it was organised through the Learning and Development Function of the Human Resources Department some of it was directly undertaken or supervised by the Health and Safety Department and this amounted to 1,496 man-days.

RoSPA Awards

Five of the VINCI Construction UK business units were proud recipients of awards at the annual RoSPA Awards ceremony held in 2009.

The winners were:

VINCI Facilities - Presidents Award
13 Continuous Gold Awards

Air Division - Gold Medal
6 Continuous Gold Awards

Civil Engineering Division - Gold Award
3 Continuous Gold Awards

Technology Centre - Gold Award

Building Division, St Helens Hospital Project - Gold Award.

In August 2009, Guild Park Lodge Low Secure Unit Phase 3 in Preston was used as an example of good practice to train a new Health and Safety Inspector.

The Environment

Managing waste within our business continues to be an area of both risk and opportunity, especially in our Air, Building and Civil Engineering divisions.

Objectives for 2009:	Achievements in 2009:
Zero environmental incidents.	Missed - We had one minor environmental incident in 2009 [1]
Set waste targets to meet the Halve Waste to Landfill commitment.	Achieved - All operating divisions within VINCI Construction UK set waste targets [2]
Further increase ISO 14001 certification across the re-structured business.	Missed - see notes below [3]
Undertake targeted initiatives to directly improve sustainability throughout the Group's supply chain.	Achieved - see notes below for examples [4]
Ensure that all operations report on Environmental Performance Indicators (EPI).	Achieved – All of VINCI Construction UK activities were reporting using EPI by the end of 2009 [5]

Through our EPI reporting we now understand our direct environmental impact, in terms of carbon dioxide equivalent emissions, much more clearly.

Notes on performance against objectives:

[1] The minor environmental incident in 2009 was a section 60 notice, served on a project where we had failed to manage our activities within agreed noise levels. Following analysis by our Environmental team, we have issued further briefing and guidance across the business to reduce the risk of this recurring.

[2] Managing waste within our business continues to be an area of both risk and opportunity, especially in our Air, Building and Civil Engineering divisions. We have developed new guidance for our operational teams and simplified the reporting process for 2010. This will enable us to demonstrate legal compliance more efficiently and give our project teams the information to enable them to manage the opportunities available.

- Reduce the amount of raw material required
- Re-use materials within the project
- Recycle as much as is practicable that cannot be re-used

[3] The percentage of business, by volume, that is certified to ISO 14001 is 94%. We have put in place plans to gain certification for the balance of our contracting activities and expect to achieve this certification during 2010.

[4] Examples of working with our supply chain to improve sustainability include:

DLR Three Car Capacity Project - we worked with our designers to produce meaningful design waste minimisation statements, identifying and agreeing means by which we could reduce the amount of material required to complete the construction works.

Cynon Valley - we investigated a number of avenues for re-using, recycling and disposal of the large volumes of polystyrene void formers that were generated by the construction method on this project. This was a highly collaborative effort, with ideas sought and offered from across the business. The result was a £6,500 reduction in the disposal costs.

King's Cross - we worked with our frame and groundwork sub-contractor to ensure best practice fuel storage and spillage control.

[5] Through our EPI reporting we now understand our direct environmental impact, in terms of carbon dioxide equivalent emissions, much more clearly. We have three primary areas that generate emissions:

- Electricity consumed in fixed offices and sites (7,400 tons)
- Diesel consumed by plant (16,700 tons)
- Emissions from business mileage (3,600 tons)

Eco Friendly Student Accommodation Phase Four, Lancaster University received an Environmental Sustainability Award in May 2009.

North West Construction Awards 2009

The Tesco Environmental Format Store in Cheetham Hill won the Manchester Best Practice Award for its environmental credentials, implementing environmental initiatives and renewable technology, achieving a BREEAM rating of 'Very Good'.

The store also exceeded in excess of the 50% operational carbon reduction requirement set out by Sir Terry Leahy, CEO of Tesco, with an actual figure of 75%.

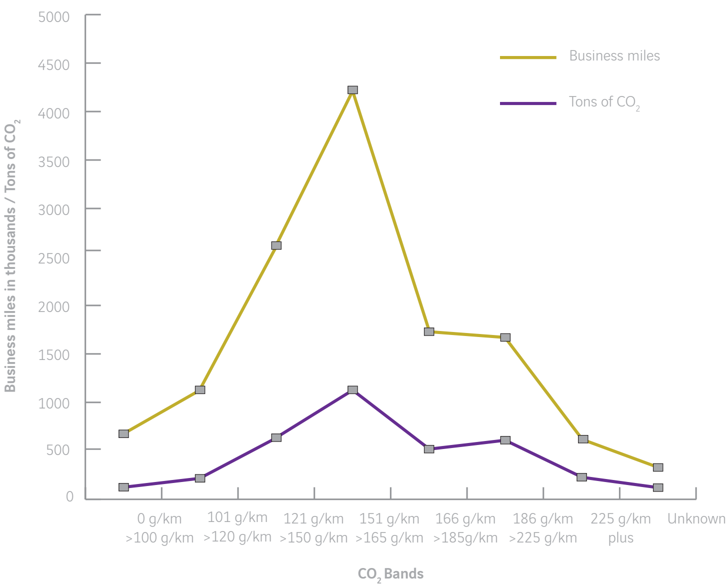
Our Technology Centre has been measuring energy consumption since 2007 resulting in a reduction of over 25%.

In addition to performance against objectives, we also undertook a number of other activities in 2009 that had an environmental dimension.

Our customers are increasingly demanding evidence of our environmental performance. In addition to our own EPI and ISO 14001 activities, we secured a Green Dragon Award for our operations in Wales. We also made a submission under the Carbon Disclosure Project in connection with our facilities work for the UK Highways Agency.

We have an ambition to reduce our carbon emissions, driven both by forthcoming legislation and by our recognition that it will result in our business being more efficient and socially acceptable. We are working as the primary partner for all of VINCI's operations in the UK under the new Carbon Reduction Commitment Energy Efficiency Scheme. Some of our operating divisions have started to measure and manage their emissions, e.g. our Technology Centre has been measuring and managing energy consumption since 2007 resulting in a reduction of over 25%. This has been achieved through a combination of automatic metering, local management ownership and employee engagement, an approach we are extending throughout the business.

Carbon Reduction Business Mileage Results



In 2009 we added ecology to our in-house expertise.

We have also taken action corporately, making significant changes to our vehicle policy and fleet, capping CO_2 emissions for all grades. Our new company car fleet CO_2 emission average is 132 g/km. We aim to reduce this further as new technology arrives from the manufacturers.

We have been helping our customers manage their energy consumption, particularly in the use of buildings e.g. all of the schools we manage through our Partnership Services portfolio have energy use published via our intranet. In 2009 we added low carbon consultancy and ecology to our in-house expertise.

We have undertaken an aspects and impacts assessment across our operating divisions to help inform the development and implementation of our sustainability strategy.

Community Involvement

We were successful in securing €15,000 VINCI Foundation funding for Community Links, a charity which has been helping children, teenagers and adults in deprived neighbourhoods for 30 years.

Objectives for 2009:	Achievements in 2009:
Form a team to further develop and deploy our Community Involvement strategy.	Achieved [1]
Continue to increase the number of our people involved in charitable activities and events.	Missed [2]
Promote the VINCI Foundation for the City, further encouraging our employees to identify projects which will help the disadvantaged into employment.	Achieved [3]
Provide guidance on the intranet on how to ensure a professional approach in the management of our community operations.	Achieved [4]

In 2009, VINCI Education continued to support Sheffield Children's Festival.

Notes on performance against objectives:

[1] A Community Involvement Team was formed in 2009, with the aim of encouraging our employees to engage with local stakeholders to generate goodwill and understanding of both the company and the industry. Several meetings were held throughout the year, culminating with an intranet launch of the Civic Involvement Team in September 2009.

[2] The charity committee continued to meet throughout the year, contributing towards the fundraising efforts of our employees as well as a small number of charities which wrote directly to the company. In addition, other parts of the business made donations to charity which brought the total amount donated by VINCI PLC to £92,533.

[3] Community involvement is an area which is closely linked to the VINCI Foundation, a group-wide initiative that seeks to encourage social cohesion and opportunities for employment. All employees are encouraged to propose projects and apply for financial assistance. In 2009, we continued to promote the VINCI Foundation through our in-house publications and intranet. We were successful in securing €15,000 funding for Community Links, a charity which has been helping children, teenagers and adults in deprived neighbourhoods for 30 years.

The aim of the project called Extending Excellence – Employment Programme for Young People, is to extend the reach of the existing Community Links New Deal into Employment Programme. The existing Programme provides a range of services and activities to young people who are unemployed, helping them into sustainable employment. The new project will extend the reach of this Programme to specialist groups and neighbouring boroughs. To enable this to happen, Community Links needs to upgrade and extend its IT capability as computers are a key part of the programme.

[4] There is now a dedicated section on the company intranet which gives guidance to employees wishing to become involved in community initiatives. These range from providing work experience for the unemployed, fundraising, hosting a careers day for schoolchildren or protecting local habitats and environments.

The VINCI Foundation for the City was set up in May 2002 to encourage Group employees to become involved in initiatives to help the disadvantaged into employment and strengthen the social fabric of local communities.

VINCI employees in all Group companies are encouraged to propose projects and apply for financial assistance.

To find out more, visit: www.vinci.com/fondation

Application forms should be submitted to VINCI via Melanie Mathews,
Head of Corporate Communications
based at Astral House in Watford.

Email: melanie.mathews@vinci.plc.uk

Customers and Suppliers

Our commitment to source materials from companies with impeccable environmental, ethical and safety credentials has continued to be the priority for our 2009 agreements.

Objectives for 2009:	Achievements in 2009:
Continue to be adaptive and innovative in the development of value adding service solutions.	Achieved [1]
Ensure that all forms of procured products and services are subject to a level of performance assessment, measurement and review.	Achieved [2]
Continue to formalise agreements with key supply chain partners using our key framework document.	Achieved [3]
Work in partnership with the South East Centre for the Built Environment (SECBE) to ensure that all of our key suppliers have attained, or are working towards, environmental accreditation.	Missed

As one of the seven IESE (Improvement and Efficiency South East) Tier 2 Framework delivery partners, VINCI Construction UK supported the launch of an initiative to develop the local construction supply chain and promote training and development in the local community.

Notes on performance against objectives:

[1] An example of this was at Bamford Water Treatment Works. As part of the initial site set up, Tarmac's operational personnel met with our site team to discuss suitable sources of aggregates to provide the best transportation modes and routes, with the aim of reducing the carbon footprint associated with the project. Initial consideration had selected aggregates that required transporting some considerable distance. From discussions with Tarmac and the client we were able to agree to change to a limestone aggregate from Tarmac's Tunstead Quarry near Buxton, significantly reducing the distance to site and in turn reducing the environmental impact of aggregate supply to the contract.

From Tarmac's Wolverhampton recycling centre, Tarmac has been supplying recycled aggregates for use as sub-base to the site during 2009. The aggregates are WRAP (Waste Recycling Action Programme) compliant and meet the technical specifications required by virgin land won aggregates.

[2] We continue to monitor and assess the performance of our supply chain to ensure that their selection is not only based on their competitiveness, but also their ability to maintain high standards in areas such as health and safety, environmental and social responsibility. 88% of our suppliers achieved a satisfaction rating of 60% or above.

[3] Our commitment to source materials from companies with impeccable environmental, ethical and safety credentials has continued to be the priority for our 2009 agreements.

In June 2009, VINCI Constructon UK concluded a framework agreement with British Gypsum to supply plasterboard and ancillary products to sites throughout the Group. Through early involvement and the use of bespoke products, together with reducing the amount of packaging sent to site, we will reduce wastage and improve the sustainability of the project. BG's plasterboard recycling service can make a significant contribution to waste management, reducing costs whilst providing a fully audited process trial.

