2012 INTEGRATED ANNUAL REPORT

VINCI CONSTRUCTION | UK

Contents

VINCI CONSTRUCTION UK LIMITED
INTEGRATED ANNUAL REPORT
FOR THE YEAR ENDED
31st DECEMBER 2012

DIRECTORS	SECRETARY	REGISTERED OFFICE
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REGISTERED NUMBER	AUDITORS	BANKERS
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This report demonstrates the links between our strategy, governance and operations and the social, environmental and economic context in which we operate.

INTEGRATED REPORTING

Welcome to VINCI Construction UK's 2012 Integrated Annual Report which combines financial and non-financial information in order to provide a more holistic view of our business.

We enter 2013 with a record order book and a record secured workload. From this platform we will be able to concentrate on profitability and certainty of delivery.

We will continue to look at how we deliver more for less and, with this in mind, the company's core objectives are designed to help us build for the future and protect and enhance our margins as we move forward. They include:

- Streamlining the business
- Sharing expertise
- Customer focus
- Supply chain management
- Zero defects
- Reducing bureaucracy
- Building Information Modelling (BIM)
- Innovation and collaboration

We will also continue to focus on our teams. Our people are essential to our success as a company, and training is vital to making our employees better and more capable. In this challenging economic climate, construction companies require skilled and competent personnel. Wherever possible we look to support our employees in their professional development and education. In terms of employee engagement, the 2012 Team Survey showed encouraging results which will be used as a platform for development going forward.

As ever, health and safety was a major focus in 2012. As we see it, H&S is a key moral and commercial issue for us. We recognise that a good H&S record is essential to VINCI Construction UK. It is also one of our core responsibilities to our customers, our teams and the wider public.

This report is intended to assess our achievements in social and environmental matters, demonstrate how our business strategy is focused on the long-term sustainability of the company and reflect the integrated thinking, planning and collaboration within VINCI Construction UK.

Andrew Ridley-Barker,
Managing Director, VINCI Construction UK

The Directors submit their report to the members, together with the audited financial statements for the year ended 31st December 2012.

The main thrust of our Business Plan is to increase efficiency and productivity across VINCI Construction UK.

RESULTS AND DIVIDENDS

The profit after taxation for the financial year as shown in the consolidated profit and loss account on page 20 amounted to £1,807,000 (2011: £11,592,000). Underlying profit (defined as operating profit before amortisation of goodwill and reorganisation costs) was £12,107,000 (2011: £18,064,000).

There were no dividends paid during the current or previous year. The directors do not propose the payment of a final dividend.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Business Model

VINCI Construction UK has a robust Business Model based on short and long-term cycles. Covering the conception, funding, design, build, maintenance and eventual decommissioning of projects, we operate right across the value chain to meet a range of customer requirements.

Through the strong regional and national presence of our Building and Civil Engineering operations, we pursue short-cycle business opportunities.

These jobs often involve complex project management and are supported by our Technology Centre, or by other VINCI companies providing high-end technical solutions. Meanwhile, through our PFI projects and the work of VINCI Facilities (our facilities operation), where contracts can sometimes extend over 30 years, we take a longer-term operational approach.

The balancing of short and long-term projects helps to ensure that we have a strong and stable foundation for growth, making us more resilient to the vagaries of the market. Operating across the entire service spectrum, we aim to ensure we have sufficient amounts of both long and short-cycle work in place, and often try to leverage one to the other. For example, where possible we look to extend short-cycle construction contracts into long-term facilities management projects.

This approach is combined with a decentralised divisional structure. This independence drives accountability and autonomy and maximises entrepreneurial activity. Together, the decentralised and long/short-cycle model forms the backbone of our company ethos. They are essential to enabling VINCI Construction UK to create value, minimise risk and achieve sustainable business success.

Business Plan

The Business Plan's core objectives are designed to help us build for the future and protect and enhance our margins as we move forward.

The main thrust of our Business Plan is to increase efficiency and productivity across VINCI Construction UK. Amid the good progress made in recent years, we are constantly looking at how we deliver our projects and do the same – or more – with less.

Streamlining our business

We continue to examine all areas of our business to identify where efficiencies can be made. In 2012, we simplified our activities to focus on three operations: building, civil engineering and facilities supported by our Technology Centre. We are also developing our International business. In addition, we reviewed our office requirements and restructured our building business from four divisions to two.
The cost of our operations has reduced significantly as a result.

Sharing expertise

Connectivity and collaboration are essential to our Business Plan. As part of the VINCI Group, VINCI Construction UK has access to a wealth of truly global expertise. We are looking at how we can draw on the Group's wider technical skill and capabilities to benefit our UK operations. In 2012, we continued to assess VINCI's expertise in Europe and beyond to see how VINCI Construction UK can derive competitive advantage through Group-wide technology transfer and knowledge sharing.
This work is aligned to a similar, more focused collaboration project in the UK.

Customer focus and supply chain management

Throughout the year, we turned our attention to two key strands of the business. The first of these is our close working partnerships with our clients. We are keen to collaborate with our clients to provide successful solutions and to unlock complex challenges through our technical expertise and through the global corporate strength we derive from the VINCI Group. We firmly believe this collaborative approach helps to improve our company profile across our portfolio of projects.

The second key strand involves our supply chain. As a regionally-based business, VINCI Construction UK has a diverse and widely-dispersed supply chain. We treat our suppliers fairly, paying subcontractors on average within 31 days and suppliers within 52 days. However, in 2012 we started to think about how we can improve our interactions with suppliers and create a more robust supply chain strategy. We believe in developing strong, symbiotic supplier relationships based on mutual benefit, trust and dialogue. These relationships will be a key area of focus in 2013.

Zero defects

The smallest of project defects can have a huge impact on a company's bottom line and, of course, its reputation. A zero defects approach offers enormous potential benefit for our brand and customer relationships.

For this reason, in 2012 we rolled out a zero defects scheme across the business as a whole. The scheme, devised by Taylor Woodrow, the Civil Engineering brand of VINCI Construction UK, is designed to minimise the number of defects that arise during a contract and subsequent project to completion, thereby maximising value for our customers. This is now fully established across all operations of the Group.

Reducing bureaucracy

In our field of operations, overburdening bureaucracy can restrict and frustrate our project and delivery teams. Some bureaucratic measures relate to statutory requirements, which of course we observe and uphold. Others, however, are excessive and can be challenged quite legitimately. We are encouraging our staff to find simpler and less bureaucratic ways of working without compromising the core intent and essence of procedural processes. This we believe will help to free up our teams to work with greater speed, efficiency and creativity.

Building Information Modelling (BIM)

VINCI Construction UK has a long history of expertise in 4D Building Information Modelling (BIM). We will continue to increase our internal capacity and use of BIM to help us improve the efficiency and speed with which we work.

Innovation and collaboration

In these tough market conditions, we have to be innovative and entrepreneurial in order to improve our competitiveness. Within the organisation, all Divisions and individuals have been set the challenge of making the business more efficient and productive.

In order to meet these objectives, collaboration forms a central part of our Business Plan. VINCI Construction UK comprises a workforce of around 4,000 people. Spread across the country in three separate Divisions, regions and sub-regions, the company's employees encompass a wealth of technical expertise and skill. Linking these people, their experience and best practice is critical to our evolution and growth.

Since late 2011, a dedicated working group has been developing a programme to help connect people and projects within the organisation, and to create a space for Group-wide discussions and debate. Throughout 2012, our Technology Centre also focused its capabilities on revolutionising internal Group communication and partnership-working through a range of initiatives. In one such example, by the end of the year the Group received a record number of entries (134) for the 2013 VINCI Innovation Awards – three times more than in 2011. This kind of internal engagement with innovation, combined with enhanced internal cooperation and knowledge-transfer, will set us apart and be vital to our success in the future.

In 2012, VINCI Construction UK performed well despite tough market conditions, achieving a turnover similar to 2011.

DIVISIONAL PERFORMANCE

In 2012, VINCI Construction UK performed well despite tough market conditions, achieving a turnover similar to 2011. With the UK Construction Sector continuing to contract and creating a challenging operating environment, we focused on increasing our productivity and efficiency through innovation, collaboration and knowledge sharing. We managed to achieve our largest-ever order book for the 12 months ahead, with 74% of our budget for 2013 secured by year-end.

Throughout the year we enhanced our presence in key industry areas. A contract to build BNP Paribas Real Estate's new London headquarters helped us regain a commercial foothold in the Capital. We continued our working relationships with London Underground, Crossrail and Network Rail, and entered the final stages of the Sheffield Building Schools for the Future (BSF) programme, which is widely recognised as one of the most successful BSFs in the country. Our position on the P21+ health framework, in joint venture with Sir Robert McAlpine, continues to be successful. We also made progress on several large projects for Tesco Stores Limited and on the extension of the Nottingham Tram network. We consolidated our position in the nuclear decommissioning and energy from waste sectors.

