2014 CONSOLIDATED ANNUAL REPORT

VINCI CONSTRUCTION | UK

Contents

VINCI CONSTRUCTION UK LIMITED
CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED
31st DECEMBER 2014

Front cover image:
VW Financial Services Headquarters, Delaware Drive, Milton Keynes

DIRECTORS	SECRETARY	REGISTERED OFFICE
B Dupety (Chairman) J-P Bonnet C C Brennan J P Gatward C M Hamer A K Raikes G Stanley	J-P Bonnet	Astral House Imperial Way Watford Hertfordshire WD24 4WW

REGISTERED NUMBER	AUDITORS	BANKERS
2295904	KPMG LLP Altius House One North Fourth Street Central Milton Keynes MK9 1NE	National Westminster Bank Plc P O Box 2DG 208 Piccadilly London W1A 2DG

GROUP PROFILE

Swansea University's Bay Campus

M4 Corridor

BUILDING

VINCI Construction UK's Building division has a well-established presence in all its sectors and regions. The division is particularly active in the industrial, health, education, retail and commercial sectors. The Air business also forms part of the Building division and offers an independent, specialised and experienced airport team.

VINCI FACILITIES

VINCI Facilities provides facilities management, mechanical, electrical and building maintenance solutions to both the public and private sectors across the UK and Ireland. VINCI Facilities operates in a range of sectors which include: health, local and central government, defence, social housing, retail and commercial offices. These complement the market position of the wider VINCI Facilities operation in continental Europe. The services are delivered through five customer focussed business units; Facilities Management and Technical Services which operate on a national basis and three regionally focussed Building Solutions businesses.

TAYLOR WOODROW

Taylor Woodrow is the civil engineering division of VINCI Construction UK. A national civil engineering contractor with a recognised brand and reputation, Taylor Woodrow is known for excellence in undertaking complex major projects. Its primary sectors of activity are: transportation – rail; depots; highways; bridges; light rail including trams; and energy – energy from waste; renewables; and nuclear decommissioning.

VINCI TECHNOLOGY CENTRE UK

The Technology Centre offers specialist consultancy and testing services in the areas of compliance, environment, materials and structures. Its main markets are nuclear, construction products/product testing and environmental.

It has an unrivalled heritage of over 50 years' research, development and innovation together with extensive facilities at its Leighton Buzzard campus that make it unique in the UK construction industry. It is a key differentiator for VINCI Construction UK and is progressing with an enhanced remit of adding value to the business by helping to improve productivity and efficiency.

TAYLOR WOODROW INTERNATIONAL

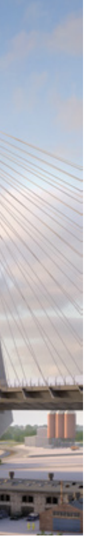
VINCI Construction UK's international activity is located in the Middle East. Drawing on the expertise and resources of one of the UK's best known and trusted civil engineering brands, Taylor Woodrow International's operations are based in Abu Dhabi, with local offices in Oman and Saudi Arabia.

VINCI INVESTMENTS

VINCI Investments manages the company's bids for PFI, PPP and other development projects, mainly in the UK. Working with other group companies, it identifies suitable major infrastructure opportunities using its specialist knowledge and experience of the lending markets and leveraging the benefits of group strength to arrange efficient project financing. VINCI Investments commits funds to finance projects and provides management services to PFI project companies over the entire life of the project, typically for periods in excess of 25 years.

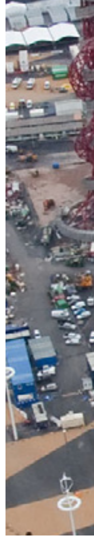
HEALTH, SAFETY & ENVIRONMENT

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.



Nottingham Tram

Rambert Headquarters



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.

Olympic Stadium

SUPPLY CHAIN MANAGEMENT

We pride ourselves on a strong partnership culture. In order to consistently deliver an excellent level of service and outstanding quality projects, we need to work effectively alongside our supply chain. Suppliers who feel integral to our business are most capable of helping us deliver programmes on time and on budget.

In order to streamline our delivery, we appointed a national supply chain manager within the Building division and published new subcontractor relations guidelines. We also adopted a more targeted supply chain strategy which allows both us and our suppliers to make acceptable levels of profit.

This approach will enable us to refine supply chain processes and foster a collaborative environment that ensures high-quality delivery of projects of varying size and complexity.

INNOVATION

An innovative approach to adding value is vital to continued success in the current business environment. It remains vitally important that, through innovation, we maintain our drive to improve the efficiency of everything we do in order to maintain the highest standards and value for money that our clients rightly demand.

We strive to provide innovative solutions to everyday problems and deliver projects ranging from traditional construction to the extremely complex. The UK VINCI Innovation Awards recognise our employees for the part they play in delivering these projects. Last year, the group received a record 134 entries – three times more than the previous competition. That initial success was continued at the global award ceremony in Paris, where a sustainable facilities management initiative won our first ever prize in the competition.

LEAN PROGRAMME

In order to be more efficient, deliver quality products and remain competitive, waste must be eliminated from our operations wherever an opportunity exists. Our lean programme is an integrated system of principles, operating practices and tools that guide us in the pursuit of perfection.

Having already become well embedded within VINCI Facilities, the same principles will continue to be introduced to the wider business over the coming year.

DIVISIONAL PERFORMANCE AND OUTLOOK

BUILDING

The education sector continues to provide significant opportunities, particularly in student accommodation.

A £30m contract was awarded by client, City Heart, for a 602-room student accommodation block at Bangor University in north Wales and Studentcastle awarded a £32.5m contract for the construction of a 648-bedroom block at Walmgate, York.

A 14-storey student accommodation building was completed ahead of the new academic year at Nottingham Trent University. The £17.7m contract was awarded by Mortar Developments and will provide 449 rooms including 45 self-contained flats.

A £20m contract to construct a new academic research and teaching building was awarded by the University of Bath and will feature a conference suite that will be linked to an impressive glass atrium.

Work continued on a £95m contract to design and build five academic and 11 residential buildings as part of the £450m Swansea University Bay Campus development.

Several contracts were completed in the health sector. In particular, the £45m Kent Institute of Medicine and Surgery will transform acute and specialist healthcare in the south-east of England by providing services previously only available in the capital. Also the £39.5m contract in Blackpool called The Harbour for Lancashire Care NHS Foundation Trust was awarded to Integrated Health Projects (a joint venture between VINCI Construction UK and Sir Robert McAlpine). This facility is the largest and most modern mental health facility in the North West.

Other significant milestones included the completion of a £27m contract for English Heritage to build a new, environmentally sensitive visitor centre at Stonehenge which was shortlisted for the Royal Institute of British Architects regional awards.

In London, a new £19.6m headquarters was completed for the Rambert Dance Company and was recognised by the industry in the form of a Royal Institute of British Architects' award and a shortlisting for the Architects' Journal Building of the Year prize. Located on the Southbank, the new premises provides state of the art rehearsal space, physiotherapy rooms and an archive for 10,000 dance records and information which holds a nationally important status.

A new Body in White manufacturing plant, the largest of its kind in Europe, was completed in the Midlands for Jaguar Land Rover. Also in the Midlands, the completion of the Formula E Headquarters included the provision of offices, stores and workshops for the Federation International De Automobile's global racing series. In Milton Keynes, the £25m contract was completed to provide Volkswagen's Financial Services with a 100,000 square feet, four-storey headquarters building.

Unfortunately a number of the projects have encountered issues leading to a loss in 2014 for the Building Division, and has resulted in ongoing negotiations on a number of contracts.

CIVIL ENGINEERING

A £142m contract was awarded by Bombardier Transport Limited for the design and construction of a Crossrail depot in West London from where Bombardier will maintain 65 new 200m long trains for Transport for London.

Network Rail Infrastructure Limited awarded Taylor Woodrow a £33m contract to increase the rail capacity between Dr Day's Junction to Filton Abbey Wood Station in Bristol. As well as doubling the capacity of the rail line, the three year contract includes the replacement or enhancement of 17 structures along the 15km route, including four bridge reconstructions for electrification clearance and the refurbishment of two stations.

Our Crossrail On-Networks West Stations contract continues with the upgrading of 13 stations for Network Rail and our upgrade of Nottingham Hub station was successfully completed and handed over during the year.

With Crossrail our work continues at Liverpool Street Station, Royal Victoria Dock Portal and through the BBMV joint venture at Whitechapel Station also. The complicated rehabilitation of London's Victorian-era Connaught Tunnel for the Crossrail project has been successfully completed in January 2015.

Our other rail sector contracts in the capital are for London Underground and include Tottenham Court Road and Victoria Station upgrades, both major station redevelopments, and also the upgrade of two train maintenance depots at Ealing Common and Upminster to accommodate the introduction of the new S7 rolling stock to the network. The Nottingham Tram contract has been progressing to a point where the major civil works are nearing completion. Unfortunately the project has encountered major issues leading to a substantial loss in 2014 in the Civil Engineering Division. The handover of the tram system is expected in Summer 2015, following testing and commissioning. There will be complex discussions between VINCI, the client and the Joint Venture partner in order to reach financial settlement on this contract.

In the highways sector, the Bexhill to Hastings link road project is still on target to complete in 2015 and a joint venture between Taylor Woodrow and VINCI Construction Grands Projets has secured a place on the Highways Agency £5billion Collaborative Delivery Framework (CDF). The joint venture is one of six companies appointed to Lot 3A that will deliver highway schemes between the values of £25m and £100m (and potentially £300m) over the next four years, to improve the strategic road network in England. We are also targeting a number of major ECI roads opportunities in Wales including the £800m M4 Corridor around Newport.

Within the Energy sector, at Sellafield we have completed the SDP Building main works and continue with our care and maintenance duties, and for Magnox at Bradwell our Weather Envelope contract, a reactor enclosure scheme, continues with completion on track for late 2015.

