2016
CONSOLIDATED ANNUAL REPORT

VINCI CONSTRUCTION | UK

CONTENTS

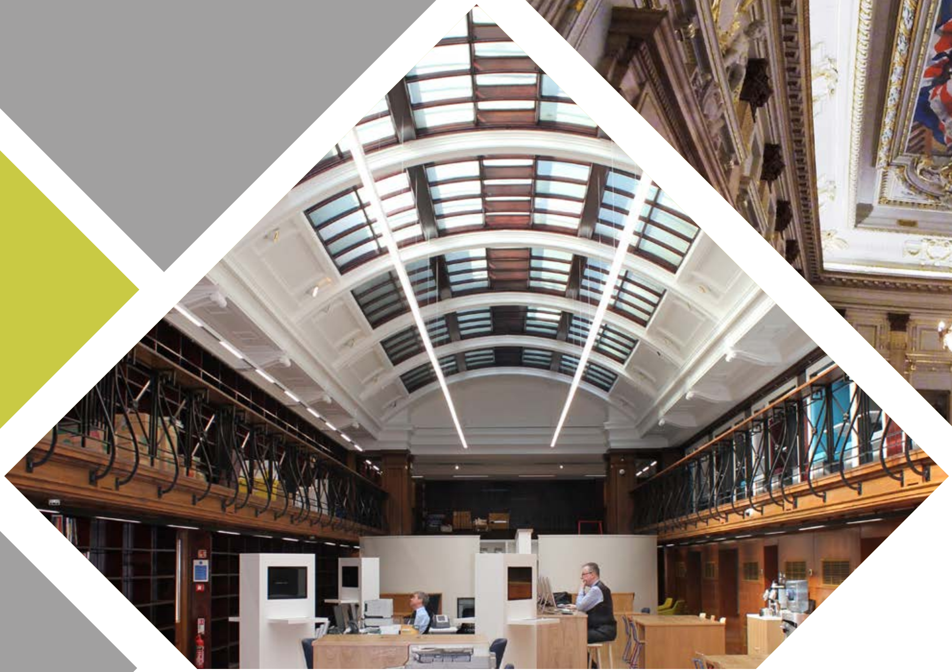
Battersea Place Retirement Village

COMPANY INFORMATION

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

REGISTERED NUMBER	AUDITORS	BANKERS
2295904	KPMG LLP	National Westminster Bank Plc
	15 Canada Square	PO Box 2DG
	London	208 Piccadilly
	E14 5GL	London
		W1A 2DG

GROUP PROFILE



Institution of Civil Engineers

BUILDING

VINCI Construction UK's Building division has a well-established presence in many regions in the UK: Widnes (North-West market), Wakefield (North-East), Cambourne (East-Anglia), London, Reigate (South West), Cardiff & Bristol (West and Wales). The Building division is active in all sectors, particularly industrial, health, education, retail and commercial. Its roots come from the century-old heritage of Norwest Holst, acquired by VINCI in 1991.

VINCI FACILITIES

VINCI Facilities in the UK operates two business lines; Facilities Management and Building Solutions.

Through VINCI Facilities, we provide soft and hard 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. The services are delivered through five customer focussed business units; two 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; 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.

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TAYLOR WOODROW INTERNATIONAL

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

VINCI UK DEVELOPMENTS

The company changed its name from VINCI Investments Limited to VINCI UK Developments Limited on 17th February 2016. It is pursuing development activities in the UK and managing PFI projects and companies for the VINCI PLC pension fund and for other external clients. The PFI market being presently very quiet in the UK, the company will shift its priority and focus on development opportunities with the help, mainly, of the Building division. In this activity it will still consider committing and leveraging funds to finance construction and maintenance projects whenever necessary.

BUSINESS MODEL

VINCI Construction UK's business model is based on operating across the value chain to meet a range of customer requirements: the company offers designed solutions using its skills in development, funding, design and build, maintenance testing and eventual decommissioning of projects.

Through the strong regional and national presence of our building and civil engineering operations, we pursue business opportunities, mainly across England, Wales and we also have a presence in the Middle-East.

Our jobs often involve complex project management and are supported by our Technology Centre, or by other VINCI companies providing high-end technical solutions. Also, through VINCI Facilities (our Facilities division), where contracts can sometimes extend over 30 years, we are able to take a long-term operational approach to certain projects.

This approach is combined with a decentralised divisional structure. This independence drives accountability and autonomy and maximises entrepreneurial activity.

Together, our approach across the contractor's value chain, our geographical network and the decentralised management model forms the backbone of our company ethos. They are essential to enabling VINCI Construction UK to create value, minimise risk and achieve sustainable business success.

BUSINESS RISKS

Swansea Science and Innovation Campus

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.

PERFORMANCE RISK

Delivering the works we are committed to in our contracts on time, with the necessary level of quality, productivity and safety is the core of our general contractor activity. The Group performs and controls these tasks through a decentralised organisation that empowers key managers at different levels incentivised on projects and by implementing a number of key processes to support the construction site production: design, preparation, installation, programme, procurement and supply chain management and control, updated budget, monthly accounts, quality and financial control.

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.

OTHER KEY INITIATIVES

VINCI INNOVATION AWARDS

123 Build on Knowledge

SUPPLY CHAIN MANAGEMENT

VINCI Construction UK engages with a fully compliant and diverse supply chain and has strategic partnerships with a number of large national suppliers. It supports local economies by engaging with local suppliers and SMEs. We are fully aware and embrace our responsibilities to support the local economy and our duty to create jobs and improve people's lives.

VINCI Construction UK is committed to continuous improvement, to capturing innovation and to sustainable development. Our supply chain strategy is designed to encourage openness, trust and collaboration and we have created set processes and guidelines to ensure that these aspirations underpin the way we work.

Our supply chain partners are supported in their training and development and have access to VINCI Academy e-learning modules. VINCI Construction UK is also a partner to the Supply Chain Sustainability School, which provides free training and resource for suppliers to assess and improve their knowledge of sustainability.

VINCI Construction UK prides itself on a strong partnership culture. A skilled supply chain that feels integral to our business is most capable of helping us to deliver outstanding quality projects on time and within budget.

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.

123 BUILD ON KNOWLEDGE

In order to improve operational and financial performances the Group has launched an enterprise initiative focused on the basics of our business and of our Group: quality and accuracy in project strategy and delivery, improvement of the productivity of our construction sites and focus on profit. The 123 Build on Knowledge is now embedded in all operational and support divisions of the company through action plans focusing on site planning tools (Orchestra) and quality of site preparation, project managers training, increase of our engineering capacities and capabilities, decentralisation and incentive of key site managers, cost savings, productivity and efficiency initiatives across the entire company. The plan was launched in 2015 and has started to produce the expected benefits and rewards in 2016, and it will continue going forward.

DIVISIONAL PERFORMANCE & OUTLOOK

Spire Healthcare, West Didsbury, Manchester

BUILDING

Turnover in the Building division in the UK for the period amounted to £407m compared with £374m last year, an increase of 9% as a consequence of a significant workload increase at the end of last year.

The Building division showed in 2016 an operating profit of £6.6m, and increased its cash in the year to around £60m. The level of staff resource has remained static at around 500 throughout the year.

Aggregated with the building contracts in the International division the total building sector (reported on page 27) turned over £417m and delivered an operating profit of £6.6m.

We delivered a number of large projects across a range of sectors:

Air:

- Pier 1 South Terminal at Gatwick Airport, a £100m landmark turnkey contract to provide a five stand pier with airfield pavement and baggage handling system. Final accounts were reached with the client in 2016 and are being pursued with the supply chain.

Commercial:

- Exeter Road, a £30m cinema and leisure development.

Education:

- 10 West at Bath University to provide a £20m Psychology Department Building.

Health:

- Townlands, an 18 bed community hospital with a separate 64 bed care home and Spire Healthcare Didsbury, a £36m private health hospital with full services are nearing completion.

Industrial:

- Sizewell Drystore for EDF, a building with a very technical concrete solution and various buildings for JLR, one of them representing 20% of 2016 production.

Retirement:

- luxury village at Battersea Place in London.

Student Accommodation:

- Mitchams Corner (212 bed) and Liberty Point (502 bed).

2016 also witnessed the start of significant projects:

Commercial:

- Enabling works under a preconstruction service agreement (PCSA) for a large scheme at Granta Park.

Commercial:

- Restructuring contract for New Covent Garden Market, a seven-year scheme to provide 46,451m^2 of trading and distribution spaces.
- Education: Eastbourne College, design and build of a teaching, sports and catering block.

Health:

- Chase Farm, a £150m London hospital in JV with SRM, which will be one of our major 2017 production sites.

Health:

- Royal Liverpool University Hospital, design and build to provide biology and chemistry laboratory.

Leisure:

- Buxton Crescent, Grade I listed refurbishment to create a 79 room 5-star hotel.

Student Accommodation:

- Swansea (538 bed), Howard Gardens (686 bed), and Capital Quarter (544 bed).

Final accounts were reached with various clients and supply chain on some older projects and in particular on the large BNP project in London.

The majority of the regions of the Building division have performed well in gaining and winning opportunities. Awards in 2016 started exceptionally strong in London and the South East, with more opportunities than the wmarket could cope with. Then uncertainty generated by Brexit, cost of land and cost of construction cooled down the London market significantly in the third quarter. The pipeline of projects has been strong in the North West and in the Midlands. We are now preferred bidder on over £500m work and our winning ratio has significantly improved.

DIVISIONAL PERFORMANCE & OUTLOOK

The outlook Post-Brexit is still unclear. However, the likelihood is that the Government will increase public spending on Infrastructure, Health, Education and Prisons. In all of these markets our Building division is well placed. We are on the Department of Health, Ministry of Justice and other public frameworks that will allow us to win these potential opportunities. In the private sector the pipeline in student accommodation jobs, fostered by the outsourcing of these projects by Universities, is quite strong.

