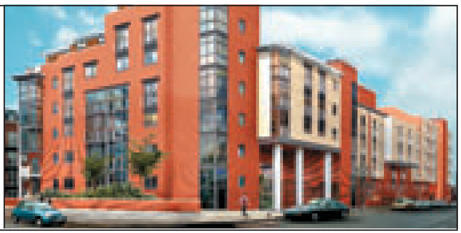
VINCI PLC
Annual Report 2002

Hungerford Footbridges, London

Cover Image Hungerford Footbridges, London

Contents

▼ King Edwards Wharf, Birmingham



Company Information

DIRECTORS	J O M Stanion	(Chairman & Chief Executive)
	A M Comba	
	E M M Zeller	
	Q Davies MP	(Non-executive)
	J C Banon	(Non-executive)
	P J G Billon	(Non-executive)
	X M P Huillard	(Non-executive)
	P J W Ratynski	(Non-executive)
	A Zacharias	(Non-executive)

SECRETARY — D W Bowler

REGISTERED OFFICE — Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

WEBSITE ADDRESS — www.vinci.plc.uk

REGISTERED NUMBER — 737204

AUDITORS — RSM Robson Rhodes
Colwyn Chambers
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Manchester
M2 3BA

BANKERS — National Westminster Bank Plc
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208 Piccadilly
London
W1A 2DG

Chief Executive's Report

VINCI PLC

VINCI PLC, together with its subsidiaries and share of joint ventures (the "Group") made good progress in 2002 in expanding and diversifying its presence in the UK construction market. The acquisition of Crispin & Borst Holdings Limited in January of last year contributed significantly to an increase in output of around 30%. The integration of Crispin & Borst into Norwest Holst Construction was a principal focus of management attention and was accomplished within the parameters set. The synergies released and expansion and diversification of the Group's market share in the Southeast fully justified our aspirations on purchase and give grounds for confidence that the Group will benefit financially in the period ahead.

▼ Sabre office building, Camberley

Chief Executive's Report (continued)

Financial Performance

Turnover increased in the year to £451 million (2001 - £343 million) primarily due to the incorporation of Crispin & Borst.

The Group had another satisfactory financial result with a profit after taxation of £11 million (2001 - £20 million). The reduction in the overall level of profit was anticipated in my report last year for the reasons set out therein. Primarily 2001 benefited from a significantly higher non-trading contribution from the sale of investments together with a higher interest income and a higher tax credit.

The reduction in Group net interest receivable is due to a dividend payment of £20 million in March, investment in acquisitions and to the Dorset Police Private Finance Initiative (PFI) which entered its operating phase in the year and in which the Group has a 100% shareholding.

The Group has a financial interest in two other PFI projects (in joint venture), which entered the operating phase during 2001 (City Link (Cardiff) Limited and Total School Solutions Limited) and the Group's share of income, and associated interest costs are shown in the respective lines in the consolidated accounts for joint ventures.

Whilst the finance associated with PFI projects is secured on the projects concerned with no recourse to the Group the amounts involved in proportion to our shareholding in the special purpose companies concerned are shown in the accounts.

It has been the policy to write off PFI bid costs as incurred before preferred bidder stage is reached and as a result no adjustment under UITF 34 was required to the Group's accounts in respect of our involvement in this sector.

The operating profit on existing operations was slightly lower in 2002 at £9 million (2001 - £10 million). The reduction was due to increased administrative costs, which in large part stem from the early termination of the pension fund contributions holiday. Had it not been for this operating profit would have increased on a like for like basis.

The turnover generated by Crispin & Borst since acquisition amounted to £75 million on which a profit before taxation and interest of £63,000 was recognised. This is in accordance with our stated policy of improving the underlying performance of the business and bringing it into line with the Group's accounting policies.

The cash flow from operations was again a positive one of £21 million but there was a net outflow of £9 million to fund acquisitions, the dividend and capital expenditure resulting in a reduction in net funds to £86 million.

A dividend of £12 million is proposed leaving shareholders funds at £48 million.

► Wincanton distribution warehouse, Lancashire

Chief Executive's Report (continued)

Market Conditions

Whilst the UK economy slowed during the year construction output expanded. The increase in public spending underpinned the market and offset a decline in the private sector. This is particularly noticeable in the commercial office market where the level of enquiries declined sharply with the Southeast particularly badly hit. The industrial market remained difficult with the absence of new investment.

The building market remained fairly buoyant apart from commercial building and we entered 2003 with a higher level of orders than a year ago. Crispin & Borst also started 2003 with a strong order book. In civil engineering there was evidence that spending on infrastructure may be about to pick up after several years of low investment and again the Group, in joint venture, benefited from the award of another section of the CTRL. We actively participated in a number of PFI tenders and have reached preferred bidder status on two, which should reach financial closure later in the year. The problem with the PFI remains the lead-time and cost of bidding, both of which are significant issues. The building services market in our core London area slowed rapidly in the recent months with a number of projects put on hold.

Operating costs increased in 2002 and the trend is for a further increase in 2003 due to a number of factors that are not specific to the construction sector but are general in their implications.

First and foremost the three year stock market decline has contributed to a fall in the value of pension fund investment portfolios including our own which was hitherto in surplus but has now moved into a deficit. This is exacerbated by increasing pension liabilities associated with extended life expectancy, falling bond yields and a less optimistic trend in investment returns. The requirement to implement the new accounting standard FRS 17 from 2005 and to show its implications now brings the underlying issues to the fore. The Group anticipated some of these and has already taken steps to limit its long-term liabilities by closing its final salary pension scheme to new members three years ago and implementing a defined contribution scheme in its place. Notwithstanding this costs are increasing whichever approach is adopted to pension provision and we decided to terminate the pension fund contribution holiday early, in 2002, and resume contributions to the final salary scheme in addition to the defined contribution scheme.

A second significant cost pressure emanates from increases in insurance premiums generally and this impacts not only on our own costs but also those of our subcontractors and suppliers.

The increase in National Insurance charges from April will add further to industrial costs and impact particularly on business sectors such as construction where labour is a large component of output cost.

The industry has suffered for some years from a shortage of talented human resources and the constraints this imposes on the elasticity of supply will maintain pressure on wage costs.

These factors will increase construction costs in the years ahead and can only partially be offset by further efficiency gains given the substantial progress made in the past few years in the industry's processes.

Given the fact that we enter 2003 with a strong order book in most of our subsidiaries we expect to maintain output at a similar level to last year but the prospects for margins are less favourable than they have been for the reasons set out above.

▲ B1 Summerhill
Call Centre

Chief Executive's Report (continued)

Review of Operations

Turnover in Norwest Holst Construction Limited and its subsidiaries increased to £363 million (2001 £268 million). A profit of over £11 million was achieved before tax, which equated to around 3%. However since almost no profit was recognised on the Crispin & Borst element of £75 million the underlying operating margin of the existing businesses was approaching 4% for the second year running which was a very satisfactory performance.

