VINCI PLC
Annual Report 2004

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Cover: Vauxhall Cross Interchange, London. **This Page:** The Butterfly House, Surrey.

Company Information

Directors

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

Secretary
D W Bowler

Registered Office
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Registered Number
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Auditors
RSM Robson Rhodes LLP
Colwyn Chambers
19 York Street
Manchester
M2 3BA

Bankers
National Westminster Bank Plc
P O Box 2DG
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London
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Tower Place, London.

"The Group entered 2005 with a record level of work in hand"

Chief Executive's Report

VINCI PLC made solid progress in 2004 with a 37% increase in profit to £11.5 million before tax compared with £8.4 million the previous year. The significant cost increases incurred in 2003, of which pension contributions were the principal cause, were fully absorbed in 2004 with a strong recovery in net margins at the operating level. The pre tax margin on sales increased to 2.3%.

The Group entered 2005 with a record level of work in hand and the order book has since grown to over £500 million. The core building business of the Group expanded strongly in the year and is set to increase further this year given the level of work in hand. In contrast, civil engineering and related activities declined. Two further PFI contracts reached financial closure during the year and a number of further bids were submitted.

Financial Performance

Group turnover increased again in the year to £509 million from £488 million in 2003. The net profit after tax increased to £10.3 million which represents a 2% net margin on sales. Whilst this is a respectable net margin by UK industry standards, the Group remains focused on further margin improvement. The net profit was transferred to reserves, increasing shareholders' funds to £65.8 million. This will enable the Group, when adopting the new accounting standards in 2005, to write off its pension fund deficit of £21.5 million (net of deferred tax) whilst maintaining a level of shareholders' funds commensurate with that of previous years. The Group benefited from a cash inflow of £14.3 million in the year, increasing cash in hand to £90 million (2003 - £75 million). VINCI PLC has no net gearing.

Market Conditions

The building market continued to expand in the period with an increase in public sector work. The commercial building market remained subdued except in the construction of industrial (warehousing) and retail. Civil engineering related activity continued to decline in the period with a shortage of suitable enquiries in both civil engineering construction and earthwork.

"The Building division had a record year, securing new contracts worth £230 million."

Review of Operations

Norwest Holst Construction Limited

The Building division had a record year, securing new contracts worth £230 million. These included a £58 million town centre development in Hounslow, Middlesex; a £12.6 million contract to build a new mental health unit at Mile End Hospital in East London; a £20 million PFI contract to build a new Police Headquarters at Medway in Kent; a PFI contract to construct five new schools in Derby worth a capital value of £37 million; a £21 million contract to build a new secondary school in Kent and a £26 million contract to build a distribution warehouse in Derbyshire. Sixty-six per cent of turnover was generated from the public sector: health (31%), education (27%), law and order (8%). In the private sector, the industrial and distribution sector remained significant (25%) whilst the commercial office market failed to contribute any significant turnover.

A number of framework agreements were entered into by the Civil Engineering division which will generate turnover of around £15-30 million per annum for the next five years. Since the year end, the division has been selected by Severn Trent Water as one of six framework contractors for a five year Asset Management Programme (AMP 4). Tube Lines Limited awarded the division a term contract for the supply of general civil engineering works on the Jubilee, Northern and Piccadilly Lines. A £7.3 million contract was awarded to design and build a new station at White City, West London and a £28 million contract was awarded to build a 6.5km dual carriageway bypass around Baldock town centre in Hertfordshire. Vauxhall Cross Interchange reached successful completion and provides London with a new futuristic landmark structure. The division achieved a pleasing Capability Assessment Toolkit (CAT) score of 64 points as a result of the implementation of business management processes that clearly demonstrate the company's commitment to excellence. The division was also successful in achieving Investors in People.

Blenheim Centre, Hounslow.

Chase Terrace Technology College, Staffordshire.

"Norwest Holst Environmental secured its first major project since the division was formed."

Simplex Foundations Limited

Simplex again secured significant sales within the Group, carrying out a range of piling methods on many in-house schemes including the major projects at Hounslow, Medway, Mile End and CTRL 342. A focus on repeat business and on achieving 'preferred' status within clients' supply chains has resulted in average tender and contract award values having increased substantially from previous years. Major external activities included a contract at City Square in Liverpool (£0.7m) where, amongst other specialist techniques, a 2.4m diameter pile was constructed adjacent to an existing underground station. Piling for a warehouse unit in Melton Mowbray (£1.1m) required almost 3000 piles and included the formation of over two thousand in-situ pile heads beneath the fully suspended floor slab.

Norwest Holst Soil Engineering Limited

Site investigation showed improved volumes of work and the market for grouting services, largely mine filling, continued to grow as development of brown-field sites expands.

Simplex Foundations Project.

Environmental

Norwest Holst Environmental secured its first major project since the division was formed. This involved the deployment of a prototype of a sustainable soil scrubbing system for the remediation of a contaminated ex-gasworks in Dunoon for Second Site (Transco). The prototype is expected to form the model for the future and numerous project enquiries have ensued which will form the basis for a successful year ahead. The division's consultancy services provide support to Group companies.

John Jones (Excavation) Limited

John Jones continued work on a number of projects including the A120 Stansted to Braintree road in Essex (21km of new build dual carriageway); CTRL Contract 342 (3.5km of mainline track); N4/N6 Kinnegad to Kilcock in Eire (14km of a 36.5km motorway). A new contract was secured for the A505 Baldock Bypass in Hertfordshire (6.5km of new build dual carriageway under construction by Norwest Holst) where the company is using a global positioning system (GPS) which eliminates conventional setting out. John Jones is the largest user of GPS machine control in the UK.