In the Energy from Waste (EfW) and Biomass market our joint venture with VINCI Environment continues the construction of the Cornwall Energy Recovery Centre for SITA, the PFI waste contractor, and is also now mobilising for the delivery of our next EfW contract with Amey Cespa in North Yorkshire, where work will commence in 2015.

FACILITIES

There is a general consensus that the Facilities Management and Social Housing Maintenance markets are recovering, with year-on-year growth projected going forward. The Facilities market continues to mature and evolve, with its major service providers growing through acquisition.

The retail sector continues to be sensitive to economic pressures. Despite this we continue to deliver cost-effective services to our existing customer base including Dixons, Wilkinson, Cancer Research and Smyth Toys. We have commenced discussions to further extend our Dixons contract into 2018.

In the commercial office sector, we have consolidated and expanded our position in London through our collaborative work with the Building division to win the contract for the BNP Paribas HQ. We seek to increase our London presence through our longstanding relationship with British Telecommunications (BT) and Royal Mail where we refurbish a number of their corporate facilities. In addition we provide services to the Welsh Assembly and Welsh Water offices in this sector.

In the defence sector we continue to deliver a range of construction and maintenance services to the US Air Force in the UK and our contract has been extended to the end of 2015. The USAF has commenced a procurement process for our existing works and additional services which is likely to finish in late 2015, with an enhanced contract valued at £70m per annum scheduled to start in 2016.

In social housing we have further increased our presence, having won a number of new contracts, the largest being a framework for Caerphilly County Council worth £15m. In addition our Peabody contract has delivered £12m in 2014 and this is set to rise further in 2015. We are currently working on a number of opportunities including Hackney Homes, Salix Housing, Ashfield Decent Homes, Midland Heart and Bromsgrove District Housing. Sandwell Homes continues to be a significant client, with the relationship now approaching 10 years.

We continue to seek opportunities for profitable growth in both refurbishment and the repairs and maintenance subsectors in this market.

DIVISIONAL PERFORMANCE AND OUTLOOK (CONTINUED)

New Covent Garden Market

The government sector remains an area of target growth, with our first significant win in the Local Authority subsector with Lincolnshire County Council demonstrating that we have the capabilities required. The contract is worth up to £70m over 10 years. We are currently tendering for a number of framework opportunities, including Crown Commercial Services (England) and the National Procurement Services for Wales. We have strengthened our central government references by extending our Royal Parks contract until 2015, and further extending its scope.

In the Utilities sector, we have secured a new contract with Affinity Water and extended our contracts with Welsh Water and the Canals and Rivers Trust.

The healthcare sector remains in a state of flux, with government officials undecided how to address their building estate issues. Our portfolio has remained unchanged in 2014 although we continue to seek new opportunities in this sector which have the right balance of risk and reward.

In January 2015 the Group acquired two subsidiary companies, Faceo FM UK Limited and Powertest Limited from Faceo FM SAS, a related party.

TECHNOLOGY CENTRE

During 2014 there has been increased market activity which should continue in 2015. However, there continues to be significant price pressure in the market despite the increased activity.

In 2014 the value of tenders increased by 23% and turnover increased by 7% to £6.8m. The order book for 2015 is significantly up and a further increase in turnover to £8.5m is expected.

INTERNATIONAL

In Abu Dhabi we have successfully delivered the expansion works at Terminal 3 for ADAC and have started the contract for the new private executive terminal at Al Bateen.

In Oman we have started two jobs for the Ministry of Defence which will allow us full utilisation of our resources in 2015.

In Saudi Arabia we have successfully commissioned the Al Khmura treated effluent lifting station, a joint venture contract with our partner, Al Muhaidib Contracting. Major progress has been made on the Briman Strategic Reservoirs project in Jeddah where our joint venture with Al Muhaidib has completed eight reservoirs. Thanks to the quality of our works the client has granted us extra works for three additional reservoirs that will be erected in 2015.

VINCI INVESTMENTS

VINCI St Modwen (VSM), the 50/50 joint venture between St. Modwen Properties PLC and VINCI PLC, and its partner the Covent Garden Market Authority (CGMA), received resolution to progress on the planning permission to deliver the landmark redevelopment of the 57 acre New Covent Garden Market site in Nine Elms, London. This major 10-year project will see the delivery of over 500,000 sq ft of new state-of-the-art market facilities across a 37 acre site. The remaining 20 acres of land will be transformed into three quality residential neighbourhoods comprising approximately 3,000 new homes, 135,000 sq ft of office space and 100,000 sq ft of retail, leisure and new community facilities, including shops, cafés and restaurants.

VINCI PLC has built upon the successful relationship it formed with St Modwen Properties PLC in the development of ex-Ministry of Defence sites at Uxbridge and Mill Hill. Demand from housebuilders enabled strong sales at both the sites in 2014. This strong demand is expected to continue into 2015.

Briman Strategic Reservoirs

ECONOMIC OUTLOOK AND MARKET TRENDS

BUILDING DIVISION

Health and education are traditional sectors for our Building division and we will continue to pursue opportunities in these areas. We will focus on negotiated opportunities with existing clients in the student accommodation sector. In the health sector we will once again put ourselves forward for the P21+ framework which is due for renewal in 2015 and are pursuing some large projects which will prepare for 2015 production.

We will continue to pursue opportunities as part of the Ministry of Justice framework and are currently preferred bidder on a £20m contract to extend a detention centre in Campsfield, near Oxford. We will continue to work with our existing retail clients, at the same time aligning ourselves to further major high street brands, with a view to securing future work in the retail and retail distribution sector.

CIVIL ENGINEERING DIVISION

We continue to focus our operations in three core sectors; Rail, Road and Energy. The rail sector in particular continues to provide significant opportunities owing to the political importance of this sustainable transport mode leading to strong investment in the classic Network Rail network, London's increasingly congested underground rail system and also the creation of the UK's High Speed rail system - HS2.

In recent years the roads market has been in decline, but it is now emerging as a key sector with an anticipated three-fold increase in major project spend on the English strategic road network over the next five years. In addition we also see strong forward investment in the Welsh roads market.

There is a significant value of potential work within the energy market and we see strong opportunities emerging particularly in nuclear decommissioning where the regulated nature of the market and established decommissioning sites provide a strong pipeline of projects. The planning and financing challenges of the developer-led projects are still a problem for this sector and we must focus our efforts on those opportunities which are more advanced in their procurement stages. The Biomass market will continue to provide good opportunities for us over the next five years.

King's Cross Central, BNP Paribas

FACILITIES DIVISION

Whilst the economy in the UK is growing and this is resulting in an increased volume of work coming to market, we continue to see significant pressure on margins, with cost continuing to be the primary driver in procurement decisions.

We therefore need to continue to act with caution as we seek to develop and grow the business.

Our order book for 2015 is at £145m which shows a marginal increase on our position 12 months ago. Our pipeline strength is variable, with a strong pipeline of work in the South and weaker pipelines in the Midlands and North of England.

Overall we are forecasting incremental improvements in profitability and revenue in 2015, as the market and economy recover.

TECHNOLOGY CENTRE

In 2014, the Technology Centre secured the £1.2m contract for the design and installation of the cathodic protection system to the iconic Battersea Power Station redevelopment in London. Work is due to commence in 2015.

The Technology Centre is currently working on re-bidding for the framework contract with EDF, due for renewal in 2015.

INTERNAL OPERATIONS

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

The over-three-day accident rate was reduced to a new low of 0.16 in 2014. This was an improvement of 36% on the 2013 year end performance.

A similar reduction has been seen in the RIDDOR 7-day rate which, at 0.07, compares very favourably with other members of the UK Contractors Group whose average in 2013 was 0.14.

Close-call and positive intervention reporting continues, with approximately 750 reports every month across all divisions.

STEP UP (SAFETY THROUGH EVERYONE'S PARTICIPATION

As part of the Step-UP initiative, site inspections in 2014 have specifically focused on the HSE leadership characteristics of our contract and project managers. The monthly reporting of how our operational leaders perform and compare on HSE matters has been a key driver in raising standards and reducing accident rates.

Effective task briefing has been a key objective throughout the year and it remains a priority for 2015. Ensuring that every day, on every site, everyone is briefed on working safely, is perhaps the single biggest opportunity we have to further improve safety performances in the future.

ROAD SAFETY

We have continued to address work-related road risk, both for our own employees and for vulnerable road users. We are an active partner within Transport for London's campaign to improve cyclist safety, and in 2014 we became a CLOCS champion (Construction Logistics Cycle Safety). All VINCI Construction UK commercial drivers in London have undergone SUD (Safe Urban Driving) training, and compliance with the CLOCS Code of Practice is now a requirement for all subcontractors working in London.

OCCUPATIONAL HEALTH

To improve the elimination and control of occupational diseases, in 2014 the business focussed on exposure to construction dusts such as silica. Recently, we have improved the provision of respiratory protective equipment on our sites through collaboration with a key supplier, JSP. VINCI Construction UK is a long-standing member of HSE's Construction Dust Partnership, which is working across the construction sector to reduce respiratory disease.

PEOPLE

During 2014 we launched the UK version of Orchestra, a framework which provides our project teams with a standardised and structured approach to works management. The aim is to equip our teams to consistently perform with the same degree of capability and expertise, resulting in better outcomes for both the business and for our customers.

Our EMPOWER leadership programme continued throughout 2014, with many tangible and measurable benefits for the business being demonstrated by participants. The success of the programme was recently recognised by receiving the prestigious Training Journal Gold award for the Best Leadership Development Programme.

We welcomed 20 technical apprentices to the business during the year. The apprentices are on a two year programme comprising eight week periods of college-based classroom learning followed by practical work experience in our offices and on site.

The learning and development team have facilitated over 50,000 hours of training in the year and the e-learning modules continue to grow. This year we have introduced e-learning courses in Data Protection, Diversity & Inclusion and Collaboration.