With the majority of our projects under £5million, we took the decision during 2012 to focus more on strategic frameworks and higher-value project work. We are aware there is greater competition for lower-value projects and, in 2013 and beyond, we will be looking to pursue projects with an increased average value. This shift will enable us to strengthen our presence in key markets, increase our chances of success at tender stage, and improve our growth potential. Also, we know historically that higher value projects return a higher margin.

IN 2012, VINCI CONSTRUCTION UK OPERATED IN THREE CORE AREAS:

BUILDING, CIVIL ENGINEERING, FACILITIES

THE TECHNOLOGY CENTRE, WITH AN ENHANCED REMIT TO ADD VALUE AND DRIVE INTERNAL EFFICIENCIES, SUPPORTED OUR ACTIVITIES ACROSS THESE AREAS.

Throughout the year, the majority of our business activity was focused in five sectors:

- Infrastructure
- Education
- Retail
- Health
- Commercial

BUILDING

The impact of the continued economic challenges and the construction industry contraction has been hardest felt in the building business. This is particularly so in the South, where tough competition, supply chain insolvencies and long lead times have all conspired to reduce operating margins.

As part of our efforts to improve internal synergies and efficiencies, in 2012 we divided our Building Division into two operations, North and South and our Airport team was integrated into Building South. We continue to be able to offer an independent Airport capability, with all its specialism and expertise, to our main clients in this area: BAA Airports Limited and Gatwick Airport Limited.

In the North West and North East, the majority of VINCI Construction UK's work has historically been based in the public non-housing sector, particularly public health and education. With public sector spending in decline, in 2012 we aligned ourselves more closely with the private sector in these regions.

The Midlands continued to see considerable growth in the industrial sector, and in the South we began targeting larger projects and being more selective with tender opportunities. Concentrating more time and resources on fewer bids, we aim to increase the average value of the projects we undertake.

There was strong activity in the education sector in the South West and Wales. Healthcare saw a decrease in activity, while the retail sector experienced the greatest overall decline in available workload.

CIVIL ENGINEERING

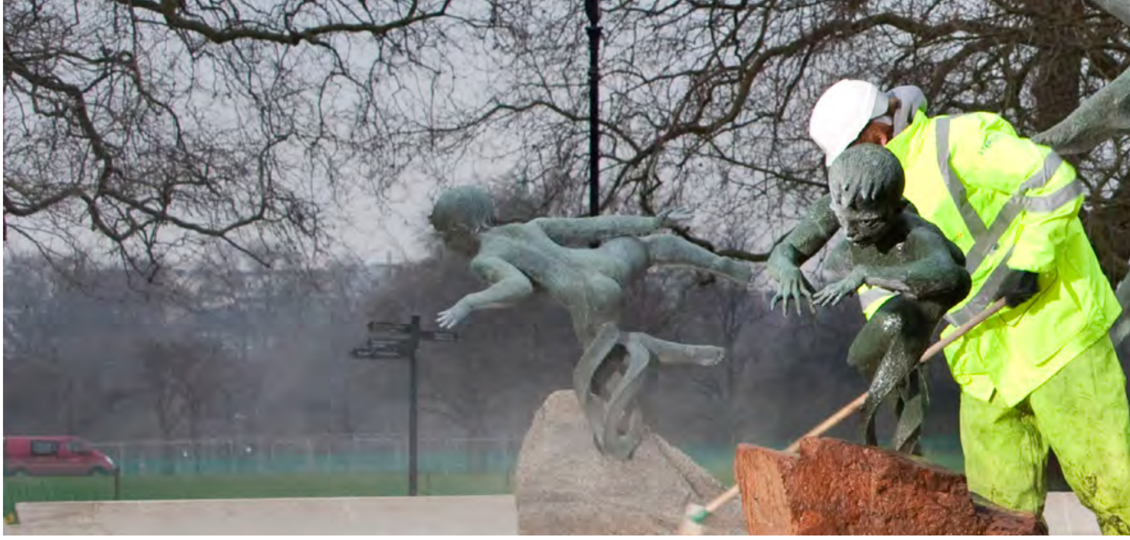
As a national civil engineering contractor, Taylor Woodrow has a clear focus on major projects rather than relying on short-term or regionally-based workflows. While major project work underpins our business model and adds real value over time, it will be a difficult market to operate in over the next few years unless more investment is forthcoming.

In 2012, rail and light rail projects continued to be the mainstay of our business in this area. We have strategic partnerships in place to broaden rail activities to include mainline electrification and involvement in High Speed 2.

In the energy market, through VINCI Environment UK, Taylor Woodrow submitted bids for turnkey energy-from-waste contracts in partnership with specialist PFI waste contractors. Activities in nuclear decommissioning continued at Sellafield and Bradwell, and in the renewable energy market Taylor Woodrow is the preferred contractor for the Avonmouth Biomass scheme. Taylor Woodrow is also reviewing options for future development of gravity-based structure (GBS) offshore wind technology.

A number of opportunities associated with the development of port facilities will be pursued in 2013 and beyond. With the commencement of Bexhill-Hastings bypass, Taylor Woodrow is re-entering the highways sector and will consider further highways opportunities.

The plan for 2013 is to further develop our culture of innovation and excellence.



FACILITIES

During 2012, VINCI Facilities continued to focus on its three core markets:

- Facilities management
- Technical services
- Building solutions

In each of these areas, we focus our services and expertise on six core sectors: retail, professional and financial services, defence, central and local government, health and social housing. These sectors provide a balanced portfolio, ensuring we have the right mix of contracts to deliver order book stability, profitability, cash generation and continuous improvement.

Throughout 2012, VINCI Facilities continued to work in close collaboration with VINCI Energies to explore opportunities and identify synergies across the business.

In 2013, we will deploy our new V-Nexus IT platform, which is designed to improve our productivity and enhance the value of our services to customers.

TECHNOLOGY CENTRE

The Technology Centre provides specialist consultancy and testing services in the areas of compliance, environment, materials and structures.

At the end of 2011, the Technology Centre was given an extended remit to enhance innovation at VINCI Construction UK and help make the business more competitive, productive and efficient. Throughout 2012, the Technology Centre focused its capabilities on developing the culture of innovation across the company through increased activities and communication, including:

- Reinvigorating the Innovation and Knowledge section of the VINCI Construction UK intranet, which encourages employees to submit ideas around innovation and share expertise and experience.
- Supporting the drive towards zero defects by publishing top tips and case studies for internal use.
- Promoting the use of new products and processes through an Alternative Products Showcase developed in conjunction with manufacturers.
- Acting as a ‘proving ground’ for innovation, enabling clients to see proposed solutions in action prior to adoption.

As a result of these actions, in 2012 the Technology Centre received a record number of entries (134) for the 2013 VINCI Innovation Awards – three times more than in 2011.

The plan for 2013 is to further develop our culture of innovation and excellence.

OUR INTERNATIONAL OPERATION

VINCI Construction UK's international activity is located in the Middle East. Our operations are based in Abu Dhabi, with local offices in Oman and Saudi Arabia.

During 2012, we secured two contracts with the Saudi Arabian National Water Company in Jeddah in a joint venture with a local company, Al Muhaidib Contracting Company. The contracts, which have a combined total value of £110 million, are for the design and build of the Briman Strategic Water Reservoir and the Al Khumra Lifting Station.

The Briman site will comprise eight circular above-ground, post-tensioned tanks which will be developed in collaboration with Freyssinet, our post-tension subcontractor. The tanks, each 120 metres in diameter and 18 metres deep, will be among the largest of their kind in the world with a combined total volume of 1,500,000 m^3. Negotiations are also on-going for contracts in Oman and Abu Dhabi.

VINCI Construction UK and the Low-Carbon Economy

VINCI Construction UK is committed to the construction industry's efforts to tackle climate change. With our expertise in renewable and low-carbon technologies, sustainable buildings and urban development, VINCI Construction UK is dedicated to achieving a cleaner, low-carbon future and to meeting the regulatory challenges set by the UK Government's Climate Change Act.

In 2012, we continued to develop our leadership role in this area, helping customers respond to these challenges through innovations in building design, Building Information Modelling (BIM) and facilities management. We also continued to develop opportunities in the renewable and low-carbon energy markets.

The Climate Change Act requires that the UK reduces carbon emissions by 80% by 2050, compared to 1990 levels.

ZERO CARBON BUILDINGS

As part of these national targets, a new regulatory framework has been laid out for the construction industry – in particular, the UK Building Regulations which determine the timescales for carbon emissions reductions for new buildings.

According to the new regulations, all new buildings have to be zero carbon within the next six years – housing by 2016 and all other buildings, such as offices, hospitals and schools, by 2019. Zero carbon refers to zero annual carbon emissions relating to heating, lighting, hot water and building services. This presents a very clear framework in which to operate, and a set of ambitious, legally-binding targets.