Rod Nutbourne, Project Manager for the Building Division - South, received a silver medal at the Construction Manager of the Year Awards for his successful management of the Tank Museum project at Bovington. The client praised Rod saying: "Right from the start Rod worked hard to keep the client relationship as effective as possible. His tender proposal was the only one willing to compromise the convenience of the site operation to allow the venue to remain open during the works."

Corporate Governance

We are strongly committed to the principles, values and code of business conduct set out by our parent company, VINCI SA.

Objectives for 2009	Achievements in 2009:
Continue our strict adherence to governance and business risk controls.	Achieved [1]
Further integrate CR issues into our overall business risk and opportunity evaluation process.	Missed [2]
Form CR Action Teams to make specific recommendations to the VINCI Construction UK Limited Board.	Achieved [3]
Utilise the Business in the Community Index to carry out a gap analysis highlighting our CR strengths and areas for improvement.	Achieved [4]
Undertake a CR research project that will enable us to improve implementation of our CR strategy at all organisational levels.	Missed [5]

Our continued strict adherence to corporate governance and business risk controls resulted in 100% statutory compliance again in 2009, with no incidents of financial breaches or irregularities occurring.

Notes on performance against objectives

[1] We are strongly committed to the principles, values and code of business conduct set out by our parent company, VINCI SA. This delegation of authority to all operational and functional management levels is carried out by complying with VINCI SA's global framework of governance which is publicly available in the VINCI SA Annual Report. Our continued strict adherence to corporate governance and business risk controls resulted in 100% statutory compliance again in 2009, with no incidents of financial breaches or irregularities occurring.

[2] The integration of the Taylor Woodrow and Haymills acquisitions and the re-structuring of Norwest Holst into one operating company has deferred activity in this area.

[3] During 2009, we have instigated an employee consultation committee system, enabling an open dialogue between the workforce and the senior management on proposals for change.

[4] The BITC index highlighted areas for improvement, including:

a) Transparency of targets and performance against them, particularly with respect to environmental management and climate change impact.

b) Embedding CR principles into the decision making process throughout our business.

c) Developing and formalising external stakeholder engagement.

[5] The research fieldwork has been completed but the report has not yet been delivered.

2010 Objectives - Comprehensive Table

Our People

Introduce a Duke of Edinburgh scheme for those employees on sponsorship agreements with VINCI PLC, with the aim of strengthening our links and presence at selected institutions and offering a powerful recruitment tool to undergraduates.

Fully launch the flexible benefits scheme.

Complete the harmonisation process between VINCI PLC and Taylor Woodrow.

To continue to reduce short term employee sickness absence.

Health and Safety

Continue to consolidate the integration of the business to ensure that it is not just a mechanical change of management system but a cultural joining together to form one whole.

Work more closely with the business units to assist and enhance their ability to win work. This will include working with JV partners to promote a world class performance aligned with our French parent company's zero accidents policy.

Continue to promote the benefits of a robust and effective near-miss reporting system within the business units.

Continue to promote strong, visible, proactive leadership at all levels with the emphasis on the role of senior management in this respect.

Promote the training of all Supervisors in accordance with the UK Contractor's Group training performance standard.

The Environment

Establish requirements in project procurement documents and engage with the supply chain in pursuit of the Halving Waste to Landfill Commitment.

Procure all energy (electricity, gas & fuel) centrally.

Use Environmental Performance Indicator (EPI) data from all sites and static premises to enable local management of carbon emissions.

Zero Environmental Incidents.

All divisions to set specific targets for waste e.g. m3 / £100,000 or percentage diverted from landfill.

Community Involvement

In 2010 we will continue to support our employees' community involvement initiatives and fundraising efforts, both financially through the VINCI Foundation and VINCI PLC Charity Committee and through recognising their achievements in our in-house publications and company intranet.

Customers and Suppliers

Continue to be adaptive and innovative in the development of value adding service solutions.

Ensure that all forms of procured products and services are subject to a level of performance assessment, measurement and review.

Continue to formalise agreements with key supply chain partners using our key framework document.

Continue to support initiatives to develop the local construction supply chain.

Corporate Governance

Continue our strict adherence to governance and business risk controls with the aim of 100% statutory compliance.

Enhanced Business Review

We specialise in certain types of building and civil engineering projects in line with the areas where we have proven expertise.

Business Risk

The continued success of our business depends upon our ability to identify and manage risks which are inherent in the type of activity we are engaged in. These risks fall into specific areas, all of which have the potential to impact on the success of the business both at subsidiary and divisional level and on the Group as a whole.

- **Financial Risk**

The principal financial risks that we run are associated with our ability to properly estimate the costs of carrying out the contracts in which we engage, the risk of properly incurring and controlling those costs, our ability to recover our costs under the payment terms of those contracts, the financial standing of our clients, sub-contractors and suppliers in terms of their ability to discharge their obligations to us.

The Group controls these risks in a number of ways. We are highly selective in the type of work that we tender for in terms of the project size, location, complexity and contract duration. These criteria are examined for each of our business units and are specific to them to ensure that their capabilities are used to best effect. We do not chase turnover for turnover's sake, our guiding principle being cash and profit generation.

We specialise in certain types of building and civil engineering projects in line with the areas where we have proven expertise. Tenders are controlled in accordance with a tender control policy and are authorised by directors according to their value and type. Over a certain level of value, tenders are approved by the Chief Operating Officer and the Chief Executive. In accordance with VINCI SA procedures, tenders over set amounts are submitted to the VINCI Risk Committee in Paris for approval.

Contracts in progress are managed and controlled in accordance with Group accounting and commercial control procedures. Monthly accounts are prepared for all sites based upon a Cost Value Reconciliation system that is performed each month. There are rigorous procedures in place for monitoring performance and regular reviews of forecasts for revenue and cost to completion. Profit is taken in accordance with the Group's accounting procedures.

Financial and other checks are performed on suppliers and sub-contractors and the supply chain is largely made up of preferred parties.

We aim to become a preferred contractor with our clients based upon performance and seek to continuously improve upon it.

We aim to become a preferred contractor with our clients based upon performance and seek to continuously improve on it.

Investment is subject to strict control procedures and is submitted to VINCI SA for approval. This applies to acquisitions of companies, real estate and to PFI/PPP projects. We have determined to concentrate our activities in the PFI sector on smaller projects or bundles of projects in the fields of education, public buildings and health. All our current PFI contracts fall into the sector of education and police buildings with the exception of Project MoDEL. We may bid in future on transport infrastructure, waste and energy projects.

The Group maintains insurance policies in respect of all known material areas of financial loss other than those described here. VINCI Insurance Services Limited manages all aspects of the Group's insurance policies and monitors and reports on claims. The Group insures certain risks through a captive insurance company, Haldan Indemnity Limited.

The other major financial risk to the Group is the pension fund. We have proactively sought to de-risk the final salary pension scheme through changes in rules and additional contributions in prior years, such that the latest actuarial valuation shows a small deficit of assets over liabilities. In 2006, the current members of the scheme agreed to a new rule that limits future service salary increases for pension purposes to 3%. The scheme was closed to new members in 2000 and an alternative defined contribution scheme was established in its place. The residual risks to the final salary scheme are investment performance and mortality rates. The pension fund situation is set out elsewhere in this report and accounts.

- **Health and Safety**

The Group recognises the importance of the health and safety of all those employed in our offices and on our projects and operates policies to ensure that the risks associated with accidents and health are properly managed and controlled. The Group's approach and performance are set out in the CR report.

- **The Environment**

The Group recognises the importance of minimising our impact on the environment and is pro-actively managing this as set out in the CR report.

- **Human Resources**

The people whom we employ are our most important resource. It is essential to the future success of the business that we retain a skilled and motivated workforce and continue to augment it through recruitment. This is set out in the CR report.

J O M Stanion
Chairman & Chief Executive
VINCI PLC

Directors' Report

The Directors recognise the importance of good communications with the Group's employees and informing and consulting with them on a regular basis on the performance and objectives of the Group.

The Directors submit their annual report to the members, together with the audited accounts for the year ended 31st December 2009.

Principal activities and business review

The principal activities of the Group during the year were building, civil/infrastructure engineering, and facilities management. A full review of the Group's business and progress is set out within the Chief Executive's Report and Enhanced Business Review on pages 3 to 44.

Results and dividends

The profit for the financial year as shown in the Consolidated Income Statement on page 51 amounted to £12,510,000 (2008: £13,489,000). Dividends paid during the year comprise of an interim dividend of £0.580 per share amounting to £11,000,000 (2008: £20,000,000) in respect of the year ended 31st December 2009. The Directors do not propose the payment of a final dividend.

Directors

B Dupety was appointed as a Director on 18th March 2010.
The present directors of the Company are set out on Page 1.

Indemnity provisions

No qualifying third party provision is in force for the benefit of any director of the Company.

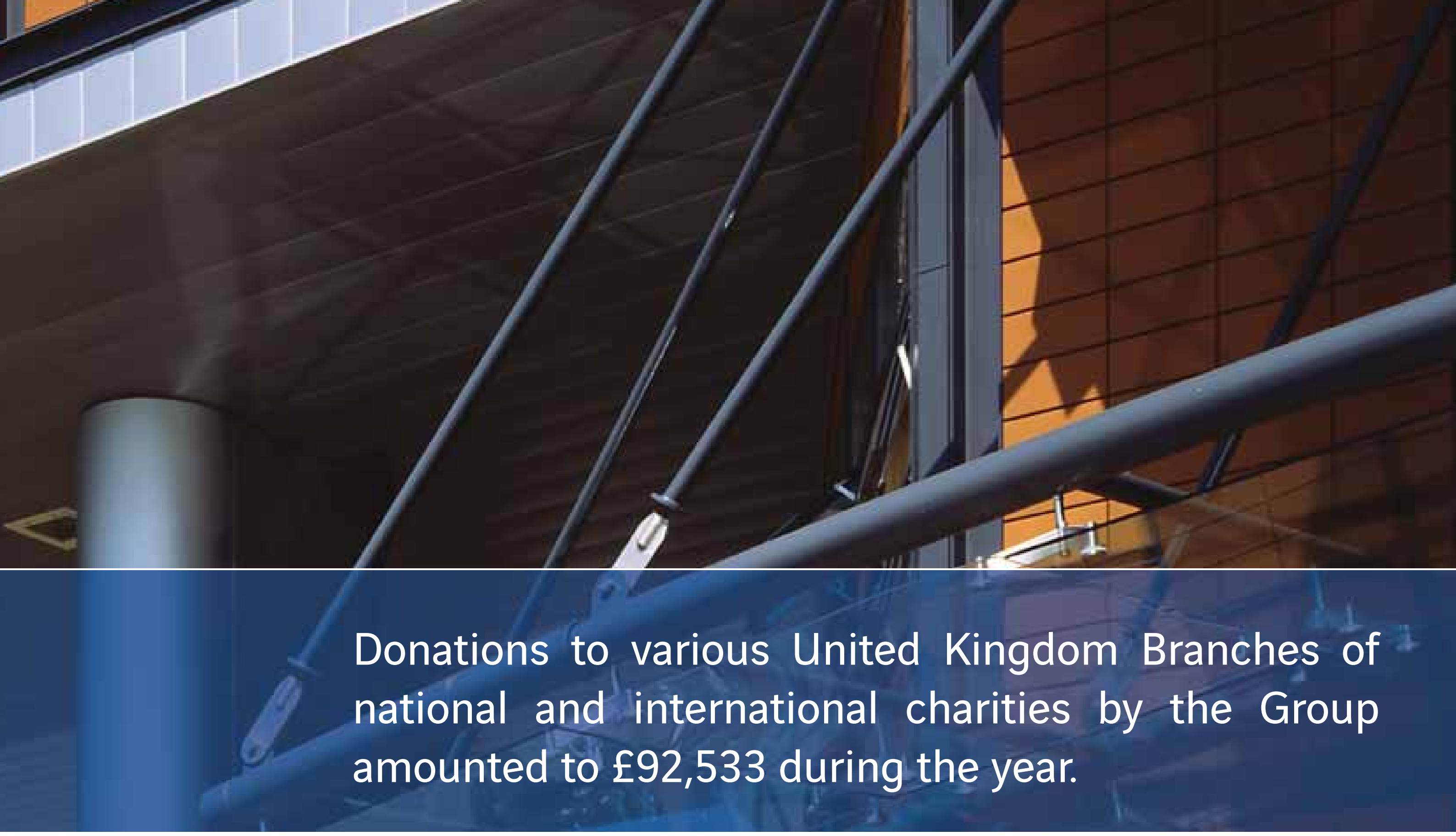
Going concern

The Group has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and construction activities. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Employees

The Group has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Should an employee become disabled while in the Company's employment they are guaranteed consideration for alternative positions within the Group which are within their capabilities. It is the Group's policy to offer training and development opportunities to all employees on the basis of the assessment of training needs.