Our partnership with the Duke of Edinburgh Awards continues to strengthen and we have now commenced the third intake of employees to commence the Business Gold Award.

We have launched a working group called Women in Construction. The purpose of this is to address the underrepresentation of women in the industry. The members have met on a number of occasions during the year and, going forward, the group will expand to encompass as diverse a representation as possible.

Our community involvement continues to grow and this year the number of applications for the Stand Out! Make a Difference programme has once again increased.

BUSINESS RISKS


The Harbour

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, 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. 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, controlled and reduced.

THE ENVIRONMENT

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

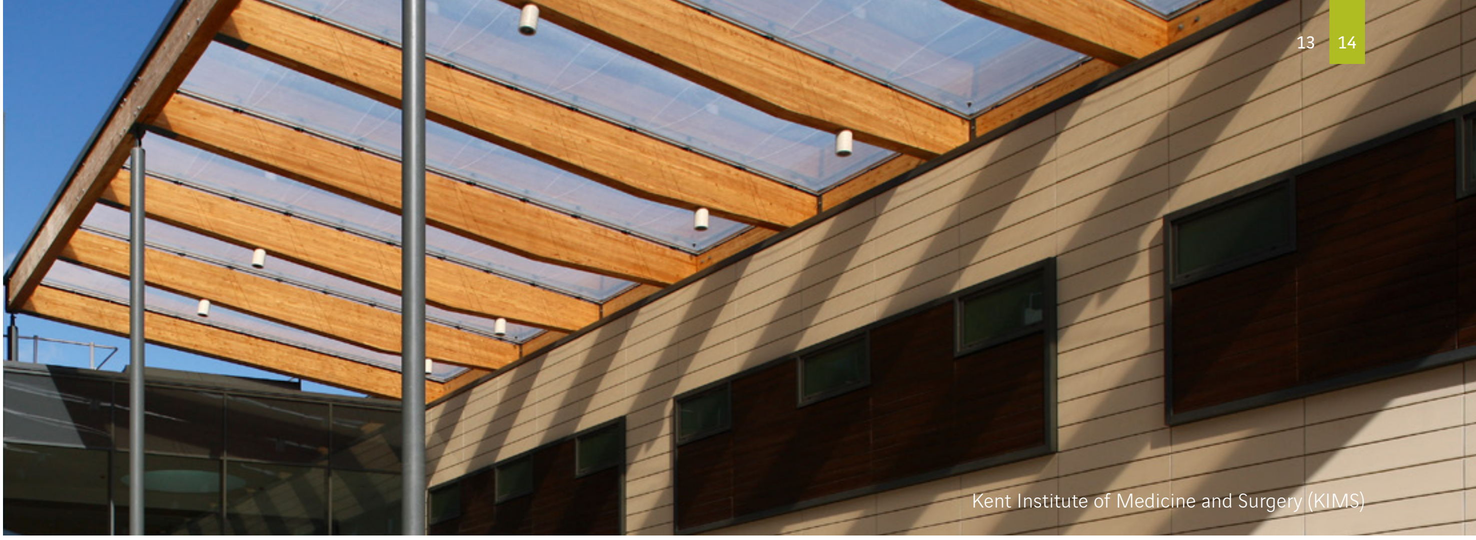
HUMAN RESOURCES

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.

By Order of the Board

Bruno Dupety,
Managing Director, VINCI Construction UK Limited

Date: 26th February 2015



Kent Institute of Medicine and Surgery (KIMS)

Tottenham Court Road Station

DIRECTORS

The Directors submit their report to the members, together with the audited financial statements for the year ended 31st December 2014.

RESULTS AND DIVIDENDS

The loss after taxation for the financial year as shown in the consolidated profit and loss account on page 18 amounted to £187,403,000
(2013: profit of £4,816,000).

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

The present directors of the Company, are set out at the front of this Annual Report. The directors are as follows:

B Dupety	-appointed 30/10/2014
J-P Bonnet	-appointed 05/12/2014
J Gatward	-appointed 10/11/2014
C M Hamer	-appointed 14/11/2014
A M Comba	-resigned 22/12/2014
A Ridley-Barker	-resigned 03/10/2014
J O M Stanion	-resigned 29/09/2014
P Tuplin	-resigned 03/10/2014

The following directors served throughout the year:

C C Brennan
A K Raikes
G Stanley

INDEMNITY PROVISIONS

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

GOING CONCERN

The Group has significant 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.

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, e-mail communications and the annual team survey.

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. The Group is proud of, but not complacent about, its safety record.

POLITICAL DONATIONS

Neither the Company nor any of its subsidiaries made any political donations nor incurred any political expenditure in the current or previous years.

DISCLOSURE OF INFORMATION TO THE AUDITOR

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 auditor is 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 auditor is aware of that information.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor 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 26th February 2015 and signed on its behalf by:

Bruno Dupety
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 Annual Report

The directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the directors to prepare the group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and applicable laws and have elected to prepare the 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;
- for the group financial statements state whether they have been prepared in accordance with IFRS, and adopted by the EU;
- for the parent company financial statements 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 2014 set out on pages 18 to 66. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 16, 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 Financial Reporting Council'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 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial state.

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
26th February 2015

Consolidated Income Statement

For the year ended 31st December 2014

	Notes	2014	2013
		£000	£000
Revenue	2	998,954	1,232,287
Cost of sales		(1,118,525)	(1,178,673)
Gross (loss)/profit		(119,571)	53,614
Administrative expenses	2,3,5	(67,937)	(73,781)
Other operating income	4	-	21,492
Share of (losses)/profits of associates using the equity accounting method-operating	11	(522)	235
Operating (loss)/profit before net financing income	2	(188,030)	1,560
Goodwill impairment	9	(5,844)	-
Financial income	7	1,493	2,417
Financial expenses	7	(1,547)	(1,376)
Net financing (expenses) income		(54)	1,041
Share of profits/(losses) from associates and jointly controlled entities using the equity accounting method	11	15	(319)
(Loss)/profit before taxation		(193,913)	2,282
Taxation	8	6,510	2,534
(Loss)/profit from continuing operations	19	(187,403)	4,816

Consolidated Statement of Comprehensive Income and Statement of Changes in Equity

For the year ended 31st December 2014

Consolidated Statement of Comprehensive Income	2014	2013
	£000	£000
(Loss)/profit for the year	(187,403)	4,816
Items that may be reclassified subsequently to the income statement:		
Foreign exchange translation differences	(531)	132
Items that will never be reclassified subsequently to the income statement:		
Actuarial gains/(losses) on defined benefit schemes	209	(479)
Taxes on actuarial losses on defined benefit scheme	(42)	20
Other comprehensive income for the year	(364)	(327)
Total comprehensive (expense)/income	(187,767)	4,489

Statement of Changes in Equity	Share capital	Translation reserve	Retained earnings	Total equity
Group	£000	£000	£000	£000
At 1st January 2013	12,487	121	61,331	73,939
Total comprehensive income for the period:				
Profit for the year	-	-	4,816	4,816
Other comprehensive income/(expense)	-	132	(459)	(327)
Transactions with owners recorded directly in equity:				
Transfer of investment from parent company (note 11)	-	-	8,481	8,481
Equity settled transactions	-	-	1,537	1,537
Deferred tax recognised directly in equity	-	-	(252)	(252)
At 31st December 2013	12,487	253	75,454	88,194
At 1st January 2014	12,487	253	75,454	88,194
Share capital increase	201,500	-	-	201,500
Total comprehensive income for the period:				
Loss for the year	-	-	(187,403)	(187,403)
Other comprehensive (expense) income	-	(531)	167	(364)
Transactions with owners recorded directly in equity:				
Equity settled transactions	-	-	1,404	1,404
Deferred tax recognised directly in equity	-	-	(363)	(363)
At 31st December 2014	213,987	(278)	(110,741)	102,968

Consolidated Statement of Financial Position

For the year ended 31st December 2014

	Notes	2014 £000	2013 £000
Non-current assets			
Intangible assets	9	93,572	99,416
Property, plant and equipment	10	1,385	2,102
Investments in jointly controlled entities accounted for using the equity method	11	27,783	21,211
Investments in associates accounted for using the equity method	11	630	752
Other investments	12	16,552	16,052
Deferred tax asset	17	1,526	1,905
		141,448	141,438
Current assets			
Inventories	13	908	1,113
Trade and other receivables	14	286,550	268,711
Tax receivable		5,847	166
Cash and cash equivalents	15	198,653	142,361
Employee benefits	18	-	-
		491,958	412,351
Total assets		633,406	553,789
Current liabilities			
Bank overdraft	15	-	-
Trade and other payables	16	530,096	465,176
		530,096	465,176
Non-current liabilities			
Deferred tax liability	17	-	-
Employee benefits	18	342	419
		342	419
Total liabilities		530,438	465,595
Net assets		102,968	88,194
Equity attributable to equity holders of the parent			
Issued share capital	19	213,987	12,487
Translation reserve	19	(278)	253
Retained (losses)/earnings	19	(110,741)	75,454
Total equity		102,968	88,194

The financial statements were approved by the Board on 26th February 2015 and signed on its behalf by:

B Dupety (Director)
Company Registered Number 2295904

Cash flow Statements

For the year ended 31st December 2014

	Notes	2014	2013
		£000	£000
Cash flows from operating activities			
(Loss)/profit for the year		(187,403)	4,816
Adjustments for:			
Depreciation, amortisation and impairment		7,020	673
Financial income		(1,493)	(2,417)
Financial expense		1,547	1,376
Profit on sale of investment		-	(21,492)
Proceeds from sale of operating assets		7,405	23,664
Share of losses in jointly controlled entities and associates		507	84
Equity settled share-based payment expenses		1,404	1,537
Taxation		(6,510)	(2,534)
Operating cash flows before movements in working capital and provisions		(177,523)	5,707
Increase in trade and other receivables		(25,244)	(36,595)
Decrease/(increase) in stock		205	(1,113)
Increase/(decrease) in trade and other payables		64,920	(11,429)
Increase in employee benefits		108	33
Cash generated from operations		(137,534)	(43,397)
Interest paid		(1,547)	(1,376)
Tax received/(paid)		803	(3,364)
Net cash from operating activities		(138,278)	(48,137)
Cash flows from investing activities			
Interest received		1,517	2,415
Dividends received		-	97
Cash transferred with subsidiary		-	(22,616)
Acquisition of property, plant and equipment		(383)	(2,832)
Subordinated loan to associate entities and investments		(7,457)	(9,830)
Net cash from investing activities		(6,323)	(32,766)
Cash flows from financing activities			
Increase in share capital	19	201,500	-
Net cash from financing activities		201,500	-
Effect of exchange rate fluctuations on cash held		(607)	251
Net increase/(decrease) in cash and cash equivalents		56,292	(80,652)
Cash and cash equivalents at 1 January		142,361	223,013
Cash and cash equivalents at 31 December	15	198,653	142,361

Notes to the Consolidated Financial Statements

at 31st December 2014

1. Accounting policies

VINCI Construction UK Limited ("the Company") is a company domiciled in the United Kingdom.