At VINCI Facilities we have expert advisers whose job it is to help customers reduce their energy consumption and meet the challenges and targets set out in the UK Buildings Regulations. Likewise, at the Technology Centre we have Building Research Establishment Environmental Assessment Methods (BREEAM) assessors, a Low Carbon Consultant, and staff with expertise in EPCs (Energy Performance Certificates), DECs (Display Energy Certificates) and a range of energy modelling techniques. They look at the way buildings are made, heated, cooled and lit to help prepare them for long-term efficiency.

NUCLEAR

In 2012, in collaboration with Nuvia, we continued to work on the construction of the SDP and BTF facilities at Sellafield. We also pursued a major projects framework at the Sellafield site as part of a new joint venture with Nuvia and other VINCI Group companies.

As part of our contract with Magnox Limited, we began work on the construction of a weather envelope for the decommissioned reactors at Bradwell Nuclear Power Station.

The Technology Centre renewed its framework with EDF Energy and is pursuing a number of opportunities to maintain the EDF nuclear fleet.

We were unsuccessful in our bid for the main civil engineering works for Hinkley Point 'C' Nuclear Power Station which was made in joint venture with Balfour Beatty and VINCI Construction Grands Projets. The joint venture was also unsuccessful in the bid for the proposed Horizon power station at Wylfa, Anglesey.

ENERGY FROM WASTE

Elsewhere, VINCI Construction UK has set up a joint venture with VINCI Environnement, enabling us to bid for energy from waste projects on an Engineering, Procurement and Construction (EPC) basis. We are currently the preferred bidder on two schemes for local authorities in Cornwall and Hertfordshire.

RENEWABLES

In the renewables sector, VINCI Construction UK has formed a joint venture with Freyssinet and VINCI Construction Grands Projets to develop opportunities for the design and construction of offshore wind turbine foundations in UK coastal waters.

The joint venture will exploit patented technology developed by GBF, a consortium of Gifford, BMT and Freyssinet, which enables the assembly of turbines on land, thereby reducing the requirement for offshore work and associated risks. In 2012, the consortium actively pursued major projects with a number of offshore wind power concession holders, and will continue to do so in 2013 and beyond.

The expansion of offshore wind farms is critical to the achievement of the UK's renewable energy targets. VINCI Construction UK is intent on playing a key role in this market area and in the national low-carbon economy.

VINCI Construction UK in the Community

At VINCI Construction UK, we have always been committed to making a positive impact in the communities where we operate.

For years we have sought to conduct our business in a way that is ethically viable and socially responsible. Along with collaboration, innovation and internationalisation, community involvement is one of our Group's guiding principles. Indeed, making a difference through community action in the areas where we live and work is critical to our development as a sustainable business, and to our reputation as a world leader in construction.

In 2012 we continued our focused and formalised programme of company-wide community initiatives.

STAND OUT! MAKE A DIFFERENCE

Across VINCI Construction UK, individuals and teams regularly undertake challenges or commitments to raise money for charities and good causes. Based on a long-term partnership with The Construction Youth Trust, The Prince's Trust and the Duke of Edinburgh's Award, our pioneering community and employee engagement initiative, Stand Out! Make a Difference (SOMAD), facilitates this commitment. Through SOMAD, each employee is allowed to take a day's paid leave in addition to their annual leave to support a worthy cause.

Compared to 2011, the number of formal requests for SOMAD days rose by 96% in 2012. Throughout the year, SOMAD had a palpable effect on local communities and the lives of disadvantaged young people.

BUDDING BRUNELS

Our Budding Brunels programme has a particular focus on promoting professional construction careers to disadvantaged young people. In 2012, we delivered on our commitments to expand the Budding Brunels programme; five schemes have now been completed in Streatham, Cardiff, Nottingham, Cambridge and at Crossrail, each helping to raise awareness of construction as a career.

In total, Budding Brunels provided opportunities to more than 150 young people throughout the year. A number of these participants have gone on to find employment within our supply chain, and some have even been nominated for awards, including Young Builder of the Year.

PRINCE'S TRUST

As part of SOMAD, VINCI Construction UK supports the Prince's Trust's Get into Construction Scheme, a national programme to support young people into work or training. Like Budding Brunels, the scheme gives young people from disadvantaged backgrounds vital experience of working in the construction industry. Opening doors which might otherwise remain closed, the programme offers young participants unique personal and professional opportunities.

HELP FOR HEROES

Throughout 2012, VINCI Construction UK worked on a project for Help for Heroes at Tedworth House Personnel Recovery and Assessment Centre. This project includes the renovation of a Grade 2 listed building and the construction of a new wing at Tedworth House. Help for Heroes leases the house and grounds from the Ministry of Defence to provide support for wounded, injured and sick soldiers and veterans.

During our time on site at Tedworth House, we have also been able to offer retraining and employment opportunities to sick and wounded service personnel. In some cases, we have played an instrumental role in helping ex-soldiers re-engage old skills and adjust to civilian life.

Additionally, a team of six volunteers from VINCI Construction UK has supported Help for Heroes in its launch of a new nationwide mentoring scheme called Pathfinder. The Pathfinder programme is designed to support veterans as they transition from military service back into civilian life.

Other community engagement highlights in 2012 include:

- Providing young people with hands-on work experience and apprenticeships on the East Village project, a new student accommodation block in Liverpool.
- Enabling VINCI Construction UK staff to become approved 'STEM Ambassadors' for the industry in partnership with STEMNET – an education charity promoting science, technology, engineering and mathematics. As part of the programme, 12 company managers volunteered to share their skills and knowledge at a BUILD IT event, where they assisted primary school children in the design and build of three test projects.
- Supporting the Sheffield Children's Festival, an annual event which aims to engage children with the arts. In 2012, over 35,000 children, young people and families took part in the festival.

Internal Operations

In 2012 we undertook a number of initiatives designed to enhance and improve our people practices, health and safety procedures and our use of resources.

PEOPLE

Ensuring that all employees are well motivated and have clear roles and responsibilities is critical to our success and development as a business. This need shaped our approach to people policies and practices in 2012, and will continue to be a key theme throughout 2013.

Each year we conduct a Group-wide employee survey which provides management with feedback on a range of issues and helps inform our people strategy. In 2012, our Team Survey saw an increase in the number of respondents compared to 2011, while our engagement score held steady at 80%. Employee engagement is an area we will continue to focus on in 2013, as it is has been proven that the more engaged people are, the more dedicated and productive they become.

During the year, we decreased our reliance on recruitment agencies. This was the result of direct referrals by our teams and the increased visibility of VINCI Construction UK as an employer of choice. We also managed to maintain our voluntary staff turnover rate below 10%, directly in line with our target for 2012.

Elsewhere, we increased our coverage of Investors in People (IiP) accreditation. Through the scheme, which now covers 94% of the business, we work to improve employee engagement and performance. Our challenge now is to maintain accreditation and integrate IiP philosophies and approaches into our day-to-day activities.

Investors in Diversity (IiD) accreditation was another target for the company in 2012, and one we achieved with an exceptional report from the awarding body. We are now the largest contractor within the UK construction industry to hold IiD accreditation, and the largest private sector company to attain IiD Level 2 status. Our aim in 2013 is to ensure we retain this important endorsement. As part of this process, we have been collaborating with the VINCI Group to achieve wider diversity targets, and working with one of the UK's leading diversity consultants and Construction Skills to produce what we hope will become an industry standard.

The VINCI Academy continues to go from strength to strength. In 2012 we spent more on staff training than in 2011, and we will spend more again in 2013.

A key focus area in 2013 will be the delivery of the EMPOWER programme, through which we aim to create a step-change in the approach and quality of our middle management. We are also encouraging employees to work towards The Duke of Edinburgh Business Gold Award to develop skills, attitude and character to help them realise their potential. In 2012, 20 of our young employees completed the Gold Award and another group have signed up to do the same in 2013.

HEALTH, SAFETY AND ENVIRONMENT

The Group recognises the importance of the health and safety of all those employed in its offices and sites and operates policies to ensure that the risks associated with accidents and health are properly managed and controlled.

In the area of health and safety, we achieved some notable successes. These include:

- Meeting our targets for HSE inspection scores across the business.
- Extending our health and safety awareness campaign, Step UP, to include supplier workshops.

- Repeating the Take a Break for Safety event on September 6th, when every VINCI Construction UK employee paused to reflect on health and safety issues and discuss what we're doing to improve our performance. This initiative encompassed around 15,000 people, including all our subcontractors and suppliers, and will be repeated throughout 2013.
- Allocating Monthly Step UP Awards to those subcontractors, site teams, or individuals who have shown leadership in HSE.
- Rolling out 20 new Minimum Safety and Environment Standards to simplify company policy in key areas.