In 2017 we will be building on our 123 Strategy to aim for a stronger level of profit which can be achieved only with projects delivered on time with the level of quality expected by our clients. We will be helped in achieving this target by the clearing of legacy projects which have almost all come to an end and by our improved staff morale, as evidenced by the 3% increase in the engagement score of our yearly survey and reduced staff turnover.

TAYLOR WOODROW (CIVIL ENGINEERING DIVISION)

Civil engineering turnover in the UK has increased from £253m in 2015 to £269m in 2016, on a like-for-like basis.

During 2016, excluding the legacy contract of the Nottingham Tramway handed over in 2015, Taylor Woodrow has returned to performing profitably with a net margin of £2.0m, 0.9%.

The profitability during 2016 is a significant improvement from the end of 2015 when we had 15 projects operating with seven being loss making. As we close 2016, two live projects predict a net loss at their completion.

Aggregated with the contracts in the International division and the Nottingham Tram contract, the total civil segment (reported on page 27) turned over £272m and delivered an operating loss of £12.7m.

The status of the live projects operating during 2016 is as follows:

Energy:

- Bradwell: the project has been completed and the final account agreed.
- Cornwall: the civils work is now complete with the commissioning of the turbines by our joint-venture to run in the first quarter of 2017.
- Allerton: the progress on the project has followed the project plan in 2016 and progress is nearing 80%. The civils scope of the work will be delivered in 2017.

London:

- Tottenham Court Road Station has opened at the end of 2016 with final snagging and certification running into mid-2017.
- Victoria Station has opened the North Ticket Hall at the end of 2016 and will open the Southern in 2017. The project has completed a supplementary agreement in late 2016.
- Croxley: the design work continues and will complete in early 2017. This project has not progressed to construction due to budget constraints with the client however it remains identified within the national pipeline.

Rail:

- Whitechapel is a project that has to cope with a significant change in scope. Having completed a supplementary agreement in late 2015, the volume of change leads to a completion now expected in 2018.
- Crossrail West has signed the Heads of Terms for a supplementary agreement following the large changes in scope. The station work removed from the scope is under discussion with the client.
- Old Oak Common is progressing and will continue throughout 2017.
- Filton Bank has been affected by client's budget constraints. The programme of the scope to be delivered is now better defined and the project is working towards a significant milestone in 2018.
- Victoria Dock Portal has completed the site construction and now enters a two year Care and Maintenance period.

Roads:

- Bexhill to Hastings road has opened during 2016 and we have started the five year maintenance period. Discussions are being held with the client to agree a final account.
- Of the three Smart Motorway projects the M5 project has started construction with a number of scope increases. The M4 project has received government backing however the future of the M6 project is less concrete.
- The public enquiry for the M4 Corridor Around Newport has been delayed until February 2017. There is good government support for the project, and it has its own line in the Welsh Government budget, however it continues to be very much in the public eye due to its comparative size to the Welsh economy.

DIVISIONAL PERFORMANCE & OUTLOOK

Tottenham Court Road Station

FUTURE WORKLOAD

During 2016 Taylor Woodrow has secured new orders mainly through the increase in the value of existing contracts generated by scope changes and client variations.

Going forward we are aiming to secure turnover in addition to the next two smart motorway projects (£170m), the M4 CAN (£250m), The Civils and Tunnelling Framework and the M20 Junction 10 (£40m) which have been awarded to us recently and will be performed in 2018.

During 2016 much of our tendering activity has focused on HS2. We bid for two Early Works projects and 4 Main Civil works contracts, a total of £4.6bn of work. The stations will be bid in 2018.

During 2017 we will be busier submitting bids than we were during 2015 and 2016 and many of the projects have already been identified in particular in the rail depots where we plan to build upon our references at Ealing Common and Upminster as well as Old Oak Common.

The Highways market needs to produce more enquiries to meet the quantity of projects planned to be delivered within Collaborative Delivery Framework (CDF) and planned for the next framework from 2018 onwards. We have expanded our highways team in anticipation of this workload. The recent award of the M20 will be the first project Taylor Woodrow has undertaken by itself for Highways England.

Our tendering in London will be driven by the new Mayor's priorities and these include Step Free Access to the tube stations, where we have good references. We are also bidding for an extension to City Airport-a marine deck and also expect some works to come from Civils and Tunnelling Framework which we are part of.

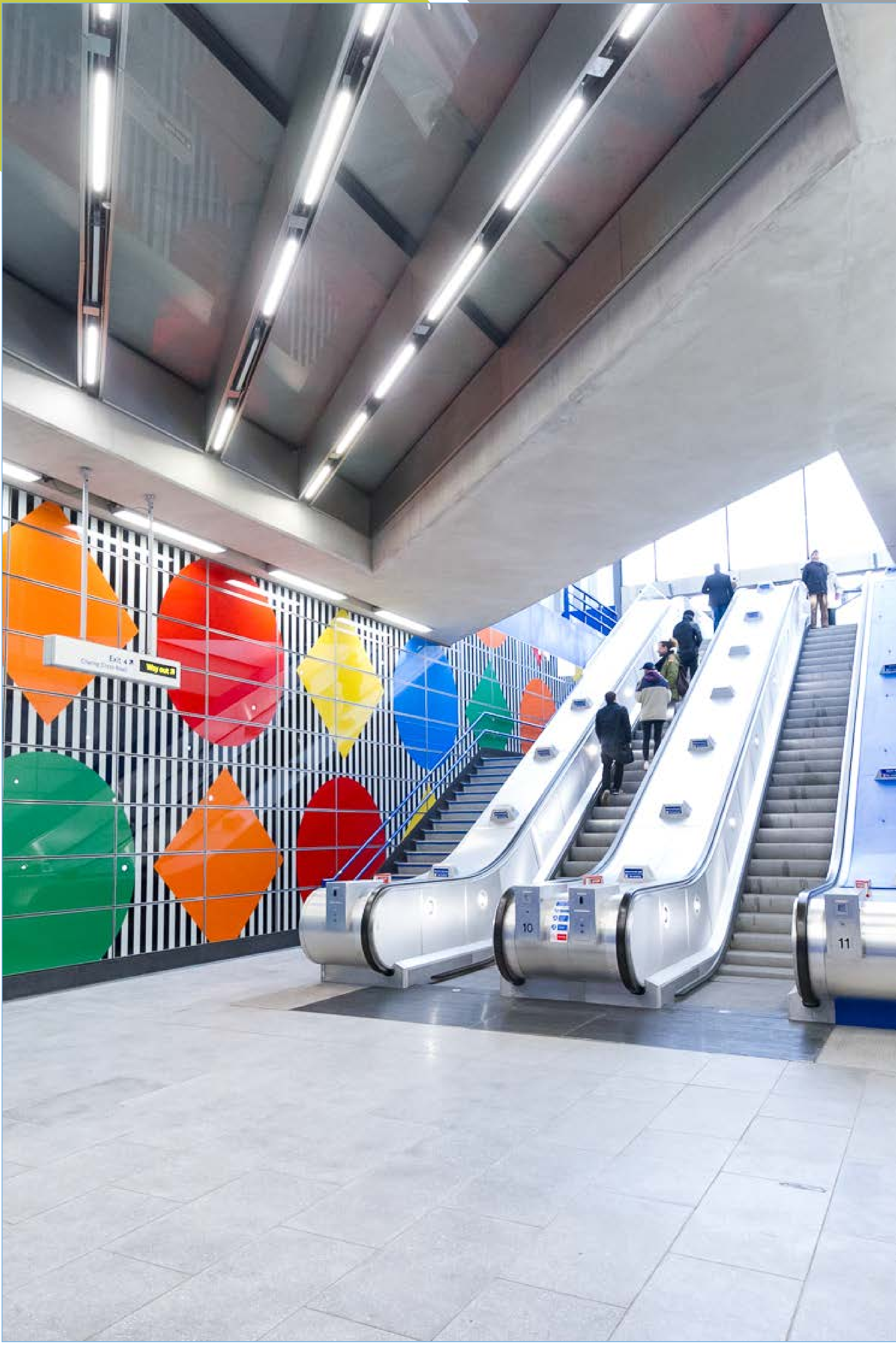
COMPANY STRUCTURE AND BUSINESS FOCUS

We have now reshaped our Engineering team within Taylor Woodrow, who previously carried out temporary works, and added responsibilities for Technical Expertise, Engineering Management, Permanent works design along with site planning and productivity. The Building Information Modelling (BIM) team is included in this new Engineering department and has been enlarged now that every project is using BIM to some extent. The ambition of this team is to provide central support for construction techniques during tendering and execution, central appointment and coordination of our consulting engineers and a team of people able to challenge the designs produced by our consultants.

This Engineering led approach to the way we work was a significant element in the 2016 123 Plan. The yearly survey has recently shown the employee engagement to have reached 85% compared to 78% in 2015.

People are proud to work in a technical and profitable environment and this is evidenced by the halving of our churn to 11% over the last 12 months.

Thanks to strong technical abilities, a clear strategic plan dedicated to quality and the engagement of our people in a market that will be underpinned by public commitment to infrastructure, we are confident that we will improve the quality of our projects for the well-being of our clients and of the company.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DIVISIONAL PERFORMANCE & OUTLOOK

Olympic Park

The Royal Parks

FACILITIES

VINCI Facilities in the UK in 2016 had a turnover of £235m, the same as our 2015 turnover and employs over 2,200 people.

Operating profit rose from 0.5% in 2015 to 1.4% in 2016, and our cash balance increased from £39.4m on 31st December 2015 to £50m on 31st December 2016.