Basis of preparation

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

The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs"). The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice (GAAP). These are presented on pages 57 to 68.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Basis of consolidation

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

The interest of non-controlling shareholders is stated at the non-controlling shareholder's proportion of the fair value of the assets and liabilities recognised.

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

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

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

Adopted IFRS not yet applied

The accounting policies applied by the Group in these consolidated financial statements are in accordance with Adopted IFRSs and are the same as those applied by the Group in its consolidated financial statements as at, and for, the year ended 31st December 2013. There were no new standards or amendments that were mandatory for the first time for the financial year beginning 1st January 2014 that have had an impact on the Group or Company financial statements.

Change in Accounting Policies

IAS 19 (Revised) Employee Benefits

The Group adopted IAS 19 (Revised) Employee Benefits from 1 January 2013. As a result of IAS 19 (Revised), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans. Under previous IAS 19, interest cost on the defined benefit obligation and an expected return on plan assets were recognised in profit or loss within finance cost and finance income respectively. Under IAS 19R, these two amounts have been replaced by a single measure called 'net interest' calculated on the net defined benefit liability/(asset). This change affects the difference between actual and expected returns on plan assets, which may be recognised in full within OCI as part of remeasurements.

The effect of the adjustment on prior period profit and loss was to increase net finance costs by £nil and reduce remeasurements of the net defined benefit asset by £157,000. As a result of the above the deferred tax credit in OCS increased by £20,000. The effect on the statement of changes in equity of the amended standard was an adjustment to retained earnings, as explained above.

Long term contracts

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

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

1. Accounting policies (continued)

Construction contract receivables

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

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

Trade and other receivables

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

Inventories

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

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Provisions

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

Impairment

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

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. The recoverable amounts are determined from value in use calculations of the cash generating units (CGUs) using cash flow projections based on the latest Board approved projections. The main assumptions for each CGU, which relate to sales volume, cost changes and working capital requirements, are based on recent history and expectations of future changes in the market. The discount rate applied to the cash flow forecast is based on a VINCI determined post-tax weighted average cost of capital of 7.8%.

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

Calculation of recoverable amount

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

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

1. Accounting policies (continued)

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

Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

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

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

Employee benefits

Defined contribution plans

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

Defined benefit plans

The Group is a member of a larger group pension scheme providing benefits based on final pensionable pay. Because the Group is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by IAS 19 (R) the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

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

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

All actuarial gains and losses as at 1st January 2012, the date of transition to Adopted IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 1st January 2012 the group recognises them in the period they occur directly into equity through the statement of comprehensive income.

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

Share-based payment transactions

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

The Group took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity investments that were granted after 7th November 2002 and that had not vested by 1st January 2012.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

1. Accounting policies (continued)

Intangible assets

Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities. In respect of business acquisitions that have occurred since 1st January 2004 (the effective date of IFRS 3), goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

In respect of acquisitions prior to 1st January 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Negative goodwill arising on an acquisition is recognised directly in profit or loss.

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

Jointly controlled entities and associates

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

Jointly controlled operations

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

Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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:

Plant and machinery	-from two to fifteen years
Motor vehicles	-from three to five years
Computer systems and fixtures and fittings	-from three to ten years

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

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

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

1. Accounting policies (continued)

Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1st January 2010 (the effective date of the revision to IFRS 3)

For acquisitions on or after 1st January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at the fair value at the acquisition date.

Acquisitions prior to 1st January 2010 (the effective date of the revision to IFRS 3)

For acquisitions prior to 1st January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Pre-contract costs

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

Revenue

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

Profit on contracts is recognised on a percentage of completion basis when the contract's outcome can be reliably estimated. The percentage of completion basis is measured by the proportion of total costs to date to the estimated total cost of the contract.

Variations and compensating events are included in forecasts to completion when it is considered highly probable that they will be recovered. Provision is made for losses incurred or foreseen in bringing the contract to completion when they become apparent. In these circumstances a prudent and reasonable estimate of claims receivable may be taken into account to mitigate foreseeable losses.

Consistent contract review procedures are in place in respect of contract forecasting.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

1. Accounting policies (continued)

Expenses

Operating lease payments

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

Finance lease payments

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

Net financing costs

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

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

Taxation

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

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

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

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

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

Foreign currency

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

Foreign operations

The assets and liabilities of foreign operations are translated at the exchange rate at the year end. The income and expenses of foreign operations are translated at the date of the transactions.

Foreign currency differences are recognised in the statement of comprehensive income, and presented in the translation reserve in equity.

The group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to Adopted IFRSs (1st January 2012).

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

2. Segmental reporting

The segmental reporting is based on the Group's main divisional operations as follows:

- Building
- Civil Engineering
- Facilities
- PFI

In addition, the Group operates an 'other activities' segment. The other activities segment now includes the Group's plant activities and interest in technology. None of the individual activities included in other activities meet any of the quantitative thresholds for determining reportable segments. Trading between segments is carried out on an arm's length basis.

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

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

Income statement	Building	Civil Engineering	Facilities	PFI	Other	Group 2014 Total
	£000	£000	£000	£000	£000	£000
Gross revenue	480,283	304,206	207,457	-	41,482	1,033,428
Less inter segment revenue	-	-	-	-	(34,474)	(34,474)
Consolidated revenue	480,283	304,206	207,457	-	7,008	998,954
Operating (loss)/profit	(35,193)	(152,616)	(304)	(1,459)	1,542	(188,030)
Goodwill impairment	(3,552)	(2,292)	-	-	-	(5,844)
Financial income	448	291	118	563	73	1,493
Financial expenses	(1,016)	(338)	(55)	(120)	(18)	(1,547)
Share of profits from entities using the equity accounting method	-	-	-	15	-	15
(Loss)/profit before taxation	(39,313)	(154,955)	(241)	(1,001)	1,597	(193,913)
Taxation	-	-	-	-	6,510	6,510
Depreciation, amortisation & impairment	(3,581)	(3,439)	-	-	-	(7,020)

Income statement	Building	Civil Engineering	Facilities	PFI	Other	Group 2013 Total
	£000	£000	£000	£000	£000	£000
Gross revenue	630,675	379,179	215,611	-	41,151	1,266,616
Less inter segment revenue	-	-	-	-	(34,329)	(34,329)
Consolidated revenue	630,675	379,179	215,611	-	6,822	1,232,287
Operating (loss)/profit	(36,141)	10,464	4,380	21,668	1,189	1,560
Financial income	528	415	105	1,326	43	2,417
Financial expenses	(957)	(101)	(10)	(293)	(15)	(1,376)
Share of profits from entities using the equity accounting method	-	-	-	(319)	-	(319)
(Loss)/profit before taxation	(36,570)	10,778	4,475	22,382	1,217	2,282
Taxation	-	-	-	-	2,534	2,534
Depreciation, amortisation & impairment	(50)	(623)	-	-	-	(673)

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

2. Segmental reporting (continued)

Balance sheet	Building	Civil Engineering	Facilities	PFI	Other	Group 2014 Total
	£000	£000	£000	£000	£000	£000
Intangible assets	21,330	52,304	18,478	-	1,460	93,572
Property, plant and equipment	25	1,250	87	-	23	1,385
Elimination of shares	(21,407)	(50,607)	(18,255)	(3,000)	93,269	-
Investments accounted for using the equity accounting method	-	54	-	28,359	-	28,413
Other non current assets	-	324	(22)	16,632	1,144	18,078
Current assets	130,597	81,145	74,283	(6,521)	212,454	491,958
Total assets	130,545	84,470	74,571	35,470	308,350	633,406
Current liabilities	177,574	198,699	53,134	5,539	95,150	530,096
Non-current liabilities	-	-	342	-	-	342
Total liabilities	177,574	198,699	53,476	5,539	95,150	530,438
Total equity	(47,029)	(114,229)	21,095	29,931	213,200	102,968

Balance sheet	Building	Civil Engineering	Facilities	PFI	Other	Group 2013 Total
	£000	£000	£000	£000	£000	£000
Intangible assets	24,882	54,596	18,478	-	1,460	99,416
Property, plant and equipment	51	2,042	9	-	-	2,102
Elimination of shares	(24,972)	(47,311)	(17,999)	(3,000)	93,282	-
Investments accounted for using the equity accounting method	-	51	-	21,912	-	21,963
Other non current assets	-	327	20	16,218	1,392	17,957
Current assets	188,127	160,583	67,493	1,047	(4,899)	412,351
Total assets	188,088	170,288	68,001	36,177	91,235	553,789
Current liabilities	206,047	125,984	46,157	5,321	81,667	465,176
Non-current liabilities	-	-	419	-	-	419
Total liabilities	206,047	125,984	46,576	5,321	81,667	465,595
Total equity	(17,959)	44,304	21,425	30,856	9,568	88,194

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

3. Expenses

Included in the profit are the following:		2014	2013
		£000	£000
Operating leases - plant and machinery		34,084	30,271
Operating leases - other		4,612	4,937
Depreciation of tangible assets		1,176	673
Auditor's remuneration	- audit of these financial statements	273	294

Amounts receivable by Group's auditor and their associates in respect of services to the Group and its associates, other than the audit of 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.