The civil engineering division increased turnover to £69 million (2001 - £58 million) and produced a good level of profit. It completed The Hungerford Footbridges over the River Thames (in joint venture with Costain), which have opened to the public and have been well received. Contract 420 on CTRL was also completed in the year and work started on Contract 342 in the same joint venture with Hochtief. The link road to the A40 from the new FIRSTCENTRAL Business Park in West London opened to the public. Various other projects progressed during the year including the A6 Clapham bypass in joint venture with Nuttall, the M5 junction improvements near Gloucester and the improvements to Vauxhall Cross Interchange in London.

The building division had a very successful year with turnover increasing to £150 million (2001 - £141 million). It completed the new Diageo headquarters building at FIRSTCENTRAL, Dorset Police Headquarters and a number of large retail warehouse premises. Most of the contracts undertaken were on a design and construct basis and in many cases were repeat business for existing clients. The division has committed itself to a process of continuous improvement in processes and procedures to ensure that we maintain a high quality service and we are grateful to all our clients for repaying our efforts with further orders. NHS Estates selected the division as one of six pioneer contractors for its Procure 21 initiative and we were particularly pleased by this achievement. The general thrust in both public and private sectors towards partnering and integration of the supply chain is already yielding results and there is more potential to come in this area.

The utilities division increased its turnover to £27 million (2001 - £20 million) and had another satisfactory year in the water and power distribution market. Recent renewals and orders for pipeline rehabilitation in the West Midlands will underpin output for 2003.

Crispin & Borst Holdings Limited was rapidly integrated into the Group and its brand name was retained and extended into all areas of its operations including those of J J Jagger Limited and Colin Hatch Limited. The business of Avosdrive Plant Hire Limited was sold. Turnover in the continuing operations increased during the year to £75 million and a high success ratio was maintained with enquiries with the result that they enter 2003 with a strong order book and a reduced cost base. The business units operate on a wide range of building, building maintenance, measured term and interior fit out contracts in London and the Southeast.

Norwest Holst Soil Engineering Limited increased turnover again to £31 million (2001 - £29 million) and had a satisfactory year. Since the year-end the business has been reorganised into two separate companies. Norwest Holst Soil Engineering Limited will henceforth concentrate on developing its soil investigation, grouting and testing activities whilst a new company, Simplex Foundations Limited, will focus on expanding its piling and foundation solutions.

John Jones (Excavation) Limited made a significant contribution to profits but on a slightly lower turnover of £14 million (2001 - £18 million). The welcome return of investment in infrastructure presents good prospects for the future.

▲ Croxteth Park
Liverpool

VINCI Services Ltd
Maintenance of
Liverpool's Public
Buildings

► Millennium Building
Liverpool

VINCI Services Ltd
Maintenance of
Liverpool's Public
Buildings

Chief Executive's Report (continued)

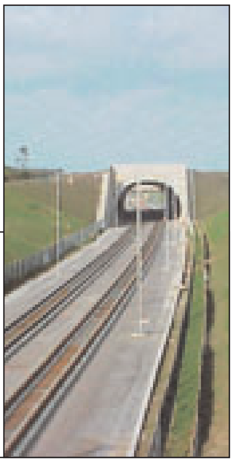
In the engineering and support services sector improved results were achieved.

Rosser & Russell Building Services Limited increased turnover to £54 million (2001 - £51 million) and profit before tax doubled to £1.5 million (2001 - £0.7 million). Regional activities were extended to the Midlands and maintenance output increased.

VINCI Services Limited increased turnover to £25 million (2001 - £21 million) and returned a small profit following the previous year's loss. Once again it was hit with bad debt following the bankruptcy of a client, Wescol, reflecting the strains being suffered in the industrial construction market. In facilities management the share of our joint venture partner in HLS (which has a contract to manage Liverpool's public buildings) was acquired by the Group providing a platform for further growth in support services.

VINCI Investments Limited, the subsidiary through which the Group tenders for PFI contracts, recorded a loss of £0.6 million after writing off expenses on current tenders as it has in previous years.

Conren Limited, the specialist surface coatings subsidiary, maintained turnover at £3 million and made a small profit. During 2002 it acquired certain assets of PMC Limited from the administrator and is now integrating the product lines, which include anti skid compounds for roads, into its operations.



► Contract 420
Channel Tunnel Rail
Link

▼ Rosser & Russell
Maintenance
O_2 Building
Preston Brook
Cheshire

Chief Executive's Report (continued)

Human Resources

There were no changes in the year to the senior management of the Group. Mr Philippe Ratynski (Chairman and CEO of VINCI Construction SA) joined the board.

VINCI is committed at every level to developing its human resources and giving all its employees the opportunity to participate in training and development in order to maximise their potential. The Group communicates regularly and widely with all its employees throughout the world both from the head office in Paris and through the subsidiaries. There are regular publications and newsletters throughout the organisation that seek to inform and communicate and there are management and other forums for meeting and exchange of information. Internet and Intranet sites are maintained both at parent company and subsidiary level. VINCI SA runs a programme open to all employees who are encouraged individually and collectively to participate in competitions for awards for excellence in innovation in every sphere of the Group's activity. The judging panels include external representation from clients and consultants. VINCI PLC fully participates in and supports these objectives.

VINCI PLC is part of a division, which comprises construction and support services subsidiaries of VINCI Construction SA in Germany and the USA. There are links at all levels between these business units which are aimed at sharing of knowledge and innovation and development of best practice and career development.

In the UK VINCI PLC is committed to training and career development and the number of days dedicated to training increased again in 2002. The sponsoring and recruitment of graduates is actively promoted and the number joining in the year increased to 78. An apprenticeship programme is also being expanded with 84 new recruits in 2002.

Once again in 2002 VINCI PLC achieved its targets in financial results and in expanding and diversifying the business whilst maintaining a strict commitment to service quality. That this was achieved is entirely due to the dedication of all our staff and I thank them on behalf of the Board and shareholders for all their effort during the year.

Health, Safety & the Environment

The Group is committed to, and fully supports, the Major Contractors Group Health and Safety Strategy launched in 2001. This targets a year on year reduction in accident rates supported by a fully qualified management and workforce, the adoption of standard induction training, workforce consultation, best practice workshops and sharing of information. Progress was made with all these objectives within VINCI PLC during 2002. The induction programme has been introduced and is fully operational. The issue of competence cards to all operational employees is now in the higher 70% range and efforts are ongoing to bring our supply chain partners into line.

Norwest Holst Construction Limited was audited and retained its BS EN ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) accreditation. All other Group operating subsidiaries have entered the grooming process with the aim of achieving accreditation as soon as possible.