Our FM market has been resilient in 2016, with an increasing number of opportunities being brought to tender in our chosen sectors. Margins continue to be tight, although we have been more successful in winning new work in 2016 than in previous years.

Our Building Solutions operations operate regionally and we have seen different trends in different regions. In the South East we have seen increased levels of opportunity, however the competition remains intense. In the Midlands, South Wales and the North West we continue to see weak pipelines of work. However we were able to manage the business in satisfactory conditions thanks to the quality of our work and of our teams. In the East, our work was entirely for the United States Air Force (USAF) and on retender of an expanded scope of work we were unsuccessful in retaining this contract.

2016 has seen a number of achievements and successes in VINCI Facilities. We have secured new work with a number of new and existing clients. New FM contracts have been secured with Debenhams, Science & Technology Facilities Council, Office for National Statistics, The Royal Parks, Five District Councils and the Welsh Government. With Peabody Homes we have increased our activity to £19m this year and have had a strong turnover on the US Air Force contract. We have entered our 12th year with Sandwell Homes and our 11th year with Dixons Carphone. The new contracts with The Royal Parks and the Welsh Government provide the opportunity to extend these relationships for a further ten and eight years respectively. We have delivered more work for the Ministry of Justice in 2016 than in previous years and have extended our relationships with BT, the Royal Mail and the Metropolitan Police. We undertook a number of high profile refurbishments in 2016 and the successful completion of the fastrack Institution of Civil Engineers HQ showcased our full capability.

In 2016 we have continued to develop and roll-out our LEAN Management Framework, which provides us with the tools to engage strategically with our clients, listen to our teams' innovative ideas and deliver process improvement to remove waste. These help ensure we deliver our Mission and Vision.

In October we won the BIFM Societal Impact Award for our "Reading from the Start" programme, and in November were ranked 2nd in the FM Sustainable Index. This index ranked us against 26 of our competitors, and is an independent assessment of our business model and approach to delivering a sustainable business that adds value to its shareholders and other stakeholders.

We achieved the Investors in People Silver Accreditation for the first time, providing an external benchmark of our approach to harnessing the talent of our principal asset, our people, and also achieved our Leaders in Diversity accreditation, another significant foundation to our people strategy, ensuring we are positioned culturally to recruit and retain the best talent.

Going forward in 2017 VINCI Facilities will pursue six strategies that remain consistent with its 2016 strategies. These are focussed on our Customers, our People, our Subcontractors, our Service Delivery, our HS&E performance and winning and retaining profitable work. The business model ensures we have action plans that support our six strategies. Our Marketing Strategy will support the target sectors in each of the Business Units, seeking to exploit the more profitable sectors we operate in. We will continue to exploit opportunities on key frameworks, particularly through the Crown Commercial Services framework and Ministry of Justice frameworks and through our long term relationships with clients such as Peabody Homes, Dixons Carphone, The Royal Parks, Welsh Government and Sandwell Homes.

Through 2017 we will work to increase the stability of our private sector focussed FM business and our Building Solutions business based in the Midlands. In the East, we are seeking to establish a new Building Solutions business based on the resources previously dedicated to the USAF contract.

DIVISIONAL PERFORMANCE & OUTLOOK

Station Mock Up at Technology Centre


New Covent Garden Market

Beyond 2017, we are aiming at modernising our approach and IT infrastructure to ensure we are positioned to take advantage of the challenges posed by the accelerating digital revolution.

TECHNOLOGY CENTRE

In 2016 VINCI Technology traded £6.4m and reported an operating profit of £0.4m. The organisation has improved in quality, the churn has reduced, the customer satisfaction is high (average feedback scores 95%); the workload is high and there are quite a number of opportunities, all of these being positive signs for the year to come.

INTERNATIONAL

The international division contributed £13m of turnover in 2016 compared with £48m in 2015, of which £3m is recognised in Civils (from work in Saudi Arabia) and £10m in Building (£5m in Oman and £5m in Abu Dhabi) in the divisional section reporting.

In Abu Dhabi we have pursued the design and build of the Al-Bateen Gate, boundary wall and associated infrastructure works and extended existing facilities at ADAC Terminals 2 and 3.

In Oman we successfully completed a £17m project of PDO executive villas and associated infrastructure works at Al Hamrah, Muscat.

In Saudi Arabia we handed over the £133m Briman Reservoirs project (being undertaken in Joint Venture with Al Muhaidib Contracting) for National Water Company (NWC) which has expressed great satisfaction in the quality and timely delivery of the project. We are also pursuing our technical offer by way of Project Management to Al Bawani Construction of Riyadh for their projects with BAE Systems

VINCI UK DEVELOPMENTS

VINCI St Modwen (VSM), the 50/50 joint venture between St. Modwen Properties PLC and VINCI, has progressed 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 square feet 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 square feet of office space and 100,000 square feet of retail, leisure and new community facilities, including shops, cafés and restaurants. In 2016 the major milestone of the construction of the Interim Flower Market was significantly progressed for physical completion achieved in January 2017.

The development of ex-Ministry of Defence sites at Uxbridge and Mill Hill has been pursued as planned.

INTERNAL OPERATIONS

Bath University, 10 West Psychology Building

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

The VINCI Construction UK lost-time incident rate was maintained at a low level of 0.41 at the end of 2016 (0.42 in 2015), representing 85 incidents with lost time over one day in the past 12 months. However, the AFR with lost time over 7 days increased significantly in 2016 from 2015 to 0.15 (34 incidents). All three divisions unfortunately contributed to this disappointing trend which was predominantly caused by slips and falls on sites. As a result, a strong action plan has been launched with senior executive visits scheduled on sites to have sites focus on back to basics.

The main environmental impacts resulting from VINCI Construction UK's operations relate to waste generation, energy consumption and the use of natural resources. In 2016, the normalised construction waste generation for the Group was 36.7 tonnes/£1m turnover. Our 2017 target is to reduce construction waste by 5%. The energy profile includes significant consumption of diesel and red diesel as well as electricity. Following ESOS, the implementation of a company-wide energy management strategy is targeting financial savings by 2017 through reduced consumption in these areas. There will be associated benefits of the strategy by reducing carbon emissions. With the publication of ISO 20400 in 2017, VINCI Construction UK will be looking more closely at sustainable procurement practices and implementing measures to reduce the impact of its purchasing activity on natural resources.

PEOPLE

Voluntary turnover has reduced during the year and we are on track to end 2016 with 12.5% voluntary turnover. The current level of employee sickness is 2.37 days, per employee. This compares very favourably against market averages of 6.3 days per employee, per year (Source: Chartered Institute of Personnel and Development 2016 Absence Report).

We have had our busiest year yet with TUPE transfers within VINCI Facilities and have managed the incoming transfers of 230 employees and the outgoing transfers of 144 employees. The total headcount has increased from 3,365 to 3,545 in the period.

The employee engagement survey for 2016 has been completed and the overall Group result was 81%, an increase from 77% in 2015 and, encouragingly, the response rate increased from 58% in 2015 to 73% in 2016, an increase of 15 points.

We launched the UK version of the Project Management + (PM+) training programme through VINCI Academy in March 2016 and the programme has been run continuously throughout the year and there are programme dates booked for 2017 to ensure that all relevant employees are booked on to attend. In addition to the main programme, which is six days in duration, there have been Leadership programmes delivered so that the senior teams are able to fully support the implementation of the learning on the projects.

The Technical Apprenticeship Training Programme is now in its third year and we have welcomed another 15 apprentices into the business. In total, we have 77 apprentices in place across the business and we have seen the first group of technical apprentices, recruited in 2014, successfully complete their level three programme with distinctions and merits and they are now progressing to the level 5 courses. There was some initial reluctance from the operational teams to have this volume of apprentices but we are now seeing a much more positive approach and the project teams are keen to increase the number of apprentices they take each year.

We have been working with the Duke of Edinburgh Awards (DofE) since 2010 and we have now completed three DofE Business Gold Award programmes and 52 employees have completed their Gold Award.

Taylor Woodrow currently have 86 graduates on the rotation programme. Building division currently have nine graduates and have this year launched their rotation programme and VINCI Facilities currently have one graduate carrying out a number of placements across the division and have plans to increase their numbers going forward.

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.

Duke of Edinburgh Awards

COMMUNITY INVOLVEMENT

The Stand Out Make a Difference programme remains in place across the business and we have seen a further increase in participation during 2016. The programme was launched in 2011 and enables all of our employees to take one day per year to get involved with an event or activity that benefits the community. The number of employees that carried out a SOMAD day in 2011 was 57 and in 2016 we have seen 215 employees get involved.

There is still more to do and we continue to maintain our unique charitable relationships with the Duke of Edinburgh Awards, The Princes Trust and The Construction Youth Trust.

INVESTORS IN DIVERSITY

We continue to work to promote the Construction and Facilities industry to a wider audience and, having achieved the Investors in Diversity accreditation in 2013 and reaccreditation in 2015, we have this year embarked on our journey to achieve the Leaders in Diversity accreditation, the success of which was confirmed at the end of the year.

In early 2016 our Management Committee decided we would work towards Leaders in Diversity (LID), using the National Centre for Diversity's (NCFD) framework to inform our strategy and action plans. The key to success was gathering the right people we needed for the project team and being clear that we wanted to shift from basic knowledge to understanding and behavioural change.

Our leaders came together in February 2016 to agree what EDI meant to us as a business. Each leader committed to driving change within their sector, and create a focus group to take our EDI strategy forwards. The focus group formulated our EDI action plan with a clear line of dissemination through all tiers of management and team members, supported by the production of a best practice booklet and briefing note.