Communication and involvement

The Directors recognise the importance of good communications with the Group's employees and informing and consulting with them on a regular basis on the performance and objectives of the Group. This is mainly through regular meetings, personal appraisals and e-mail communications.

When practical, employees have the opportunity to participate in VINCI share savings schemes.

Health and safety

Health and safety issues figure prominently at Board level to ensure, as far as possible, the prevention of health risks or accidents to employees, contractors, sub-contractors, members of the public or any other persons who may come into contact with the Group's activities. Health and safety consultative committees operate at all levels and an annual report is produced highlighting trends and statistics in this vital area. The Group is proud of, but not complacent about, its safety record.

Donations

Donations to various United Kingdom branches of national and international charities by the Group amounted to £92,533 during the year (2008: £72,341).

No political donations were made (2008: £nil).

Payment of Creditors

Whilst the Group does not follow any external code or standard payment practice, the Group's policy with regard to the payment of suppliers is for each business to agree terms and conditions with its suppliers, ensure that suppliers are aware of those terms and providing the suppliers meet their obligations, abide by the agreed terms of payment.

The trade creditor days for the Company for the year ended 31st December 2009 was nil (2008: nil) and for the Group was 51 (2008: 49).

Disclosure of information to auditors

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

Auditors

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

Approval

The Report of the Directors was approved by the Board on 18th March 2010 and signed on its behalf by:

J O M Stanion
Chairman & Chief Executive
VINCI PLC

Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

Statement of Directors' Responsibilities

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
18th March 2010

Independent Auditors' Report to the Shareholders

We have audited the financial statements of VINCI PLC for the year ended 31st December 2009 set out on pages 50 to 92. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 47, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at **www.frc.org.uk/apb/scope/UKNP**.

Opinion on financial statements

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 31st December 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

S J Wardell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Altius House
1 North Fourth Street
Milton Keynes
Buckinghamshire, MK9 1NE

18th March 2010

Accounts

for the year ending 31st December 2009

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Consolidated Income Statement

for the year ended 31st December 2009

	Notes	2009 £000	2008 £000
Revenue	1	1,162,616	1,017,501
Cost of sales		(1,052,420)	(931,344)
Gross profit		110,196	86,157
Other operating income	2	-	1,266
Administrative expenses	3-5	(96,040)	(80,532)
Share of (losses)/profit of associates using the equity accounting method-operating	12	(376)	182
Operating profit before net financing income	3	13,780	7,073
Financial income	6	14,783	22,423
Financial expenses	6	(13,041)	(13,338)
Net financing income		1,742	9,085
Share of (losses)/profit of associates and jointly controlled entities using the equity accounting method	12	(112)	44
Loss on sale of investments	7	(35)	-
Profit before taxation		15,375	16,202
Taxation	8	(2,865)	(2,713)
Profit from continuing operations	22	12,510	13,489
Profit for the year	22	12,510	13,489

Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity
for the year ended 31st December 2009

Consolidated Statement of Comprehensive Income

	Group 2009 £000	2008 £000	Company 2009 £000	2008 £000
Profit for the year	12,510	13,489	24,615	26,890
Foreign exchange translation differences	(15)	30	-	-
Net expense recognised directly in equity	(807)	(459)	(663)	(1,610)
Other comprehensive expense for the year	(822)	(429)	(663)	(1,610)
Total comprehensive income for the year	11,688	13,060	23,952	25,280

Consolidated Statement of Changes in Equity

Group	Share capital £000	Capital redemption reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1st January 2009	18,956	300	30	42,902	62,188
Total recognised income and expense	-	-	(15)	12,510	12,495
Equity settled transactions	-	-	-	(290)	(290)
Deferred tax recognised directly in equity	-	-	-	(517)	(517)
Dividends	-	-	-	(11,000)	(11,000)
Transfer between reserves	-	-	(15)	15	-
At 31st December 2009	18,956	300	-	43,620	62,876

Company	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total equity £000
At 1st January 2009	18,956	300	10,657	26,195	56,108
Total recognised income and expense	-	-	-	24,615	24,615
Equity settled transactions	-	-	-	(732)	(732)
Deferred tax recognised directly in equity	-	-	-	69	69
Dividends paid	-	-	-	(11,000)	(11,000)
At 31st December 2009	18,956	300	10,657	39,147	69,060

Consolidated Statement of Financial Position

at 31st December 2009

	Notes	2009 £000	2008 £000
Non-current assets			
Property, plant and equipment	11	25,289	23,575
Intangible assets	10	127,874	130,097
Investments in jointly controlled entities	12	7,609	7,818
Investments accounted for using the equity method	12	4,885	2,141
Other investments	13	5,509	3,102
Deferred tax asset	20	2,249	1,399
		173,415	168,132
Current assets			
Inventories	14	1,845	1,699
Trade and other receivables	15	210,963	240,708
Cash and cash equivalents	16	222,289	208,186
Assets classified as held for sale	17	-	2,906
Employee benefits	21	6,104	5,842
Tax receivable		-	6,278
		441,201	465,619
Total assets		614,616	633,751
Current liabilities			
Bank overdraft	16	75,246	71,287
Other interest bearing loans and borrowings	19	346	445
Trade and other payables	18	469,277	495,340
Tax payable		6,133	-
Liabilities classified as held for sale	17	-	3,132
		551,002	570,204
Non-current liabilities			
Other interest bearing loans and borrowings	19	460	1,028
Employee benefits	21	278	331
		738	1,359
Total liabilities		551,740	571,563
Net assets		62,876	62,188
Equity attributable to equity holders of the parent			
Issued share capital	22	18,956	18,956
Capital redemption reserve	22	300	300
Retained earnings	22	43,620	42,902
Translation reserve	22	-	30
Total equity		62,876	62,188

The financial statements were approved by the Board on 18th March 2010 and signed on its behalf by:

A M Comba (Director)
Company Registered Number 737204

Company Statement of Financial Position

at 31st December 2009

	Notes	2009 £000	2008 £000
Non-current assets			
Property, plant and equipment	11	8,830	4,024
Investments in Group undertakings	12	34,888	124,760
		43,718	128, 784
Current assets			
Tax receivable		-	245
Trade and other receivables	15	99,623	8,060
Employee benefits	21	6,104	5,842
		105,727	14,147
Total assets		149,445	142,931
Current liabilities			
Bank overdraft	16	31,712	45,047
Trade and other payables	18	45,159	41,318
Tax payable		3,444	-
		80,315	86,365
Non-current liabilities			
Deferred tax liabilities	20	70	458
		70	458
Total liabilities		80,385	86,823
Net assets		69,060	56,108
Equity attributable to equity holders of the Parent			
Issued share capital	22	18,956	18,956
Capital redemption reserve	22	300	300
Other reserve	22	10,657	10,657
Retained earnings	22	39,147	26,195
Total equity		69,060	56,108

The financial statements were approved by the Board on 18th March 2010 and signed on its behalf by:

A M Comba (Director)
Company Registered Number 737204

Cash Flow Statements

for the year ended 31st December 2009

	Notes	Group 2009 £000	2008 £000	Company 2009 £000	2008 £000
Cash flows from operating activities					
Profit for the year		12,510	13,489	21,632	26,890
Adjustments for:					
Depreciation, amortisation and impairment		7,110	5,430	2,211	(1,628)
Financial income		(14,783)	(22,423)	(34,888)	(33,146)
Financial expense		13,041	13,338	12,501	11,052
Discounting on investment		(179)	-	-	-
Share of losses/(profits) in jointly controlled entities and associates		488	(226)	-	-
Loss/(gain) on sale of property, plant and equipment		47	(1,266)	28	-
Loss on sale of investments		35	-	-	-
Equity settled share-based payment expenses		(290)	833	-	40
Taxation		2,865	2,713	1	1,538
Goodwill adjustment to prior year acquisition	10	156	-	-	-
Operating cash flows before movements in working capital and provisions		21,000	11,888	1,485	4,746
Decrease/(increase) in trade and other receivables		44,422	30,030	546	(2,889)
(Increase)/decrease in stock		(146)	392	-	-
(Decrease)/increase in trade and other payables		(28,802)	(37,148)	5,443	(4,827)
Decrease in provisions and employee benefits		(633)	(2,931)	(603)	(2,956)
Cash generated from operations		35,841	2,231	6,871	(5,926)
Interest paid		(1,116)	(2,457)	(591)	(572)
Tax received/(paid)		11	(6,189)	1,781	(2,805)
Net cash from operating activities		34,736	(6,415)	8,061	(9,303)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		2,459	2,693	13	-
Interest received		3,695	9,095	1,326	2,153
Dividends received		29	-	22,575	18,252
Disposal of subsidiary, net of cash disposed of		(261)	-	-	-
Acquisition of property, plant and equipment		(8,728)	(4,259)	(7,058)	(902)
Subordinated loan to associate entities		(4,986)	(2,527)	-	-
Acquisition of subsidiaries net of cash acquired	9	(4,599)	4,908	-	(74,822)
Net cash from investing activities		(12,391)	9,910	16,856	(55,319)
Cash flows from financing activities					
(Decrease)/increase in finance lease obligations	19	(667)	747	-	(317)
Dividends paid	22	(11,000)	(20,000)	(11,000)	(20,000)
Net cash from financing activities		(11,667)	(19,253)	(11,000)	(20,317)
Effect of exchange rate fluctuations on cash held		(534)	131	(582)	-
Net increase/(decrease) in cash and cash equivalents		10,144	(15,627)	13,335	(84,939)
Cash and cash equivalents at 1st January		136,899	152,526	(45,047)	39,892
Cash and cash equivalents at 31st December	16	147,043	136,899	(31,712)	(45,047)

Accounting Policies

VINCI PLC ("the Company") is incorporated in the UK.

Statement of Compliance

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's jointly controlled entities and interest in associates. The parent company financial statements present information about the Company as a separate entity and not about its group.

Basis of preparation

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs"). In publishing the parent company financial statements here together with the group financial statements, the Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

At the date of approval of these financial statements, the following standards and amendments were in issue but have not been applied by the Group and Company as they are not yet effective. Their adoption is expected to have no material impact on either the Group or Company financial statements, unless otherwise indicated.

IFRS 3 (revised) Business combinations (will be applied from 1st January 2010) - IFRS 3 (revised) changes the recognition of goodwill, acquisition costs and contingent consideration relating to acquisitions. However, it only applies to acquisitions made after IFRS 3 (revised) has been adopted.

Amendment to IAS 27 Consolidation and separate financial statements (will be applied from 1st January 2010) - the amendment requires accounting for changes in the ownership interest in a subsidiary, while maintaining control, to be recognised as an equity transaction.

Amendment to IAS 39 Financial instruments - recognition and measurement (will be applied from 1st January 2010) - the amendment clarifies the existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.