We did have more recordable accidents in 2012 than in 2011, meaning our over-three-lost-days Accident Frequency Rate (AFR) has worsened, increasing from 0.18 to 0.23. This is an area we will be addressing as a priority in 2013. However, the over-three-day AFR has its limitations in terms of driving improvements, and in 2013 we will be adopting a more challenging (but effective) single-lost day AFR as a key performance indicator.

ENVIRONMENTAL PERFORMANCE

The Group recognises the importance of minimising the impact of our activities on the environment and is pro-actively managing this.

We take our commitment to the reduction of energy use, diesel consumption and CO_2 emissions very seriously and insist that every project and fixed office sends in a monthly return to the environment team to track our progress.

In 2012 we secured our environmental performance targets for reductions in waste to landfill, water usage and energy consumption. Waste management duty of care in relation to our subcontractors proved a challenging area for us and will be a key focus point for 2013.

Summary of performance against 2012 objectives & targets

Target	Performance (based on internal monthly returns)	Commentary
Zero level 1 & 2 incidents	Not achieved – there were **four Level 2** incidents last year.	Fuel spill at Medway Police Station, Statutory Undertaker Warning Letter at Streatham Hub and Environment Agency Warning Letter at Rolls Royce NDE Facility and Nottingham Express Tramway.
Divert 85% of waste from landfill	Achieved – on average **96%** of waste was diverted from landfill each month	Aggregated figure from project level performance.
Construction waste generation of $9m^3$ per £100,000 turnover	Achieved – 12 month rolling performance of **$6.3m^3$** construction waste per £100,000 turnover.	Aggregated figure from project level performance.
Reduce CO_2 emissions by 5% (normalised to turnover) from 2011	Not achieved – there was a **14% increase** in CO_2 emissions relative to the 2011 baseline.	Significant increase in emissions within Taylor Woodrow due to red diesel use on NET Phase 2, as well as increased electricity consumption and increased business mileage within Building North and VINCI Facilities.
Reduce water consumption by 5% (normalised to turnover) from 2011	Achieved – there was a **53.7% decrease** in water consumption relative to the 2011 baseline.	This figure excludes grouting operations at Victoria Station Upgrade and reflects a significant reduction in cladding testing at the Technology Centre.

Governance

Governance structures at VINCI Construction UK are designed in such a way as to be responsive to the social, legal, environmental and economic conditions in which we operate.

Our Directors are responsible for ensuring that we run our business responsibly and in a sustainable manner, in the best long-term interests of all our stakeholders.

Our business is founded on a model that combines long-term programmes of work and shorter-term individual contracts. This enables us to resist fluctuations in the economy and readily adapt to market trends.

We create sustainable value for our clients through the actions and attributes of our people, all of which are based on the humanistic principles set out in the VINCI Group manifesto. Our business model and our values provide the framework within which our decision-making takes place.

To continue to be successful, we recognise the need to remain at the forefront of setting new standards for the delivery and operation of the built environment. These standards will reflect the carbon agenda, our social responsibility, our commitment to employee engagement, the highest standards of health and safety, certainty of cost, value for money and customer satisfaction.

CODE OF ETHICS

VINCI Construction UK is built on strong values; values that underpin our corporate culture and guide our activities. For most of us, these values are implicit. But as part of a global organisation that hires several thousand new employees every year, it is important to set them out.

Our Code of Ethics serves as a reminder that belonging to the VINCI Group involves more than just strict compliance with applicable laws and regulations. In the Code, we set out the principles of business ethics that must guide our conduct under all circumstances and in all areas. We state clearly that VINCI Construction UK expects each and every one of its employees to demonstrate exemplary conduct based on integrity, fairness and respect for the dignity and individual rights of employees.

BRIBERY ACT

As part of our Code of Ethics, we comply with the Bribery Act and other governance regulations relating to corruption. In line with this regulation, we insist that negotiation and execution of contracts must not involve behaviour or acts that could be deemed active or passive corruption, collusion or favouritism. No VINCI Construction UK employee may directly or indirectly award undue benefits of any nature, by any means, to a third party with a view to obtaining or maintaining a commercial transaction or favourable treatment.

BUSINESS RISKS

The continued success of the Group depends upon the Management's 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 Group.

Financial Risk

The principal financial risks that we face are associated with our ability to accurately estimate the costs of carrying out the contracts in which we engage, the risk of properly incurring and controlling those costs, the ability to recover costs under the payment terms of all contracts and 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. The Group is highly selective in the type of work that it tenders for in terms of the project size, location, complexity and contract duration. These criteria are examined for each business unit and are specific to them to ensure that their capabilities are used to best effect. The Group specialises in certain types of building, civil engineering and facilities 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 Managing Director and the Chief Executive of VINCI PLC. In accordance with VINCI procedures, tenders over set amounts are submitted to the VINCI Risk Committee in Paris for approval.

Health and Safety

The Group recognises the importance of the health and safety of all those employed in its offices and sites and operates policies to ensure that the risks associated with accidents and health are properly managed and controlled.

The Environment

The Group recognises the importance of minimising the impact on the environment and is pro-actively managing this. Procedures are in place to measure and manage outputs and to set targets for reduction.

Human Resources

The Group's employees are its most important resource. It is essential to the future success of the business that a skilled and motivated workforce is retained.

Community Involvement

Community relations are encouraged as an outward sign of the commitment that the Group has to the communities in which it works, over and above those defined by law or expected by our shareholders. Our staff regularly participate in initiatives which help to form strong community links, as well as advancing the image of construction and encouraging young people into the industry.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

DIRECTORS

The present directors of the Company are listed at the beginning of this annual report.

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 Group'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.

PAYMENT OF CREDITORS

Whilst the Group does not follow any external code or standard payment practice, Group policy with regard to the payment of suppliers is to agree terms and conditions with suppliers, ensure that suppliers are aware of those terms and providing suppliers meet their obligations, abide by the agreed terms of payment. The average creditor days was 43 (2011: 43).

DONATIONS

Donations to various United Kingdom charities during the year amounted to £39,259 (2011: £38,950).

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 company'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 12th April 2013 and signed on its behalf by:

A M Ridley-Barker
Director
Company Registration Number 2295904
VINCI CONSTRUCTION UK LIMITED
Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

Statement of directors' responsibilities in respect of the Directors' Report and 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 financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Independent Auditors' Report to the Members of VINCI Construction UK Limited

We have audited the financial statements of VINCI Construction UK Limited for the year ended 31st December 2012 set out on pages 20 to 45. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the 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.

Stephen 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
12th April 2013

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31ST DECEMBER 2012

	Notes	2012 £000	2011 £000
Turnover: continuing operations	2	1,056,775	1,068,120
Cost of sales		(973,776)	(976,586)
Gross profit		82,999	91,534
Administrative expenses		(78,481)	(80,592)
Operating profit: continuing operations	3	4,518	10,942
Analysed as			
Underlying profit		12,107	18,064
Amortisation of goodwill		(4,971)	(4,971)
Reorganisation costs		(2,618)	(2,151)
		4,518	10,942
Profit on disposal of fixed assets	3	78	385
Profit on sale of investments	4	-	5,018
Interest receivable and similar income	6	1,471	1,683
Interest payable and similar charges	6	(1,125)	(740)
Profit on ordinary activities before taxation		4,942	17,288
Tax on profit on ordinary activities	7	(3,135)	(5,696)
Profit for the year	18,19	1,807	11,592

Consolidated Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 31ST DECEMBER 2012

	2012	2011
	£000	£000
Profit for the financial year	1,807	11,592
Actuarial gains/(losses)	348	(609)
Total recognised gains and losses relating to the year	2,155	10,983

A statement of historical cost profits and losses has not been prepared as there is no difference between the historical cost profits and losses and those reported above.