E-LEARNING

We have decided to mandate four E-learning Modules during the year, namely, Fraud Awareness, Data Protection, Staying Safe within the Bribery Act and Respect. The first three modules have been designed and implemented to enable us to educate the workforce about the ever increasing and sophisticated manner in which the business and individuals can be seen as targets by criminals. The three modules are packaged up into a 'Staying Safe within the Business' section. These modules will be completed by all new employees and will be re-taken by existing employees on a three-yearly basis.

MODERN SLAVERY AND HUMAN TRAFFICKING

Equally, the introduction of the Modern Slavery and Human Trafficking legislation requires a full review of the working policies we have within the business. People aspects are clearly a key part of the legislation and we have commenced work during 2016 to ensure we are in a strong position to be able to demonstrate the best practice behaviours that we work to within the business. This has included the launch of the VINCI Recruitment Guide, which has been rolled out to the business with training workshops to ensure that recruiting managers are aware of the Company process in respect of recruitment but that they are also able to spot potential cases of Modern Slavery and Human Trafficking.

SUPPLY CHAIN

A total number of 4,109 trading partners has been recorded by our supply chain, 75% of it being formed by SME. The number of trading partners has increased by 107 in 2016. A proper management and control of our supply chain, from prequalification to delivery, is a key aspect of our activity. Trading partners are retained following Construction Line and/ or SSIP accreditation and performance of the supply chain is closely monitored across the whole business.

By Order of the Board

Bruno Dupety,
Chairman, VINCI PLC
Date: 27th Feb 2017

DIRECTORS' REPORT

Allerton Waste Recovery Park

Directors'

The directors submit their report to the members, together with the audited financial statements for the year ended 31st December 2016..

Results and dividends

The profit after taxation for the financial year as shown in the consolidated profit and loss account on page 16 amounted to £9,416,000 (2015: loss of £66,078,000).

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

Directors

The present directors of the Company, all of whom served throughout the year, are set out on the company imformation page and repeated below. The directors are as follows:

B M Dupety

J-P Bonnet

C C Brennan

J P Gatward

C M Hamer

A K Raikes

G Stanley - resigned 16/01/2016

Going concern

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

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

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 27th February 2017 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

Crossrail

Bangor University Student Accommodation

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements 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 law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 (*Reduced Disclosure Framework*).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 IFRSs, as 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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

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

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 2015 set out on pages 16 to 62. 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), including FRS101 (Reduced Disclosure Framework).

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 14, 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 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 2016 and of the Group's profit 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 and;
- the financial statements 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 statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and Directors' Report:

- we have not identified material misstatements in these Reports; and
- in our opinion, those Reports have been prepared in accordance with the Companies Act 2006.

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.

W. Meredith

William Meredith
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
27th February 2017

Consolidated Income Statement

For the year ended 31st December 2016

	Notes	2016	2015
		£000	£000
Revenue	2	931,666	918,154
Cost of sales		(878,886)	(941,276)
Gross Profit/(loss)		52,780	(23,122)
Administrative expenses	2,3,5	(55,458)	(53,284)
Other operating income	4	9,482	9,076
Share of profit/(losses) of entities using the equity accounting method	11	943	(612)
Operating profit/(loss) before net financing income	2	7,747	(67,942)
Investment impairment	9	(5,400)	-
Financial income	7	1,238	511
Financial expenses	7	(736)	(202)
Net financing income		502	309
Profit/(loss) before taxation		2,849	(67,633)
Taxation	8	6,567	1,555
Profit/(loss) from continuing operations	18	9,416	(66,078)

The notes on pages 20 to 51 form part of the financial statements.

Consolidated Statement of Comprehensive Income and Statement of Changes in Equity

for the year ended 31st December 2016

Consolidated Statement of Comprehensive Income	2016	2015
	£000	£000
Profit/(loss) for the year	9,416	(66,078)
Items that may be reclassified subsequently to the income statement:		
Foreign exchange translation differences	(1,687)	(416)
Items that will never be reclassified subsequently to the income statement:		
Actuarial (losses)/gains on defined benefit schemes	(1,588)	450
Taxes on actuarial (losses)/gains on defined benefit scheme	382	(78)
Other comprehensive expense for the year	(2,893)	(44)
Total comprehensive income/(expense)	6,523	(66,122)

Statement of Changes in Equity	Share capital	Translation reserve	Retained earnings	Total equity
Group	£000	£000	£000	£000
At 1st January 2015	213,987	(278)	(110,741)	102,968
Share capital increase	50,000	-	-	50,000
Total comprehensive expense for the period:				
Loss for the year	-	-	(66,078)	(66,078)
Other comprehensive (expense)/income	-	(416)	372	(44)
Transactions with owners recorded directly in equity:				
Equity settled transactions	-	-	753	753
Deferred tax recognised directly in equity	-	-	(132)	(132)
Negative goodwill following the acquisition of subsidiaries under common control	-	-	692	692
At 31st December 2015	263,987	(694)	(175,134)	88,159
At 1st January 2016	263,987	(694)	(175,134)	88,159
Total comprehensive expense for the period:				
Profit for the year	-	-	9,416	9,416
Other comprehensive expense	-	(1,687)	(1,206)	(2,893)
Transactions with owners recorded directly in equity:	-	-		
Equity settled transactions	-	-	988	988
Deferred tax recognised directly in equity	-	-	(192)	(192)
At 31st December 2016	263,987	(2,381)	(166,128)	95,478

These notes on pages 20 to 51 form part of the financial statements.

Consolidated Statement of Financial Position

for the year ended 31st December 2016

	Notes	2016 £000	2015 £000
Non-current assets			
Intangible assets	9	93,572	93,572
Property, plant and equipment	10	122	312
Investments in jointly controlled entities accounted for using the equity method	11	61,033	37,190
Investments in associates accounted for using the equity method	11	-	588
Other investments	12	5,494	15,027
Deferred tax asset	16	2,455	-
		162,676	146,689
Current assets			
Inventories	13	5	340
Trade and other receivables	14	309,080	311,635
Tax receivable		3,898	8,925
Cash and cash equivalents		84,090	92,244
		397,073	413,144
Total assets		559,749	559,833
Current liabilities			
Trade and other payables	15	397,103	470,951
		397,103	470,951
Non-current liabilities			
Deferred tax liability	16	-	696
Employee benefits	17	1,661	27
Due to parent		65,507	-
		67,168	723
Total liabilities		464,271	471,674
Net assets		95,478	88,159
Equity attributable to equity holders of the parent			
Issued share capital	18	263,987	263,987
Translation reserve	18	(2,381)	(694)
Retained losses	18	(166,128)	(175,134)
Total equity		95,478	88,159

The financial statements were approved by the Board on 27th Febuary 2017 and signed on its behalf by:

B Dupety (Director)
Company Registered Number 2295904

These notes on pages 20 to 51 form part of the financial statements.

Cash flow Statements

for the year ended 31st December 2016

	Notes	2016 £000	Restated* 2015 £000
Cash flows from operating activities			
Profit/(loss) for the year		9,416	(66,078)
Adjustments for:			
Depreciation, amortisation and impairment		5,719	1,095
Financial income		(1,238)	(511)
Financial expense		736	202
Sale of associates		(493)	-
Share of Profits/(losses) in jointly controlled entities and associates		(943)	612
Equity settled share-based payment expenses		988	753
Taxation		(6,567)	(1,555)
Operating cash flows before movements in working capital and provisions		7,618	(65,482)
Increase in trade and other receivables		2,555	31,096
Decrease in stock		335	568
Decrease in trade and other payables		(8,341)	(65,586)
Increase in employee benefits		45	119
Cash generated from operations		2,212	(99,285)
Interest paid		(735)	(186)
Tax received		8,633	352
Net cash from operating activities		10,110	(99,119)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	31
Interest received		1,238	511
Dividends received		135	-
Inflow from sale of investment		1,081	-
Acquisition of property, plant and equipment		(100)	(18)
Subordinated loan to associate entities and investments		(29,371)	(8,452)
Acquisition of subsidiaries net of cash acquired		-	1,087
Net cash from investing activities		(27,017)	(6,841)
Cash flows from financing activities			
Repayments of loans to equity accounted investees		10,469	
Net cash from financing activities		10,469	-
Effect of exchange rate fluctuations on cash held		(1,716)	(449)
Net decrease in cash and cash equivalents		(8,154)	(106,409)
Cash and cash equivalents at 1 January		92,244	198,653
Cash and cash equivalents at 31 December		84,090	92,244

These notes on pages 20 to 51 form part of the financial statements.

Notes to the Consolidated Financial Statements

at 31st December 2016

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 Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS101"). These are presented on pages 52 to 62.

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

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 to fund the losses 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 2016. There were no new standards or amendments that were mandatory for the first time for the financial year beginning 1st January 2016 that have had an impact on the Group or Company financial statements.

The following new standards have been issued but are not effective at 31st December 2016 and have not been early adopted by the Group in these financial statements:

IFRS9 Financial Instruments (effective for periods starting after 1st January 2018)

IFRS15 Revenue from Contracts with Customers (effective for periods starting after 1st January 2018)

IFRS16 Leases (effective for periods starting after 1st January 2019)

The directors are considering the impact of these new standards and interpretations in future periods

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 and are ongoing at the period end.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

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 percentage margin on each contract is the lower of the percentage 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 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, typically with maturities of three months or less. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 seven year plan. 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 7.5%.

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

Calculation of recoverable amount

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

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

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

1. Accounting policies (continued)

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.

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.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

1. Accounting policies (continued)

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 in the consolidated income statement, in either operating or financial income, depending on the nature of the profit. 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
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.

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.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

1. Accounting policies (continued)

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.

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.

Jointly controlled entities and associates

The Group's share of joint ventures and associates is included on one line in the consolidated income statement, in either operating or financial income, depending on the nature of the profit. 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
Computer systems and fixtures and fittings	-from three to ten years

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

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

Pre-contract costs

Pre-contract costs are expensed as incurred until the Group is appointed preferred bidder. Provided the contract is expected to generate sufficient net cash inflows to enable recovery and the award of the contract is probable, pre-contract costs incurred post the appointment as preferred bidder are included in 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.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

1. Accounting policies (continued)

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.