Improvement to International Financial Reporting Standards 2009 (will be applied from 1st January 2010) - the improvements project contains a number of amendments, none of which are expected to have a significant impact on the Group or Company financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

Current assets held for sale and discontinued operations

A current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement.

Long term contracts

Long term contracts are those extending in excess of 12 months and of any shorter duration which are material to the activity of the period.

Construction contract receivables

Amounts recoverable on contracts are included in receivables and are valued, inclusive of profit, at work executed at contract prices plus variations less payments on account. Profit on long term contracts is recognised once the outcome can be assessed with reasonable certainty. The margin on each contract is the lower of the margin earned to date and forecast at completion. Full provision is made for anticipated future losses and such losses are included in creditors. Where contract payments received exceed amounts recoverable these amounts are included in creditors.

Amounts recoverable normally include claims only when there is a firm agreement with the client, but when assessing anticipated losses on major contracts a prudent and reasonable estimate of claims is taken into account.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Inventories

Inventories and work in progress are stated at the lower of cost and estimated net realisable value.

Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Impairment

The carrying amounts of the Group's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. The recoverable amounts are determined from value in use calculations of the cash generating units (CGUs) using cash flow projections based on the latest three year plan approved by VINCI. The main assumptions for each CGU, which relate to sales volume, cost changes and working capital requirements, are based on recent history and expectations of future changes in the market. The discount rate applied to the cash flow forecast is based on a VINCI determined weighted average cost of capital of 9.121%.

An impairment is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans and other post employment benefits is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains and losses as at 1st January 2004, the date of transition to Adopted IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 1st January 2004 in calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

In accordance with Group policy, subsidiary undertakings continue to record the actual contributions that they make in the year.

Share-based payment transactions

The share option programme allows Group employees to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Investments in debt and equity securities

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment. Financial instruments held for trading or designated upon initial recognition or at the IAS 39 transition date if later are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other investments in debt and equity securities held by the Group are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Intangible assets

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities. In respect of business acquisitions that have occurred since January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

In respect of acquisitions prior to January 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

Other intangible assets that are acquired by the Group, with the exception of brand names, are stated at cost less accumulated amortisation and impairment losses. Brand name assets are stated at cost less any accumulated impairment losses. They are not amortised but are tested annually for impairment.

Jointly controlled entities and associates

The Group's share of joint ventures and associates is included on one line except for its share in VSM Estates Limited. Due to the nature of the profit, the Group's share of the VSM Estates Limited results has been included within operating profit in the consolidated income statement. In the consolidated balance sheet the interests in joint ventures and associates are included as the Group's share of the net assets of joint ventures and associates plus goodwill on acquisition less related amortisation and impairment write-downs.

Jointly controlled operations

Where a Group company is party to a jointly controlled operation, that company proportionately accounts directly for its share of the income and expenditure, assets, liabilities and cash flows on a line by line basis. Such arrangements are reported in the consolidated financial statements on the same basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Certain land and buildings are carried at values that reflect previous revaluations prior to 1st January 2004, the date of transition to adopted IFRSs. These are measured on the basis of deemed cost, being the revalued amount on the date of that revaluation. The valuation has not been updated since 31st March 1989.

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. No depreciation is provided on freehold land. The principal anticipated useful lives on a straight line basis are:

Freehold buildings	- twenty five years
Leasehold buildings	- the shorter of twenty five years or remaining life of lease
Plant and machinery	- from two to fifteen years
Motor vehicles	- from three to five years
Computer systems and fixtures and fittings	- from three to ten years

Where assets are financed by leasing agreements which give risk and rewards approximating to ownership ('finance lease') the assets are included in the balance sheet at cost less depreciation in accordance with the normal accounting policy. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income statement over the period of the lease in proportion to the balance of capital repayments outstanding.

All other leases are regarded as operating leases and the total payments made under them are charged to the income statement on a straight line basis over the period of the lease.

Pre-contract costs

Pre-contract costs are expensed as incurred until the Group is appointed preferred bidder. Provided the contract is expected to generate sufficient net cash inflows to enable recovery and the award of the contract is probable, pre-contract costs incurred post the appointment as preferred bidder are included in inventories. Where pre-contract bid costs are reimbursed at financial close, the proceeds are initially applied against the asset included in inventories. Any excess recoveries are carried forward as deferred income and released to the income statement over the period of the contract to which the pre-contract costs relate.

Revenue

Revenue is the total amount receivable by the Group in the ordinary course of business with outside customers for goods supplied and services provided excluding VAT and trade discounts. On long term contracts the estimated sales value of work performed in the year is included.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable, financial elements of pensions, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested, dividend income, foreign exchange gains and losses and gains and losses on hedging instruments that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

The associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

1. Segmental reporting

During the year ended 31st December 2009, the VINCI PLC Group was restructured so as to streamline the Group's operations and respond positively to the changing market conditions. Segmental reporting within the Group is now based on the Group's main divisional operations. The breakdown by divisions mirrors the Group's internal reporting. The main divisions are as follows :

- Building
- Civil Engineering
- Facilities

In addition, the Group operates an 'other activities' segment. The other activities segment includes the Group's interest in Public-Private Partnerships (PPP), airport infrastructures, the manufacturing of surfacing solutions, technology and the Group's supply of central services (i.e. insurance, fleet, property) to the other divisions. None of these individual activities meet any of the quantitative thresholds for determining reportable segments. Trading between segments is carried out on an arm's length basis.

Previously all the activities of the Group were treated as being within one segment. The 2008 comparatives have been restated to reflect the restructuring during 2009.

The Groups' activities are primarily within the UK. Therefore, no geographical segmental analysis is presented.

Information regarding the results of each reportable segment is included below.

Income Statement

Group	Building	Civil Engineering	Facilities	Other	2009 Total
	£000	£000	£000	£000	£000
Revenue	632,519	236,768	210,409	82,920	1,162,616
Operating profit	3,904	13,040	1,949	(5,113)	13,780
Financial income	616	619	30	13,518	14,783
Financial expenses	(116)	(71)	(138)	(12,716)	(13,041)
Share of losses from entities using the equity accounting method	-	-	-	(112)	(112)
Loss on sale of investments	-	(35)	-	-	(35)
Profit/(loss) before taxation	4,404	13,553	1,841	(4,423)	15,375
Taxation	-	-	-	-	(2,865)
Inter segment revenue	431	1,010	5,675	18,206	25,322
Depreciation, amortisation & impairment	1,807	998	887	3,418	7,110

Group	Building	Civil Engineering	Facilities	Other	2008 Total
	£000	£000	£000	£000	£000
Revenue	660,943	206,442	133,803	16,313	1,017,501
Operating profit	12,235	(4,056)	1,836	(2,942)	7,073
Financial income	4,251	1,419	282	16,471	22,423
Financial expenses	(168)	(663)	(26)	(12,481)	(13,338)
Share of profits from entities using the equity accounting method	-	-	-	44	44
Profit/(loss) before taxation	16,318	(3,300)	2,092	1,092	16,202
Taxation	-	-	-	-	(2,713)
Inter segment revenue	-	4,580	5,284	11,419	21,283
Depreciation, amortisation & impairment	1,144	1,122	100	3,064	5,430

1. Segmental Reporting (continued)

Balance sheet

	Building	Civil Engineering	Facilities	Other	2009 Total
	£000	£000	£000	£000	£000
Property, plant and equipment	190	2,505	429	22,165	25,289
Intangible assets	40,467	54,065	31,673	1,669	127,874
Consolidation adjustments	46,872	(49,304)	(60,460)	62,892	-
Investments accounted for using the equity accounting method	-	-	-	4,885	4,885
Other non current assets	12,871	1,571	74	851	15,367
Current assets	214,114	99,632	73,916	53,539	441,201
Total assets	314,514	108,469	45,632	146,001	614,616
Current liabilities	(327,944)	(107,033)	(72,753)	(43,272)	(551,002)
Non-current liabilities	(572)	(205)	-	39	(738)
Total liabilities	(328,516)	(107,238)	(72,753)	(43,233)	(551,740)
Total equity	(14,002)	1,231	(27,121)	102,768	62,876

	Building	Civil Engineering	Facilities	Other	2008 Total
	£000	£000	£000	£000	£000
Property, plant and equipment	2,596	9,514	3	11,462	23,575
Intangible assets	42,350	54,628	31,450	1,669	130,097
Consolidation adjustments	(69,464)	(48,860)	(61,191)	179,515	-
Investments accounted for using the equity accounting method	-	-	-	2,141	2,141
Other non current assets	5,065	4,528	38	2,688	12,319
Current assets	206,316	217,732	13,345	28,226	465,619
Total assets	186,863	237,542	(16,355)	225,701	633,751
Current liabilities	(210,517)	(250,956)	(11,727)	(97,004)	(570,204)
Non-current liabilities	(585)	(426)	-	(348)	(1,359)
Total liabilities	(211,102)	(251,382)	(11,727)	(97,352)	(571,563)
Total equity	(24,239)	(13,840)	(28,082)	128,349	62,188

2. Other Operating Income

	2009	2008
	£000	£000
Net gain on disposal of property, plant and equipment	-	1,266

3. Expenses

Group

Included in the profit are the following:		2009	2008
		£000	£000
Operating leases	- plant and machinery	32,233	28,403
Operating leases	- other	12,493	5,992
Research and development		189	632
Amortisation/impairment of goodwill		2,290	525
Depreciation of tangible assets		4,820	4,905
Loss on disposal of property, plant and equipment		47	-
Auditors' remuneration	- audit of these financial statements	313	203
Non audit fees	- services relating to corporate finance	-	35
Company			
Auditors' remuneration	- audit of these financial statements	22	22

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4. Employees

Group

(i) Staff costs during the year amounted to:		2009	2008
		£000	£000
Wages and salaries		142,521	136,449
Social security costs		12,141	12,245
Reorganisation and redundancy costs		4,693	6,784
Pension costs	– defined contribution scheme	5,710	3,385
	– defined benefit scheme	3,031	950
Share based payments (see note 21)		492	833
		168,588	160,646

The average number of employees during the year was as follows:

	2009	2008
	No.	No.
Management	113	128
Supervision	964	1,096
Administration	777	884
Operations	2,145	2,440
	3,999	4,548

Company

(ii) Staff costs during the year amounted to:		2009	2008
		£000	£000
Wages and salaries		9,787	7,019
Social security costs		664	606
Reorganisation and restructuring costs		-	164
Pension costs	- defined contribution scheme	189	69
	- defined benefit scheme	461	916
Share based payments (see note 21)		50	40
		11,151	8,814

The average number of employees during the year was as follows:

	2009	2008
	No.	No.
Management	16	16
Supervision	50	30
Administration	181	100
Operations	15	9
	262	155

5. Directors' remuneration

	2009	2008
	£000	£000
Emoluments	1,178	1,435
Pension costs - defined benefit	96	96
Pension costs - defined contribution	177	215
	1,451	1,746

Two of the directors (2008: 2) are accruing benefits under the Group defined benefit plans and three (2008: 3) under the defined contribution plan. Directors' emoluments disclosed above include the following:

	2009	2008
	£000	£000
Highest paid Director	387	494

The money purchase pension scheme costs relating to the highest paid director were £133,859 (2008: £133,859). The annual pension accruing to the highest paid director under the Group defined benefit scheme is £24,603 (2008: £24,603). The amount paid to money purchase schemes in 2009 for directors was £176,661 (2008: £215,254)

One of the Directors of the Group and Company exercised share options in 2008. The value of the compensation in share based payments was £264,827.

6. Finance income and expense

		2009		2008
	£000	£000	£000	£000
Other financial income and similar income				
Return on pension assets	11,088		13,167	
Bank interest	3,695		9,095	
Foreign exchange gains	-		161	
Financial income		14,783		22,423
Financial expenses and similar charges				
Interest on pension obligation		(11,406)		(10,881)
Bank loans and overdrafts		(1,054)		(2,363)
Finance leases		(62)		(94)
Foreign exchange losses		(519)		-
Financial expenses		(13,041)		(13,338)
Net financial income		1,742		9,085

7. Loss on disposal of investments

The loss on disposal of investments of £35,000 (2008: £nil) represents the loss on disposal of 100% of the issued share capital of Simplex Foundations Limited. The Company was treated as an asset held for resale in the 2008 consolidated balance sheet.