The Major Contractors Group has now started to implement the occupational health part of the Strategy for 2003.

As part of our internal commitment to health we have extended private occupational healthcare cover to all salaried staff.

The Group frequency and incidence rates for accidents continue to be the focus of management attention at every level with a commitment to further improvement on an already good performance.

Chief Executive's Report (continued)

Outlook

The current environment is uncertain given the international situation, the volatility of the world's stock markets and the economic circumstances of the UK and its principal trading partners. There is already a slump in business investment and eventually this will be reflected in capital investment, which impacts on construction. The medium term outlook for construction demand relies heavily on promulgated increases in public spending without which there would be a substantial decline in demand. The cost pressures referred to above are also a cause of concern because they are difficult to mitigate and will affect demand.

For these reasons I am cautious about the industry's prospects in general in the period ahead. Much will depend on the speed with which the current uncertainties are resolved and the point at which confidence recovers.

In our own case we have a strong level of orders for the current year and I am confident that we will achieve another satisfactory outcome in financial terms.

We remain committed to developing our activities in the UK in all our market sectors and have the resources available to take advantage of any opportunities that may arise albeit that the priority is to continue to improve the businesses we currently have.

J O M Stanion
Chief Executive

▼ Regular Publications and Newsletters.

► Diageo HQ
London

Directors' Report

The Directors submit their annual report to the members, together with the audited accounts for the year ended 31st December 2002.

Principal activities

The principal activities of the Group during the year were building, civil, mechanical and electrical engineering. A full review of the Group's performance and prospects is set out in the Chief Executive's report on pages 2 to 11.

Results and dividends

The profit for the financial year as shown in the Consolidated Profit and Loss Account on page 15 amounted to £11,136,000 (2001: £20,493,000). The Directors propose a final dividend of £11,752,000 (2001: £20,476,000) resulting in a transfer from reserves of £616,000.

Exceptional items

Exceptional income of £1,080,000 arose from the receipt of deferred consideration on the sale of investments in prior periods and £582,000 from the sale of an investment property.

Change of name

On 7th January 2002, Norwest Holst Group PLC changed its name to VINCI PLC.

Directors

The present directors of the Company are set out on page 1. All of the directors served throughout the year with the exception of P J W Ratynski who was appointed on 29 July 2002.

The Directors have no interest in the shares of the Company or any other company in the UK Group.

Employees

The Group has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Communication and involvement

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

Health and safety

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

Directors' Report (continued)

Donations

Charitable donations by the Group amounted to £18,432 during the year (2001 : £20,652). No political donations were made (2001 : £nil).

Payment of creditors

Whilst the Group does not follow any external code or standard payment practice, the Group's policy with regard to the payment of suppliers is for each business to agree terms and conditions with its suppliers, ensure that suppliers are aware of those terms and, providing the suppliers meet their obligations, abide by the agreed terms of payment. The average creditor days for the Company was nil (2001: nil) and for the Group was 47 (2001: 45).

Auditors

A resolution for the reappointment of RSM Robson Rhodes as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements the Directors are required to :

* select suitable accounting policies and apply them consistently;
* make judgements and estimates that are reasonable and prudent;
* state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

The Annual Report is available on the company's web site. The maintenance and integrity of VINCI PLC's web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the presentation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Approval

The Report of the Directors was approved by the Board on 5th March 2003 and signed on its behalf by:

J O M Stanion
Director

Independent Auditors' Report to the Shareholders of VINCI PLC

We have audited the financial statements on pages 15 to 49.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or by other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2002 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes
Chartered Accountants and Registered Auditors

Manchester, England

5th March 2003

Consolidated Profit and Loss Account for the year ended 31st December 2002

	Notes	Continuing Operations Acquisitions 2002	2002	Total 2002	Restated 2001
		£000	£000	£000	£000
Turnover	1	75,342	375,398	450,740	343,153
Less: Share of joint ventures' turnover		-	(4,062)	(4,062)	(3,505)
Group turnover		75,342	371,336	446,678	339,648
Cost of Sales		(69,066)	(330,212)	(399,278)	(300,874)
Gross profit		6,276	41,124	47,400	38,774
Administrative expenses		(6,213)	(34,346)	(40,559)	(31,131)
Group operating profit	2	63	6,778	6,841	7,643
Share of operating profits in joint ventures		-	2,354	2,354	2,396
Total operating profit		63	9,132	9,195	10,039
Profit on sale of investments	4	-	1,662	1,662	5,333
Profit on ordinary activities before taxation and interest		63	10,794	10,857	15,372
Group net interest receivable	5			1,690	4,643
Share of joint ventures' interest payable				(2,620)	(2,396)
Profit on ordinary activities before taxation				9,927	17,619
Tax on profit on ordinary activities	6			1,209	2,874
Profit on ordinary activities after taxation				11,136	20,493
Dividends on equity shares				(11,752)	(20,476)
Transfer (from)/to reserves	18			(616)	17

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31st December 2002

	2002 £000	Restated 2001 £000
Total recognised gains and losses relating to the year	11,136	20,493
Prior year adjustment for deferred tax (note 6)	616	
Total gains and losses recognised since the last annual report	11,752	

A note of Historical Cost Profits and Losses for the year has not been prepared on the basis that the difference between the result as disclosed in the Profit and Loss Account and the result on an unmodified historical cost basis is not material.

Consolidated Balance Sheet at 31st December 2002

	Notes	2002 £000	2002 £000	Restated 2001 £000	Restated 2001 £000
Fixed assets					
Intangible assets	7		5,165		1,140
Tangible assets	8		43,417		41,261
Investments in joint ventures:	10				
Share of gross assets		31,474		32,206	
Share of gross liabilities		(28,340)	3,134	(28,725)	3,481
			51,716		45,882
Current assets					
Stocks and work in progress	11		2,876		2,485
Debtors: due within one year	12		88,598		67,621
Debtors: due after more than one year	13		18,297		19,787
Cash at bank and in hand			130,746		135,787
			240,517		225,680
Creditors: amounts falling due within one year	14		(225,995)		(205,029)
Net current assets			14,522		20,651
Total assets less current liabilities			66,238		66,533
Creditors: amounts falling due after more than one year	15		(18,594)		(18,273)
Net assets			47,644		48,260
Capital and reserves					
Called up share capital	17		18,956		18,956
Revaluation reserve	18		311		311
Capital redemption reserve	18		300		300
Profit and loss account	18		28,077		28,693
Total equity shareholders' funds	19		47,644		48,260