4. Other operating income

	2014	2013
	£000	£000
Profit from sale of PFI investments (see note 11)	-	21,492

5. Employees

(i) Staff costs during the year amounted to:	2014	2013
	£000	£000
Wages and salaries	124,684	134,525
Social security costs	12,389	13,466
Reorganisation and redundancy costs	1,429	3,109
Pension costs – defined contribution scheme	6,551	6,780
– defined benefit scheme	1,904	2,116
Share based payments (see note 18)	1,404	1,538
	148,361	161,534

(ii) The average number of employees during the year was as follows:	2014	2013
	No.	No.
Management	103	106
Administration	1,201	1,234
Operations	2,129	2,185
	3,433	3,525

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

6. Directors' remuneration

	2014 £000	2013 £000
Emoluments	906	1,050
Compensation for loss of office	463	-
Pension costs - defined benefit	94	96
Pension costs - defined contribution	110	120
	1,573	1,266

Two of the directors (2013: 2) are accruing benefits under the Group defined benefit plans.
Directors' emoluments disclosed above include the following:

	2014 £000	2013 £000
Highest paid Director		
Emoluments	212	276
Compensation for loss of office	253	-
	465	276

The annual pension accruing to the highest paid director under the Group defined benefit scheme is £nil (2013: £nil).

One of the Directors of the Group and Company exercised share options in 2014 (2013: 1). The value of the compensation to Directors in share based payments in 2014 was £27,883 (2013 £6,369).

7. Finance income and expense

	2014 £000	2014 £000	2013 £000	2013 £000
Other financial income and similar income				
Return on pension assets	-		2	
Bank interest	1,276		2,415	
Foreign exchange gain	217		-	
Total financial income		1,493		2,417
Financial expenses and similar charges				
Interest on pension obligation	(24)		-	
Bank loans and overdrafts	(1,269)		(1,060)	
Foreign exchange losses	(254)		(316)	
Total financial expenses		(1,547)		(1,376)
Net financial (expenses)/income		(54)		1,041

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

8. Taxation

Recognised in income statement:	2014	2013
	£000	£000
Current tax:		
UK corporation tax on profits for the year	(3,216)	-
Adjustments in respect of previous periods	(3,268)	55
Total current tax	(6,484)	55
Deferred tax - origination and reversal of timing differences	(616)	(2,444)
Changes in tax rates	43	284
Share options	(302)	(357)
Adjustment in respect of prior periods	849	(72)
Tax credit on profit on ordinary activities	(6,510)	(2,534)

Reconciliation of effective tax rate

The tax assessed for the period is higher (2013: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2014	2013
	£000	£000
(Loss)/profit on ordinary activities before taxation	(193,913)	2,282
Theoretical tax at UK corporation tax rates 21.49% (2013: 23.25%)	(41,672)	530
Effects of:		
Expenditure/(income) not allowable for tax	1,603	(3,331)
Adjustment for tax rate differences	43	284
Consortium relief not yet paid for	3,383	-
Losses carried forward	32,552	-
Movement in respect of deferred tax in prior periods	849	(72)
Adjustments in respect of prior periods	(3,268)	55
Actual total taxation credit	(6,510)	(2,534)

In the March 2013 Budget the Chancellor announced that the main rate of Corporation tax would reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. These changes became substantively enacted on 2nd July 2013 and therefore the effect of this rate reduction creates a reduction in the deferred tax asset which has been included in the figures above.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

9. Intangible assets

Cost	Goodwill	Brand name	Customer list	Total
	£000	£000	£000	£000
At 1st January 2013 and 31st December 2013	76,693	24,220	455	101,368
At 1st January 2014 and 31st December 2014	76,693	24,220	455	101,368
Impairment losses and amortisation				
At 1st January 2013 and 31st December 2013	-	1,497	455	1,952
At 1st January 2014	-	1,497	455	1,952
Impairment charge	5,844	-	-	5,844
At 31st December 2014	5,844	1,497	455	7,796
Net book value				
At 31st December 2013	76,693	22,723	-	99,416
At 31st December 2014	70,849	22,723	-	93,572

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:

	2014	2013
	£000	£000
Positive goodwill eliminated against reserves	1,903	1,903

Following the adoption of IFRSs, goodwill is no longer amortised over 20 years but tested annually for impairment.

The customer list values for all intangible assets were fully amortised in prior years. In assessing the useful life of the brand values, due consideration is given to the existing longevity of the various VINCI Construction UK Limited brands, the indefinite life cycle of the construction industry in which the brands operate and the expected usage of the brand names in the future.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

9. Intangible assets (continued)

For the purpose of impairment testing, intangible assets are allocated to the Group's operating divisions as reported in Note 2. The key assumptions are restricted growth in the early years based on a Board approved projections, a long term growth rate of 1% and a pre-tax discount rate of 7.8%. The aggregate carrying amount of intangible assets allocated to each reporting segment is as follows:

	Goodwill	Brand name	Total	Goodwill	Brand name	Total
	2014	2014	2014	2013	2013	2013
	£000	£000	£000	£000	£000	£000
Building	21,330	-	21,330	24,882	-	24,882
Civil Engineering	29,804	22,500	52,304	32,096	22,500	54,596
Facilities	18,255	223	18,478	18,255	223	18,478
Other	1,460	-	1,460	1,460	-	1,460
	70,849	22,723	93,572	76,693	22,723	99,416

Impairment loss

2014

Recoverable values arising from impairment testing are less than allocated carrying values for the Building and Civils Cash Generating Units and, as such, impairment losses of £3,552,000 and £2,292,000 respectively have been recognised in 2014.

2013

Recoverable values arising from impairment testing were in excess of allocated carrying values for all Cash Generating Units, and as such no impairment losses were recognised in 2013.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

10. Property, plant and equipment

	Plant and machinery	Computer systems, fixtures and fittings	Total
	£000	£000	£000
Cost or valuation:			
At 1st January 2013	104	175	279
Additions	2,735	97	2,832
Acquisitions through business combinations	-	26	26
Effect of exchange rate movements	(149)	(8)	(157)
At 31st December 2013	2,690	290	2,980
Cost or valuation:			
At 1st January 2014	2,690	290	2,980
Additions	360	23	383
Effect of exchange rate movements	171	14	185
At 31st December 2014	3,221	327	3,548
Depreciation:			
At 1st January 2013	95	122	217
Charged	609	64	673
Acquisitions through business combinations	-	26	26
Effect of exchange rate movements	(33)	(5)	(38)
At 31st December 2013	671	207	878
Depreciation:			
At 1st January 2014	671	207	878
Charged	1,135	41	1,176
Effect of exchange rate movements	99	10	109
At 31st December 2014	1,905	258	2,163
Net Book Value :			
At 31st December 2013	2,019	83	2,102
At 31st December 2014	1,316	69	1,385

The fixed assets owned by the Group do not include any amounts (2013 : £nil) in respect of assets held under finance lease and hire purchase contracts.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

11. Investments

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

	Shares in jointly controlled entities £000	Loans to jointly controlled entities £000	Post- acquisition reserves £000	Total £000
At 1st January 2013	51	-	-	51
Acquisitions through business contributions	-	13,802	3,981	17,783
Profits for the year	-	-	237	237
Additions	-	5,630	-	5,630
Repayments	-	(164)	-	(164)
Disposals	-	(2,323)	(3)	(2,326)
At 31st December 2013	51	16,945	4,215	21,211
At 1st January 2014	51	16,945	4,215	21,211
Profits/(loss) for the year	3	-	(525)	(522)
Additions	-	7,094	-	7,094
At 31st December 2014	54	24,039	3,690	27,783

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

This investment is accounted for using the equity accounting method. The Group's share of the result of VINCI Environment UK Limited of £3K profit is included on a separate line within operating profit.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

11. Investments (continued)

On 1st January 2013, the Group acquired all of the ordinary shares of VINCI Investments Limited from VINCI PLC, the Group's parent undertaking. The Group has taken advantage of the exemption in IFRS 3 from applying acquisition accounting to common control transactions, and has applied book value accounting in recognising the assets and liabilities acquired in these consolidated financial statements as below.

The consideration paid was equal to the share capital acquired.

	Book value £000
Fixed assets	
Investments	34,767
Current assets	
Debtors	8,908
Total assets	43,675
Liabilities	
Overdraft	22,616
Creditors	9,578
Total liabilities	32,194
Net assets	11,481
Share capital	3,000
Retained earnings	8,481
Shareholders' funds	11,481

Through VINCI Investments Limited the Group owns 50% of the ordinary shares of VSM Estates but the Group is only entitled to 25% of this Company's profits. Due to the profit sharing arrangement, VSM Estates Limited has been accounted for as a 25% equity investment. The Group's share of the result from VSM Estates Limited of £525,000 loss (2013 : £235,000 profit) has been included on a separate line within operating profit.

The Group also owns 50% of the ordinary shares and profits of VSM Estates (Uxbridge) Limited, a company incorporated during 2012.

Except where stated otherwise all the Group's entity accounted investments were incorporated in the UK.