8. Taxation

Recognised in income statement:	2009	2008
Current tax:	£000	£000
UK corporation tax on profits for the year	4,452	2,517
Adjustments in respect of previous periods	(220)	(4,006)
Total current tax	4,232	(1,489)
Deferred tax - origination and reversal of timing differences	(1,367)	4,202
Taxation on profit on ordinary activities	2,865	2,713

Reconciliation of effective tax rate

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	2009	2008
	£000	£000
Profit on ordinary activities before taxation	15,375	16,202
Theoretical tax at UK corporation tax rates 28% (2008: 28.5%)	4,305	4,617
Effects of		
Release of deferred tax	-	258
Expenditure not tax deductible	2,843	1,313
Adjustment for tax rate differences	-	(47)
Movements on deferred tax not provided	(3,115)	636
Movement in respect of deferred tax in prior periods	(896)	29
Adjustments in respect of prior periods	(220)	(4,006)
Share options tax deductions	-	(73)
Foreign tax	-	276
Group relief	(52)	(226)
Tax already accounted for in joint ventures	-	(64)
Actual total taxation charge	2,865	2,713

The standard rate of tax used during 2008 was a blended rate due to the change in standard tax rate on 1st April 2008 from 30% to 28%.

9. Acquisitions of subsidiaries

On 13th August 2009 the Group acquired the business assets relating to various projects of the Haymills Group for £4,599,000 satisfied in cash. In the post acquisition period to 31st December 2009 Haymills contributed net profit of £190,000 to the consolidated net profit and £26,641,000 towards Group revenue for the year. If the acquisition had occurred on 1st January 2009, Group revenue would have increased by £69,956,000 and net profit would have increased by £499,000.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's book values £000	Fair value adjustments £000	Acquisition amounts £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	480	(168)	312
Intangible assets	-	223	223
Trade and other receivables	13,984	(3,510)	10,474
Trade and other payables	-	(6,410)	(6,410)
Net identifiable assets and (liabilities)	14,464	(9,865)	4,599
Goodwill on acquisition			-
Consideration paid (including legal and professional fees) satisfied in cash			4,599
Cash acquired			-
Net cash outflow			4,599

The fair value adjustment within property plant and equipment was based on the deemed fair value of the assets at acquisition.

The intangible asset recognised on acquisition is attributable to the brand name acquired.

The fair value of the brand name acquired is based on the discounted estimated payments that have been avoided as a result of the brand being owned.

The fair value of trade and other receivables is estimated as the present value of future cashflows discounted at the market rate of interest at the reporting date.

The fair value of trade and other payables is estimated as the present value of future cashflows discounted at the market rate of interest at the reporting date.

The fair value adjustments on debt provision have been determined on a provisional basis.

10. Intangible assets

Group	Goodwill	Brand name	Customer list	Total
Cost	£000	£000	£000	£000
At 1st January 2008	7,965	3,864	1,967	13,796
Acquisitions - externally purchased	94,856	24,166	1,278	120,300
Balance at 31st December 2008	102,821	28,030	3,245	134,096
Cost				
At 1st January 2009	102,821	28,030	3,245	134,096
Acquisitions - externally purchased	-	223	-	223
*Opening balance adjustment	(156)	-	-	(156)
Balance at 31st December 2009	102,665	28,253	3,245	134,163
Impairment losses and amortisation				
At 1st January 2008	3,044	-	430	3,474
Amortisation for the year	-	-	525	525
Balance at 31st December 2008	3,044	-	955	3,999
Impairment losses and amortisation				
At 1st January 2009	3,044	-	955	3,999
Amortisation for the year	-	-	523	523
Impairment	-	-	1,767	1,767
Balance at 31st December 2009	3,044	-	3,245	6,289
Net book value				
At 31st December 2008	99,777	28,030	2,290	130,097
At 31st December 2009	99,621	28,253	-	127,874

With the exception of goodwill relating to the facilities management joint venture acquired in 2002, all goodwill was amortised over 20 years. Following the adoption of IFRSs, goodwill is no longer amortised over 20 years but tested annually for impairment. The goodwill relating to the facilities management joint venture has been amortised over the remaining life of the contract of 58 months from acquisition and is now fully amortised.

* Included with the goodwill acquisition during the year is a £156,000 subsequent adjustment of fair values and goodwill reported on Fifehead Limited. Fifehead was acquired during 2008.

The customer lists for all intangible assets were being amortised over 5 to 7 years. Due to the current economic climate, the remaining value in the customer lists was written off during the year in the building and civil engineering division, in accordance with IAS 36. In assessing the useful life of the Brand names, due consideration is given to existing longevity of the various VINCI brands, the indefinite life cycle of the construction industry in which the brands operate and the expected usage of the brand names in the future. In light of these considerations, no factor could be identified that would result in the brand names having a finite useful life and accordingly the Brand names are considered to have an indefinite useful life and will be tested annually for impairment.

10. Intangible assets (continued)

The amortisation and impairment charge for the year is recognised in the following line items in the income statement:

	2009	2008
	£000	£000
Administrative expenses	2,290	525

For the purpose of impairment testing, intangible assets are allocated to the Group's operating divisions as reported in Note 1. The cash generating units were changed in line with the new reporting structure, following the reorganisation of the Group's business in January 2009. The key assumptions are: restricted growth in the early years based on a five year projection, a long term growth rate of 3% and a discount rate of 9.121%. The 2008 comparatives were restated to show the aggregate carrying amounts of intangible assets allocated to each segment as follows:

	2009	2008
	£000	£000
Building	40,467	42,350
Civil Engineering	54,065	54,628
Facilities	31,673	31,450
Other	1,669	1,669
	127,874	130,097

Impairment loss

2008 and 2009

Following the annual impairment test, no goodwill was written off in relation to the Company's investments.

Goodwill in respect of acquisitions made prior to January 1998 is not treated as an intangible asset and was eliminated at the time of acquisition against Group reserves. The cumulative amount of such goodwill was:-

	2009	2008
	£000	£000
Positive goodwill eliminated against reserves	1,400	1,400
Negative goodwill added to reserves	(3,227)	(3,227)
	(1,827)	(1,827)

11. Property, plant and equipment

Group	Land and buildings	Plant and machinery	Motor vehicles	Computer systems, fixtures & fittings	Total
	£000	£000	£000	£000	£000
Cost or valuation:					
At 1st January 2008	8,032	17,086	3,321	11,548	39,987
Additions	145	844	1,499	1,771	4,259
Disposals	(1,190)	(3,543)	(1,565)	(1,504)	(7,802)
Transfer of assets held for sale	-	(1,341)	(5)	(12)	(1,358)
Acquisitions	7,597	4,538	369	1,272	13,776
At 31st December 2008	14,584	17,584	3,619	13,075	48,862
Cost or valuation:					
At 1st January 2009	14,584	17,584	3,619	13,075	48,862
Additions	130	2,058	645	5,895	8,728
Disposals	(739)	(2,439)	(1,875)	(1,379)	(6,432)
Acquisitions	-	-	915	353	1,268
At 31st December 2009	13,975	17,203	3,304	17,944	52,426
Depreciation					
At 1st January 2008	2,787	11,598	1,992	6,645	23,022
Charged	287	1,642	605	2,371	4,905
Disposals	(606)	(3,169)	(1,182)	(1,418)	(6,375)
Transfer of assets held for sale	-	(757)	(4)	(10)	(771)
Acquisitions	194	3,155	239	918	4,506
At 31st December 2008	2,662	12,469	1,650	8,506	25,287
Depreciation:					
At 1st January 2009	2,662	12,469	1,650	8,506	25,287
Charged	409	1,508	593	2,310	4,820
Disposals	(42)	(1,628)	(1,371)	(885)	(3,926)
Acquisitions	-	-	675	281	956
At 31st December 2009	3,029	12,349	1,547	10,212	27,137
Net Book Value:					
At 31st December 2008	11,922	5,115	1,969	4,569	23,575
At 31st December 2009	10,946	4,854	1,757	7,732	25,289

The fixed assets owned by the Group include the following amounts in respect of assets held under finance lease and hire purchase contracts:

	2009	2008
	£000	£000
Net book values:		
Motor vehicles	915	267
Depreciation provided in year:		
Motor vehicles	215	282

11 Property, plant and equipment (continued)

Company	Plant and machinery	Computer systems fixtures & fittings	Motor vehicles	Total
	£000	£000	£000	£000
Cost:				
At 1st January 2008	1,048	8,626	1,993	11,667
Additions	191	1,243	-	1,434
Disposals	128	42	(1,980)	(1,810)
At 31st December 2008	1,367	9,911	13	11,291
At 1st January 2009	1,367	9,911	13	11,291
Additions	203	5,826	-	6,029
Transfers in	1	1,448	-	1,449
Disposals	(64)	(16)	-	(80)
At 31st December 2009	1,507	17,169	13	18,689
Depreciation:				
As at 1st January 2008	523	4,554	1,419	6,496
Charged	195	1,854	-	2,049
Disposals	113	19	(1,410)	(1,278)
At 31st December 2008	831	6,427	9	7,267
At 1st January 2009	831	6,427	9	7,267
Charged	213	1,998	-	2,211
Transfers in	-	420	-	420
Disposals	(31)	(8)	-	(39)
As at 31st December 2009	1,013	8,837	9	9,859
Net book value:				
At 31st December 2008	536	3,484	4	4,024
At 31st December 2009	494	8,332	4	8,830

The fixed assets owned by the company include the following amounts in respect of assets held under financial lease and hire purchase contracts:

	2009	2008
	£000	£000
Net book values		
Motor vehicles	-	-
Depreciation provided in the year	-	-

12. Investments

Group

The Group owns 50% of the issued share capital of V.B. Limited. The other 50% is owned by Leonardo Investment Holdings Limited. In the Group, this has been accounted for using the equity accounting method.

The Group owns 50% of the issued share capital of V.B. Investments (No.2) Limited. The other 50% is owned by Leonardo Investment Holdings Limited. V.B. Investments (No.2) Limited is currently an investment holding company and wholly owns Doncaster School Solutions (Holdings) Limited. Doncaster School Solutions Limited is a wholly owned subsidiary of Doncaster School Solutions (Holdings) Limited.

The Group owns 50% of the ordinary shares of VSM Estates Limited but the Group is only entitled to 25% of the company's profits. The other 50% is owned by St Modwen Properties PLC. Due to this profit sharing arrangement, VSM Estates Limited has been accounted for as a 25% equity investment. The Group's share of the results from VSM Estates Limited of £376,000 loss (2008: £182,000 profit) has been included on a separate line within operating profit.

The Group owns 50% of the ordinary shares of VINCI Environment UK Limited. VINCI Environment UK Limited commenced trading during 2009. The Group share of the result was £nil (2008: £nil).