Consolidated Balance Sheet

AT 31ST DECEMBER 2012

	Notes		2012		2011
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8		79,789		84,760
Tangible assets	9		62		822
Investments	10		5,030		155
			84,881		85,737
Current assets					
Stocks	11	-		1,240	
Debtors: due within one year	12	206,071		208,535	
Debtors: due after more than one year	13	10,031		7,750	
Cash at bank and in hand		223,013		243,527	
		439,115		461,052	
Creditors: amounts falling due within one year	14	(401,267)		(425,110)	
Net current assets			37,848		35,942
Total assets less current liabilities			122,729		121,679
Creditors: amounts falling due after more than one year	15		(67,897)		(69,854)
Provisions for liabilities	16		(591)		(515)
Net assets excluding pension asset/(liability)			54,241		51,310
Pension asset/(liability):					
Total of defined benefit scheme with net assets/(liabilities)	5		71		(277)
Net assets			54,312		51,033
Capital and reserves					
Called up share capital	17		12,487		12,487
Profit and loss account	18		41,825		38,546
Shareholders' funds	19		54,312		51,033

The financial statements were approved by the Board on 12th April 2013 and signed on its behalf by:

A M Ridley-Barker
Director
Company registered number 2295904

Company Balance Sheet

AT 31ST DECEMBER 2012

	Notes	£000	2012 £000	£000	2011 £000
Fixed assets					
Intangible assets	8		186		197
Tangible assets	9		14		489
Investments in group undertakings	10		90,448		90,448
			90,648		91,134
Current assets					
Stocks	11	-		1,225	
Debtors: due within one year	12	172,501		151,211	
Debtors: due after more than one year	13	4,935		5,740	
Cash at bank and in hand		115,881		132,990	
		293,317		291,166	
Creditors: amounts falling due within one year	14	(300,484)		(291,991)	
Net current liabilities			(7,167)		(825)
Total assets less current liabilities			83,481		90,309
Creditors: amounts falling due after more than one year	15		(67,235)		(67,469)
Provisions for liabilities	16		(1,047)		(1,017)
Net assets excluding pension asset/(liability)			15,199		21,823
Pension asset/(liability):					
Total of defined benefit scheme with net assets/(liabilities)	5		71		(277)
Net assets			15,270		21,546
Capital and reserves					
Called up share capital	17		12,487		12,487
Profit and loss account	18		2,783		9,059
Shareholders' funds	19		15,270		21,546

The financial statements were approved by the Board on 12th April 2013 and signed on its behalf by:

A M Ridley-Barker
Director
Company registered number 2295904

Accounting Policies

AT 31ST DECEMBER 2012

Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention. The accounting policies adopted comply with UK Financial Reporting Standards and Statements of Standard Accounting Practice and are consistent with those of the previous period.

The Company is a wholly owned subsidiary of VINCI PLC. The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of VINCI PLC, within which this Company is included, can be obtained from Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31st December 2012. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the Group has a long-term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Where a group company is party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Cash flow statement

Under FRS1 the Group and Company are exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Group and Company in its own published consolidated statement.

Goodwill and negative goodwill

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisition before 1st January 1998, when FRS 10 'Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisition since 1st January 1998 is capitalised. Negative goodwill arising on an acquisition is recognised immediately in the profit and loss account. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of twenty years. Any impairment charge is included within operating profits.

On the subsequent disposal or termination of a business acquired since 1st January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. Fair values are restricted to an amount that does not create, or increase, any negative goodwill.

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of between 5 and 20 years.

Accounting Policies (continued)

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost 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. The principal anticipated useful lives on a straight line basis are :-

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

Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible assets and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversals of the impairment loss should be recognised in the current period.

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.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Accounting Policies (continued)

AT 31ST DECEMBER 2012

Leases

Where assets are financed by leasing agreements which give risks and rewards approximating to ownership ('finance leases') 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 profit and loss account 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 profit and loss account on a straight line basis over the lease terms.

Post retirement benefits

The Group participates in the VINCI PLC pension scheme. The assets of the Scheme are held separately from those of the Group. The Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

In 2009 the VINCI NHS Pension Scheme (VNHSPS) was transferred into the Group. The Group's net obligation in respect of this defined benefit pension plan is calculated by estimating the amount of future benefits 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 are recognised in the balance sheet.

VINCI PLC also operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account in respect of the defined contribution pension plan is the cost relating to the accounting period.

Stocks and work in progress

Stocks are stated at the lower of costs and estimated net realisable value.

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.

Amounts recoverable on contracts are included in debtors 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 included claims only where 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.

Accounting Policies (continued)

AT 31ST DECEMBER 2012

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Turnover

Turnover 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.

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 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.

Dividends on shares presented within equity

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

Cash and liquid reserves

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash).

Notes to the Accounts

AT 31ST DECEMBER 2012

1. Principal joint arrangements

The Group is a participant (50% unless otherwise stated) in the following joint arrangements which have been accounted for under FRS 9 as joint arrangements, and not entities. All of these arrangements are managed by Supervisory Boards consisting of Directors from each of the participating companies:

a) The Taylor Woodrow Construction Alstom Transport Joint Venture (each participant accounts for their own works) was established to undertake the design and construction of an extension to the Nottingham Tram system. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire WD24 4WW.

b) The BBMV Joint Venture (participation between 5% and 50% on various projects) was established to undertake station improvement and tunnelling projects to Crossrail Limited. Annual accounts are prepared to 31st December and the principal place of business is Corporation Street, Rugby, Warwickshire, CV21 2DW.

c) The Hochtief VINCI Joint Venture was established to undertake the design and build of a 5.6km dual carriageway. Annual accounts are prepared to 31st December and the principal place of business is Epsilon, Windmill Hill Business Park, Whitehill Way, Swindon, SN5 6NX.

d) The King's Cross Joint Venture was established to undertake construction work at King's Cross Station, London. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

e) The M6 DFBO Joint Venture (33.3% participant) was established to undertake the design, build and operational maintenance of a section of the M6 motorway. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

f) The Taylor Woodrow Construction BAM Nuttall joint venture was established to undertake station improvement projects. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

g) The Channel Tunnel Rail Link (CTRL) Joint Venture was established to undertake construction work on a number of sections of the track in Kent. Annual accounts are prepared to 31st December and the principal place of business is Epsilon, Windmill Hill Business Park, Whitehill Way, Swindon, SN5 6NX.

h) The A6 Clapham Bypass Joint Venture was established to undertake the design and building of 5km of dual carriageway. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

i) The Integrated Health Projects Joint Venture was established to undertake the design and construction of building projects for the NHS. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

2. Turnover

The principal activities of the Group are industrial and commercial building contracting, civil engineering, structural engineering, facilities management and other ancillary activities. The Directors regard the whole of the activities of the Group as a single class of business. Substantially all of the turnover arose in the United Kingdom.

3. Operating profit: continuing operations

This is stated after charging/(crediting):	**2012**	**2011**
	£000	£000
Operating leases - other assets	9,779	4,582
- plant and machinery	28,197	46,573
Depreciation of tangible assets	115	715
*Auditors' remuneration – audit of these financial statements	267	263
Profit on disposal of fixed assets	(78)	(385)
Amortisation of goodwill	4,971	4,971

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

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

4. Profit on Sale of Investments

The profit on sale of investments of £5,018,000 in 2011 arose on transfer of the following subsidiaries from the company to its parent, VINCI PLC::

- Fifehead Limited
- Gordon Durham Holdings Limited
- C & B Holdings Limited
- Weaver Plc
- Rosser & Russell Maintenance Limited

The investments were transferred at their net book value. This differs to the amounts of the net assets shown in the historical cost balance sheets of the individual subsidiaries resulting in a profit on disposal in these consolidated financial statements.

5. Employee Benefits

(i) Staff costs during the year amounted to:	Group		Company	
	2012	**2011**	**2012**	**2011**
	£000	£000	£000	£000
Wages and salaries	136,843	135,095	120,822	109,326
Social security costs	13,318	13,113	12,046	10,690
Reorganisation and restructuring costs	2,614	1,343	2,593	1,068
Other pension costs (Note (ii))				
- defined contribution scheme	6,803	6,879	6,024	5,614
- defined benefit scheme	2,038	2,431	1,307	2,307
Share based payments	1,331	837	1,092	496
	162,947	159,698	143,884	129,501

The average number of employees during the year was as follows:	Group		Company	
	2012	**2011**	**2012**	**2011**
	No.	No.	No.	No.
Management	111	111	94	75
Administration	1,301	1,296	1,084	851
Operations	2,305	2,295	2,187	2,072
	3,717	3,702	3,365	2,998

(ii) Pensions

Defined contribution pension scheme

The Group and Company operate a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group and Company to the scheme.

Defined benefit pension scheme

The Group and Company is a member of a larger group pension scheme providing benefits based on final pensionable pay. Because the Group and Company are unable to identify their share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

The latest full actuarial valuation was carried out at 31st December 2010 and was updated for FRS 17 purposes to 2011 and 2012 by a qualified independent actuary. It has been agreed that an employer contribution rate of 29 % of pensionable pay will apply in future years.

Additionally, 87 employees are members of the VINCI NHS Pension Scheme (VNHSPS) which commenced in December 2003. The Actuary's latest financial valuation has an effective date of 31st December 2009. This disclosed that the market value of the scheme's assets at that date was £2.0m and that the value of the assets was sufficient to cover 85% 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 28% of pensionable earnings.