Company Balance Sheet at 31st December 2002

	Notes	2002 £000	Restated 2001 £000
Fixed assets			
Tangible assets	8	1,137	977
Investments in group undertakings	10	44,670	46,576
		45,807	47,553
Current assets			
Debtors: due within one year	12	16,877	16,037
Debtors: due after more than one year	13	14,920	15,623
Cash at bank and in hand		21,330	33,073
		53,127	64,733
Creditors: amounts falling due within one year	14	(44,691)	(58,762)
Net current assets		8,436	5,971
Total assets less current liabilities		54,243	53,524
Provisions for liabilities and charges	16	(2,916)	(2,758)
Net assets		51,327	50,766
Capital and reserves			
Called up share capital	17	18,956	18,956
Capital redemption reserve	18	300	300
Other reserve	18	10,657	10,657
Profit and loss account	18	21,414	20,853
Total equity shareholders' funds	19	51,327	50,766

The financial statements were approved by the Board on 5th March 2003 and signed on its behalf by:

A M Comba
Director

J O M Stanion
Director

Consolidated Cash Flow Statement
for the year ended 31st December 2002

		2002		2001	
	Notes	£000	£000	£000	£000
Net cash inflow from operating activities	(a)		21,223		21,571
Returns on investments and servicing of finance					
Interest received		5,460		6,008	
Interest paid		(6,211)		(3,625)	
Interest element of finance lease rental payments		(179)		(136)	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(930)		2,247
Taxation					
UK corporation tax paid		(1,537)		(1,916)	
Group relief received		1,226		3,725	
Net cash (outflow)/inflow from taxation			(311)		1,809
Capital expenditure					
Purchase of tangible assets		(4,496)		(14,194)	
Proceeds on sale of tangible assets		3,246		928	
Loans repaid by/(to) joint ventures		347		(631)	
Net cash outflow from capital expenditure			(903)		(13,897)
Acquisitions and disposals					
Investment in joint venture		(259)		-	
Acquisition of subsidiaries (note 9)		(7,935)		(1,978)	
Sale of investments (note 4)		1,080		5,333	
Cash/(overdraft) acquired with subsidiary		634		(161)	
Net cash (outflow)/inflow from acquisitions			(6,480)		3,194
Equity dividends paid					
Ordinary dividends paid			(20,476)		(15,203)
Financing					
Capital element of finance lease rental payments	(b)		(883)		(597)
Bank loans - new loans acquired			(590)		9,674
- repayments			12		-
(Decrease)/increase in cash			(9,338)		8,798

Notes to the Consolidated Cash Flow Statement

Reconciliation of net cash flow to changes in net funds (note b)

	2002	2001
	£000	£000
(Decrease)/increase in cash in the period	(9,338)	8,798
Cash flow from lease financing	883	597
Cash flow from loan financing	578	(9,674)
Movement in net cash in the year	(7,877)	(279)
New finance leases acquired	(1,526)	(2,155)
Net funds at 1st January 2002	95,836	98,270
Net funds at 31st December 2002	86,433	95,836

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2002	2001
	£000	£000
Total Group operating profit	6,841	7,643
Share of operating profits in joint ventures	2,354	2,396
Profit on sale of tangible assets	(51)	(66)
Depreciation	4,347	3,479
Amortisation	273	70
(Increase)/decrease in stocks and work in progress	(364)	865
(Increase)/decrease in debtors	(1,935)	1,771
Increase in creditors	9,758	5,413
Net cash inflow from operating activities	21,223	21,571

Consolidated Cash Flow Statement
for the year ended 31st December 2002

(b) Analysis of change in net funds

	Cash	Overdrafts	Finance leases	Bank loans	Total
	£000	£000	£000	£000	£000
At 1st January 2001	122,240	(17,374)	(838)	(5,758)	98,270
Net cash flow	13,547	(4,749)	597	(9,674)	(279)
New leases acquired	-	-	(2,155)	-	(2,155)
At 31st December 2001	135,787	(22,123)	(2,396)	(15,432)	95,836
Net cash flow	(5,041)	(4,297)	883	578	(7,877)
New leases acquired	-	-	(1,526)	-	(1,526)
At 31st December 2002	130,746	(26,420)	(3,039)	(14,854)	86,433

Accounting Policies

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of certain land and buildings. The accounting policies adopted comply with UK Financial Reporting Standards and Statements of Standard Accounting Practice and are consistent with those of the previous period with the exception of the change in accounting policy detailed below.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the accounts.

Basis of consolidation

The accounts of all subsidiary undertakings are consolidated from the date on which they are acquired until the date of their sale using acquisition accounting.

New Accounting Standards

FRS 19 "Deferred Tax" has been adopted for the first time in these accounts. Comparative figures have been restated to be consistent with the new accounting policy for deferred tax that is described below. The effect of the change is quantified in Note 6.

Turnover

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

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

Stocks and work in progress

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

Accounting Policies (continued)

Pension contributions

The Group operates a defined benefit pension scheme. The assets of the scheme are invested and managed independently of the finances of the Group. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pensions costs are spread evenly through the profit and loss account over the average remaining service lives of current employees.

The Group also operates a defined contributions pension scheme. The pension costs for that scheme represent contributions payable by the Group in the year.

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

Investments

Investments held as fixed assets are stated at cost less write downs to recoverable amounts where impairments are identified.

Intangible assets - goodwill

Positive goodwill is the excess of the cost of an acquired entity over the aggregate of the fair values of that entity's identifiable assets and liabilities. Positive goodwill relating to acquisitions made since 1 January 1998 is shown in the balance sheet as an asset and is amortised evenly over its estimated useful economic life, subject to a maximum of 20 years. This is with the exception of the facilities management joint venture contract acquired in the year which is amortised over the remaining life of the contract. In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment is identified. Goodwill relating to earlier acquisitions continues to be eliminated against reserves and will be expensed in the profit and loss account on any future disposal or closure of the acquired businesses.

Joint ventures

The Group's share of joint ventures is included in the consolidated profit and loss account from operating profit onwards. In the consolidated balance sheet the interest in joint ventures is included in the Group's share of the net assets of the joint ventures plus goodwill on acquisition less related amortisation and impairment write downs.

Joint arrangements

The Group's subsidiary undertaking, Norwest Holst Construction Limited is a participant in joint arrangements. These are accounted for under Financial Reporting Standard 9 as Joint Arrangements Not Entities ("JANEs") and accordingly the Group accounts for its own assets, liabilities and cashflows measured according to contractual terms.

Leased assets

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 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 period of the lease.

Accounting Policies (continued)

Tangible fixed assets and depreciation

The Group does not follow a policy of revaluation. However, certain land and buildings are carried at values that reflect previous revaluations. The transitional provisions of FRS 15 are being followed and the book values will be retained. The valuation has not been updated since 31st March 1989.

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

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

Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

In accordance with FRS 19 deferred tax is not provided for :

a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;
b) gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over;
c) extra tax payable if the overseas retained profits of subsidiaries and associates are remitted in future, and
d) fair value adjustment gains to fixed assets and stock to uplift prices to those ruling when an acquisition is made.