Movements in the investments in the jointly controlled entities are as follows:

	Shares in jointly controlled entities £000	Loans to jointly controlled entities £000	Post-acquisition reserves £000	Total £000
At 1st January 2008	-	-	4,855	4,855
Profits for the year	-	-	193	193
Transfers from associated undertaking	-	225	-	225
Additions	-	2,545	-	2,545
At 31st December 2008	-	2,770	5,048	7,818
At 1st January 2009	-	2,770	5,048	7,818
Losses for the year	-	-	(415)	(415)
Additions	-	75	(14)	61
Repayments	-	(52)	-	(52)
Reclassification (from investments previously proportionally consolidated)	81	-	116	197
At 31st December 2009	81	2,793	4,735	7,609

Summary financial information on jointly controlled entities – 100 per cent:

	Non-current assets £000	Current assets £000	Current liabilities £000	Non-current liabilities £000	Income £000	Expenses £000
2008						
V.B. Limited	60	416	(283)	-	645	(624)
V.B. Investments (No.2) Limited	1	4	-	-	-	-
VSM Estates Limited	-	111,683	(18,153)	(73,611)	797	(70)
VINCI Environment UK Limited	-	100	-	-	-	-
Taylor Woodrow Towell Co. LLC	-	333	(37)	-	-	(59)
2009						
V.B. Limited	-	60	(8)	-	602	(683)
V.B. Investments (No.2) Limited	1	4	-	-	-	-
VSM Estates Limited	92,160	29,203	(14,471)	(88,476)	67	(1,570)
VINCI Environment UK Limited	100	340	(340)	-	344	(344)
Taylor Woodrow Towell Co. LLC	-	271	(21)	-	-	(17)

12. Investments (continued)

Both V.B. Limited and V.B. Investments (No.2) Limited are involved in the provision of Private Finance Initiatives (PFI). VSM Estates Limited is involved in the development and sale of real estate. VINCI Environment UK Limited is involved in civil engineering projects. Taylor Woodrow Towell Co. LLC was incorporated in Oman to undergo civil engineering projects. This company is currently non-trading.

Under its PFI joint ventures the Group has commitments of £nil (2008: £3.7m) that have been contracted but not provided for in the accounts. VINCI (Holdings) Limited owns 20% of the ordinary share capital of V.B. Investments Limited, an investment company. The subsidiary undertakings of V.B. Investments Limited are as follows:-

Subsidiary	Holding
WPA Support Services (Holdings) Limited	100% ordinary shares
Derby School Solutions (Holdings) Limited	100% ordinary shares
H&D Support Services (Holdings) Limited	100% ordinary shares
DPASS (Holdings) Limited	100% ordinary shares
Newport School Solutions (Holdings) Limited	100% ordinary shares

The Group's share of post-acquisition total recognised profit or loss in the above associates was £2,000 loss (2008: £70,000 profit).

Summary financial information on associates – 100 per cent:

	Assets £000	Liabilities £000	Equity £000	Revenue £000	Profit/(loss) £000
2008					
V.B. Investments Limited	10,391	(10,341)	50	-	-
WPA Support Services (Holdings) Limited	1	-	1	-	-
H&D Support Services (Holdings) Limited	1	-	1	-	-
Derby School Solutions (Holdings) Limited	1	-	1	-	-
DPASS (Holdings) Limited	50	-	50	-	-
Newport School Solutions (Holdings) Limited	1	-	1	-	-
2009					
V.B. Investments Limited	11,702	(11,651)	51	-	146
WPA Support Services (Holdings) Limited	1	-	1	-	-
H&D Support Services (Holdings) Limited	1	-	1	-	-
Derby School Solutions (Holdings) Limited	1	-	1	-	-
DPASS (Holdings) Limited	50	-	50	-	-
Newport School Solutions (Holdings) Limited	1	-	1	-	-

Taylor Woodrow Construction holds interests in the following PFI joint ventures:

Sheffield LEP Limited	Holding - 40% ordinary shares

Summary of financial information - 100 per cent

	Assets £000	Liabilities £000	Equity £000	Revenue £000	Profit/(loss) £000
2008					
Sheffield LEP Limited	1,702	(1,582)	1	-	-
2009					
Sheffield LEP Limited	6,630	(6,594)	36	-	35

All the above PFI ventures involve the design, build, finance and operation of the PFI project over concession periods of between twenty-five and thirty years.

12 Investments (continued)

Movement in investments in the associated undertaking are as follows:-

	Investments in associated undertakings £000	Loans to associated undertakings £000	Total £000
At 1st January 2008	37	2,314	2,351
Additions	-	63	63
Repayments	-	(81)	(81)
Share of profits in the year	33	-	33
Transfer to jointly controlled entities	-	(225)	(225)
At 31st December 2008	70	2,071	2,141
At 1st January 2009	70	2,071	2,141
Additions	-	2,823	2,823
Repayments	-	(88)	(88)
Share of losses in the year	(73)	-	(73)
Dividends received	(29)	-	(29)
Reclassification (from other debtors)	111	-	111
At 31st December 2009	79	4,806	4,885

Under its associated undertakings, the Group's share of capital commitments is £3.6m (2008: £1.5m) that have been contracted for but not provided for in the accounts.

Company

This comprises shares in Group undertakings:	Total
Cost:	£000
At 1st January 2008	110,233
Increase in the year	89,822
At 31st December 2008	200,055
At 1st January 2009	200,055
Transfers out	(119,622)
At 31st December 2009	80,433
Provisions for impairment:	
At 1st January 2008 and 31st December 2008	75,295
At 1st January 2009	75,295
Transfers out	(29,750)
At 31st December 2009	45,545
Net book value:	
At 31st December 2008	124,760
At 31st December 2009	34,888

12. Investments (continued)

During the year, the company transferred its investments in the following companies to a subsidiary, VINCI Construction UK Limited;

- Taylor Woodrow Construction
- Rosser & Russell Maintenance Limited
- VINCI Environment (UK) Limited

The investments were transferred at net book value which is deemed to be equal to fair value.

The Directors are of the opinion that to disclose all of the details of subsidiary undertakings would lead to a statement of excessive length. Consequently, this information is only given for those subsidiaries that principally affect the company's individual accounts. Details of the company's main subsidiaries are listed on page 92.

13. Other Investments

Group	2009 £000	2008 £000
Financial asset	3,178	2,999
Loan	2,228	-
Equity securities	103	103
	5,509	3,102

The financial assets represent a sale of the rights to invest in subordinated debt in the Newhospitals (St Helens and Knowsley) Limited PFI project. The amounts are not due from this sale until 2011. This debtor was fair valued at acquisition but is carried at amortised cost and the discount is currently being unwound through the income statement.

The loan represents the balance of the subordinated debt subscribed during the year.

The equity securities represent a 19.9% interest in the above project. This investment is accounted for at cost as less than 20% of the shares were acquired and no significant influence or control exists.

14. Inventories

Group	2009 £000	2008 £000
Raw materials and consumables	1,492	1,358
Items for resale	353	341
	1,845	1,699

15. Trade and other receivables

Group	2009 £000	2008 £000
Trade receivables	123,530	151,650
Amounts recoverable on contracts	65,120	76,949
Due from parent and fellow subsidiary undertakings	3,185	3,060
Other receivables	9,708	4,392
Prepayments and accrued income	9,420	4,657
	210,963	240,708

15. Trade and other receivables (continued)

Company	2009 £000	2008 £000
Trade receivables	324	53
Due from parent and fellow subsidiary undertakings	95,470	4,623
Other receivables	2,003	1,952
Prepayments and accrued income	1,826	1,432
	99,623	8,060

At 31st December 2009, trade receivables for the group include retentions of £38,958,000 (2008: £42,414,000) relating to construction contracts.

Included within trade and other receivables is £18,236,000 (2008: £14,328,000) for the Group and £Nil (2008: £Nil) for the Company expected to be recovered in more than 12 months.

The Directors consider that the carrying amounts of trade and other receivables are approximate to their fair value. Total trade and other receivables are stated net of the following provisions for irrecoverable amounts.

Group	2009 £000	2008 £000
At 1st January	484	162
Amounts (released) / provided during the year	(127)	322
At 31st December	357	484

Company	2009 £000	2008 £000
At 1st January	-	-
Amounts provided during the year	-	-
At 31st December	-	-

Trade receivables, other receivables and accrued income are analysed as follows:

Group	2009 Corporate £000	2009 Public sector £000	2008 Corporate £000	2008 Public sector £000
Not overdue	172,940	29,741	211,423	17,153
Between 1 to 3 months past due	1,374	1,442	873	1,735
Between 3 and 6 months past due	879	696	874	183
More than 6 months past due	3,557	334	8,284	183
At 31st December	178,750	32,213	221,454	19,254

Company	2009 Corporate £000	2009 Public sector £000	2008 Corporate £000	2008 Public sector £000
Not overdue	99,623	-	8,060	-
Between 1 to 3 months past due	-	-	-	-
Between 3 and 6 months past due	-	-	-	-
More than 6 months past due	-	-	-	-
At 31st December	99,623	-	8,060	-

16. Cash and cash equivalent/bank overdrafts

	Group 2009 £000	2008 £000	Company 2009 £000	2008 £000
Cash and cash equivalents per balance sheet	222,289	208,186	-	-
Bank overdrafts	(75,246)	(71,287)	(31,712)	(45,047)
Cash and cash equivalents per cash flow statements	147,043	136,899	(31,712)	(45,047)

17. Assets classified as held for sale

The investment in Simplex Foundations Limited was presented as held for sale at 31st December 2008 following the decision of the Group's management to sell its 100% interest. The investment in Simplex Foundations Limited was sold to Bachy Soletanche Limited (a fellow subsidiary of VINCI SA) on 9th February 2009.

	Group 2009 £000	2008 £000	Company 2009 £000	2008 £000
Assets classified as held for sale:				
Property, plant and equipment	-	587	-	-
Trade and other receivables	-	2,319	-	-
	-	2,906	-	-
Liabilities classified within assets held for sale			-	-
Bank overdraft	-	(1,411)		
Trade and other payables	-	(1,721)	-	-
	-	(3,132)	-	-
Net liabilities held for sale	-	(226)	-	-

18. Trade and other payables (current liabilities)

Group	2009 £000	2008 £000
Trade payables	130,230	166,319
Due to parent and fellow subsidiary undertakings	2,087	5,688
Other payables	18,988	13,606
Accruals	233,067	184,674
Payments on account	84,905	125,053
	469,277	495,340

Company	2009 £000	2008 £000
Trade payables	1,099	1,013
Due to parent and fellow subsidiary undertakings	25,294	29,572
Other payables	778	3,016
Accruals	17,988	7,717
	45,159	41,318

Trade payables at 31st December 2009 for the Group include retentions of construction contracts of £34,400,000 (2008: £34,219,000).

Included within trade and other payables is £14,066,000 (2008: £16,534,000) for the Group and £Nil (2008: £Nil) for the Company expected to be payable in more than 12 months.

19. Other interest bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 23.

	Group 2009 £000	2008 £000	Company 2009 £000	2008 £000
Non-current liabilities				
Finance lease liabilities	460	1,028	-	-
Current liabilities				
Current portion of finance lease liabilities	346	445	-	-

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2009 £000	Interest 2009 £000	Principal 2009 £000	Minimum lease payments 2008 £000	Interest 2008 £000	Principal 2008 £000
Less than one year	381	35	346	511	66	445
Between one and five years	487	27	460	1,056	28	1,028
	868	62	806	1,567	94	1,473

Other interest bearing loans and borrowings consist of bank loans and obligations under finance leases.

Company	Minimum lease payments 2009 £000	Interest 2009 £000	Principal 2009 £000	Minimum lease payments 2008 £000	Interest 2008 £000	Principal 2008 £000
Less than one year	-	-	-	-	-	-
Between one and five years	-	-	-	-	-	-
	-	-	-	-	-	-

20. Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	(559)	-	-	287	(559)	287
Employee benefits	-	-	1,709	1,636	1,709	1,636
Other temporary differences	(2,463)	(2,007)	-	-	(2,463)	(2,007)
Share options	(936)	(1,315)	-	-	(936)	(1,315)
Tax (assets) / liabilities	(3,958)	(3,322)	1,709	1,923	(2,249)	(1,399)

The group also has tax losses of £17.9m as at 31st December 2009 (2008: £33.6m) which have not been recognised as these may only be set against certain profits arising in specific subsidiaries in future accounting periods. Consequently the group has unrecognised deferred tax assets of £5.0m as at 31st December 2009 (2008: £9.4m).