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.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

1. Accounting policies (continued)

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).

2. Segmental reporting

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

- Building
- Civil Engineering
- Facilities
- Development and PFI (DPFI)

International results have been categorised in either the Building or Civils segment, depending on the nature of the activity.

In addition, the Group operates an 'other activities' segment. The other activities segment essentially 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 Group 2016	Building	Civil Engineering	Facilities	DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Gross revenue	417,262	271,635	234,846	-	23,809	947,552
Less inter segment revenue	-	-	-	-	(15,886)	(15,886)
Consolidated revenue	417,262	271,635	234,846	-	7,923	931,666
Operating profit/(loss)	6,626	(12,774)	3,260	9,132	1,503	7,747
Investment impairment	-	-	-	(5,400)	-	(5,400)
Financial income	312	862	3	-	61	1,238
Financial expenses	(511)	(155)	164	(272)	38	(736)
Profit/(loss) before taxation	6,427	(12,067)	3,427	3,460	1,602	2,849
Taxation	-	-	-	-	6,567	6,567
Depreciation, amortisation & impairment	(69)	(218)	(32)	-	-	(319)

Group 2015	Building	Civil Engineering	Facilities	DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Gross revenue	403,955	270,406	234,724	-	28,640	937,725
Less inter segment revenue	-	-	-	-	(19,571)	(19,571)
Consolidated revenue	403,955	270,406	234,724	-	9,069	918,154
Operating (loss)/profit	(42,439)	(39,278)	1,143	11,142	1,490	(67,942)
Financial income	248	228	169	(193)	59	511
Financial expenses	(152)	-	(50)	-	-	(202)
(Loss)/profit before taxation	(42,343)	(39,050)	1,262	10,949	1,549	(67,633)
Taxation	-	-	-	-	1,555	1,555
Depreciation, amortisation & impairment	(36)	(1,043)	(16)	-	-	(1,095)

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

2. Segmental reporting (continued)

Balance sheet Group 2016	Building	Civil Engineering	Facilities	DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Intangible assets	21,330	52,304	18,478	-	1,460	93,572
Property, plant and equipment	12	17	71	-	22	122
Elimination of shares	(21,407)	(50,607)	(18,255)	(3,000)	93,269	-
Investments accounted for using the equity accounting method	-	53	77	60,903	-	61,033
Other non current assets	-	197	297	5,724	1,731	7,949
Current assets	68,767	(27,373)	95,260	(12,734)	273,153	397,073
Total assets	**68,702**	**(25,409)**	**95,928**	**50,893**	**369,635**	**559,749**
Current liabilities	(149,675)	(142,453)	(68,489)	(6,829)	(29,657)	(397,103)
Non-current liabilities	-	-	(1,661)	-	(65,507)	(67,168)
Total liabilities	**(149,675)**	**(142,453)**	**(70,150)**	**(6,829)**	**(95,164)**	**(464,271)**
Total equity	**(80,973)**	**(167,862)**	**25,778**	**44,064**	**274,471**	**95,478**

Balance sheet Group 2015	Building	Civil Engineering	Facilities	DPFI	Other	
	£000	£000	£000	£000	£000	£000
Intangible assets	21,330	52,304	18,478	-	1,460	93,572
Property, plant and equipment	15	207	73	-	17	312
Elimination of shares	(21,407)	(50,607)	(18,255)	(3,000)	93,269	-
Investments accounted for using the equity accounting method	-	53	77	37,648	-	37,778
Other non current assets	-	-	-	15,027	-	15,027
Current assets	71,774	(7,206)	86,171	(3,766)	266,171	413,144
Total assets	**71,712**	**(5,249)**	**86,544**	**45,909**	**360,917**	**559,833**
Current liabilities	153,672	148,287	62,859	5,124	101,009	470,951
Non-current liabilities	-	(282)	278	(218)	945	723
Total liabilities	**153,672**	**148,005**	**63,137**	**4,906**	**101,954**	**471,674**
Total equity	**(81,960)**	**(153,254)**	**23,407**	**41,003**	**258,963**	**88,159**

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

3. Expenses

Included in the profit are the following:	2016	2015
	£000	£000
Operating leases - plant and machinery	15,883	21,588
Operating leases - other	4,745	4,780
Depreciation of tangible assets	319	1,095
Impairment of investment	5,400	-
Auditor's remuneration - audit of these financial statements	254	255

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

	2016	2015
	£000	£000
Interest received and receivable from joint ventures involved in development activity	9,482	9,076

5. Employees

(i) Staff costs during the year amounted to:	2016	2015
	£000	£000
Wages and salaries	120,879	122,965
Social security costs	11,777	11,874
Reorganisation and redundancy costs	625	1,455
Pension costs – defined contribution scheme	5,578	6,305
– defined benefit scheme	1,144	1,667
Share based payments (see note 18)	988	753
	140,991	145,019

(ii) The average number of employees during the year was as follows:	2016 No.	2015 No.
Management	101	106
Administration	1178	1,241
Operations	2,086	2,198
	3,365	3,545

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

6. Directors' remuneration

	2016 £000	2015 £000
Emoluments	1,351	1,292
Pension costs - defined benefit	79	115
Pension costs - defined contribution	97	93
	1,527	1,500

Two of the directors (2015: 2) are accruing benefits under the Group defined benefit plans.
Directors' emoluments disclosed above include the following::

	2016 £000	2015 £000
Highest paid Director	370	281

The annual pension accruing to the highest paid director under the Group defined benefit scheme is £44,346 (2015: £nil).
None of the Directors of the Group and Company exercised share options in 2016 (2015: 2). The value of the compensation to Directors in share based payments in 2016 was £nil (2015: £27,725).

7. Finance income and expense

	2016 £000	2016 £000	2015 £000	2015 £000
Other financial income and similar income				
Bank interest	88		198	
Foreign exchange gain	1,150		313	
Total financial income		1,238		511
Financial expenses and similar charges				
Interest on pension obligation	(1)		(16)	
Bank loans and overdrafts	(350)		(7)	
Foreign exchange losses	(385)		(179)	
Total financial expenses		(736)		(202)
Net financing income		502		309

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

8. Taxation

Recognised in income statement:	2016	2015
	£000	£000
Current tax:		
UK corporation tax on profits for the year	393	(2,250)
Adjustments in respect of previous periods	(3,999)	(1,180)
Total current tax	(3,606)	(3,430)
Deferred tax - origination and reversal of timing differences	(121)	(184)
Changes in tax rates	-	(35)
Share options	(198)	(153)
Adjustment in respect of prior periods	(2,642)	2,247
Tax credit on profit on ordinary activities	(6,567)	(1,555)

Reconciliation of effective tax rate

The tax assessed for the period is lower (2015: higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2016	2015
	£000	£000
Profit/(loss) on ordinary activities before taxation	2,849	(67,633)
Theoretical tax charge/(credit) at UK corporation tax rates 20% (2015: 20.25%)	570	(13,696)
Effects of:		
Income not allowable for tax	(323)	(1,250)
Adjustment for tax rate differences	-	(35)
Consortium relief not yet claimed	-	1,078
Group relief not yet paid for	-	773
Losses carried forward	-	10,508
Movement in respect of deferred tax in prior periods	(2,642)	2,247
Other adjustments in respect of prior periods	(3,999)	(1,180)
Overseas tax	98	-
Losses utilised for which no deferred tax recognised	(271)	-
Actual total taxation credit	(6,567)	(1,555)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1st April 2015) was substantively enacted on 2nd July 2013. Further reductions to 19% (effective from 1st April 2017) and to 18% (effective 1st April 2020) were substantively enacted on 26th October 2015, and an additional reduction to 17% (effective 1st April 2020) was substantively enacted on 6th September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31st December 2016 has been calculated based on these rates.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

9. Intangible assets

	Goodwill	Brand name	Customer list	Total
Cost	£000	£000	£000	£000
At 1st January 2015 and 31st December 2015	76,693	24,220	455	101,368
At 1st January 2016 and 31st December 2016	76,693	24,220	455	101,368
Impairment losses and amortisation				
At 1st January 2015 and 31st December 2015	5,844	1,497	455	7,796
At 1st January 2016 and 31st December 2016	5,844	1,497	455	7,796
Net book value			-	
At 31st December 2015 and 31st December 2016	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:

	2016	2015
	£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.

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 reduced activities in the next two years and then a growth rate of 0% for the following three years at a conservative profit margin based on approved projections and a post-tax discount rate of 7.5%. The aggregate carrying amount of intangible assets allocated to each reporting segment is as follows:

	Goodwill	Brand name	Total	Goodwill	Brand name	Total
	2016	2016	2016	2015	2015	2015
	£000	£000	£000	£000	£000	£000
Building	21,330	-	21,330	21,330	-	21,330
Civil Engineering	29,804	22,500	52,304	29,804	22,500	52,304
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	70,849	22,723	93,572

Impairment loss

2016 and 2015

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 either 2016 or 2015.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

10. Property, plant and equipment

	Plant and machinery	Computer systems, fixtures and fittings	Total
	£000	£000	£000
Cost or valuation:			
At 1st January 2015	3,221	327	3,548
Additions	-	18	18
Disposals	(31)	-	(31)
Effect of exchange rate movements	143	12	155
Acquired through business combination	-	2	2
At 31st December 2015	3,333	359	3,692
Cost or valuation:			
At 1st January 2016	3,333	359	3,692
Additions	57	43	100
Disposals	(3,148)	-	(3,148)
Effect of exchange rate movements	351	59	410
At 31st December 2016	593	461	1,054
Depreciation:			
At 1st January 2015	1,905	258	2,163
Charged	1,045	50	1,095
Effect of exchange rate movements	112	10	122
At 31st December 2015	3,062	318	3,380
Depreciation:			
At 1st January 2016	3,062	318	3,380
Charged	248	71	319
Disposals	(3,148)	-	(3,148)
Effect of exchange rate movements	328	53	381
At 31st December 2016	490	442	932
Net Book Value :			
At 31st December 2015	271	41	312
At 31st December 2016	103	19	122

The fixed assets owned by the Group do not include any amounts (2015 : £nil) in respect of assets held under finance lease and hire purchase contracts..