Previously under SSAP 15 provision was only made for deferred taxation if it was probable that the tax would be payable in the foreseeable future.

Pre-contract costs

In accordance with UITF 34, on PFI contracts, pre-contract costs are recognised as expenses as incurred, except that directly attributable pre-contract costs incurred after it is virtually certain that a contract will be obtained are capitalised where the contract is expected to result in future net cash inflows with a present value no less than all amounts recognised as an asset.

Notes to the Accounts
at 31st December 2002

1. Turnover

The activities of the Group were all within the construction, civil, mechanical and electrical engineering industries and are regarded by the Directors as a single class of business. Substantially all of the turnover arose in the United Kingdom.

2. Operating profit

Group

This is stated after charging:	2002	2001
	£000	£000
Operating leases - plant and machinery	17,672	14,637
Operating leases - other	6,749	5,158
Goodwill amortisation in respect of acquisitions	273	70
Depreciation of tangible assets	4,347	3,479
Auditors' remuneration - audit	207	168
- non audit	110	108
Company		
Auditors' remuneration - audit	38	38

3. Employees

(i) Staff costs during the year amounted to:

	2002	2001
	£000	£000
Wages and salaries	84,319	65,464
Social security costs	5,591	5,381
Pension costs - defined contribution scheme	686	272
- defined benefit scheme	1337	(243)
	91,933	70,874

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

	2002	2001
	No.	No.
Management	72	108
Supervision	697	540
Administration	557	432
Operations	1,534	1,189
	2,860	2,269

Notes to the Accounts (continued)
at 31st December 2002

(ii) Pensions

Most pensions and related benefits for monthly paid staff of the Company are provided through the VINCI Pension Scheme, which is an externally managed and funded pension scheme. Members of the scheme are contracted out of the State Earnings Related Pension Scheme.

Members joining before 1 April 2000 did so on a 'defined benefit' basis. Members entering the scheme from this date join on a 'money purchase' basis whereby contributions are invested on behalf of the member and an annuity is purchased from an insurance company on retirement.

	2002 £000	2001 £000
Regular cost of defined benefit scheme	2,847	2,830
Amortisation of experience surplus	(1,956)	(1,956)
Interest	(554)	(1,117)
Amortisation of experience deficit	1,000	-
Defined benefit scheme	1,337	(243)
Defined contribution scheme	686	272
Pension cost in year	2,023	29

Triennial actuarial valuations of the defined benefit pension scheme are performed by a qualified actuary using the projected unit method. The most recent full formal actuarial review of the defined benefit pension scheme was at 30 September 1999.

The valuation was carried out using the projected unit method and showed that the market value of the scheme's assets was £127,414,000 and that the actuarial value of these assets represented a level of funding of 112%.

The main actuarial assumptions used in the valuation were :

Investment returns	7.00% pa
Salary increases	3.75% pa
Future pension increases	3.00% pa

Due to the significant changes in market conditions since 30th September 1999 our actuaries have updated the valuation to show a pension scheme deficit of £20,452,000. This is based on the following assumptions :

	Past service %pa	Future service %pa
Investment return		
Pre-retirement	7.00	6.50
Post-retirement	5.00	4.50
Salary increases	2.25 for 3 years 3.25 thereafter	2.25 for 3 years 3.25 thereafter
Price inflation	2.25	2.25

Notes to the Accounts (continued) at 31st December 2002

Future pension increases		
For pre 13.2.97 joiners	3.00	3.00
For post 13.2.97 joiners	2.25	2.25

The deficit will be spread over the next 11.5 years. The Company contribution rate required from 1st January 2003 is 18.5% of pensionable salaries.

The profit and loss account charge for pension costs, the accounting policies and the disclosures above are given on the basis of SSAP 24. SSAP 24 is going to be replaced by FRS 17. The additional disclosures which follow are given in preparation for FRS 17 being adopted. They are based on the full actuarial review at 30 September 1999, updated to 31 December 2002.

Supplementary pensions disclosures under FRS 17

(a) Contributions

The Group made contributions of £634,000 in 2002 to the defined benefit scheme.

(b) FRS 17 balance sheet information

	Value at 31 December 2002 £000	Value at 31 December 2001 £000	Long-term rate of return expected at 31 December 2002 %	Long-term rate of return expected at 31 December 2001 %
Equities	73,169	85,535	7.35	6.95
Bonds	32,520	32,421	4.33	4.95
Cash	611	6,900	3.00	3.00
Fair value of assets	106,300	124,856		
Present value of scheme liabilities	(137,564)	(123,386)		
Actuarial (deficit)/surplus	(31,264)	1,470		
Deferred tax	9,379	(441)		
Actuarial (deficit)/surplus after tax	(21,885)	1,029		

All of the £21,885 would have been shown as a deficit had the Group's balance sheet been prepared under FRS 17.

Notes to the Accounts (continued) at 31st December 2002

(c) Profit and loss reserve

	2002 £000	Restated 2001 £000
As reported on SSAP 24 basis	28,077	28,693
SSAP 24 pensions debtor	(14,920)	(15,623)
	13,157	13,070
Excluding SSAP 24 balance		
FRS 17 pension (liability)/asset (net of deferred tax)	(21,885)	1,029
On FRS 17 basis	(8,728)	14,099

(d) Assumptions

The major assumptions used by the actuary in assessing scheme liabilities on a FRS 17 basis were:

		At 31 December 2002 %	At 31 December 2001 %
Rate of increase in salaries	- for three years	2.25	2.50
	- thereafter	3.25	3.50
Rate of increase in deferred pensions		2.25	2.50
Rate of increase in pensions in payment		3.00	3.00
	- for pre 1988 GMPs	0.00	3.00
	- for post 1988 GMPs	2.25	3.00
Discount rate		5.50	6.00
Inflation assumption		2.25	2.50

(e) Analysis of amount charged to operating profit

	2002 £000
Current service cost	3,384
Past service cost	-
Total operating charges	3,384

Notes to the Accounts (continued) at 31st December 2002

(f) Analysis of net return on pension scheme

	2002 £000
Expected return on pension scheme assets	8,483
Interest on pension scheme liabilities	(7,357)
Net income	1,126

(g) Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

	2002 £000
Actual return less expected return on pension scheme assets	(23,288)
Experience gains and losses arising on the scheme liabilities	(5,874)
Changes in assumptions underlying the present value of the scheme liabilities	(2,500)
Actuarial loss recognised in STRGL	(31,662)

(h) Movement in surplus during the year

	2002 £000
Surplus in scheme at beginning of the year	1,470
Movement in year:	
Current service cost	(3,384)
Contributions	1,186
Other finance income	1,126
Actuarial deficit	(31,662)
Deficit in scheme at end of the year	(31,264)

The actuarial valuation at 31 December 2002 showed a change in the funding position from a surplus of £1.47 million to a deficit of £31.264 million. It has been settled with the Trustees that the Employer contribution for the next three years will be agreed following completion of the formal actuarial valuation at 30 September 2002.