The information disclosed below is in respect of the Group VINCI NHS defined benefit plan :

	Group and Company 2012	**Group and Company 2011**
	£000	£000
Present value of partly funded defined benfits obligations	4,373	3,357
Fair value of plan assets	(4,444)	(3,080)
Net (asset)/liability	(71)	277

Movements in present value of defined benefits obligation	**Group and Company 2012**	**Group and Company 2011**
	£000	£000
At 1st January	3,357	2,525
Current service cost	714	269
Interest cost	205	155
Actuarial losses	62	372
Benefits paid	(81)	(28)
Contributions by members	116	64
At 31st December	4,373	3,357

Movements in fair value of plan assets	**Group and Company** 2012	**Group and Company** 2011
	£000	£000
At 1st January	3,080	2,698
Expected return on plan assets	196	176
Actuarial gains/(losses)	410	(237)
Contributions by employer	723	407
Contributions by members	116	64
Benefits paid	(81)	(28)
At 31st December	4,444	3,080

Expense/(credits) recognised in the profit and loss account	**Group and Company** 2012	**Group and Company** 2011
	£000	£000
Current service cost	714	269
Interest on defined benefit pension plan obligation	205	155
Expected return on defined benefit pension plan assets	(196)	(176)
	723	248

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

5. Employee Benefits (continued)

The net expense is recognised in the following line items in the profit and loss account :

Administrative expenses	714	269
Financial expenses/(income)	9	(21)
	723	248

Cumulative actuarial gains/losses reported in the Group statement of recognised income and expenses since the acquisition of Taylor Woodrow Construction on 1st January 2009 are £(258,000) (2011: £(606,000)).

The fair value of the plan assets and the expected return on those assets were as follows:	Group and Company 2012 Fair value £000	Group and Company 2012 Expected return %	Group and Company 2011 Fair value £000	Group and Company 2011 Expected return %
Equities	2,407	5.9	1,612	7.0
Government debt	810	3.7	576	5.6
Corporate bonds	799	3.7	544	5.6
Other	428	3.7	348	5.6
	4,444		3,080	
Actual return on plan assets	606		(61)	

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 of the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages):	Group and Company 2012 %	Group and Company 2011 %
Discount rate - benefit obligations	4.4	5.1
Expected rate of return on plan assets	4.9	6.0
Future salary increases	3.0	3.5
Inflation	2.7	3.4

Life expectancy (years)	31.12.12		31.12.11	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.9	26.2	20.7	23.6
Member age 45 (life expectancy at 65)	24.8	28.3	21.8	24.6

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

5. Employee Benefits (continued)

	Group and Company 2012 £000	Group and Company 2011 £000	Group and Company 2010 £000	Group and Company 2009 £000	Group 2008 £000
Present value of defined benefit obligation	4,373	3,357	2,525	1,808	1,422
Fair value of plan asset	(4,444)	(3,080)	(2,698)	(1,946)	(1,415)
(Asset)/liability	(71)	277	(173)	(138)	7

Experience adjustments	Group and Company 2012		Group and Company 2011		Group and Company 2010		Group and Company 2009		Group 2008	
	£000	%	£000	%	£000	%	£000	%	£000	%
Experience adjustments on plan liabilities	73	2	(86)	3	(122)	5	-	-	(23)	1
Experience adjustments on plan assets	410	9	(237)	8	39	1	106	5	(98)	7
	483		(323)		(83)		106		(121)	

(iii) Directors' remuneration

	2012 £000	2011 £000
Emoluments	985	1,553
Payments in lieu of pension contributions	-	48
Pensions costs	204	249
	1,189	1,850

Two of the directors (2011: 2) are accruing retirement benefits under the Group defined benefit scheme. Directors' emoluments disclosed above include the following:	2012 £000	2011 £000
Highest paid Director	335	408

The annual pension accruing to the highest paid director under the group defined benefit scheme is £Nil (2011: £Nil).

(iv) Share based payments - Group

The terms and conditions of grants are as follows:

Date of Grant and number of employees entitled	Number of Instruments	Vested Conditions	Contractual life of options
Equity settled award to 5 employees on March 16th 2005	30,000	vested	expiry 16.03.12
Equity settled award to 24 employees on May 16th 2006	54,000	vested	expiry 16.05.12
Equity settled award to 23 employees on September 15th 2009	50,945	vested	expiry 15.09.16
Equity settled award to 28 employees on July 9th 2010	61,964	see below	expiry 09.07.17

In respect of the 2010 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 time they may not be disposed of.

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

5. Employee Benefits (continued)

	Weighted average exercise price 2012 (euros)	Number of options 2012	Weighted average exercise price 2011 (euros)	Number of options 2011
Outstanding at the beginning of period	36.15	189,123	35.97	247,665
Transfers out	(40.32)	(59,000)	(39.69)	(41,290)
Exercised during the period	(24.20)	(30,504)	(25.13)	(17,252)
Outstanding at the end of period	37.33	99,619	36.15	189,123

The options outstanding at the year end have an exercise price in the range of 36.7 euros to 38.4 euros and a weighted average contractual life of 4.33 years.

The total expenses recognised for the period arising from share based payments are as follows:	2012	2011
	£000	£000
Equity settled share based payment expense	898	837

Share based payments - Company

The terms and conditions of grants are as follows

Date of Grant and number of employees entitled	Number of Instruments	Vested Conditions	Contractual life of options
Equity settled award to 5 employees on March 16th 2005	30,000	vested	expiry 16.03.12
Equity settled award to 14 employees on May 16th 2006	32,000	vested	expiry 16.05.12
Equity settled award to 10 employees on September 15th 2009	22,150	vested	expiry 15.09.16
Equity settled award to 10 employees on July 9th 2010	22,130	see below	expiry 09.07.17

In respect of the 2010 schemes, 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 time they may not be disposed of.

	Weighted average exercise price 2012 (euros)	Number of options 2012	Weighted average exercise price 2011 (euros)	Number of options 2011
Outstanding at the beginning of period	35.72	133,784	34.51	151,036
Transfers out	(40.32)	(59,000)	-	-
Exercised during the period	(24.20)	(30,504)	(25.13)	(17,252)
Outstanding at the end of period	37.54	44,280	35.72	133,784

The options outstanding at the year end have an exercise price in the range of 36.7 euros to 38.4 euros and a weighted average contractual life of 4.21 years.

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

5. Employee Benefits (continued)

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

	2012	2011
	£000	£000
Equity settled share based payment expense	682	496

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 were:

Plan	July 2010	Sept 2009	May 2006	March 2005
Volatility (1)	34.22%	32.91%	24.19%	23.55%
Expected return on share	7.24%	8.01%	6.50%	6.30%
Risk-free interest rate (2)	1.59%	2.38%	3.68%	3.17%
Dividend growth rate hoped – for (3)	4.99%	4.21%	2.75%	3.52%
Fair value of the option (€)	4.43	5.64	7.74	5.93

(1) Volatility assumed using a multi-criteria approach based on the mean revision model applied to a five 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

Employees have been granted a maximum number of performance shares as follows:

	Group		Company	
Date of grant	No. of Employees	No. of Shares	No. of Employees	No. of Shares
12th April 2012	26	28,496	24	26,304
2nd May 2011	26	30,732	23	27,186
9th July 2010	28	24,780	10	8,850
15th September 2009	24	21,264	12	10,632
2nd January 2008	19	22,800	15	18,000
2nd January 2007	20	27,000	15	22,000

These shares are subject to the following vesting conditions :

- The shares are only definitively allocated at the end of a 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 vested shares must be held for a minimum period of two years during which they may not be disposed of.

5. Employee Benefits (continued)

The main assumptions used to determine the fair values of these performance shares are as follows:

	Fair value at grant date €	Volatility %	Risk-free interest rate %
12th April 2012	36.37	27.65	0.36
2nd May 2011	44.87	26.93	1.81
9th July 2010	35.44	34.22	0.97
15th September 2009	37.40	32.88	1.75
2nd January 2008	28.20	26.51	4.07
2nd January 2007	24.50	21.79	3.76

Castor International Savings Scheme

During 2012 the VINCI PLC Group offered to its employees the Castor International Savings Scheme which enables employees, through a trust fund, to invest in the equity capital of the Parent Company VINCI SA.

The principal characteristics of the plan are as follows :

- acquisition of VINCI shares purchased on the market on the subscription dates, without discount;
- nine successive subscription periods between March and November 2012;
- financial contribution from the employer company in the form of matching shares (subject to a maximum) provided that :
    - investing employees have continuing employment for a period of 3 years after acquisition.
    - there is no disposal of shares for 3 years after the subscription date.

Share Purchase Date	Share Price £	Group No. of employees	Group No. of Shares	Company No. of employees	Company No. of Shares
16th April 2012	29.35	806	31,544	788	30,671
15th May 2012	27.47	951	12,298	935	11,725
15th June 2012	27.56	877	5,865	870	5,778
16th July 2012	27.55	876	5,402	871	5,361
15th August 2012	27.34	819	4,851	814	4,819
17th September 2012	30.04	812	4,182	808	4,156
15th October 2012	27.72	787	4,606	783	4,574
15th November 2012	26.67	773	4,520	769	4,493
17th December 2012	29.51	764	4,368	760	4,350

The charge for the year arising from the Castor International Savings Scheme has been calculated based on estimating the number of shares in the scheme which will ultimately vest. The calculation includes an estimate of the number of shares that will fail to vest due to scheme leavers. This estimate is based on actual employee data from 2009 to 2011.