The Crispin & Borst Group

The activities of Crispin & Borst Limited continued to complement those of Norwest Holst in London & the Southeast, with the majority of turnover being secured from the same areas of the public sector, plus leisure and residential. Major contracts awarded included a £6 million contract for the design and construction of new headquarters units at Colchester Garrison in Essex; a £5.6 million contract to demolish and rebuild a number of buildings at HMP Canterbury in Kent; a £6.5 million contract to upgrade a number of domestic properties for Maidstone Housing Trust in Kent; a £2.9 million contract for a new BUPA care home in Reading, Berkshire; a £5 million contract to refurbish Hackney Hospital. The interiors business undertook contracts in government offices, educational establishments and the private commercial sector and the business relocated to a new flagship office in London, which will add further impact to its presence in the commercial fit-out market. Notable fit-out contracts awarded included a £1.6 million contract for the South Bank University and a £1 million contract for the American Embassy, both in London.

The Butterfly House, Surrey.

School of Social Sciences, Islington.

“A Facilities Management company was formed to co-ordinate VINCI PLC’s existing maintenance and services capability.”

Rosser & Russell Building Services Limited

The company continued to provide maintenance services for major national clients including O2, Nationwide Building Society and United Utilities and the installation of M&E services continued as part of a PFI project at Whittington Hospital, North West London. A three year maintenance contract worth £2 million was secured for the Prêt à Manger food outlet and a £6.8 million contract was awarded to install M&E services as part of a £150 million mixed use town centre development in West London. Other new contracts secured included the provision of M&E services on the £17 million PFI area headquarters building being constructed by Norwest Holst for Wiltshire Police Authority.

VINCI Services Limited

Long established industrial term maintenance contracts for companies such as Corus and Nestlé, together with repeat capital projects with Aker Kvaerner, continued to provide stability for the Engineering division. A particular area of growth has been in the telecommunications business where, after several years of inactivity, three of the UK’s major Own Equipment Manufacturers (OEMs) have re-emerged. Other areas of growth include maintenance, site disinvestment and redevelopment. McGill built upon and developed its business portfolio throughout the UK power, offshore and marine industries. In Defence, the company continued its space saving modularised cabins programme to supply the Royal Navy with over 500 units of various sizes. The company is also undertaking architectural outfitting, HVAC and insulation on the two 16,000 tonne Royal fleet auxiliary landing vessels currently under construction.

VINCI Investments Limited

The PFI company secured two new contracts: a £32 million concession for a new headquarters facility for Kent Police in Medway and a contract to reconstruct and operate five new schools in Derby worth a capital value of £37 million. Norwest Holst Construction will undertake the construction work on both projects and VINCI Partnerships will carry out the facilities management contracts. The company is preferred bidder on a £10 million contract to provide a new junior and infant school in Newport, South Wales and is bidding for Carlisle Ring Road. The Group’s pension fund has bought the remaining 50% of the shares in the Bute Avenue PFI scheme and VINCI Investments continues its management role in the project. Under the Building Schools for the Future initiative, the company is proposing to bid for five of the first wave of fifteen projects. If successful, this will guarantee work as a strategic partner for the next 10 years.

VINCI Partnerships Limited

A Facilities Management company was formed to co-ordinate VINCI PLC’s existing maintenance and services capability and to provide a total FM solution for PFI schemes being undertaken in the UK. Since its formation, the FM company has been awarded contracts to provide FM services as part of the PFI contracts under construction by Norwest Holst.

Conren Limited

The company consolidated UK production of its roofing and anti-skid products in Chesterfield and achieved its first sales of products manufactured at its joint venture in the United Arab Emirates. Both of these actions will assist the company to remain competitive in its home and export markets.

"2004 has seen the number of employees covered by an Investors In People (IIP) accreditation rise to 22%."

Human Resources

During 2004 VINCI PLC continued to show significant commitment and resource to the development of its workforce. Through the broadening of its talent management strategies, the company recognises the talent which all our workforce can bring to the business and we aim to align personal objectives with those of the business, thus ensuring a cohesive, committed workforce with common goals and objectives.

Throughout the year the Group has continued to increase the number of graduates, undergraduates, technician trainees and apprentice numbers in support of our commitments. The development of the NVQ structure at all levels of the business gives structured development to vocational training and complements the Group's commitment to academic excellence.

2004 has seen the number of employees covered by an Investors In People (IIP) accreditation rise to 22%. IIP is a critical part of our commitment to the workforce and provides an external nationally recognised standard to support our talent management strategies.