Details of all significant joint controlled entities and operations in which the Group is involved are given on page 66.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

11. Investments (continued)

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

	Non-current assets £000	Current assets £000	Current liabilities £000	Non-current liabilities £000	Income £000	Expenses £000
2013						
VSM Estates Limited	14,355	27,294	(16,760)	(8,032)	2,404	(1,464)
VSM Estates (Uxbridge) Limited	-	71,400	(19,400)	(52,000)	-	-
VINCI Environment UK Limited	-	27,648	(27,547)	-	47,386	(47,386)
2014						
VSM Estates Limited	11,665	27,441	(24,351)	-	-	(2,102)
VSM Estates (Uxbridge) Limited	-	72,862	(34,918)	(37,944)	-	-
VINCI Environment UK Limited	-	50,757	(50,651)	-	63,831	(63,826)

Both VSM Estates Limited and VSM Estates (Uxbridge) Limited are involved in the development and sale of real estate. VINCI Environment UK Limited is involved in civil engineering projects. Under its PFI joint ventures the Group has commitments of £nil (2013: £nil) that have been contracted but not provided for in the accounts.

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

	Loans to associated undertakings £000
At 1st January 2013	-
Acquisitions through business combinations	5,449
Additions	147
Repayments	(140)
Share of losses in the year	(321)
Dividends received	(97)
Disposals	(4,286)
At 31st December 2013	752
At 1st January 2014	752
Repayments	(137)
Share of profits in the year	15
At 31st December 2014	630

On 18th March 2013 VINCI Investments Limited sold its entire shareholding in V.B. Investments (No.2) Limited, an investment company. The subsidiary undertaking of V.B. Investments (No.2) Limited at the time of sale was as follows :

Subsidiary	V.B. Investments (No.2) Limited Holding
Doncaster School Solutions (Holdings) Limited	100% Ordinary Shares

On 20th December 2013 VINCI Investments Limited sold its entire shareholding in V.B. Investments Limited, an investment company. The subsidiary undertakings of V.B. Investments Limited at the time of sale were as follows :

Subsidiary	V.B. Investments Limited Holding
WPA Support Services (Holdings) Limited	100% ordinary shares
DPASS (Holdings) Limited	100% ordinary shares

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

11. Investments (continued)

On 20th December 2013, prior to the sale by VINCI Investments Limited of its shareholding in the entity, V.B. Investments Limited sold its entire shareholding in the following subsidiary undertakings:

Derby School Solutions (Holdings) Limited
H & D Support Services (Holdings) Limited
Newport School Solutions (Holdings) Limited

VINCI Investments also committed to sell its interest in Sheffield LEP Limited on 18th December 2013.

The Group now holds a 25% interest in the ordinary shares of HTP LEP Limited, a joint venture which is involved in the design, build, finance and operation of a PFI project over a concession period of 26.8 years.

Summary of financial information - 100 per cent

	Assets £000	Liabilities £000	Equity £000	Revenue £000	Profit/(loss) £000
2013					
HTP LEP Limited	1,158	(1,153)	(4)	10,283	9
2014					
HTP LEP Limited	403	(372)	5	2,105	26

Under its associated undertakings, the Group's share of capital commitments that have been contracted for but not provided for in the accounts is £nil (2013 : £nil).

12. Other investments

	2014 £000	2013 £000
Loan	16,539	16,039
Equity securities	13	13
	16,552	16,052

The net movement during the year represents interest accruing on the subordinated loans.

These investments are accounted for at cost, as less than 20% of the shares were acquired and no significant influence or control exists.

The equity securities represent a 12.5% interest in the Tramlink Nottingham PFI project via Tramlink Nottingham (Holdings) Limited.

13. Inventories

	2014 £000	2013 £000
Raw materials and consumables	908	1,113

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

14. Trade and other receivables

	2014 £000	2013 £000
Trade receivables	117,577	118,967
Amounts recoverable on contracts	112,682	108,350
Due from parent and fellow subsidiary undertakings	29,576	23,479
Other receivables	20,290	12,366
Prepayments and accrued income	6,425	5,549
	286,550	268,711

At 31st December 2014, trade receivables for the group include retentions of £44,094,000 (2013: £40,489,000) relating to construction contracts.

Included within trade and other receivables is £26,641,000 (2013: £8,489,000) for the Group expected to be recovered in more than 12 months.

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

	2014 £000	2013 £000
At 1st January	-	1
Amounts provided/(released)	-	(1)
At 31st December	-	-

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

	2014 Corporate £000	2014 Public sector £000	2013 Corporate £000	2013 Public sector £000
Not overdue	290,138	7,740	255,648	8,601
Between 1 to 3 months past due	969	-	3,909	-
Between 3 and 6 months past due	634	-	433	-
More than 6 months past due	1,190	-	120	-
At 31st December	292,931	7,740	260,110	8,601

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

15. Cash and cash equivalent/bank overdrafts

	2014 £000	2013 £000
Cash and cash equivalents per balance sheet	337,588	249,816
Bank overdrafts	(138,935)	(107,455)
Cash and cash equivalents per cash flow statements	198,653	142,361

16. Trade and other payables

	2014 £000	2013 £000
Trade payables	70,201	61,374
Due to parent and fellow subsidiary undertakings	70,961	71,049
Other taxation and social security	1,810	153
Other payables	7,124	9,465
Accruals	279,286	242,897
Payments on account	100,714	80,238
	530,096	465,176

Trade payables at 31st December 2014 for the Group include retentions on construction contracts of £29,918,000 (2013: £32,877,000).

Included within trade and other payables is £8,541,000 (2013: £6,310,000) expected to be payable in more than 12 months.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Property, plant and equipment	-	-	961	788	961	788
Employee benefits	-	(20)	22	-	22	(20)
Other temporary differences	(2,454)	(2,557)	-	-	(2,454)	(2,557)
Share options	(55)	(116)	-	-	(55)	(116)
Tax (assets) / liabilities	(2,509)	(2,693)	983	788	(1,526)	(1,905)

The group also has tax losses of £159,514,000 as at 31st December 2014 (2013: £15,477,890) which have not been recognised as these may only be set against certain profits arising in specific subsidiaries in future accounting periods. Consequently the group has unrecognised deferred tax assets of £31,902,800 as at 31st December 2014 (2013: £3,095,578).

Movement in deferred tax during the prior year

	1 January 2013 £000	Acquisition through business combination £000	Recognised in income £000	Recognised in equity £000	31 December 2013 £000
Property, plant and equipment	698	(1)	91	-	788
Employee benefits	-	-	-	(20)	(20)
Other temporary differences	(96)	(138)	(2,323)	-	(2,557)
Share options	(11)	-	(357)	252	(116)
	591	(139)	(2,589)	232	(1,905)

Movement in deferred tax during the year

	1 January 2014 £000	Recognised in income £000	Recognised in equity £000	31 December 2014 £000
Property, plant and equipment	788	173	-	961
Employee benefits	(20)	-	42	22
Other temporary differences	(2,557)	103	-	(2,454)
Share options	(116)	(302)	363	(55)
	(1,905)	(26)	405	(1,526)

18. Employee benefits

Defined benefit pension scheme

The Group is a member of a larger group pension scheme, the VINCI Pension Scheme, providing benefits based on final pensionable pay. Members of the scheme are contracted out of the State Earnings Related Pension Scheme. Members joining before 1st April 2000 did so on a 'defined benefit' basis. Members entering the scheme from this date join on a 'money purchase' basis whereby contributions are invested on behalf of the member and an annuity is purchased from an insurance company on retirement. Because the Group is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by IAS 19 (R) the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 31st December 2013 and was updated for IAS 19(R) purposes to 2014 by a qualified independent actuary. It has been agreed that a contribution rate of 29 % of pensionable pay will apply in future years.

Additionally, 64 employees are members of the VINCI NHS Pension Scheme which commenced in December 2003. The Actuary's latest financial valuation has an effective date of 31st December 2012. This disclosed that the market value of the scheme's assets at that date was £4.5m and that the value of the assets was sufficient to cover 99% 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 29% of pensionable earnings.

The information disclosed below is in respect of the Group VINCI NHS Pension Scheme:

	2014 £000	2013 £000
Present value of partly funded defined benefits obligations	7,178	5,853
Fair value of plan assets	(6,836)	(5,434)
Net liability	342	419

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

18. Employee benefits (continued)

Group - VINCI NHS Pension Scheme

Movement in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefits liability	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Balance at 1 January	5,853	4,373	5,434	4,444	419	(71)
Included in profit or loss	657	686	-	-	657	686
Interest cost/(income)	272	208	248	210	24	(2)
Included in OCI	6,782	5,267	5,682	4,654	1,100	613
Remeasurements loss/(gain) :						
Actuarial (gain)/loss arising from						
- Changes in demographic assumptions	(238)	(244)	-	-	(238)	(244)
- Changes in financial assumptions	569	788	-	-	569	788
- Experience adjustment	94	38	-	-	94	38
Return on plan assets excluding interest income	-	-	634	103	(634)	(103)
	7,207	5,849	6,316	4,757	891	1,092
Other						
Contributions paid by the employer	-	-	549	673	(549)	(673)
Contributions paid by members	89	100	89	100	-	-
Benefits paid	(118)	(96)	(118)	(96)	-	-
Balance at 31 December	7,178	5,853	6,836	5,434	342	419

Actuarial gains and losses recognised directly in equity in the statement of comprehensive income since 1st January 2012, the date of transition to Adopted IFRSs :

	2014 £000	2013 £000
Cumulative amount at 1st January	(131)	348
Recognised in year	209	(479)
Cumulative amount at 31st December	78	(131)

Notes to the Consolidated Financial Statements (Continued)

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18. Employee benefits (continued)

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

	Group and Company 2014 Fair value £000	Group and Company 2014 Expected return %	Group and Company 2013 Fair value £000	Group and Company 2013 Expected return %
Equities	3,795	6.4	3,234	8.0
Diversified growth funds	371	6.4	351	8.0
Government debt	1,325	0.5	1,074	3.6
Corporate bonds	1,302	3.4	1,067	4.5
Cash	43	0.5	26	3.6
	6,836		5,752	
Actual return on plan assets	563		633	

The plan asset values are shown excluding the £nil (2013: £318,000) impact of the asset ceiling as per paragraph 64 of IAS 19(R).

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.