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

11. Investments

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

	Shares in jointly controlled entities	Loans to jointly controlled entities	Post- acquisition reserves	Total
	£000	£000	£000	£000
At 1st January 2015	54	24,039	3,690	27,783
Share of losses for the year	(1)	-	(588)	(589)
Additions	-	9,996	-	9,996
At 31st December 2015	53	34,035	3,102	37,190
At 1st January 2016	53	34,035	3,102	37,190
Share of profits for the year	-	-	943	943
Additions	-	29,035	-	29,035
Repayments	-	(6,000)	-	(6,000)
Dividends	-	-	(135)	(135)
At 31st December 2016	53	57,070	3,910	61,033

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, a loss of £34,000 (2015 : loss of £1,000), is included on a separate line within the operating result.

Through VINCI UK Developments 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 profit from VSM Estates Limited of £827,000 (2015 : £666,000 loss) has been included on a separate line within the operating result.

The Group owns 50% of the ordinary shares and profits of VINCIMouchel Limited, a company incorporated on 14th November 2014. The Group's share of the profit from VINCIMouchel of £150,000 (2015: £77,000) has been included on a separate line within the operating result.

The Group also owns 50% of the ordinary shares and profits of VSM Estates (Uxbridge) Limited and VSM (NCGM) Limited which were incorporated during 2012. No share of profit or loss has been recognised with regards to these entities in either the current or previous period. During 2016 there was a £6m repayment towards the loan to VSM Estates (Uxbridge) Limited.

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

Details of all joint controlled entities and operations in which the Group is involved are given on page 62.

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Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

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
2015						
VSM Estates Limited	14,754	20,526	(23,189)	-	-	(2,664)
VSM Estates (Uxbridge) Limited	-	77,563	(35,563)	(42,000)	-	-
VSM (NCGM) Limited	-	16,603	(16,603)	-	-	-
VINCI Environment UK Limited	-	17,206	(17,100)	-	75,416	(75,416)
VINCIMouchel Limited	-	2,700	(2,547)	-	5,434	(5,281)
2016						
VSM Estates Limited	16,091	25,161	(25,852)	-	3,309	-
VSM Estates (Uxbridge) Limited	-	78,436	(40,816)	(38,250)	-	-
VSM (NCGM) Limited	-	66,178	(66,178)	-	-	-
VINCI Environment UK Limited	-	28,713	(28,675)	-	213	(281)
VINCIMouchel Limited	-	1,538	(1,355)	-	9,652	(9,352)

VSM Estates Limited, VSM Estates (Uxbridge) Limited and VSM (NCGM) Limited are involved in the development and sale of real estate. VINCI Environment UK Limited is involved in civil engineering projects. VINCIMouchel Limited has been established for the provision of facilities management services. Under the above joint ventures the Group has commitments of £nil (2015: £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 2015	630
Repayments	(19)
Share of losses in the year	(23)
At 31st December 2015	588
At 1st January 2016	588
Disposals	(576)
Share of losses in the year	(12)
At 31st December 2016	-

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

11. Investments (continued)

On 2nd September 2016, the Group sold its 25% interest in the ordinary shares of HTP LEP Limited, an associated undertaking 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 £000
2015					
HTP LEP Limited	464	(423)	42	475	11
2016					
HTP LEP Limited	-	-	-	-	-

12. Other investments

	2016 £000	2015 £000
Loan	5,481	15,014
Equity securities	13	13
	5,494	15,027

During the year a net amount of £4,133,000 of loans were repaid.

An impairment amount of £5,400,000 was made against the remaining other investments which represents a 12.5% interest in the Tramlink Nottingham PFI project via Tramlink Nottingham (Holdings) Limited.

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

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13. Inventories

	2016 £000	2015 £000
Raw materials and consumables	5	340

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

14. Trade and other receivables

	2016 £000	2016 £000
Trade receivables	63,155	116,218
Amounts recoverable on contracts	138,906	98,005
Due from parent and fellow subsidiary undertakings	26,143	23,003
Unpaid share capital	50,000	50,000
Other receivables	26,667	20,319
Prepayments and accrued income	4,209	4,090
	309,080	311,635

At 31st December 2016, trade receivables for the group include retentions of £29,311,000 (2015: £48,878,000) relating to construction contracts. Included within trade and other receivables is £1,367,000 (2015: £33,819,000) 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. No provisions for irrecoverable amounts are included in total trade and other receivables at 31st December 2016 (2015 : £nil).

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

	2016 Corporate £000	2016 Public sector £000	2015 Corporate £000	2015 Public sector £000
Not overdue	301,081	2,118	296,955	8,881
Between 1 to 3 months past due	3,815	-	878	-
Between 3 and 6 months past due	1,766	-	1,696	-
More than 6 months past due	300	-	3,225	-
At 31st December	306,962	2,118	302,754	8,881

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

15. Trade and other payables

	2016 £000	2015 £000
Trade payables	46,446	57,038
Due to parent and fellow subsidiary undertakings	1,698	69,175
Other taxation and social security	3,781	2,226
Other payables	6,535	20,044
Accruals	263,676	244,529
Payments on account	74,967	77,939
	397,103	470,951

Trade payables at 31st December 2016 for the Group include retentions on construction contracts of £33,342,000 (2015: £34,505,000).

Included within trade and other payables is £10,537,000 (2015: £5,530,000) expected to be payable in more than 12 months.

16. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Property, plant and equipment	-	-	960	738	960	738
Employee benefits	(282)	-	-	100	(282)	100
Other temporary differences	(211)	(66)	-	-	(211)	(66)
Share options	(82)	(76)	-	-	(82)	(76)
Losses	(2,840)	-	-	-	(2,840)	-
Tax (assets) / liabilities	(3,415)	(142)	960	838	(2,455)	696

The group also has tax losses of £192,336,765 as at 31st December 2016 (2015: £213,387,616) which have not been recognised as these may only be offset against certain profits arising in specific subsidiaries in future accounting periods. Consequently the group has unrecognised deferred tax assets of £32,697,250 as at 31st December 2016 (2015: £40,543,647)..

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

Movement in deferred tax during the prior year

	1 January 2015 £000	Acquisition through business combination £000	Recognised in income £000	Recognised in equity £000	31 December 2015 £000
Property, plant and equipment	961	-	(223)	-	738
Employee benefits	22	-	-	78	100
Other temporary differences	(2,454)	137	2,251	-	(66)
Share options	(55)	-	(153)	132	(76)
	(1,526)	137	1,875	210	696

Movement in deferred tax during the year

	1 January 2016 £000	Acquisition through business combination £000	Recognised in income £000	Recognised in equity £000	31 December 2016 £000
Property, plant and equipment	738	-	222	-	960
Employee benefits	100	-	-	(382)	(282)
Other temporary differences	(66)	-	(145)	-	(211)
Share options	(76)	-	(198)	192	(82)
Losses	-	-	(2,840)	-	(2,840)
	696	-	(2,961)	(190)	(2,455)

17. Employee benefits

Defined benefit pension scheme

Pensions for the majority of monthly paid staff are provided through the VINCI Pension Trust (VPT). The VINCI PLC Group also runs a defined benefit scheme which is closed to future accrual, the VINCI Pension Scheme (VPS). A very small number of employees are members of the defined benefit scheme, the VINCI NHS Pension Scheme (VNHSPS). The VPT is a defined contribution occupational pension scheme, run as a master trust arrangement by Legal and General. Contributions are invested on behalf of the members in accordance with their investment wishes or a selected default strategy. At retirement, members can choose to take their fund as cash, drawdown directly from the fund or purchase an annuity. The VPS is an externally managed and funded defined benefit scheme. The scheme was closed to future accrual on 31 August 2016. The last full valuation of the scheme was carried out at 31 December 2013 and was updated for IAS19(R) purposes to 2016 by a qualified actuary. The VPS is included on the balance sheet of VINCI PLC. 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 2016 by a qualified independent actuary. It has been agreed that a contribution rate of 29 % of pensionable pay will apply in future years. Fifty-two employees are members of the VNHSPS. The latest full valuation of the scheme was carried out at 31 December 2012 and was updated for IAS19(R) purposes to 2016 by a qualified actuary. The VNHSPS was transferred to VINCI Construction UK Limited in 2009 as a result of a business acquisition.

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

	2016 £000	2015 £000
Present value of partly funded defined benefits obligations	10,556	7,501
Fair value of plan assets	(8,895)	(7,474)
Net liability	1,661	27

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

17. Employee benefits (continued)

Group - VINCI NHS Pension Scheme

Movement in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefits liability	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Balance at 1 January	7,501	7,178	7,474	6,836	27	342
Included in profit or loss	494	607	-	-	494	607
Interest cost/(income)	285	298	284	282	1	16
Included in OCI	8,280	8,083	7,758	7,118	522	965
Remeasurements loss/(gain) :						
Actuarial (gain)/loss arising from						
- Changes in demographic assumptions	-	-	-	-	-	-
- Changes in financial assumptions	2,805	(482)	-	-	2,805	(482)
- Experience adjustment	(465)	(49)	-	-	(465)	(49)
Return on plan assets excluding interest income		-	752	(81)	(752)	81
	10,620	7,552	8,510	7,037	2,110	515
Other						
Contributions paid by the employer	-	-	449	488	(449)	(488)
Contributions paid by members	72	79	72	79	-	-
Benefits paid	(136)	(130)	(136)	(130)	-	-
Balance at 31 December	10,556	7,501	8,895	7,474	1,661	27

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

17. Employee benefits (continued)

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

	Group and Company 2016 Fair value £000	Group and Company 2015 Fair value £000
Equities	3,114	2,349
Diversified growth funds	2,924	2,855
Bonds & gilts	2,828	2,254
Cash	29	16
	8,895	7,474
Actual return on plan assets	1,036	201

There are no investments in the Group's equity, financial instruments or property included in the fair value of the plan assets.