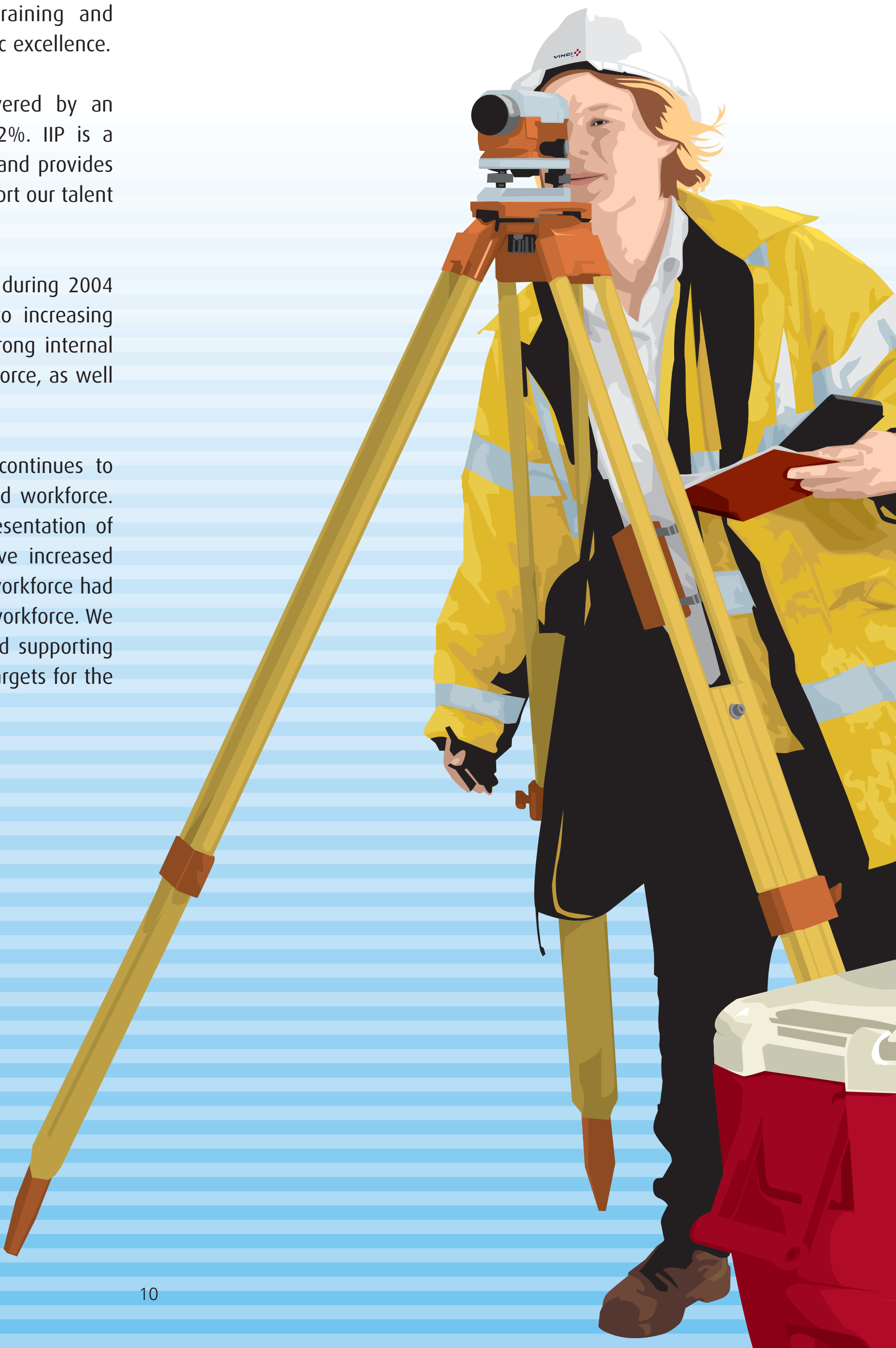
Internal promotions within the Group rose again during 2004 and our commitment to offering opportunities to increasing numbers of young people is giving the Group strong internal growth and strength from the abilities of its workforce, as well as robust long term development strategies.

In addition, our work with the CITB and CSCS continues to support the MCG's commitment to a fully qualified workforce. Always committed to providing an accurate representation of the workforce qualifications, our percentages have increased slowly, but at the end of 2004 91% of our direct workforce had an appropriate card and, overall, 64% of our total workforce. We are committed to continuing the work started and supporting our employees as well as contracted staff in the targets for the future.

Significant support is given annually to working with schools and universities in promoting the industry and VINCI PLC.

During 2004 we have also increased funding and resource to our occupational health strategies. Reported absence is reducing and strategies are in place to tackle all aspects of ill health which affect our workforce.

During 2005 we intend to build upon our strengths and commitments to our workforce in all aspects of employment. I would like to thank all our employees for their commitment and loyalty throughout 2004.



"The Group has adopted an approach of zero tolerance towards accidents on sites..."

Health, Safety and the Environment

VINCI PLC is committed to a process of continual improvement in health and safety performance. The Group has adopted an approach of zero tolerance towards accidents on sites resulting in serious injury or fatality. The overall frequency rate of reportable (three-day) accidents fell further in 2004 to an average of 0.4. In the main core Building division the frequency rate was reduced to 0.2. The management of the Group at all levels is committed to further improvements in performance with Director targets being set annually. Regular visits to sites are made by senior management to foster and support behavioural change so that the culture of zero tolerance is engrained at every level. The proper use of Personal Protective Equipment (PPE) is in place and further initiatives are planned in 2005 such as the introduction of an all glove policy.

The Baldock Bypass, Hertfordshire.


A14 Bridge Reconstruction, Northamptonshire.

Outlook

The Building division of Norwest Holst entered 2005 with its highest ever level of secured orders, giving a projected turnover for 2005 approaching £300 million. The public sector will continue to contribute significantly to the turnover of both Norwest Holst Building division and Crispin & Borst. Warehousing, distribution and retail are likely to continue at current levels and some revival is anticipated in the office market during 2005 and beyond. Crispin & Borst will move into the Spa & Fitness market. The Civil Engineering division will pursue its framework contracts in the rail and water sectors and contract 342 of the Channel Tunnel Rail Link will reach completion. Rosser & Russell will continue with its maintenance service contracts in the retail and commercial sectors, as well as targeting PFI contracts through Norwest Holst and other main contractors. Engineering Services will seek to maintain its track record of securing repeat business with existing clients and expand its Telecoms business. Defence is a key area of sustained growth, especially in the context of McGill's modularised cabins programme. For John Jones, 2005 will bring the commencement of Phase 2 of the Katrine water project in Scotland and the company will actively seek further major earthmoving contracts in the UK and Ireland. The PFI and FM companies are exploring a number of PFI opportunities and will continue to bid actively for these. In addition, the FM company will concentrate on winning new contracts in London, the South East and North West where its presence is already strong through the existing FM capability of a number of VINCI PLC subsidiaries.