Actuarial assumptions

Principal actuarial assumptions (expressed as weighted averages):

	2014 %	2013 %
Discount rate - benefit obligations	4.0	4.4
Future salary increases	3.4	3.4
Inflation	3.4	2.6

Life expectancy (years)	31.12.14		31.12.13	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.9	25.2	23.1	26.3
Member age 45 (life expectancy at 65)	24.5	27.0	24.9	28.4

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

18. Employee benefits (continued)

	Group and Company 2014 £000	Group and Company 2013 £000	Group and Company 2012 £000	Group and Company 2011 £000	Group and Company 2010 £000
Present value of defined benefit obligation	7,178	5,853	4,373	3,357	2,525
Fair value of plan asset	(6,836)	(5,434)	(4,444)	(3,080)	(2,698)
Liability/(asset)	342	419	(71)	277	(173)

	Group and Company 2014		Group and Company 2013		Group and Company 2012		Group and Company 2011		Group and Company 2010	
	£000	%	£000	%	£000	%	£000	%	£000	%
Experience adjustments on plan liabilities	(94)	1	(38)	1	73	2	(86)	3	(122)	5
Experience adjustments on plan assets	303	4	423	8	410	9	(237)	8	39	1
	209		385		483		(323)		(83)	

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in the respective assumptions as follows:

		VNHSPS 2014 £m	VNHSPS 2013 £m
Discount rate	- 0.25% reduction	0.4	0.3
	- 0.25% increase	(0.4)	(0.3)
Inflation (RPI, CPI)	- 0.25% reduction	(0.4)	(0.3)
	- 0.25% increase	0.4	0.3

In valuing the liabilities of the pension fund at 31st December 2013, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31st December 2013 would have increased by £0.2m (2013: increase of £0.2m) before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

The Company expects to pay £585,000 in contributions to its VINCI NHS Pension Scheme in 2015. The weighted average duration of the defined benefit obligation at the end of the reporting period is 21.7 years.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

18. Employee benefits (continued)

Defined contribution plans

The total expense relating to defined contribution plans in the current year was £6,551,000 (2013: £6,780,000).

Share based payments

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

Date of Grant and number of employees entitled	Number of Instruments	Vested Conditions	Contractual life of options
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	vested	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.

	Weighted average exercise price 2014 (euros)	Number of options 2014	Weighted average exercise price 2013 (euros)	Number of options 2013
Outstanding at the beginning of period	37.00	61,964	37.33	99,619
Transfers out	(36.70)	(899)	(37.67)	(26,580)
Exercised during the period	(36.95)	(29,086)	(38.37)	(11,075)
Outstanding at the end of period	37.05	31,979	37.00	61,964

The weighted average share price at the date of exercise of share options exercised during 2014 was 48.4 euros (2013: 46.6 euros). The options outstanding at the year end have an exercise price in the range of 36.70 euros to 38.37 euros and a weighted average contractual life of 2.50 years.

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

	2014 £000	2013 £000
Equity settled share based payment expense	341	679

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

18. Employee benefits (continued)

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
Volatility (1)	34.22%	32.91%
Expected return on share	7.24%	8.01%
Risk-free interest rate (2)	1.59%	2.38%
Dividend growth rate hoped – for (3)	4.99%	4.21%
Fair value of the option (€)	4.43	5.64

(1) Volatility assumed using a multi-criteria approach based on the mean reversion 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

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

Date of grant	No. of Employees	No. of Shares
16th April 2013	26	23,374
12th April 2012	26	28,496
2nd May 2011	26	30,732
9th July 2010	28	24,780
15th September 2009	24	21,264
2nd January 2008	19	22,800
2nd January 2007	20	27,000

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.

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

	Fair value at grant date €	Fair value compared with share price at grant date %	Risk-free interest rate %
16th April 2013	35.47	80.56	0.11
12th April 2012	36.37	77.00	0.36
2nd May 2011	44.87	82.25	1.81
9th July 2010	35.44	79.85	0.97

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

18. Employee benefits (continued)

Castor International Savings Scheme

During 2014 and 2013 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;
- seven successive subscription periods between April and October 2014 for the 2014 scheme;
- seven successive subscription periods between April and October 2013 for the 2013 scheme;
- 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.

2014 Scheme :

Share Purchase Date	Share Price £	No. of employees	No. of Shares
15th May 2014	44.59	730	12,493
16th June 2014	45.50	618	5,898
15th July 2014	41.73	622	5,435
15th August 2014	39.00	604	4,885
16th September 2014	36.75	592	4,213
15th October 2014	35.00	568	4,628
17th November 2014	35.20	561	4,552

2013 Scheme :

Share Purchase Date	Share Price £	No. of employees	No. of Shares
15th May 2013	32.72	774	7,264
17th June 2013	34.09	674	2,889
15th July 2013	34.77	642	2,620
15th August 2013	36.30	648	2,559
16th September 2013	36.06	611	2,302
15th October 2013	39.83	580	2,191
15th November 2013	40.45	608	2,841

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 2012.

The total amounts recognised for the period arising from the Castor International Savings Scheme are as follows:

	2014 £000	2013 £000
Castor payment expense	1,063	859
Castor liability at year end	2,355	1,292

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

19. Reconciliation of movement in capital and reserves

Group	Share capital £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1st January 2013	12,487	121	61,331	73,939
Total recognised income and expense	-	132	4,816	4,948
Actuarial losses on defined benefit schemes	-	-	(479)	(479)
Taxes on actuarial losses on defined benefit schemes	-	-	20	20
Transfer of investment from parent company (note 11)	-	-	8,481	8,481
Equity settled transactions	-	-	1,537	1,537
Deferred tax recognised directly in equity	-	-	(252)	(252)
At 31st December 2013	12,487	253	75,454	88,194
At 1st January 2014	12,487	253	75,454	88,194
Share capital increase	201,500	-	-	201,500
Total recognised income and expense	-	(531)	(187,403)	(187,934)
Actuarial losses on defined benefit schemes	-	-	209	209
Taxes on actuarial losses on defined benefit schemes	-	-	(42)	(42)
Equity settled transactions	-	-	1,404	1,404
Deferred tax recognised directly in equity	-	-	(363)	(363)
At 31st December 2014	213,987	(278)	(110,741)	102,968

Share capital

On 22nd December 2014, the company increased its share capital by 201,500,000 £1 shares.

At 31st December 2014, the authorised, allotted, called up and fully paid share capital comprised 213,987,000 £1 ordinary shares (2013:12,487,000).

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

Translation reserve

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

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

20. Financial instruments

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

Fair values of financial instruments

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Fair values

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

	Carrying amount and fair value	
	2014	2013
	£000	£000
Cash and cash equivalents (note 15)	337,588	249,816
Trade and other receivables (note 14)	286,550	268,711
Total financial assets	624,138	518,527
Bank overdraft (note 15)	(138,935)	(107,455)
Trade and other payables (note 16)	(530,096)	(465,176)
Total financial liabilities	(669,031)	(572,631)
Net financial instruments	(44,893)	(54,104)

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

20. Financial instruments (continued)

Credit risk

Financial risk management

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date for the Group was £624,138,000 (2013: £518,527,000) being the total of the carrying amount of financial assets shown in the table above.

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

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

Liquidity risk

Financial risk management

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

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

The financial liabilities for the Group at 31st December 2014 comprise bank overdrafts/loans and trade and other payables.

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

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

Market risk

Financial risk management

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

Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on bank loans is on a fixed rate basis. At 31st December 2014 the Group had no bank loans (2013 : £nil).

Foreign currency risk

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

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

21. Capital commitments

The Group had no capital commitments at either 31st December 2014 or 31st December 2013.

22. Operating leases

Non-cancellable operating lease rentals are payable over the duration of leases expiring in:

	2014 £000	2013 £000
Land and Buildings		
- within 1 year	1,780	1,911
- between 2 and 5 years	4,026	3,599
- over 5 years	403	45
	6,209	5,555
Vehicles		
- within 1 year	4,296	4,579
- between 2 and 5 years	3,934	4,585
	8,230	9,164
Other leases		
- within 1 year	13	59
- between 2 and 5 years	-	8
	13	67
Total		
- within 1 year	6,089	6,549
- between 2 and 5 years	7,960	8,192
- over 5 years	403	45
	14,452	14,786

23. Contingent liabilities

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

Joint banking facilities available to the Company, its parent undertaking and certain fellow subsidiary undertakings are secured by cross guarantee. At 31st December 2014, the net Group borrowings were £nil (2013: £nil).

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2014

24. Related party transactions

Group

Identity of related parties

The Group has a related party relationship with its subsidiaries (see page 66) and fellow subsidiaries of the ultimate parent company, VINCI.

Transactions with key management personnel

There are no additional related party transactions with the directors (see note 6).

Other related party transactions

Associates and joint ventures

During the year ended 31st December 2014, associates and joint ventures purchased services from the Group in the amount of £nil (2013: £7.8m) and as at 31st December 2014 associates and joint ventures owed the Group £nil (2013: £nil). Transactions with associates and joint ventures are priced on an arm's length basis and are mainly for the provision of construction and facilities management services.

Companies under common control

During the year the Group purchased services from fellow subsidiaries of the ultimate parent company, VINCI for £25.0m (2013: £27.9m) and fellow subsidiaries purchased services from the Group in the amount of £1.2m (2013: £8.2m). Transactions with these companies are priced on an arm's length basis and are mainly for the provision of construction and central services such as fleet management. The Parent Company, VINCI Construction charged the Group £3.9m (2013: £4.2m) in royalties.

At 31st December 2014 fellow subsidiaries owed the Group £55.5m (2013: £26.4m) and the Group owed £71.0m (2013: £71.1m) to fellow subsidiaries.

25. Ultimate parent undertaking

The company is a subsidiary undertaking of VINCI PLC, incorporated in the United Kingdom.

At 31st December 2014 the ultimate parent undertaking was 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.