Actuarial assumptions

Principal actuarial assumptions (expressed as weighted averages):

	2016 %	2015 %
Discount rate - benefit obligations	2.3	3.7
Future salary increases	2.0	2.0
Inflation	3.2	3.2

Life expectancy (years)	31.12.16		31.12.15	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	23.1	25.4	23.0	25.3
Member age 50 (life expectancy at 65)	24.7	27.2	24.6	27.1

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

17. Employee benefits (continued)

	Group and Company 2016 £000	Group and Company 2015 £000	Group and Company 2014 £000	Group and Company 2013 £000	Group and Company 2012 £000
Present value of defined benefit obligation	10,556	7,501	7,178	5,853	4,373
Fair value of plan asset	(8,895)	(7,474)	(6,836)	(5,434)	(4,444)
Liability/(asset)	1,661	27	342	419	(71)

	Group and Company 2016		Group and Company 2015		Group and Company 2014		Group and Company 2013		Group and Company 2012	
	£000	%	£000	%	£000	%	£000	%	£000	%
Experience adjustments on plan liabilities	465	4	49	1	(94)	1	(38)	3	73	2
Experience adjustments on plan assets	752	8	(81)	1	303	4	423	8	410	9
	1,217		(32)		209		385		483	

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 2016 £m	VNHSPS 2015 £m
Discount rate	- 0.25% reduction	0.6	0.4
	- 0.25% increase	(0.6)	(0.4)
Inflation (RPI, CPI)	- 0.25% reduction	(0.4)	(0.3)
	- 0.25% increase	0.5	0.3

In valuing the liabilities of the pension fund at 31st December 2016, 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 2016 would have increased by £0.4m (2015: increase of £0.2m) before deferred tax.

The above sensitivities are based on the average duration of the defined 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 £458,000 in contributions to its VINCI NHS Pension Scheme in 2017. The weighted average duration of the defined benefit obligation at the end of the reporting period is 22.3 years.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

17. Employee benefits (continued)

Defined contribution plans

The total expense relating to defined contribution plans in the current year was £5,578,000 (2015: £6,305,000).

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	expired 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 2016 (euros)	Number of options 2016	Weighted average exercise price 2015 (euros)	Number of options 2015
Outstanding at the beginning of period	37.14	25,350	37.05	31,979
Transfers out			-	-
Exercised during the period	(38.07)	(8,085)	(36.70)	(6,629)
Outstanding at the end of period	36.70	17,265	37.14	25,350

The weighted average share price at the date of exercise of share options exercised during 2016 was 61.1 euros (2015: 56.2 euros). The options outstanding at the year end have an exercise price in the range of 36.70 euros and a weighted average contractual life of 0.52 years.

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

	2016 £000	2015 £000
Equity settled share based payment expense	445	165

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

17. 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
19th April 2016	25	26,528
14th April 2015	22	11,500
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

The shares in the schemes prior to 2015 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

On 14th April 2015 a new long-term incentive plan was set up involving conditional grants to employees, consisting of 'deferred cash' and performance shares. The deferred cash, which falls outside the scope of IFRS2, and performance shares granted will only vest definitively after a period of 3 years. On 19th April 2016, a new long-term incentive plan was set up involving conditional grants to employees, consisting of performance shares only. These shares will only vest definitively after a period of three years. For both the 2015 and 2016 schemes vesting is subject to beneficiaries being employed by the Group until the end of the vesting period, and to performance conditions in respect of the performance shares.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

17. Employee benefits (continued)

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 %
19th April 2016	66.18	84.87	(0.41)
14 th April 2015	56.47	83.65	(0.15)
16 th 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

Castor International Savings Scheme

During 2016 and 2015 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, withou discount;
- seven successive subscription period between April and October 2016 for the 2016 scheme;
- seven successive subscription periods between April and October 2015 for the 2015 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.

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

17. Employee benefits (continued)

2016 Scheme :

Share Purchase Date	Share Price £	No. of employees	No. of Shares
16th May 2016	52.35	675	4,832
15th June 2016	50.62	567	2,087
15th July 2016	56.33	555	1,655
15th August 2016	60.70	543	1,227
15th September 2016	57.53	513	1,163
16th October 2016	61.52	499	1,385
15th November 2016	53.13	499	1,483

2015 Scheme :

Share Purchase Date	Share Price £	No. of employees	No. of Shares
15th May 2015	39.63	646	5,933
15th June 2015	37.95	521	2,382
15th July 2015	40.00	501	1,779
17th August 2015	42.23	490	1,938
15th September 2015	42.92	476	1,565
15th October 2015	43.30	470	1,775
16th November 2015	43.12	456	1,984

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 2012 to 2015.

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

	2016 £000	2015 £000
Castor payment expense	654	588
Castor liability at year end	1,711	1,057

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

18. Reconciliation of movement in capital and reserves

Group	Share capital £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1st January 2015	213,987	(278)	(110,741)	102,968
Share capital increase	50,000	-	-	50,000
Loss for the year	-	-	(66,078)	(66,078)
Foreign exchange translation differences	-	(416)	-	(416)
Actuarial losses on defined benefit schemes	-	-	450	450
Taxes on actuarial losses on defined benefit schemes	-	-	(78)	(78)
Equity settled transactions	-	-	753	753
Deferred tax recognised directly in equity	-	-	(132)	(132)
Negative goodwill following the acquisition of subsidiaries under common control	-	-	692	692
At 31st December 2015	263,987	(694)	(175,134)	88,159
At 1st January 2016	263,987	(694)	(175,134)	88,159
Profit for the year	-	-	9,416	9,416
Foreign exchange translation differences	-	(1,687)	-	(1,687)
Actuarial losses on defined benefit schemes	-	-	(1,588)	(1,588)
Taxes on actuarial losses on defined benefit schemes	-	-	382	382
Equity settled transactions	-	-	988	988
Deferred tax recognised directly in equity	-	-	(192)	(192)
At 31st December 2016	263,987	(2,381)	(166,128)	95,478

Share capital

On 10th December 2016, the company increased its share capital by 50,000,000 £1 shares. These newly issued shares remain unpaid but can be called upon demand by the Company.

At 31st December 2016, the authorised, allotted, called up and fully paid share capital comprised 263,987,266 £1 ordinary shares (2015: £263,987,266).

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 2016

19. 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	
	2016	2015
	£000	£000
Cash and cash equivalents	84,090	92,244
Trade and other receivables (note 14)	309,080	311,635
Total financial assets	393,170	403,879
Trade and other payables (note 15)	(397,103)	(470,951)
Total financial liabilities	(397,103)	(470,951)
Net financial instruments	(3,933)	(67,072)

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

19. 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 £393,170,000 (2015: £403,879,000) 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 2016 comprise trade and other payables.

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 2016 the Group had no bank loans (2015 : £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 2016

20. Capital commitments

The Group had no capital commitments at either 31st December 2016 or 31st December 2015.

21. Operating leases

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

	Group	
	2016 £000	2015 £000
Land and Buildings		
- within 1 year	1,809	2,635
- between 2 and 5 years	1,433	3,668
- over 5 years	25	448
	3,267	6,751
Vehicles		
- within 1 year	2,993	3,909
- between 2 and 5 years	4,650	4,267
- over 5 years	20	-
	7,663	8,176
Total		
- within 1 year	4,802	6,544
- between 2 and 5 years	6,083	7,935
- over 5 years	45	448
	10,930	14,927

Notes to the Consolidated Financial Statements (Continued)

at 31st December 2016

22. 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 2016, the net Group borrowings were £nil (2015: £nil).

23. Related party transactions

Group

Identity of related parties

The Group has a related party relationship with its subsidiaries (see page 62) 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 2016, associates and joint ventures purchased services from the Group in the amount of £nil (2015: £nil) and as at 31st December 2016 associates and joint ventures owed the Group £nil (2015: £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 £25.6m (2015: £24.2m) and fellow subsidiaries purchased services from the Group in the amount of £3.3m (2015: £1.2m). 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 £4.3m (2015: £3.5m) in royalties and service fees.

At 31st December 2016 fellow subsidiaries owed the Group £38.2m (2015: £39.4m) and the Group owed £67.2m (2015: £69.2m) to fellow subsidiaries.

24. Ultimate parent undertaking

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

At 31st December 2016 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 2016

	Notes	2016 £000	2015 £000
Non-current assets			
Intangible assets	4	223	223
Tangible assets	5	71	71
Investments in Group undertakings	6	93,448	93,448
Deferred tax asset	9	1,945	-
		95,687	93,742
Current assets			
Trade and other receivables	7	243,691	242,367
Cash and cash equivalents		15,499	440
		259,190	242,807
Total assets		354,877	336,549
Current liabilities			
Trade and other payables	8	315,020	366,105
		315,020	366,105
Non-current liabilities			
Deferred tax liability	9	-	1,099
Employee benefits		1,661	27
Due to parent		65,507	-
		67,168	1,126
Total liabilities		382,188	367,231
Net liabilities		(27,311)	(30,682)
Equity attributable to equity holders of the Parent			
Issued share capital	11	263,987	263,987
Retained earnings	12	(291,298)	(294,669)
Shareholder's deficit		(27,311)	(30,682)

The Notes on pages 53 to 62 form part of the Financial Statements.
The financial statements were approved by the Board on 27th February 2017 and signed on its behalf by:

B Dupety (Director)
Company registered number:2295904

Notes to the Company Financial Statements

at 31st December 2016

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. In publishing the parent company financial statements here together with the group financial statements the Company has taken advantage of the exemption in S408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements.