We enter 2005 with a very strong order book committed to delivering and exceeding our clients' expectations in terms of service quality. We are actively focused on further expanding the Group in the UK market through organic growth and by acquisition when suitable opportunities present themselves. In this area the Group is well positioned to move forward given our financial strength and the support we enjoy as part of VINCI, world leader in concessions, construction and related services. We expect to deliver another year of solid progress in our financial performance in 2005.

J O M Stanion
Chief Executive

Vauxhall Cross Interchange, London.


HARRODS GREATE
SALE
Harrods

Directors' Report

The Directors submit their annual report to the members, together with the audited accounts for the year ended 31st December 2004.

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 3 to 12.

Results and dividends

The profit for the financial year as shown in the Consolidated Profit and Loss Account on page 18 amounted to £10,257,000 (2003: £7,914,000). The Directors do not propose a final dividend resulting in a transfer to reserves of £10,257,000 (2003 : £7,914,000).

Directors

The present directors of the Company are set out on page 1. All of the directors served throughout the year.

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.

Donations

Donations to various United Kingdom branches of national and international charities by the Group amounted to £22,577 during the year (2003 : £29,252).

No political donations were made (2003 : £nil).

Payment of creditors

Whilst the Group does not follow any external code or standard payment practice, the Group's policy with regard to the payment of suppliers is for each business to agree terms and conditions with its suppliers, ensure that suppliers are aware of those terms and, providing the suppliers meet their obligations, abide by the agreed terms of payment. The trade creditor days for the Company for the year ended 31st December 2004 was nil (2003: nil) and for the Group was 47 (2003: 42).

Auditors

RSM Robson Rhodes LLP are willing to continue in office and the Directors propose that they are reappointed in accordance with the elective resolution currently in force.

Directors' Report (continued)

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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 9th March 2005 and signed on its behalf by:

J O M Stanion
Director

Independent Auditors' Report to the Shareholders

We have audited the financial statements of VINCI plc for the year ended 31st December 2004 which comprise the profit and loss account, the balance sheets, the cash flow statement, the reconciliation of shareholders' funds and the related notes.

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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chief Executive's Report. 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 other information.

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 financial statements. 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 Group'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 2004 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

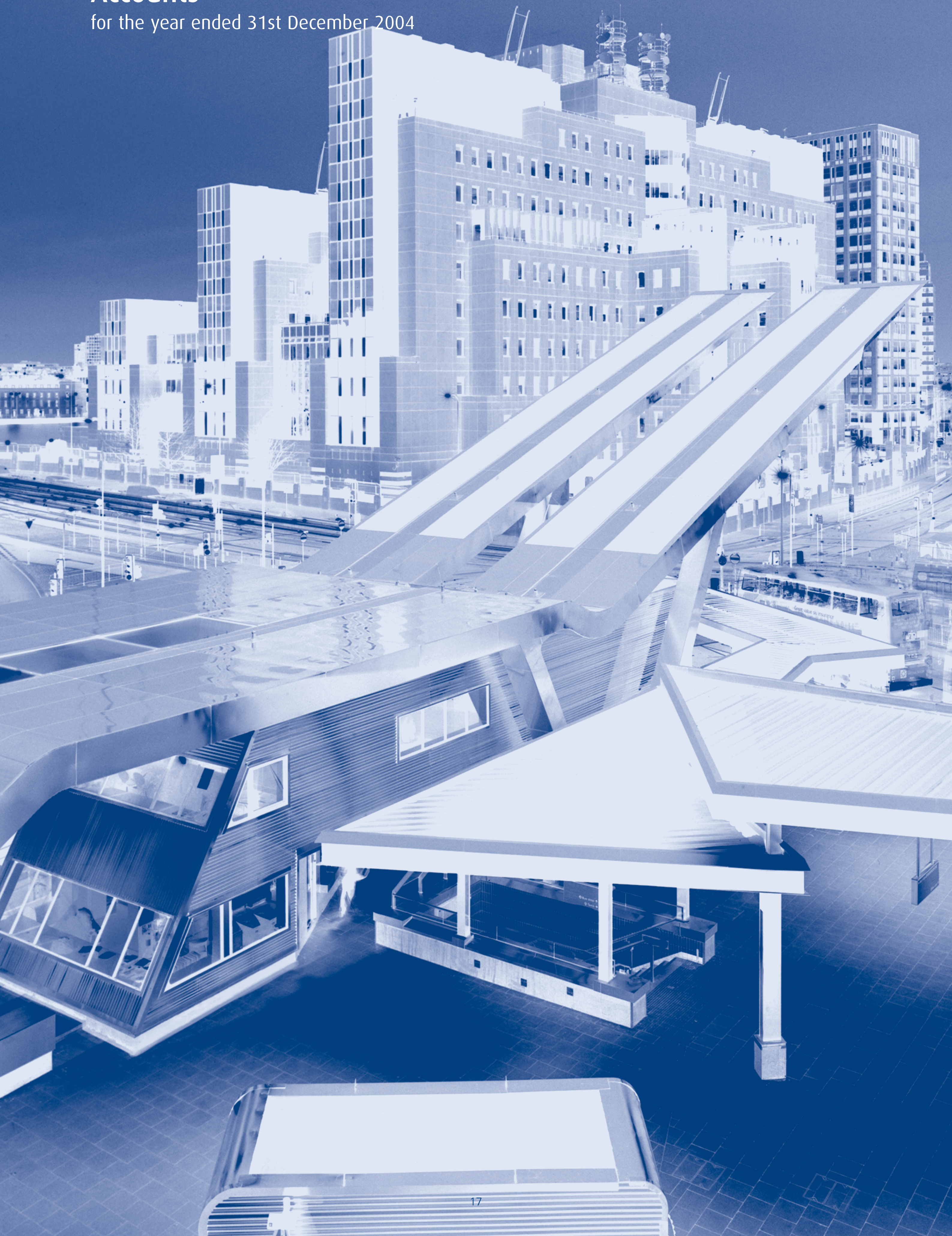
RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Manchester, England