Notes to the Accounts (continued) at 31st December 2002

(i) Experience gains and losses for the year ended 31 December 2002

	2002 £000
Difference between the expected and actual return on scheme assets:	
Amount (£000)	(23,288)
Percentage of scheme assets	(22)%
Experience gains and losses on scheme liabilities:	
Amount (£000)	(5,874)
Percentage of the present value of the scheme liabilities	(4)%
Total amount recognised in statement of total recognised gains and losses	
Amount (£000)	(31,662)
Percentage of the present value of the scheme liabilities	(23)%

(iii) Directors' remuneration

	2002 £000	2001 £000
Emoluments	542	407
Pension costs	132	97
	674	504

Two of the directors (2001 : 2) are accruing benefits under both the Group defined benefit and defined contribution plans.

Directors' emoluments disclosed above include the following:

Highest paid Director	286	220

The money purchase pension scheme costs relating to the highest paid Director were £66,638 (2001 - £64,604). The annual pension accruing to the highest paid director under the Group defined benefit scheme is £12,460 (2001:£7,825).

Notes to the Accounts (continued)
at 31st December 2002

4. Exceptional items

Exceptional income of £1,080,000 has arisen from the receipt of deferred consideration on the sale of investments in prior periods and £582,000 from the sale of an investment property. No tax charge arose on these items.

5. Net interest payable

	2002	2002	2001	2001
	£000	£000	£000	£000
Group				
Interest payable				
Bank loans and overdrafts		(3,477)		(1,227)
Finance leases		(179)		(136)
Other		(114)		(2)
		(3,770)		(1,365)
Interest receivable				
Bank interest	5,139		5,053	
Other	321		955	
		5,460		6,008
Group net interest receivable		1,690		4,643
Joint ventures' interest payable				
Bank loans and overdrafts		(2,620)		(2,396)
		(930)		(2,247)

Notes to the Accounts (continued)
at 31st December 2002

6. Tax on profit on ordinary activities

The taxation credit for the year comprised:		2002 £000	Restated 2001 £000
UK corporation tax at 30%	- current year	2,000	3,000
	- prior year adjustment	(3,330)	(6,283)
Current taxation		(1,330)	(3,283)
Deferred taxation		121	409
Tax credit on profit on ordinary activities		(1,209)	(2,874)

Current tax reconciliation

	2002 £000	2001 £000
Profit on ordinary activities before taxation	9,927	17,619
Theoretical tax at UK corporation rates 30% (2001: 30%)	2,978	5,286
Effects of :		
Expenditure not tax deductible	968	416
Pension adjustments	(367)	(931)
Movements on deferred tax not provided	(1,091)	539
Adjustments in respect of prior periods	(3,330)	(6,283)
Accelerated capital allowances	(188)	(222)
Short term timing differences	(8)	(151)
Adjustments in respect of capital items	125	(1,823)
Group relief	(417)	(114)
Actual current taxation credit	(1,330)	(3,283)

Notes to the Accounts (continued)
at 31st December 2002

Change in accounting policy

Group

The change in accounting policy for deferred tax had the following effects on the Group accounts:

	2002 £000	2001 £000
Profit for the year		
Group tax charge	384	17
Increase in reported profit for the financial year	384	17

Balance Sheet	2002 £000	2001 £000
Deferred tax asset	1,000	616
Increase in shareholders' funds	1,000	616

The change in policy did not affect the cashflows of VINCI PLC.

Company

The change in accounting policy for deferred tax had the following effects on the Company accounts:

	2002 £000	2001 £000
Profit for the year		
Tax charge	(20)	(137)
Decrease in reported profit for the financial year	(20)	(137)
Balance Sheet		
Deferred tax asset	138	158
Increase in shareholders' funds	138	158

Notes to the Accounts (continued) at 31st December 2002

7. Intangible assets

	Goodwill £000
Cost	
At 1st January 2002	1,210
Additions	4,298
At 31st December 2002	5,508
Amortisation	
At 1 January 2002	70
Charged in year	273
At 31st December 2002	343
Net book value	
At 31st December 2002	5,165
At 31st December 2001	1,140

With the exception of goodwill relating to the facilities management joint venture acquired in the year, all goodwill is amortised over 20 years. The facilities management joint venture is amortised over the remaining life of the contract.

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:-

	2002 £000	2001 £000
Positive goodwill eliminated against reserves	1,400	1,400
Negative goodwill added to reserves	(3,227)	(3,227)
	(1,827)	(1,827)

Notes to the Accounts (continued)
at 31st December 2002

8. Tangible assets

Group	Land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Assets in course of construction	Total
Cost or valuation:	£000	£000	£000	£000	£000	£000
At 1st January 2002	14,908	15,246	4,596	6,189	18,231	59,170
Additions	567	3,275	1,076	991	113	6,022
Subsidiary acquisition	2,045	857	2,400	436	-	5,738
Disposals	(1,223)	(1,191)	(1,331)	(972)	(1,571)	(6,288)
Reclassification	16,773	-	-	-	(16,773)	-
At 31st December 2002	33,070	18,187	6,741	6,644	-	64,642
Depreciation:						
At 1st January 2002	2,948	8,615	1,666	4,680	-	17,909
Provided	660	1,929	792	966	-	4,347
Subsidiary acquisition	95	529	1,813	207	-	2,644
Disposals	(707)	(1,018)	(974)	(976)	-	(3,675)
At 31st December 2002	2,996	10,055	3,297	4,877	-	21,225
Net book value:						
At 31st December 2002	30,074	8,132	3,444	1,767	-	43,417
At 31st December 2001	11,960	6,631	2,930	1,509	18,231	41,261

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

	2002	2001
	£000	£000
Net book values:		
Plant and machinery	327	643
Motor vehicles	2,648	1,849
Total	2,975	2,492
Depreciation provided in year:		
Plant and machinery	95	202
Motor vehicles	522	200
Total	617	402

Notes to the Accounts (continued) at 31st December 2002

8. Tangible assets (continued) - Land and buildings

Group Cost or valuation:	Freehold £000	Long leasehold £000	Short leasehold £000	Properties total £000
At 1st January 2002	14,146	383	379	14,908
Additions	523	-	44	567
Subsidiary acquisition	2,045	-	-	2,045
Disposals	(1,223)	-	-	(1,223)
Transfers in	944	-	-	944
Transfers out	(843)	(61)	(40)	(944)
Reclassification	16,773	-	-	16,773
At 31st December 2002	32,365	322	383	33,070
Depreciation:				
At 1st January 2002	2,589	45	314	2,948
Provided	622	10	28	660
Subsidiary acquisition	95	-	-	95
Disposals	(707)	-	-	(707)
Transfers in	336	-	-	336
Transfers out	(274)	(32)	(30)	(336)
At 31st December 2002	2,661	23	312	2,996
Net book value:				
At 31st December 2002	29,704	299	71	30,074
At 31st December 2001	11,557	338	65	11,960

The comparable amounts of land and buildings included above according to historical cost accounting rules are as follows:

	Freehold £000	Long leasehold £000	Short leasehold £000	Properties total £000
Cost	32,054	322	383	32,759
Accumulated depreciation	2,540	23	312	2,875
Net book value At 31st December 2002	29,514	299	71	29,884
At 31st December 2001	11,365	331	65	11,761

The revaluation of land and buildings was undertaken on 31st March 1989 by Grimley J R Eve, Chartered Surveyors, on the basis of open market value for existing use. The resulting surplus is included in revaluation reserves.