Movement in deferred tax during the year

	1 January 2009	Recognised in income	Additions/ Disposals	Recognised in equity	31 December 2009
	£000	£000	£000	£000	£000
Property, plant and equipment	287	(846)	-	-	(559)
Employee benefits	1,636	73	-	-	1,709
Other temporary differences	(2,007)	(456)	-	-	(2,463)
Share options	(1,315)	(138)	-	517	(936)
	(1,399)	(1,367)	-	517	(2,249)

Movement in deferred tax during the prior year

	1 January 2008	Recognised in income	Additions/ disposals/ held for resale	Recognised in equity	31 December 2008
	£000	£000	£000	£000	£000
Property, plant and equipment	678	922	(1,313)	-	287
Employee benefits	188	1,448	-	-	1,636
Other temporary differences	(1,928)	2,065	(2,144)	-	(2,007)
Share options	(1,140)	(233)	57	1	(1,315)
	(2,202)	4,202	(3,400)	1	(1,399)

20. Deferred tax assets and liabilities – Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2009 £000	2008 £000	Liabilities 2009 £000	2008 £000	Net 2009 £000	2008 £000
Property, plant and equipment	(195)	-	-	103	(195)	103
Other temporary differences	(932)	(852)	-	-	(932)	(852)
Employee benefits	-	-	1,709	1,636	1,709	1,636
Share options	(512)	(429)	-	-	(512)	(429)
Tax (assets)/liabilities	(1,639)	(1,281)	1,709	1,739	70	458

Movement in deferred tax during the year

	1 January 2009 £000	Recognised in income £000	Recognised in equity £000	31 December 2009 £000
Property, plant and equipment	103	(298)	-	(195)
Other temporary differences	(852)	(80)	-	(932)
Employee benefits	1,636	73	-	1,709
Share options	(429)	(14)	(69)	(512)
	458	(319)	(69)	70

Movement in deferred tax during the prior year

	1 January 2008 £000	Recognised in income £000	Recognised in equity £000	31 December 2008 £000
Property, plant and equipment	(262)	365	-	103
Other temporary differences	(1,491)	639	-	(852)
Employee benefits	188	1,448	-	1,636
Share options	(777)	(13)	361	(429)
	(2,342)	2,439	361	458

21. Employee Benefits

Pensions

Most pensions and related benefits for monthly paid staff of the Group are provided through the Taylor Woodrow Personal Choice Plan or the VINCI Pension Scheme (VPS).

The Taylor Woodrow Personal Choice Plan is a stakeholder pension scheme administered by Scottish Widows. Contributions are invested on behalf of the members and an annuity is purchased from an insurance company on retirement.

The VINCI Pension Scheme is an externally managed and funded pension scheme. Members of the scheme are contracted out of the State Earnings Related Pension Scheme. Members joining before 1st April 2000 did so on a 'defined benefit' basis. As this scheme is now closed to new members the current service cost will rise as the existing defined benefit members approach retirement. Members entering the scheme from this date join on a 'money purchase' basis whereby contributions are invested on behalf of the member and an annuity is purchased from an insurance company on retirement.

Forty six Taylor Woodrow Construction employees are members of the Taylor Woodrow Construction NHS Pension Scheme (TWCNHSPS) which commenced in December 2003. The Actuary's latest financial valuation has an effective date of 31st December 2008. This disclosed that the market value of the scheme's assets at that date was £1.4m and that the value of the assets was sufficient to cover 88% of the benefits that had accrued to members after allowing for expected future increases in earnings. The actuaries to the scheme calculated the long term funding rate to be 22.2% of pensionable earnings. During 2009, the TWCNHSPS was transferred into VINCI Construction UK Limited.

The information disclosed below is in respect of the defined benefit plans:

	Group TWC NHSPS 2009 £000	Group & Company VPS 2009 £000	Group TWC NHSPS 2008 £000	Group & Company VPS 2008 £000
Present value of partly funded defined benefit obligations	1,808	203,168	1,627	179,982
Fair value of plan assets	(1,946)	(189,001)	(1,415)	(172,043)
Net asset/(obligations)	(138)	14,167	212	7,939
Unrecognised actuarial gains and losses	416	(20,271)	119	(13,781)
Recognised liability/(asset) for defined benefit obligations	278	(6,104)	331	(5,842)
Movements in present value of defined benefits obligation				
At 1st January	1,627	179,982	-	194,174
Transferred in on acquisition	-	-	1,702	-
Current service cost	249	2,464	101	3,110
Interest cost	101	11,305	25	10,881
Actuarial loss/(gain)	(211)	16,704	(217)	(21,062)
Benefits paid	(14)	(7,856)	-	(7,698)
Contributions by members	56	569	16	577
At 31st December	1,808	203,168	1,627	179,982

21. Employee Benefits (continued)

Movements in fair value of plan assets

	Group TWC NHSPS 2009 £000	Group & Company VPS 2009 £000	Group TWC NHSPS 2008 £000	Group & Company VPS 2008 £000
At 1st January	1,415	172,043	-	195,656
Transfer in on acquisition	-	-	1,393	-
Expected return on plan assets	104	10,964	25	13,142
Actuarial gains/(losses)	106	10,214	(98)	(35,705)
Contributions by employer	279	3,067	79	6,071
Contributions by members	56	569	16	577
Benefits paid	(14)	(7,856)	-	(7,698)
At 31st December	1,946	189,001	1,415	172,043

Expense/(credits) recognised in the income statement				
Current service cost	249	2,464	101	3,110
Interest on defined benefit pension plan obligation	101	11,305	25	10,881
Expected return on defined benefit pension plan assets	(104)	(10,964)	(25)	(13,142)
Amortisation of actuarial gain	(20)	-	-	-
	226	2,805	101	849

The net expense/(credit) is recognised in the following line items in the income statement:				
Administrative expenses	249	2,464	101	3,110
Financial income	(23)	341	-	(2,261)
	226	2,805	101	849

Cumulative actuarial gains reported in the statement of recognised income and expenses since 1st January 2005, the transition date to adopted IFRSs, are £20,000 (2008: £nil).

21. Employee benefits (continued)

The fair value of the plan assets and the expected return on those assets were as follows :

	Group TWC NHSPS 2009 Fair value £000	Group & Company VPS 2009 Fair value £000	Group TWC NHSPS 2008 Fair value £000	Group & Company VPS 2008 Fair value £000	Group TWC NHSPS 2009 Expected return %	Group & Company VPS 2009 Expected return %	Group & TWC NHSPS 2008 Expected return %	Group & Company VPS 2008 Expected return %
Equities	1,159	-	819	73,978	6.9	6.9	7.4	7.4
Government debt	396	38,073	279	36,473	3.9	3.9	4.4	4.4
Corporate bonds	391	46,423	279	43,011	5.5	5.5	5.8	5.8
Property	-	4,403	-	4,129	5.4	5.4	5.9	5.9
Cash	-	97,555	38	14,452	3.9	5.5	5.9	5.9
Other	-	2,547	-	-	5.4	5.4	5.4	5.4
	1,946	189,001	1,415	172,043				
Actual return on plan assets	210	21,172	(73)	(22,563)				

There are no investments in the Group's equity, financial instruments or property included in the fair value of the plan assets. The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages):

	Group TWC NHSPS 2009 %	Group & Company VPS 2009 %	Group TWC NHSPS 2008 %	Group & Company VPS 2008 %
Discount rate - benefit obligations	5.8	5.8	6.1	6.5
Expected rate of return on plan assets	6.0	6.3	6.6	5.9
Future salary increases	3.0	3.0	4.8	3.0
Inflation	3.5	3.5	3.8	2.8
Future pension increases (TWCNHSPS)	3.0	-	3.9	-
Future pension increases (VPS) - in payment (pre-1997 joiners)	-	3.8	-	3.5
- in payment (post-1997 joiners)	-	3.5	-	3.0
- in deferment	-	3.5	-	3.0

Life expectancy (years) (TWCNHSPS and VPS)	31.12.09		31.12.08	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	20.8	23.2	22.6	25.2
Member age 45 (life expectancy at 65)	22.7	25.0	25.4	27.8

21. Employee Benefits (continued)

History of Plans

	Group TWC NHSPS 2009 £000	Group & Company VPS 2009 £000	Group TWC NHSPS 2008 £000	Group & Company VPS 2008 £000	Group & Company VPS 2007 £000	Group & Company VPS 2006 £000	Group & Company VPS 2005 £000
Present value of defined benefit obligation	1,808	203,168	1,627	179,982	194,174	191,900	190,836
Fair value of plan asset	(1,946)	(189,001)	(1,415)	(172,043)	(195,656)	(189,755)	(163,339)
Deficit/(Asset)	(138)	14,167	212	7,939	(1,482)	2,145	27,497

Experience adjustments Group and Company - VPS

	2009 £000	%	2008 £000	%	2007 £000	%	2006 £000	%	2005 £000	%
Experience adjustments on plan liabilities	(1,745)	1	(3,562)	2	-	-	2,594	1	21,604	11
Experience adjustments on plan assets	10,214	5	(35,705)	21	(2,619)	1	4,987	3	17,432	10

Experience adjustments Group - TWCNHSPS

	2009 £000	%	2008 £000	%
Experience adjustments on plan liabilities	-		(23)	1
Experience adjustments on plan assets	106	5	(98)	7

The Group expects to contribute approximately £4.3m to its defined benefit plans in the next financial year.

Defined contribution plans

The Group operates a number of defined contribution pension plans.
The total expense relating to these plans in the current year was £5,710,000 (2008: £3,385,000).

Share-based payments - Group

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares in the ultimate parent, VINCI SA:-

Date of Grant and number of employees entitled	Number of Instruments	Vesting Conditions	Contractual life of options
Equity settled award to 5 employees on December 17th 2002	140,000	vested	expiry 17.12.12
Equity settled award to 6 employees on March 16th 2005	36,000	vested	expiry 16.03.12
Equity settled award to 26 employees on May 16th 2006	58,000	vested	expiry 16.05.13
Equity settled award to 30 employees on September 15th 2009	64,235	see below	expiry 15.09.16

In respect of the 2009 scheme, the share options are only definitely allocated at the end of a vesting period of three years. The number of share options effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the first two year period.

Once vested, the share options must be held for a minimum of one year during which they may not be disposed of.

21. Employee Benefits (continued)

	Weighted average exercise price (€) 2009	Number of options 2009	Weighted average exercise price (€) 2008	Number of options 2008
Outstanding at the beginning of period	27.28	258,866	26.50	277,248
Adjustments re prior year	-	-	-	(4)
2009 issue	38.37	64,235	-	-
Scheme leavers	(40.32)	(8,000)	-	-
Exercised during the period	(12.96)	(5,000)	(15.59)	(18,378)
Outstanding at the end of period	29.47	310,101	27.28	258,866

The weighted average share price at the date of exercise of share options exercised during 2009 was €35 (2008: €30).

The options outstanding at the year end have an exercise price in the range of 12 euros to 40 euros and a weighted average contractual life of 4 years.

The total expenses recognised for the period arising from share based payments are as follows:

	2009 £000	2008 £000
Equity settled share based payment expense	492	833

Share based payments - Company

Date of Grant and number of employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Equity settled award to 5 employees on December 17th 2002	140,000	vested	expiry 17.12.12
Equity settled award to 1 employee on March 16th 2005	6,000	vested	expiry 16.03.12
Equity settled award to 1 employee on May 16th 2006	2,000	vested	expiry 16.05.13
Equity settled award to 6 employees on September 15th 2009	13,290	see below	expiry 15.09.16

In respect of the 2009 scheme, the share options are only definitely allocated at the end of a vesting period of three years. The number of share options effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the first two year period.

Once vested, the share options must be held for a minimum of one year during which they may not be disposed of.