9th March 2005

Accounts

for the year ended 31st December 2004



Consolidated Profit and Loss Account

for the year ended 31st December 2004

	Notes	2004 £000	2003 £000
Turnover	1	509,745	491,275
Less : Share of joint ventures' turnover		(1,155)	(2,924)
Group turnover		508,590	488,351
Cost of sales		(453,640)	(442,272)
Gross profit		54,950	46,079
Administrative expenses		(45,700)	(43,439)
Group operating profit	2	9,250	2,640
Share of operating profits in joint ventures		415	1,972
Total operating profit		9,665	4,612
Profit on sale of investments	4	243	4,250
Profit on ordinary activities before taxation and interest		9,908	8,862
Net interest receivable	5	1,993	972
Share of joint ventures' interest payable	5	(394)	(1,420)
Profit on ordinary activities before taxation		11,507	8,414
Tax on profit on ordinary activities	6	(1,250)	(500)
Retained profit for the year	18	10,257	7,914

All amounts relate to continuing operations.

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.

A Statement of Total Recognised Gains and Losses has not been prepared as the Group has no recognised gains and losses other than those reported above.

Consolidated Balance Sheet
at 31st December 2004

	Notes	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Intangible assets	7		4,518		4,835
Tangible assets	8		42,358		41,696
Investments in joint ventures:	9				
Share of gross assets		14,327		7,783	
Share of gross liabilities		(13,035)	1,292	(7,147)	636
Investments in associates	9		962		-
			49,130		47,167
Current assets					
Stocks and work in progress	10		2,364		2,477
Debtors: due within one year	11		106,508		89,429
Debtors: due after more than one year	12		16,624		16,956
Cash at bank and in hand			134,481		114,450
			259,977		223,312
Creditors:					
Amounts falling due within one year	13		(225,778)		(198,598)
Net current assets			34,199		24,714
Total assets less current liabilities			83,329		71,881
Creditors:					
Amounts falling due after more than one year	14		(17,013)		(16,323)
Provisions for liabilities and charges	15		(501)		-
Net assets			65,815		55,558
Capital and reserves					
Called up share capital	16		18,956		18,956
Revaluation reserve	17		311		311
Capital redemption reserve	17		300		300
Profit and loss account	17		46,248		35,991
Total equity shareholders' funds	18		65,815		55,558

Company Balance Sheet
at 31st December 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Tangible assets	8	1,105	1,114
Investments in Group undertakings	9	43,799	42,938
		44,904	44,052
Current assets			
Debtors: due within one year	11	17,517	20,099
Debtors: due after more than one year	12	11,509	13,569
Cash at bank and in hand		33,365	13,484
		62,391	47,152
Creditors:			
Amounts falling due within one year	13	(31,998)	(28,223)
Net current assets		30,393	18,929
Total assets less current liabilities		75,297	62,981
Provisions for liabilities and charges	15	(3,677)	(3,185)
Net assets		71,620	59,796
Capital and reserves			
Called up share capital	16	18,956	18,956
Capital redemption reserve	17	300	300
Other reserve	17	10,657	10,657
Profit and loss account	17	41,707	29,883
Total equity shareholders' funds	18	71,620	59,796

The financial statements were approved by the Board on 9th March 2005 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 2004

	Notes	£000	2004 £000	£000	2003 £000
Net cash inflow/(outflow) from operating activities	(a)		20,603		(6,081)
Returns on investments and servicing of finance					
Interest received		4,601		3,926	
Interest paid		(2,489)		(2,503)	
Interest element of finance lease rental payments		(119)		(153)	
Net cash inflow from returns on investments and servicing of finance			1,993		1,270
Taxation					
UK corporation tax (paid)/received		(589)		829	
Group relief paid		(118)		(1,137)	
Net cash outflow from taxation			(707)		(308)
Capital expenditure and financial investment					
Purchase of tangible assets		(6,163)		(4,197)	
Proceeds on sale of tangible assets		1,356		1,502	
Net cash outflow from capital expenditure			(4,807)		(2,695)
Acquisitions and disposals					
Investment in joint ventures (note 9)		(674)		(46)	
Investment in associates (note 9)		(962)		-	
Sale of investments (note 4 and note 9)		243		5,300	
Loans repaid by joint ventures		39		2,748	
Net cash (outflow)/inflow from acquisitions			(1,354)		8,002
Equity dividends paid					
Ordinary dividends paid			-		(11,752)
Financing					
Capital element of finance lease rental payments	(b)		(867)		(917)
Bank loans - repayments	(b)		(503)		(456)
Increase/(decrease) in cash			14,358		(12,937)

Notes to Consolidated Cash Flow Statement

Reconciliation of net cash flow to changes in net funds

	2004 £000	2003 £000
Increase/(decrease) in cash in the period	14,358	(12,937)
Cash flow from lease financing	867	917
Cash flow from loan financing	503	456
Movement in net cash in the year	15,728	(11,564)
New finance leases acquired	(501)	-
Net funds at 1st January	74,869	86,433
Net funds at 31st December	90,096	74,869

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

	2004 £000	2003 £000
Total Group operating profit	9,250	2,640
Loss/(profit) on sale of tangible assets	28	(324)
Depreciation	4,618	4,739
Amortisation	317	330
Decrease in stocks and work in progress	113	399
(Increase)/decrease in debtors	(17,531)	1,225
Increase/(decrease) in creditors	23,808	(15,090)
Net cash inflow/(outflow) from operating activities	20,603	(6,081)

(b) Analysis of changes in net funds

	Cash £000	Overdrafts £000	Finance leases £000	Bank loans £000	Total £000
At 31st December 2003	114,450	(23,061)	(2,122)	(14,398)	74,869
Net cash flow	20,031	(5,673)	867	503	15,728
New finance leases acquired	-	-	(501)	-	(501)
At 31st December 2004	134,481	(28,734)	(1,756)	(13,895)	90,096

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.