Notes to the Accounts (continued)
at 31st December 2002

8. Tangible assets (continued) - Land and buildings

Company	Freehold properties	Plant and machinery	Fixtures and fittings	Total
Cost:	£000	£000	£000	£000
At 1st January 2002	53	1,953	982	2,988
Additions	-	468	97	565
At 31st December 2002	53	2,421	1,079	3,553
Depreciation:				
At 1st January 2002	53	1,042	916	2,011
Provided	-	374	31	405
At 31st December 2002	53	1,416	947	2,416
Net book value:				
At 31st December 2002	-	1,005	132	1,137
At 31st December 2001	-	911	66	977

Notes to the Accounts (continued) at 31st December 2002

9. Acquisition

On January 4th 2002 the Group acquired 100% of the issued share capital of C & B Holdings Limited and Avosdrive Plant Hire Limited.

Assets and liabilities acquired are as follows :-

	Book value £000	Fair value adjustments £000	Total £000
Fixed assets	3,661	(567)	3,094
Stocks	21	-	21
Debtors	15,913	-	15,913
Cash	634	-	634
Creditors	(15,758)	-	(15,758)
	4,471	(567)	3,904
Goodwill			2,739
Cash consideration			6,643

The fair value adjustments of £567,000 were made to the book value of fixed assets following a valuation of the assets acquired.

Since the acquisition, the C & B Holdings Group contributed £6,701,000 to the Group's operating cash flow, received £134,000 in respect of net returns on investments and servicing of finance, paid £242,000 in respect of taxation and paid £170,000 in respect of capital expenditure.

Pre-acquisition performance of the C & B Holdings Group

4 months to 31 December 2001	£000
Turnover	22,042
Operating expenses	(21,342)
Operating profit	700
Other income	76
Net interest	(26)
Exceptional income	47
Profit before taxation	797
Taxation	(261)
Profit for the period	536
Year ended 31 August 2001	
Profit for the financial year	518

Notes to the Accounts (continued) at 31st December 2002

9. Acquisition (continued)

In addition the Group made the following acquisitions:

On January 8th 2002 the Group acquired 100% of the issued ordinary share capital of Genflo Technology Limited for £1.3m. There were no fair value adjustments and goodwill of £1.3m has been recognised in the balance sheet.

On 26th June 2002 the Group acquired the remaining 50% interest in a facilities management joint venture contract for £0.3m. There were no fair value adjustments and goodwill of £0.3m has been recognised in the balance sheet.

Assets and liabilities for these two interests have not been identified separately because they are not considered significant.

On 16th February 2001 the Group acquired 100% of the issued share capital of Environmental Analysis Limited (EAL) whose assets and liabilities were:-

	Fair Value £000
Fixed assets	746
Stocks	26
Debtors	424
Creditors	(267)
Overdraft	(161)
Net separable assets	768
Goodwill	1,210
Cash consideration	1,978

No fair value adjustments were required to the net book values of assets and liabilities acquired.

The goodwill arising on the acquisition has been capitalised in accordance with FRS 10 and will be amortised over 20 years.

10. Investments

Group

One of the Company's wholly owned subsidiary undertakings, VINCI (Holdings) Limited, owns 50% of the ordinary share capital of City Link (Cardiff) Limited. The other 50% of the ordinary share capital is owned by MEPC Cardiff Limited. Another Group company, SGE (Holst) Schools Limited owns 50% of the ordinary share capital of Total School Solutions Limited, the other 50% is owned by P. F. Schools Limited (a subsidiary of Pell Frischmann Group Limited). In the Group, these have been accounted for under FRS 9 using the gross equity method.

Movements in the investments in these joint ventures are as follows:

Notes to the Accounts (continued) at 31st December 2002

10. Investments (continued)

	Shares in joint venture undertakings	Loans to joint venture undertakings	Post-acquisition reserves	Total
	£000	£000	£000	£000
Share of net assets				
At 1st January 2002	62	3,419	-	3,481
Additions	-	29	-	29
Repayments	-	(109)	-	(109)
Losses for the year	-	-	(267)	(267)
At 31st December 2002	62	3,339	(267)	3,134
At 31st December 2001	62	3,419	-	3,481

Company

This consisted of shares in Group undertakings:

	Total
Cost:	£000
At 1st January 2002	116,128
Transfer to fellow subsidiary undertaking	(2,500)
At 31st December 2002	113,628
Amounts written off:	
At 1st January 2002	69,552
Provided	270
Transfer to fellow subsidiary undertaking	(864)
At 31st December 2002	68,958
Net book value:	
At 31st December 2002	44,670
At 31st December 2001	46,576

On 1st January 2002 , the Company's investment of 100% of the ordinary shares of Holst Facilities Management Limited was transferred to Vinci Services Limited, a fellow Group Company.

Details of the principal subsidiary undertakings appear on page 49.

Notes to the Accounts (continued) at 31st December 2002

11. Stocks and work in progress

	2002	2001
Group	£000	£000
Development land and properties	205	205
Raw materials and consumables	2,548	2,206
Items for resale	123	74
	2,876	2,485

12. Debtors: due within one year

	2002	Restated 2001
Group	£000	£000
Trade debtors	44,005	35,304
Amounts recoverable on contracts	34,294	26,272
Due from parent and fellow subsidiary undertakings	1,201	1,292
Other debtors	5,902	1,798
Prepayments and accrued income	2,541	2,232
Tax recoverable	586	533
Deferred tax asset	69	190
	88,598	67,621

Notes to the Accounts (continued)
at 31st December 2002

12. Debtors: due within one year (continued)

Company	2002 £000	2001 £000
Trade debtors	283	397
Due from parent and fellow subsidiary undertakings	14,623	14,626
Other debtors	858	575
Prepayments and accrued income	794	250
Tax recoverable	181	31
Deferred tax asset	138	158
	16,877	16,037

Analysis of deferred tax asset balance :

Group	Deferred Tax asset £000
At 1 January 2002 (Restated)	190
Transfer to profit and loss account	(121)
At 31 December 2002	69

The deferred tax asset comprises of:	Amounts recognised	
	2002 £000	2001 £000
Capital allowances	(547)	(445)
Other timing differences	616	635
	69	190

The Group also has tax losses of £1,313,000 as at 31st December 2002 (2001 : £1,313,000) which have not been recognised as these may only be set against certain profits arising in specific subsidiaries in future accounting periods.