The total amounts recognised for the period arising from the Castor International savings scheme are as follows :

	Group **2012** £000	Group **2011** £000	Company **2012** £000	Company **2011** £000
Castor payment expense	433	-	410	-
Castor liability at year end	433	-	410	-

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

6. Net interest receivable

Interest payable		2012		2011
		£000		£000
Bank interest	(792)		(734)	
Net pension finance cost	(9)		-	
Foreign exchange losses	(292)	(1,093)	(6)	(740)
Interest receivable				
Bank interest	1,439		1,492	
Net pension finance credit	-		21	
Foreign exchange gains	-		54	
Discounting current/non-current receivables	-	1,439	116	1,683
		346		943

7. Tax on profit on ordinary activities

Current tax	2012	2011
	£000	£000
UK Corporation tax on profits for the year	3,441	5,026
Adjustments in respect of previous periods	(8)	570
Total current tax	3,433	5,596
Deferred tax		
Origination and reversal of timing differences	57	343
Share options	(320)	(222)
Changes in the tax rates and laws	(35)	(21)
Total deferred tax	(298)	100
Tax on profit on ordinary activities	3,135	5,696

Current tax reconciliation	2012	2011
	£000	£000
Profit on ordinary activities before taxation	4,942	17,288
Theoretical tax at UK corporation tax rate 24.5% (2011: 26.5%)	1,211	4,581
Effects of :		
Expenditure not tax deductible	1,150	424
Adjustment in respect of prior years	(8)	570
Depreciation for the year (below)/in excess of capital allowances	(243)	23
Short term timing differences	355	(118)
Group relief surrendered not paid	694	688
Overseas losses not recognised	830	758
Profit on transfer of subsidiaries	-	(1,330)
Intercompany balance write-off	(556)	-
Actual current taxation charge	3,433	5,596

7. Tax on profit on ordinary activities (continued)

On 21st March 2012 the Chancellor announced the reduction in the main rate of Corporation tax to 24 per cent with effect from 1st April 2012 and a further reduction to 23 per cent with effect from 1st April 2013. These changes became substantively enacted on 26th March 2012 and 3rd July 2012 respectively and therefore the effect of these rate reductions creates a reduction in the deferred tax liability which has been included in the figures above and in note 16.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

8 Intangible assets

Group	**Goodwill**
Cost:	£000
At 1st January 2012 and 31st December 2012	99,416
Amortisation:	
At 1st January 2012	14,656
Amortisation for the year	4,971
Balance at 31st December 2012	19,627
Net book value:	
At 31st December 2012	79,789
At 31st December 2011	84,760

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:

	2012	**2011**
	£000	£000
Positive goodwill eliminated against reserves	1,903	1,903

Company	**Brand name**
Cost:	£000
At 1st January 2012 and 31st December 2012	223
Amortisation:	
At 1st January 2012	26
Amortisation for the year	11
Balance at 31st December 2012	37
Net book value:	
At 31st December 2012	186
At 31st December 2011	197

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

9. Tangible assets

Group	Plant and machinery	Computer systems, fixtures and fittings	Motor vehicles	Total
Cost:	£000	£000	£000	£000
At 1st January 2012	4,498	541	61	5,100
Additions	-	20	-	20
Disposals	(4,394)	(386)	(61)	(4,841)
At 31st December 2012	104	175	-	279
Depreciation:				
At 1st January 2012	3,911	306	61	4,278
Provided	51	64	-	115
Disposals	(3,867)	(248)	(61)	(4,176)
At 31st December 2012	95	122	-	217
Net book value:				
At 31st December 2012	9	53	-	62
At 31st December 2011	587	235	-	822

Company	Plant and machinery	Computer systems, fixtures and fittings	Total
Cost:	£000	£000	£000
At 1st January 2012	3,545	324	3,869
Disposals	(3,469)	(300)	(3,769)
At 31st December 2012	76	24	100
Depreciation:			
At 1st January 2012	3,195	185	3,380
Provided	45	17	62
Disposals	(3,173)	(183)	(3,356)
At 31st December 2012	67	19	86
Net book value:			
At 31st December 2012	9	5	14
At 31st December 2011	350	139	489

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

10. Investments

Group	Investments in associated undertakings	Equity securities	Loans	Total
Cost:	£000	£000		£000
At 1st January 2012	52	103	-	155
Reclassified from debtors	-	-	4,875	4,875
At 31st December 2012	52	103	4,875	5,030
Amounts written off :				
At 31st December 2012 and 31st December 2011	-	-	-	-
Net book value:				
At 1st January 2012	52	103	4,875	5,030
At 31st December 2011	52	103	-	155

The Group owns 50% of the ordinary shares of VINCI Environment UK Limited which commenced trading in 2009.

The Group holds a 19.9% interest in the equity of Newhospitals (St Helens and Knowsley) Holdings Limited, a company incorporated to design, build and maintain both St Helens and Whiston hospitals for the St Helens and Knowsley Teaching Hospitals NHS Trust.

During 2011 the Group transferred interests in the following PFI joint ventures to a fellow subsidiary of its Parent Company, VINCI PLC, at cost:

Paradigm (Sheffield BSF) Holdings Limited	Holding- 40% ordinary shares
Sheffield LEP Limited	Holding – 40% ordinary shares

All of these investments are accounted for using the equity accounting method.

Summary of financial information – 100%

	Assets	Liabilities	Equity	Revenue	Profit/(loss)
	£000	£000	£000	£000	£000
2012 and 2011					
VINCI Environment UK Ltd	102	(1)	101	-	-

Company	£000
Cost :	
At 1st January 2012 and 31st December 2012	97,887
Amounts written off :	
At 1st January 2012 and 31st December 2012	7,439
Net book value	
At 1st January 2012 and 31st December 2012	90,448

On 1st January 2011 the company transferred its investments in the following companies to its parent company, VINCI PLC:
- Fifehead Limited
- Gordon Durham Holdings Limited
- C & B Holdings Limited
- Weaver plc
- Rosser & Russell Maintenance Limited

The investments were transferred at cost.

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

10. Investments (continued)

The parent company has invested in the following principal subsidiary and associated undertakings at 31st December 2012. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Name of Subsidiary	Proportion and class of shares held	Principal activity
John Jones (Excavation) Limited	100% ordinary shares	Civil Engineering
VINCI Environment UK Ltd	50% ordinary shares	Civil Engineering
Taylor Woodrow Construction	100% ordinary shares	Civil Engineering
Pel Interiors Limited	100% ordinary shares	Interior fit-outs
Genflo Technology Limited	100% ordinary shares	Non-trading
Norwest Holst Soil Engineering Limited	100% ordinary shares	Non-trading
Norwest Holst International Limited	100% ordinary shares	Non-trading
VINCI Partnerships Limited	100% ordinary shares	Non-trading

11. Stocks and work in progress

	2012	2011
Group	£000	£000
Raw materials and consumables	-	1,240
Company		
Raw materials and consumables	-	1,225

There were no significant differences between the replacement cost and the value disclosed for the above stock.

12. Debtors: due within one year

	2012	2011
Group	£000	£000
Trade debtors	80,827	83,890
Amounts recoverable on contracts	82,670	84,976
Due from group undertakings	20,496	20,223
Other debtors	8,680	10,408
Prepayments and accrued income	13,398	9,038
	206,071	208,535

	2012	2011
Company	£000	£000
Trade debtors	70,110	70,488
Amounts recoverable on contracts	72,396	61,979
Due from group undertakings	10,035	6,008
Taxation and social security	489	-
Other debtors	6,657	4,098
Prepayments and accrued income	12,814	8,638
	172,501	151,211

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

13. Debtors: due after more than one year

Group	2012 £000	2011 £000
Trade debtors – contract retentions	10,031	7,750

Company	2012 £000	2011 £000
Trade debtors – contract retentions	4,935	5,740

14. Creditors: amounts falling due within one year

Group	2012 £000	2011 £000
Payments on account	97,319	87,415
Trade creditors	52,731	46,171
Due to group undertakings	8,529	15,411
Taxation and social security	3,429	12,729
Other creditors	6,852	5,791
Accruals	232,407	257,593
	401,267	425,110

Company	2012 £000	2011 £000
Payments on account	74,578	69,132
Trade creditors	44,750	37,697
Due to group undertakings	3,433	3,215
Taxation and social security	-	8,860
Other creditors	3,961	4,990
Accruals	173,762	168,097
	300,484	291,991

15. Creditors: amounts falling due after more than one year

Group	2012 £000	2011 £000
Trade creditors	5,390	7,347
Due to group undertakings	62,507	62,507
	67,897	69,854

Company	2012 £000	2011 £000
Trade creditors	4,678	4,912
Due to group undertakings	62,557	62,557
	67,235	67,469

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

16. Provisions

Group

Analysis of deferred tax balance	Deferred tax liability/(asset) **2012**	**2011**
	£000	£000
At 1st January	515	(86)
Transfer to profit and loss account	(298)	100
Transfers out	-	148
Transfer to reserves	374	353
At 31st December	591	515

The deferred tax liability/(asset) comprises of :	Amounts recognised **2012**	**2011**
	£000	£000
Accelerated capital allowances	698	(396)
Other short term timing differences	(96)	976
Share options	(11)	(65)
	591	515

The Group has tax losses of £843,483 as at 31st December 2012 (2011: £1,017,898) which have not been recognised as these may only be set against certain profits arising in specific divisions in future accounting periods. Consequently the Group has unrecognised deferred tax assets of £194,001 as at 31st December 2012 (2011: £254,474).