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.

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.

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.

Accounting Policies (continued)

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. 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 and associates

The Group's share of joint ventures and associates is included in the consolidated profit and loss account from operating profit onwards. In the consolidated balance sheet the interests in joint ventures and associates are included in the Group's share of the net assets of the joint ventures and associates 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 FRS 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
Computer systems and 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.

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 2004

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. No significant part of the business is outside the United Kingdom.

2. Operating profit

Group This is stated after charging/(crediting):		2004 £000	2003 £000
Operating leases - plant and machinery		16,146	16,833
Operating leases - other		5,100	6,347
Goodwill amortisation		317	330
Depreciation of tangible assets		4,618	4,739
Loss/(profit) on disposal of fixed assets		28	(324)
Auditors' remuneration	- audit	204	220
	- non audit	102	141
Company			
Auditors' remuneration	- audit	27	27

3. Employees

(i) Staff costs during the year amounted to:

		2004 £000	2003 £000
Wages and salaries		84,741	86,686
Social security costs		7,645	7,740
Pension costs	- defined contribution scheme	871	920
	- defined benefit scheme	6,061	5,350
		99,318	100,696

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

	2004 No.	2003 No.
Management	72	72
Supervision	660	704
Administration	533	563
Operations	1,475	1,550
	2,740	2,889

Contributions made in the year to the Group's Employee Benefit Trust, established to provide benefits to employees, amounted to £5,000 (2003 : £628,000).

Notes to the Accounts (continued)
at 31st December 2004

(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. As this scheme is now closed to new members the current service cost will rise as the existing defined benefit members approach retirement. Members entering the scheme from this date join on a 'money purchase' basis whereby contributions are invested on behalf of the member and an annuity is purchased from an insurance company on retirement.

	2004 £000	2003 £000
Regular cost of defined benefit scheme	2,565	3,060
Amortisation of experience surplus	(797)	(1,956)
Interest	604	614
Amortisation of experience deficit	3,689	3,632
Defined benefit scheme	6,061	5,350
Defined contribution scheme	871	920
Pension cost in year	6,932	6,270

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 2002.

The valuation was carried out using the projected unit method and showed that the market value of the scheme's assets was £102,543,000 and that the actuarial value of these assets represented a level of funding of 83%.

The main actuarial assumptions used in the valuation were :-

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

Notes to the Accounts (continued)
at 31st December 2004

The deficit will be spread over the next 11.5 years. The Company contribution rate required in respect of future service from 1st January 2005 is 18.0% 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 Financial Reporting Standard (FRS) 17.

The additional disclosures which follow are given in preparation for FRS 17 being adopted and omit certain comparative figures in accordance with the transitional rules of FRS 17.

Supplementary pensions disclosures under FRS 17

a) contributions

The Group made contributions of £4,000,000 in 2004 (2003 : £4,000,000) to the defined benefit scheme.

A full FRS 17 actuarial valuation was carried out by a qualified independent actuary using the assumptions detailed in section d).

b) FRS 17 balance sheet information

	Value at 31 December 2004 £000	Value at 31 December 2003 £000	Value at 31 December 2002 £000	Long-term rate of return expected at 31 December 2004 %	Long-term rate of return expected at 31 December 2003 %	Long-term rate of return expected at 31 December 2002 %
Equities	88,600	75,885	73,169	8.00	7.80	7.35
Bonds	49,700	47,306	32,520	5.30/4.50	4.80	4.33
Cash	2,500	2,052	611	4.50	3.75	3.00
Fair value of assets	140,800	125,243	106,300			
Present value of scheme liabilities	(171,502)	(155,393)	(137,564)			
Actuarial deficit	(30,702)	(30,150)	(31,264)			
Deferred tax	9,211	9,045	9,379			
Actuarial deficit after tax	(21,491)	(21,105)	(21,885)			

All of the £21,491,000 (2003:£ 21,105,000) would have been shown as a deficit in the Group balance sheet had the Group's balance sheet been prepared under FRS 17.

Notes to the Accounts (continued)
at 31st December 2004

c) profit and loss reserve

	2004 £000	2003 £000	2002 £000
As reported on SSAP 24 basis	46,248	35,991	28,077
SSAP 24 pensions debtor	(11,509)	(13,569)	(14,920)
Excluding SSAP 24 balance	34,739	22,422	13,157
FRS 17 pension liability (net of deferred tax)	(21,491)	(21,105)	(21,885)
On FRS 17 basis	13,248	1,317	(8,728)

d) assumptions

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

		At 31 December 2004 %	At 31 December 2003 %	At 31 December 2002 %
Rate of increase in salaries	- initial	2.80 for 1 yr	2.80 for 2 yrs	2.25 for 3 yrs
	- thereafter	3.80	3.80	3.25
Rate of increase in deferred pensions		2.80/3.00	2.80/3.00	2.25/3.00
Rate of increase in pensions in payment		3.00	3.00	3.00
	- for pre 1988 GMPs	0.00	0.00	3.00
	- for post 1988 GMPs	2.80	2.80	2.25
Discount rate		5.30	5.40	5.50
Inflation assumption		2.80	2.80	2.25

e) Analysis of amount that would have been charged to operating profit

	2004 £000	2003 £000
Current service cost	3,697	3,729
Past service cost	-	-
Total operating charges	3,697	3,729