In 2001 the Group did not recognise a deferred tax asset in relation to short term timing differences of £3,400,000. Consequently, the Group has unrecognised deferred tax assets of £394,000 as at 31st December 2002 (2001 £1,414,000).

Notes to the Accounts (continued)
at 31st December 2002

12. Debtors: due within one year (continued)

Company	Deferred tax asset £000
At 1 January 2002	158
Transfer to profit and loss account	(20)
At 31st December 2002	138

The deferred tax asset comprises of :	Amounts recognised	
	2002 £000	2001 £000
Capital allowances	22	22
Other timing differences	116	136
	138	158

Notes to the Accounts (continued)
at 31st December 2002

13. Debtors: due after more than one year

	2002	2001
Group	£000	£000
Trade debtors - contract retentions	3,377	2,653
Other debtors	-	1,511
Pension debtor	14,920	15,623
	18,297	19,787
Company		
Pension debtor	14,920	15,623

14. Creditors: amounts falling due within one year

	2002	2001
Group	£000	£000
Bank loans and overdrafts (note 22)	26,420	22,574
Payments on account	21,295	14,541
Trade creditors	41,266	33,246
Due to parent and fellow subsidiary undertakings	9,505	9,245
Taxation and social security	9,207	9,342
Other creditors	2,352	1,411
Obligations under finance leases	950	550
Accruals and deferred income	103,248	93,644
Dividends proposed	11,752	20,476
	225,995	205,029
Company		
Trade creditors	958	389
Due to parent and fellow subsidiary undertakings	23,678	23,667
Taxation and social security	3,888	7,308
Other creditors	1,392	1,064
Accruals and deferred income	3,023	5,858
Dividends proposed	11,752	20,476
	44,691	58,762

Notes to the Accounts (continued) at 31st December 2002

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

Group	2002 £000	2001 £000
Bank loans	14,854	14,981
Trade creditors - subcontract retentions	1,309	934
Obligations under finance leases	2,089	1,846
Accruals and deferred income	342	512
	18,594	18,273

The bank loan is drawn down under a non-recourse finance agreement. It is repayable within twenty-five years and four months in six-monthly instalments commencing 31 May 2002. It may be analysed by maturity as follows:

Repayable:	2002 £000	2001 £000
In more than five years	12,236	12,938
Between two and five years	2,163	1,592
Between one and two years	455	451
	14,854	14,981

Finance lease obligations are repayable as follows:

Group	2002 £000	2001 £000
Due within one year	950	550
Between one and two years	839	546
Between two and five years	1,250	1,300
	3,039	2,396

Notes to the Accounts (continued) at 31st December 2002

16. Provisions for liabilities and charges

	Provision for losses of subsidiary Undertakings £000
Company	
At 1st January 2002	2,758
Provided	158
At 31st December 2002	2,916

17. Share capital

	Authorised, allotted and fully paid			
Group and Company	2002	2001	2002	2001
	No. 000's	No. 000's	£000	£000
Ordinary shares of £1 each	18,956	18,956	18,956	18,956

18. Reserves

	Revaluation reserve	Capital redemption reserve	Profit and Loss Account
Group	£000	£000	£000
At 1st January 2002	311	300	28,693
Transfer from reserves	-	-	(616)
At 31st December 2002	311	300	28,077

Notes to the Accounts (continued)
at 31st December 2002

18. Reserves (continued)

	Capital redemption reserve	Other reserve	Profit and loss account
Company	£000	£000	£000
At 1st January 2002	300	10,657	20,853
Profit transfer for the year	-	-	561
At 31st December 2002	300	10,657	21,414

The other reserve is not distributable.

19. Reconciliation of movement in shareholders' funds

	2002	Restated 2001
Group	£000	£000
Profit for the financial year	11,136	20,493
Dividends	(11,752)	(20,476)
Net movement in shareholders' funds	(616)	17
Opening shareholders' funds	48,260	48,243
Closing shareholders' funds	47,644	48,260
Company		
Total recognised profits	12,313	19,795
Dividends	(11,752)	(20,476)
Net increase/(decrease) in shareholders' funds	561	(681)
Opening shareholders' funds	50,766	51,447
Closing shareholders' funds	51,327	50,766

Notes to the Accounts (continued)
at 31st December 2002

20. Capital commitments

	2002	2001
Capital expenditure	£000	£000
Contracted for but not provided in the accounts	275	106

21. Other financial commitments

Operating lease commitments

The Group has agreed to make payments in the year ending 31st December 2003 under operating leases expiring within the following periods of 31st December:

		2002	2001
		£000	£000
Land and buildings	- between 2 and 5 years	65	162
	- over 5 years	-	65
Other assets	- within 1 year	1,508	1,321
	- between 2 and 5 years	2,218	1,732
		3,791	3,280

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 2002, the net Group borrowings were £nil (2001: £nil).

23. Related party transactions

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

24. Ultimate parent undertaking

At 31st December 2002 the ultimate parent undertaking was VINCI (formerly Société Générale d'Entreprises) a company incorporated in France. Copies of the accounts of the above company can be obtained from the Company Secretary, VINCI, 1 cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France. This is the parent undertaking of the smallest Group of which the Company is a member and for which Group accounts are prepared.

Principal Subsidiary Undertakings at 31st December 2002

Construction

Norwest Holst Construction Limited
*John Jones (Excavation) Limited
*Norwest Holst Soil Engineering Limited
*Crispin & Borst Limited

Engineering Services and Facilities Management

Rosser & Russell Building Services Limited
VINCI Services Limited

Manufacturing

Conren Limited

PFI

VINCI (Holdings) Limited
VINCI Investments Limited
*SGE (Holst) Schools Limited
*DPA Support Services Limited

Group Administration and Services

*Haldan Indemnity Limited (Incorporated in Guernsey)
VINCI Fleet Services Limited
Norwest Holst Group Property Limited
VINCI Insurance Services Limited

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

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

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

Principal Offices

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CONSTRUCTION

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Regional Offices in Warrington, Derby, Birmingham and Winchester

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Fax: 0208 300 2440

Crispin & Borst Ltd
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Fax: 01622 686896

Crispinteriors
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Fax: 020 7253 4869

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PROJECT DEVELOPMENT

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