Company

Analysis of deferred tax balance	Deferred tax liability/(asset) **2012**	**2011**
	£000	£000
At 1st January	1,017	731
Transfer to profit and loss account	(295)	16
Transfer to reserves	325	270
At 31st December	1,047	1,017

The deferred tax liability/(asset) comprises of :	Amounts recognised **2012**	**2011**
	£000	£000
Accelerated capital allowances	1,117	104
Short term timing differences	(64)	976
Share options	(6)	(63)
	1,047	1,017

The Company has tax losses of £843,483 as at 31st December 2012 (2011: £843,483) which have not been recognised as these may only be set against certain profits arising in specific divisions in future accounting periods. Consequently the Company has unrecognised deferred tax assets of £194,001 as at 31st December 2012 (2011: £210,871).

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

17. Share capital

Group and Company			Authorised, allotted and fully paid	
	2012	**2011**	**2012**	**2011**
	No.000	No.000	No.000	No.000
Ordinary shares of £1 each	12,487	12,487	12,487	12,487

18. Reserves

Group	**Profit and loss account**
	£000
At 1st January 2012	38,546
Total profit for the year	1,807
Exchange adjustments	190
Actuarial gains	348
Equity settled transactions	1,308
Deferred tax recognised directly in equity	(374)
At 31st December 2012	41,825

Company	**Profit and loss account**
	£000
At 1st January 2012	9,059
Total loss for the year	(7,391)
Actuarial gains	348
Equity settled transactions	1,092
Deferred tax recognised directly in equity	(325)
At 31st December 2012	2,783

19. Reconciliation of movement in shareholders' funds

	2012	**2011**
Group	£000	£000
Total profit for the year	1,807	11,592
Exchange adjustments	190	(114)
Actuarial gains/(losses)	348	(609)
Equity settled transactions	1,308	837
Deferred tax recognised directly in equity	(374)	(353)
Net increase in shareholders' funds	3,279	11,353
Opening shareholders' funds	51,033	39,680
Closing shareholders' funds	54,312	51,033

Notes to the Accounts (continued)

AT 31ST DECEMBER 2012

19. Reconciliation of movement in shareholders' funds (continued)

Company	**2012** £000	**2011** £000
Total loss for the year	(7,391)	(4,347)
Actuarial gains/(losses)	348	(609)
Equity settled transactions	1,092	496
Deferred tax recognised directly in equity	(325)	(270)
Net decrease in shareholders' funds	(6,276)	(4,730)
Opening shareholders' funds	21,546	26,276
Closing shareholders' funds	15,270	21,546

20. Capital commitments

There were no capital commitments during the current or prior year.

21. Operating lease commitments

The Group and Company has agreed to make payments in the year ending 31st December 2013 under operating leases expiring within the following periods of 31st December:

Group	Plant and machinery	Other	Total	Plant and machinery	Other	Total
	2012	**2012**	**2012**	**2011**	**2011**	**2011**
	£000	£000	£000	£000	£000	£000
- within 1 year	675	243	918	1,064	269	1,333
- between 2 and 5 years	3,569	1,669	5,238	2,582	830	3,412
- over 5 years	-	52	52	-	693	693
	4,244	1,964	6,208	3,646	1,792	5,438

Company	Plant and machinery	Other	Total	Plant and machinery	Other	Total
	2012	**2012**	**2012**	**2011**	**2011**	**2011**
- within 1 year	662	207	869	1,060	224	1,284
- between 2 and 5 years	3,432	934	4,366	2,394	607	3,001
- over 5 years	-	52	52	-	-	-
	4,094	1,193	5,287	3,454	831	4,285

22. Contingent liabilities

The Company has 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 fellow subsidiary undertakings are secured by cross guarantee. At 31st December 2012 the net Group bank borrowings were £nil (2011:£nil)

23. Related party transactions

The Company has taken advantage of the exemption in FRS 8 from disclosing related party transactions on the grounds that the consolidated accounts of the ultimate parent undertaking are publicly available.

24. Ultimate parent undertaking

The Company is a subsidiary undertaking of VINCI PLC, incorporated in England.

The ultimate controlling party is VINCI, a company incorporated in France which also heads the largest group in which the results of the Company are consolidated. The consolidated accounts of this group can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France. The smallest group in which they are consolidated is that headed by VINCI PLC. Copies of VINCI PLC's accounts may be obtained from the Company Secretary, VINCI PLC, Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

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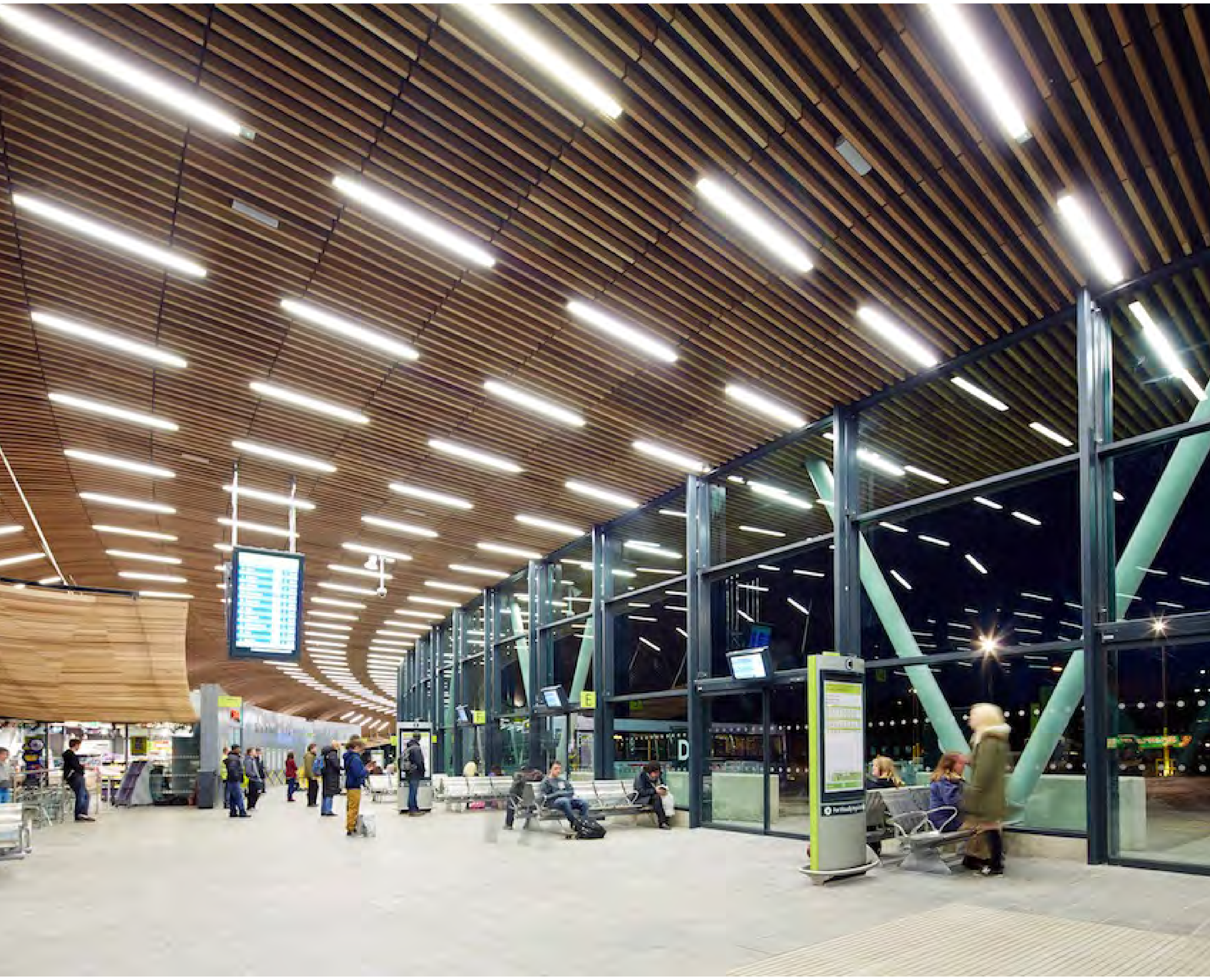
VINCI Construction UK is part of VINCI, a world leader in concessions and construction.



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