Notes to the Accounts (continued)
at 31st December 2004

f) Analysis of net return on pension scheme

	2004 £000	2003 £000
Expected return on pension scheme assets	8,332	6,875
Interest on pension scheme liabilities	(8,407)	(7,594)
Net income	(75)	(719)

g) Analysis of the amount that would have been recognised in statement of total recognised gains and losses (STRGL)

	2004 £000	2003 £000
Actual return less expected return on pension scheme assets	5,237	9,875
Experience gains and losses arising on the scheme liabilities	2,971	(39)
Changes in assumptions underlying the present value of the scheme liabilities	(10,076)	(9,194)
Actuarial (loss)/gain recognised in STRGL	(1,868)	642

h) Movement in deficit during the year

	2004 £000	2003 £000
Deficit in scheme at beginning of the year	(30,150)	(31,264)
Movement in year:		
Current service cost	(3,697)	(3,729)
Contributions	5,088	4,920
Other finance costs	(75)	(719)
Actuarial (deficit)/surplus	(1,868)	642
Deficit in scheme at end of the year	(30,702)	(30,150)

The actuarial valuation at 31st December 2004 showed an increase in the position from a deficit of £30.150 million to a deficit of £30.702 million. Employee contributions to the final salary scheme are payable at a rate of 7% of pensionable salary.

Notes to the Accounts (continued)
at 31st December 2004

i) Experience gains and losses for the years ended 31 December

	2004	2003	2002
Difference between the expected and actual return on scheme assets:			
Amount (£000)	5,237	9,875	(23,288)
Percentage of scheme assets	4%	8%	(22)%
Experience gains and losses on scheme liabilities:			
Amount (£000)	2,971	(39)	(5,874)
Percentage of the scheme liabilities	2%	0%	(4)%
Total amount recognised in statement of total recognised gains and losses			
Amount (£000)	(1,868)	642	(31,662)
Percentage of the scheme liabilities	(1)%	0%	(23)%

j) Balance sheet presentation

	2004 £000	2003 £000
Net assets excluding SSAP 24 pension asset	54,306	41,989
Pension liability (net of deferred tax)	(21,491)	(21,105)
Net assets including pension liability	32,815	20,884

Notes to the Accounts (continued)

at 31st December 2004

(iii) Directors' remuneration

	2004 £000	2003 £000
Emoluments	764	769
Pension costs	217	190
	981	959

Two of the directors (2003 : 2) are accruing benefits under both the Group defined benefit and defined contribution plans and one (2003 : nil) under the defined benefit plan.

Directors' emoluments disclosed above include the following:

	2004 £000	2003 £000
Highest paid Director	291	293

The money purchase pension scheme costs relating to the highest paid Director were £60,731 (2003: £67,132). The annual pension accruing to the highest paid director under the Group defined benefit scheme is £10,661 (2003: Restated £8,051).

4. Exceptional items

Net exceptional income in 2004 of £243,000 has arisen from the receipt of further consideration on the sale of investments in prior periods. In 2003 net exceptional income of £4,250,000 arose from the refinancing gain recognised on sale of the Group's interest in one of its Private Finance Initiatives. No tax charge arose on these transactions.

5. Net interest receivable/(payable)

		2004		2003
Group	£000	£000	£000	£000
Interest payable and similar charges				
Bank loans and overdrafts		(2,517)		(2,500)
Finance leases		(119)		(153)
Other		-		(3)
		(2,636)		(2,656)
Other interest receivable and similar income				
Bank interest	4,560		3,195	
Other	69		433	
		4,629		3,628
Group net interest receivable		1,993		972
Joint ventures' interest payable				
Bank loans and overdrafts		(394)		(1,420)
		1,599		(448)

Notes to the Accounts (continued)
at 31st December 2004

6. Tax on profit on ordinary activities

The taxation charge for the year comprised:

	2004 £000	2003 £000
UK corporation tax at 30% - current year	2,403	2,065
- prior year	(2,438)	(850)
Current taxation	(35)	1,215
Deferred taxation	1,285	(715)
Tax charge on profit on ordinary activities	1,250	500

Current tax reconciliation

	2004 £000	2003 £000
Profit on ordinary activities before taxation	11,507	8,414
Theoretical tax at UK corporation rates 30% (2003: 30%)	3,452	2,524
Effects of		
Expenditure not tax deductible	657	567
Share option tax deductions	(1,394)	-
Pension adjustments	251	37
Movements on deferred tax not provided	(3)	21
Adjustments in respect of prior periods	(2,438)	(850)
Accelerated capital allowances	(352)	(71)
Short term timing differences	245	917
Adjustments in respect of capital items	(6)	(1,620)
Utilisation of losses	(2)	-
Group relief	(372)	(310)
Income not chargeable to corporation tax	(73)	-
Actual current taxation (credit)/charge	(35)	1,215

Notes to the Accounts (continued)
at 31st December 2004

7. Intangible assets

	Goodwill £000
Cost	
At 1 January 2004 and 31st December 2004	5,508
Amortisation	
At 1 January 2004	673
Charged in the year	317
At 31st December 2004	990
Net book value	
At 31st December 2004	4,518
At 31st December 2003	4,835

With the exception of goodwill relating to the facilities management joint venture acquired in 2002, all goodwill is amortised over 20 years. The goodwill relating to the facilities management joint venture is being amortised over the remaining life of the contract of 58 months from acquisition.