In May 2007 VINCI SA carried out a share capital split, reducing the par value of each share by half and doubling the number of shares in issue. The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price (€) 2009	Number of options 2009	Weighted average exercise price (€) 2008	Number of options 2008
Outstanding at the beginning of period	17.05	95,890	16.81	114,272
Adjustments re: prior year	-	-	-	(4)
2009 issue	38.37	13,290	-	-
Exercised during the period	(12.96)	(5,000)	(15.59)	(18,378)
Outstanding at the end of period	19.97	104,180	17.05	95,890

The weighted average share price at the date of exercise of share options exercised during 2009 was €35 (2008: €30).

21. Employee Benefits (continued)

The options outstanding at the year end have an exercise price in the range of 12 euros to 40 euros and a weighted average contractual life of 4 years.

The total expenses recognised for the period arising from share based payments are as follows:

	2009	2008
	£000	£000
Equity settled share based payment expense	50	40

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black–Scholes formula. The main assumptions used to determine the fair values of the options in question, in accordance with IFRS 2, were:

Plan	September 2009	May 2006	March 2005
Volatility (1)	32.91%	24.19%	23.55%
Expected return on share	8.01%	6.50%	6.30%
Risk-free interest rate (2)	2.38%	3.68%	3.17%
Dividend growth rate hoped-for (3)	4.21%	2.75%	3.52%
Fair value of the option (€)	5.65	7.74	5.93

(1) Volatility estimated using a multi-criteria approach based on the mean reversion model applied to a four-year series of daily implied volatilities of the VINCI share;
(2) Rate at 5 years of French government bonds;
(3) Average return expected by financial analysts over the three years following the grant date adjusted by a theoretical annual growth rate beyond that period.

Performance Shares - Group and Company

On 15th September 2009 30 Group employees (Company: 6) were granted a maximum of 26,580 (Company: 5,316) performance shares. These shares are subject to the following vesting conditions:
- The shares are only definitively allocated at the end of a period of two years.
- The number of shares effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the period.
- The vested shares must be held for a minimum period of two years during which they may not be disposed of.

The main assumptions used to determine the fair values of these performance shares are the fair value of the shares at the grant date of €37.40, a volatility of 32.88% and a risk-free interest rate of 1.75%.

Free Share Plan-Group and Company

On 2nd January 2007 25 Group employees (Company: 3) were granted a maximum of 32,000 (Company: 3,000) free shares and on 2nd January 2008 20 Group employees (Company: 1) were granted a maximum of 24,000 (Company: 1,200) free shares. Both free share issues are subject to the following vesting conditions:

- The shares are only definitely allocated at the end of a vesting period of two years, which can be extended to three years by the VINCI board.
- The number of shares effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the period.
- The shares granted must be held for a minimum of two years during which they may not be disposed of.

The main assumptions used to determine the fair values of these free shares at 2nd January 2007 are the fair value of the share at the grant date of 24.50 euros, a volatility of 21.79% and a risk-free interest rate of 3.76%. At 2nd January 2008 the main assumptions are the fair value of the share at the grant date of 28.20 euros, a volatility of 26.51% and a risk-free interest rate of 4.07%.

22. Reconciliation of movement in capital and reserves

Group	Share capital £000	Capital redemption reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1st January 2008	18,956	300	-	49,872	69,128
Total recognised income and expense	-	-	30	13,489	13,519
Equity settled transactions	-	-	-	(458)	(458)
Deferred tax recognised directly in equity	-	-	-	(1)	(1)
Dividends paid	-	-	-	(20,000)	(20,000)
At 31st December 2008	18,956	300	30	42,902	62,188
At 1st January 2009	18,956	300	30	42,902	62,188
Total recognised income and expense	-	-	(15)	12,510	12,495
Equity settled transactions	-	-	-	(290)	(290)
Deferred tax recognised directly in equity	-	-	-	(517)	(517)
Dividends	-	-	-	(11,000)	(11,000)
Transfer between reserves	-	-	(15)	15	-
At 31st December 2009	18,956	300	-	43,620	62,876

Company	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total equity £000
At 1st January 2008	18,956	300	10,657	20,915	50,828
Total recognised income and expense	-	-	-	26,890	26,890
Equity settled transactions	-	-	-	(1,251)	(1,251)
Deferred tax recognised directly in equity	-	-	-	(359)	(359)
Dividends	-	-	-	(20,000)	(20,000)
At 31st December 2008	18,956	300	10,657	26,195	56,108
At 1st January 2009	18,956	300	10,657	26,195	56,108
Total recognised income and expense	-	-	-	24,615	24,615
Equity settled transactions	-	-	-	(732)	(732)
Deferred tax recognised directly in equity	-	-	-	69	69
Dividends paid	-	-	-	(11,000)	(11,000)
At 31st December 2009	18,956	300	10,657	39,147	69,060

Share capital
At 31st December 2009, the authorised, allotted, called up and fully paid share capital comprised 18,956,000 £1 ordinary shares (2008: 18,956,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital redemption reserve
The capital redemption reserve reflects the value of shares redeemed by the Company from distributable profits.

22. Reconciliation of movement in capital and reserves (continued)

Other reserves

The other reserve consists of non-distributable reserve of £10,657,000 (2008: £10,657,000) that was created as a result of an inter group reorganisation to create a more efficient capital structure. This reserve is at company level only.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

23. Financial instruments

Exposure to credit, liquidity and market risks arises in the normal course of the Group's and Company's business. The risks are regularly considered and the impact and how to mitigate them assessed.

Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount and fair value 2009		Carrying amount and fair value 2008	
	Group £000	Company £000	Group £000	Company £000
Cash and cash equivalents (note 16)	222,289	-	208,186	-
Trade and other receivables (note 15)	210,963	99,623	240,708	8,060
Total financial assets	433,252	99,623	448,894	8,060
Bank overdraft (note 16)	(75,246)	(31,712)	(71,287)	(29,463)
Trade and other payables (note 18)	(469,277)	(45,159)	(495,340)	(41,318)
Total financial liabilities	(544,523)	(76,871)	(566,627)	(70,781)
Total financial instruments	(111,271)	22,752	(117,733)	(62,721)

23. Financial Instruments (continued)

Credit risk

Financial risk management
Credit risk is the risk of financial loss to the Group or Company if a customer or company party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's or Company's receivables from customers and cash held at financial institutions.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date for the Group was £433,252,000 (2008: £448,894,000) and for the Company was £99,623,000 (2008: £8,060,000) being the total of the carrying amount of financial assets shown in the table above.

The Group has strict credit control procedures for accepting new customers, setting credit limits and dealing with overdue accounts.

An impairment loss provision against a trade receivable is created where it is anticipated that its value is not fully recoverable.

Liquidity risk

Financial risk management
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due.

The financial liabilities for the Group and the Company at 31st December comprise bank overdrafts and trade and other payables.

Bank overdrafts are utilised by Group companies to meet their local cash requirements. They are repayable on demand.

Trade and other payables shown as current liabilities are expected to mature within six months of the balance sheet date.

Market risk

Financial risk management
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's or Company's income or the value of its holdings of financial instruments.

Interest rate risk
The Group and Company adopt a policy of ensuring that its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's and Company's policy. At 31st December 2009 the Group had an interest rate swap with a notional contract amount of £23.6m (2008: £24.2m). The swap at 31st December 2009 was on the bank loan on a jointly controlled entity, Doncaster School Solutions Limited which is equity accounted. Cash flows related to the swap are expected to occur until the maturity date of 31st March 2033.

The Group and Company classify interest rate swaps as cash flow hedges and states them at fair value. The net fair value of swaps at 31st December 2009 was £2,089,000 liability (2008: £3,451,000 liability).

Foreign currency risk
The majority of the Group's and Company's operations are within the UK and so exposure to foreign currency risk is reduced. Where necessary, to minimise currency exposures on sale and purchase transactions, the Group and Company enter into forward foreign exchange contracts. There were no significant outstanding forward foreign exchange contracts at the balance sheet date.

24. Capital commitments

Group	2009	2008
Capital expenditure	£000	£000
Contracted for but not provided in the accounts	-	63

25. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2009 £000	2008 £000	Company 2009 £000	2008 £000
- within 1 year	9,927	10,639	3,640	3,870
- between 2 and 5 years	13,251	20,800	9,568	11,642
- over 5 years	15,713	18,380	15,710	18,380
	38,891	49,819	28,918	33,892

One of the Group and Company's leased properties is under a sale and leaseback transaction for a period of fifteen years.

26. Contingent liabilities

The Company and certain Group undertakings have entered into guarantees relating to bonds, in the normal course of business, from which no losses are expected to arise.

Joint banking facilities available to the Company, its parent undertaking and certain fellow subsidiary undertakings are secured by cross guarantee. At 31st December 2009, the net Group borrowings were £nil (2008: £nil).

27. Related party transactions

Group

Identity of related parties

The Group has a related party relationship with its subsidiaries (see page 92) associates and joint ventures (see note 12).

Transactions with key management personnel

There are no additional related party transactions with the directors (see note 5).

Other related party transactions

Associates and joint ventures

During the year ended 31st December 2009, associates and joint ventures purchased services from the Group in the amount of £68.9m (2008: £68.3m) and at 31st December 2009 associates and joint ventures owed the Group £3.1m (2008: £4.6m). Transactions with associates and joint ventures are priced on an arm's length basis. Dividends of £29,000 (2008: £nil) were received from associates during the year.

Companies under common control

During the year the Group purchased services from fellow subsidiaries of the ultimate parent company, VINCI SA for £1.4m (2008: £15.3m) and fellow subsidiaries purchased services from the Group in the amount of £4.3m (2008: £5.2m). The Parent Company, VINCI Construction, charged the Group £4.1m (2008: £3.8m) in royalties.

At 31st December 2009 fellow subsidiaries owed the Group £3.2m (2008: £3.1m) and the Group owed £2.1m (2008: £10.7m) to fellow subsidiaries.

Company

Identity of related parties

The company has a related party relationship with its subsidiaries and its parent companies. During the year ended 31st December 2009, the company recharged £29.0m (2008: £17.0m) in management fees and expenses to its subsidiaries. The company also paid £1.6m (2008: £1.1m) in services purchased from subsidiaries and £4.1m (2008: £3.8m) in royalties paid to its parent company.

At 31st December 2009 the company was owed £95.4m (2008: £4.6m) by related parties and owed £25.3m (2008: £29.6m) to related parties.

Transactions with key management personnel

There are no additional related party transactions with the directors (see note 5).

28. Ultimate parent undertaking

At 31st December 2009 the ultimate parent undertaking was VINCI, a company incorporated in France. This is the parent undertaking of VINCI CONSTRUCTION, the smallest Group of which the Company is a member and for which Group accounts are prepared.

Copies of the accounts of the above Companies can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France.

Principal subsidiary undertakings
at 31st December 2009

Construction

VINCI Construction UK Limited
*Taylor Woodrow Construction
*John Jones (Excavation) Limited
*Crispin & Borst Limited
*PEL Interiors Limited
*Weaver PLC
*Fifehead Limited (Stradform Limited, Stradform (South West) Limited and Stradform (Midlands) Limited)
*Gordon Durham & Co. Limited

Engineering and Support Services

*Rosser & Russell Maintenance Limited

Manufacturing

Conren Limited

PFI

VINCI (Holdings) Limited
VINCI Investments Limited
VINCI Education Limited
**V.B. Limited
**V.B. Investments (No.2) Limited

Group Administration and Services

Haldan Indemnity Limited (incorporated in Guernsey)
VINCI Fleet Services Limited
VINCI Property Limited
VINCI Insurance Services Limited

VINCI PLC holds 100% of the ordinary share capital and voting rights of the above companies (unless otherwise stated).

*100% of the ordinary share capital and voting rights held by a subsidiary undertaking
**50% of the ordinary share capital and voting rights held by a subsidiary undertaking

Unless otherwise stated, the above companies are incorporated in Great Britain.

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VINCI Construction UK Limited
Astral House
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VINCI PLC is part of VINCI, the world's leading concession and construction group.

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