Company Statement of Financial Position

at 31st December 2014

	Notes	2014 £000	2013 £000
Non-current assets			
Intangible assets	4	164	175
Tangible assets	5	87	9
Investments in Group undertakings	6	93,448	93,448
Deferred tax asset	9	1,089	1,337
		94,788	94,969
Current assets			
Trade and other receivables	7	222,962	214,381
Cash and cash equivalents		121,071	47,420
Employee benefits		-	-
		344,033	261,801
Total assets		438,821	356,770
Current liabilities			
Trade and other payables	8	441,811	379,427
		441,811	379,427
Non-current liabilities			
Deferred tax liability	9	-	-
Employee benefits		342	419
Total liabilities		442,153	379,846
Net assets/ (liabilities)		(3,332)	(23,076)
Equity attributable to equity holders of the Parent			
Issued share capital	10	213,987	12,487
Retained earnings	11	(217,319)	(35,563)
Shareholders' funds/(deficit)		(3,332)	(23,076)

The financial statements were approved by the Board on 26th February 2015 and signed on its behalf by:

B Dupety (Director)
Company registered number:2295904

Notes to the Company Financial Statements

at 31st December 2014

1. 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, on the going concern basis and in accordance with UK GAAP.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. Although the Company is in a net liabilities position at 31st December 2014 its subsidiaries maintain net assets and considerable financial resources. The subsidiary companies would make dividend distribution payments to the Company if necessary.

A cashflow statement has not been prepared as permitted by FRS1 (revised) 'Cash Flow Statements'.

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 :-

Plant and machinery	-	from two to fifteen years
Computer systems and fixtures & fittings	-	from three to ten years

Impairment of fixed assets and goodwill

The carrying amounts of the Company'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.

Notes to the Company Financial Statements (Continued)

at 31st December 2014

1. Accounting Policies (continued)

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.

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 Company participates in the VINCI PLC pension scheme. The assets of the Scheme are held separately from those of the Company. The Company 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.

VINCI PLC also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company 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 cost 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 include 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.

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 'Deferred tax'.

Notes to the Company Financial Statements (Continued)

at 31st December 2014

1. Accounting Policies (continued)

Turnover

Turnover is the total amount receivable by the Company 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 Company 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).

2. Profit for the year

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year.

The auditor's remuneration for audit services to the Company was £204,000 (2013: £263,000).

No other services were provided by the auditor to the Company.

Notes to the Company Financial Statements (Continued)

at 31st December 2014

3. Employee benefits

i) Staff costs during the year amounted to :

	2014	2013
	£000	£000
Wages and salaries	110,234	121,815
Social security costs	11,327	12,511
Reorganisation and restructuring costs	1,404	3,109
Other pension costs (note (ii))		
- defined contribution	5,833	6,088
- defined benefits	1,208	1,389
Share based payments	1,338	1,430
	131,344	146,342

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

	2014	2013
	No.	No.
Management	88	91
Administration	1,024	1,043
Operations	2,033	2,105
	3,145	3,239

(ii) Other Pension Costs

Defined Contribution Pension Scheme

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

Defined Benefit Pension Scheme

The Company is a member of a larger group pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify the share of the scheme assets and liabilities on a consistent and reasonable basis; as permitted by FRS17 'Retirement Benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

Additionally, 76 employees are members of the VINCI NHS Pension Scheme (VNHSPS) which is disclosed in note 18 of the Notes to the Consolidated Financial Statements.

(iii) Directors' remuneration

Information relating to directors' emoluments and pension entitlements is disclosed in Note 6 to the Consolidated Financial Statements.

Notes to the Company Financial Statements (Continued)

at 31st December 2014

4. Intangible assets

	Brand name
	£000
Cost	
At 1st January 2014 and 31st December 2014	223
Amortisation	
At 1st January 2014	48
Provided	11
At 31st December 2014	59
Net book value At 31st December 2014	164
At 31st December 2013	175

Notes to the Company Financial Statements (Continued)

at 31st December 2014

5. Tangible assets

	Plant and machinery	Computer systems, fixtures and fittings	Total
	£000	£000	£000
Cost or valuation			
At 1st January 2013 and 31st December 2013	76	24	100
Cost or valuation			
At 1st January 2014	76	24	100
Additions	78	-	78
At 31st December 2014	154	24	178
Depreciation			
At 1st January 2013	67	19	86
Charged	-	5	5
At 31st December 2013	67	24	91
Depreciation			
at 1st January 2014	67	24	91
Charged	-	-	-
At 31st December 2014	67	24	91
Net Book Value			
At 31st December 2013	9	-	9
At 31st December 2014	87	-	87

Notes to the Company Financial Statements (Continued)

at 31st December 2014

6. Investments

Cost :	£000
At 1st January 2014 and 31st December 2014	100,887
Amounts written off : At 1st January 2014 and 31st December 2014	7,439
Net book value At 31st December 2013 and 31st December 2014	93,448

On 1st January 2013 the Group's parent company, VINCI PLC, transferred its investment in VINCI Investments Limited to VINCI Construction UK Limited, at its net book value.

The Company has invested in the following principal subsidiary and associated undertakings at 31st December 2014. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Name of Subsidiary	Proportion and class of shareholders	Principal activity
John Jones (Excavation) Limited	100% ordinary shares	Civil Engineering
VINCI Environment UK Limited	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
VINCI Investments Limited	100% ordinary shares	PFI

Notes to the Company Financial Statements (Continued)

at 31st December 2014

7. Trade receivables

	2014	2013
	£000	£000
Trade receivables	89,233	93,180
Amounts recoverable on contracts	91,701	96,696
Due from parent and fellow subsidiary undertakings	25,802	18,221
Corporation tax	5,847	-
Other receivables	4,857	2,207
Prepayments and accrued income	5,522	4,077
	222,962	214,381

8. Trade and other payables

	2014	2013
	£000	£000
Trade payables	58,558	52,764
Due to group undertakings	71,193	70,801
Tax and social security	654	614
Other payables	4,461	7,946
Accruals	237,053	204,611
Payments on account	69,892	42,691
	441,811	379,427

Notes to the Company Financial Statements (Continued)

at 31st December 2014

9. Deferred tax (asset)/liability

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Property, plant and equipment	-	-	1,259	1,087	1,259	1,087
Employee benefits	-	(20)	22	-	22	(20)
Other temporary differences	(90)	(63)	-	-	(90)	(63)
Share options	(21)	(41)	-	-	(21)	(41)
Losses	(2,259)	(2,300)	-	-	(2,259)	(2,300)
Total (assets)/liabilities	(2,370)	(2,424)	1,281	1,087	(1,089)	(1,337)

The Company also has tax losses of £159,514,000 as at 31st December 2014 (2013: £15,477,890) 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 £31,902,800 as at 31st December 2014 (2013: £3,095,578).

Movement in deferred tax during the prior year:

	1st January 2013	Recognised in income	Recognised in equity	31st December 2013
	£000	£000	£000	£000
Property, plant and equipment	1,117	(30)	-	1,087
Employee benefits	-	-	(20)	(20)
Other temporary differences	(64)	1	-	(63)
Share options	(6)	(332)	297	(41)
Losses	-	(2,300)	-	(2,300)
	1,047	(2,661)	277	(1,337)

Movement in deferred tax during the year:

	1st January 2014	Recognised in income	Recognised in equity	31st December 2014
	£000	£000	£000	£000
Property, plant and equipment	1,087	172	-	1,259
Employee benefits	(20)	-	42	22
Other temporary differences	(63)	(27)	-	(90)
Share options	(41)	(288)	308	(21)
Losses	(2,300)	41	-	(2,259)
	(1,337)	(102)	350	(1,089)

Notes to the Company Financial Statements (Continued)

at 31st December 2014

10. Share capital

Details of the share capital of the Company are included in note 19 to the Consolidated Financial Statements.

11. Capital and reserves

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1st January 2013	12,487	2,783	15,270
Total recognised income and expenses	-	(39,020)	(39,020)
Actuarial losses	-	(479)	(479)
Taxes on actuarial losses	-	20	20
Equity settled transactions	-	1,430	1,430
Deferred tax recognised directly in equity	-	(297)	(297)
At 31st December 2013	12,487	(35,563)	(23,076)
At 1st January 2014	12,487	(35,563)	(23,076)
Share capital increase	201,500	-	201,500
Total recognised income and expenses	-	(182,953)	(182,953)
Actuarial losses	-	209	209
Taxes on actuarial losses	-	(42)	(42)
Equity settled transactions	-	1,338	1,338
Deferred tax recognised directly in equity	-	(308)	(308)
At 31st December 2014	213,987	(217,319)	(3,322)

Notes to the Company Financial Statements (Continued)

at 31st December 2014

A list of significant investments in subsidiaries, jointly controlled entities and jointly controlled operations is given below. Except where otherwise shown all subsidiaries, jointly controlled entities and jointly controlled operations are incorporated in Great Britain. All holdings are of ordinary shares and, except where shown, all subsidiary undertakings are 100% owned and jointly controlled entities and jointly controlled operations are 50% owned.

Principal subsidiary undertakings jointly consolidated entities and jointly controlled operations at 31st December 2014

Construction
Taylor Woodrow Construction
John Jones (Excavation) Limited
Pel Interiors Limited

PFI
VINCI Investments Limited

International
Taylor Woodrow International Limited

Jointly controlled entities

Investments
*VSM Estates Limited
*VSM Estates (Uxbridge) Limited
*VINCI Environment UK Limited

Jointly controlled operations

Construction
The Taylor Woodrow Construction Alstom Transport Joint Venture
The BBMV Joint Venture (participation between 5% and 50% on various projects)
The Hochtief VINCI Joint Venture
The King's Cross Joint Venture
The M6 DFBO Joint Venture (33% participant)
The Taylor Woodrow Construction BAM Nuttall Joint Venture
The Channel Tunnel Rail Link (CTRL) Joint Venture
The A6 Clapham Bypass Joint Venture
The Integrated Health Projects Joint Venture

*100% of the group's interest is held by a subsidiary undertaking

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