The Company's parent undertaking VINCI PLC includes the Company in its consolidated financial statements. The consolidated financial statements of VINCI PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary, VINCI PLC, Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;

- Disclosures in respect of transactions with wholly owned subsidiaries;

- The effects of new but not yet effective IFRSs;

- Disclosures in respect of the compensation of Key Management Personnel

As the consolidated financial statements of VINCI PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS2 Share Based Payments in respect of group settled share based payments.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1st January 2014 for the purposes of the transition to FRS 101.

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

Notes to the Company Financial Statements (Continued)

at 31st December 2016

1. Accounting Policies (continued)

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.

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's employees are members of the group-wide VINCI PLC defined benefit pension plan. The assets of the scheme are held separately from those of the Company. The net defined benefit cost of the plan is charged to participating entities based on the actuary's calculation of the long term funding rate as a percentage of pensionable earnings.

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

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

Notes to the Company Financial Statements (Continued)

at 31st December 2016

1. Accounting Policies (continued)

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

Tax on the profit 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 or 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.

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 and cash equivalents comprise cash balances and cash deposits, typically with maturities of three months or less. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Company Financial Statements (Continued)

at 31st December 2016

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 £197,000 (2015: £206,000).

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

3. Employee benefits

i) Staff costs during the year amounted to :

	2016 £000	2015 £000
Wages and salaries	102,114	110,790
Social security costs	10,433	10,233
Reorganisation and restructuring costs	528	1,218
Other pension costs (note (ii))		
- defined contribution	4,926	5,399
- defined benefits	638	1,023
Share based payments	935	700
	119,574	129,363

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

	2016 No.	2015 No.
Management	80	78
Administration	921	896
Operations	1,861	1,810
	2,862	2,784

(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 Schemes

The Company's employees are members of the group-wide VINCI PLC defined benefit pension plan. The net defined benefit cost of the plan is charged to participating entities based on the actuary's calculation of the long term funding rate as a percentage of pensionable earnings.

Additionally, 52 employees are members of the VINCI NHS Pension Scheme (VNHSPS) which is disclosed in note 17 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 2016

4. Intangible assets

	Brand name
	£000
Cost	
At 1st January 2015 and 31st December 2015	223
At 1st January 2016 and 31st December 2016	223
Amortisation	
At 1st January 2015 and 31st December 2015	-
At 1st January 2016 and 31st December 2016	-
Net book value	
At 31st December 2015 and 31st December 2016	223

In assessing the useful life of the brand name due consideration is given to the existing longevity of the brand, the indefinite life cycle of the construction industry in which it operates and the expected usage of the brand name in the future.

5. Tangible assets

	Plant and machinery	Computer systems, fixtures and fittings	Total
	£000	£000	£000
Cost or valuation			
At 1st January 2015 and 31st December 2016	154	24	178
Cost or valuation			
At 1st January 2016	154	24	178
Additions	-	30	30
At 31st December 2016	154	54	208
Depreciation			
At 1st January 2015	67	24	91
Charged	16	-	16
At 31st December 2015	83	24	107
Depreciation			
At 1st January 2016	83	24	107
Charged	-	30	30
At 31st December 2016	83	54	137
Net Book Value			
At 31st December 2015	71	-	71
At 31st December 2016	71	-	71

Notes to the Company Financial Statements (Continued)

at 31st December 2016

6. Investments

Cost :	£000
At 1st January 2016 and 31st December 2016	100,887
Amounts written off : At 1st January 2016 and 31st December 2016	7,439
Net book value At 31st December 2015 and 31st December 2016	93,448

A full list of the Company's investments in subsidiaries and associated undertakings at 31st December 2016 is given on page 62.

7. Trade receivables

	2016 £000	2015 £000
Trade receivables	47,414	81,295
Amounts recoverable on contracts	111,419	76,182
Due from parent and fellow subsidiary undertakings	21,547	21,761
Unpaid share capital	50,000	50,000
Corporation tax	4,294	8,926
Other receivables	5,649	1,117
Prepayments and accrued income	3,368	3,086
	243,691	242,367

8. Trade and other payables

	2016 £000	2015 £000
Trade payables	36,697	46,731
Due to group undertakings	6,448	68,875
Other payables	2,539	17,952
Accruals	221,734	195,005
Payments on account	44,373	37,268
Other tax and social security	3,229	274
	315,020	366,105

Notes to the Company Financial Statements (Continued)

at 31st December 2016

9. Deferred tax (asset)/liability

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Property, plant and equipment	-	-	1,191	1,022	1,191	1,022
Employee benefits	(282)	-	-	100	(282)	100
Other temporary differences	-	-	-	-	-	-
Share options	(14)	(23)	-	-	(14)	(23)
Losses	(2,840)	-	-	-	(2,840)	-
Total (assets)/liabilities	(3,136)	(23)	1,191	1,122	(1,945)	1,099

The Company also has tax losses of £177,435,850 as at 31st December 2016 (2015: £213,387,616) 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 £30,164,095 as at 31st December 2016 (2015: £40,543,647).

Movement in deferred tax during the prior year:

	1st January 2015	Recognised in income	Recognised in equity	31st December 2015
	£000	£000	£000	£000
Property, plant and equipment	1,259	(237)	-	1,022
Employee benefits	22	-	78	100
Other temporary differences	(90)	90	-	-
Share options	(21)	(142)	140	(23)
Losses	(2,259)	2,259	-	-
	(1,089)	1,970	218	1,099

Movement in deferred tax during the year:

	1st January 2016	Recognised in income	Recognised in equity	31st December 2016
	£000	£000	£000	£000
Property, plant and equipment	1,022	169	-	1,191
Employee benefits	100	-	(382)	(282)
Other temporary differences	-	-	-	-
Share options	(23)	(187)	196	(14)
Losses	-	(2,840)	-	(2,840)
	1,099	(2,858)	(186)	(1,945)

Notes to the Company Financial Statements (Continued)

at 31st December 2016

10. Operating leases

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

	2016 £000	2015 £000
Land and Buildings		
- within 1 year	1,077	1,752
- between 2 and 5 years	1,243	2,673
- over 5 years	25	443
	2,345	4,868
Vehicles		
- within 1 year	2,793	3,435
- between 2 and 5 years	4,302	3,799
- over 5 years	20	-
	7,115	7,234
Total		
- within 1 year	3,870	5,187
- between 2 and 5 years	5,545	6,472
- over 5 years	45	443
	9,460	12,102

11. Share capital

Details of the share capital of the Company are included in note 18 to the Consolidated Financial Statements.

Notes to the Company Financial Statements (Continued)

at 31st December 2016

12. Capital and reserves

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1st January 2015	213,987	(217,260)	(3,273)
Share capital increase	50,000	-	50,000
Loss for the year	-	(78,341)	(78,341)
Actuarial losses	-	450	450
Taxes on actuarial losses	-	(78)	(78)
Equity settled transactions	-	700	700
Deferred tax recognised directly in equity	-	(140)	(140)
At 31st December 2015	263,987	(294,669)	(30,682)
At 1st January 2016	263,987	(294,669)	(30,682)
Profit for the year	-	3,838	3,838
Actuarial losses	-	(1,588)	(1,588)
Taxes on actuarial losses	-	382	382
Equity settled transactions	-	935	935
Deferred tax recognised directly in equity	-	(196)	(196)
At 31st December 2016	263,987	(291,298)	(27,311)

Notes to the Company Financial Statements (Continued)

at 31st December 2016

A list of 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. Unless otherwise stated all subsidiary undertaking registered office addresses are at Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

Construction
Taylor Woodrow Construction
John Jones (Excavation) Limited
Pel Interiors Limited
Genflo Technology Limited
VINCI Technology Centre Limited
*Taylor Woodrow Civil Engineering Limited
*Taylor Woodrow Construction Southern Limited
*Taylor Woodrow Management Limited
*Taymin (Private) Limited
*Taywood Engineering Limited
Vinci Partnerships Limited
Powertest Limited
FACEO FM UK Limited

PFI & Developments
*VINCI UK Developments Limited
*VINCI Education Limited

International
*Taylor Woodrow International Limited
(registered office address:Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW)
*Taylor Woodrow Oman LLC
(registered office address : PO Box 2835, PC 112 Muscat Oman)
*Taylor Woodrow International Qatar LLC
(registered office address : PO Box 201896, Doha,Qatar)
*Taylor Woodrow International Construction LLC
(registered office address: Al Manzell Building Office 301, Ministries Complex, Salam Street. P.O. Box 95187, Abu Dhabi, U.A.E)
VINCI Construction UK (Saudi Arabia) Limited
(registered office address: Sakura Building, Al Madinah Road, Al Salama District, 4th Floor, Office No. 405)

Jointly controlled entities

Construction
*VINCI Environment UK Limited

Facilities
VINCIMouchel Limited

Investments
The following companies registered office addresses are at Park Point, 17 High Street, Longbridge, Birmingham, B31 2UQ:
*VSM Estates Limited
*VSM Estates (Uxbridge) Limited
*VSM (NCGM) Limited
*VSM Estates (Ashchurch) Limited

Jointly controlled operations

Construction
The Balfour Beatty VINCI Joint Venture
The Costain VINCI Joint Venture
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

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

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