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:-

	2004 £000	2003 £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 2004

8. Tangible assets

Group	Land and buildings	Plant and machinery	Motor Vehicles	Computer systems, fixtures and fittings	Total
Cost or valuation:	£000	£000	£000	£000	£000
At 1st January 2004	32,311	19,762	7,199	6,760	66,032
Additions	2,028	2,328	646	1,662	6,664
Disposals	(986)	(706)	(2,174)	(1,793)	(5,659)
Reclassification	80	(2,353)	-	2,273	-
At 31st December 2004	33,433	19,031	5,671	8,902	67,037
Depreciation:					
At 1st January 2004	3,444	12,073	4,119	4,700	24,336
Charged	662	1,728	943	1,285	4,618
Disposals	(194)	(470)	(1,951)	(1,660)	(4,275)
Reclassification	31	(1,662)	-	1,631	-
At 31st December 2004	3,943	11,669	3,111	5,956	24,679
Net book value:					
At 31st December 2004	29,490	7,362	2,560	2,946	42,358
At 31st December 2003	28,867	7,689	3,080	2,060	41,696

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

	2004	2003
	£000	£000
Net book values:		
Plant and machinery	-	126
Motor vehicles	1,775	1,893
Fixtures and fittings	41	-
Total	1,816	2,019
Depreciation provided in year:		
Plant and machinery	-	95
Motor vehicles	649	520
Fixtures and fittings	26	-
Total	675	615

Notes to the Accounts (continued)
at 31st December 2004

8. Tangible assets (continued) - Land and buildings

Land and buildings are further analysed below between freehold and leasehold.

Group Cost or valuation:	Freehold £000	Long leasehold £000	Short leasehold £000	Properties total £000
At 1st January 2004	31,603	322	386	32,311
Additions	2,028	-	-	2,028
Disposals	(946)	-	(40)	(986)
Reclassification	472	(269)	(123)	80
At 31st December 2004	33,157	53	223	33,433
Depreciation:				
At 1st January 2004	3,058	35	351	3,444
Charged	643	3	16	662
Disposals	(154)	-	(40)	(194)
Reclassification	149	(8)	(110)	31
At 31st December 2004	3,696	30	217	3,943
Net book value: At 31st December 2004	29,461	23	6	29,490
At 31st December 2003	28,545	287	35	28,867

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	32,846	53	223	33,122
Accumulated depreciation	(3,557)	(30)	(217)	(3,804)
Net book value At 31st December 2004	29,289	23	6	29,318
At 31st December 2003	28,364	287	35	28,686

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 2004

8. Tangible assets (continued)

Company	Freehold properties	Plant and machinery	Fixtures and fittings	Total
Cost:	£000	£000	£000	£000
At 1st January 2004	53	2,847	332	3,232
Additions	-	102	478	580
Disposals	-	-	(85)	(85)
Reclassifications	-	(2,496)	2,496	-
At 31st December 2004	53	453	3,221	3,727
Depreciation:				
At 1st January 2004	53	1,882	183	2,118
Charged	-	76	456	532
Disposals	-	-	(28)	(28)
Reclassifications	-	(1,725)	1,725	-
At 31st December 2004	53	233	2,336	2,622
Net book value:				
At 31st December 2004	-	220	885	1,105
At 31st December 2003	-	965	149	1,114

Notes to the Accounts (continued)
at 31st December 2004

9. Investments

Group

One of the Company's wholly owned subsidiary undertakings, 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). The Company owns 50% of the ordinary shares of Total School Solutions (Sandwell) Holdings Limited. The other 50% is owned by PF Schools (Sandwell) Limited (a subsidiary of Pell Frischmann Group Limited). Total School Solutions (Sandwell) Holdings Limited owns 100% of the ordinary share capital of Total School Solutions (Sandwell) Limited. The Company owns 50% of the ordinary share capital of V.B. Limited. The other 50% is owned by Leonardo Investment Holdings Limited. In the Group, these have been accounted for under FRS 9 using the gross equity method.

The above companies are involved in the provision of Private Finance Initiatives (PFI).

Under its PFI joint ventures the Group has commitments of £0.8m (2003: £11.6m) that have been contracted but not provided for in the accounts.

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

	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 2004	17	632	(13)	636
Additions	-	674	-	674
Repayments	-	(39)	-	(39)
Profits for the year	-	-	21	21
At 31st December 2004	17	1,267	8	1,292
At 31st December 2003	17	632	(13)	636

On 14th August 2003, one of the Company's wholly owned subsidiary undertakings, Vinci (Holdings) Limited, sold its 50% interest in City Link (Cardiff) Limited to the Vinci Pension Fund for a cash consideration of £980,000 and a net profit of £nil.

Vinci (Holdings) Limited owns 20% of the ordinary share capital of V.B. Investments Limited, an investment company. Two hundred £1 ordinary shares were acquired, at par value in 2003. The subsidiary undertakings of V.B. Investments Limited are as follows:

Subsidiary:	Holding:	Date Acquired:
W.P.A. Support Services (Holdings) Limited	100% ordinary shares	19th December 2003
Derby School Solutions (Holdings) Limited	100% ordinary shares	23th December 2004
H&D Support Services (Holdings) Limited	100% ordinary shares	2nd July 2004

In the Group, the investment in V.B. Investments Limited has been accounted for under FRS9 as an associated undertaking.

Notes to the Accounts (continued)
at 31st December 2004

9. Investments (continued)

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

	Loans to associated undertakings £000
At 1st January 2004	-
Additions	962
At 31st December 2004	962

Under its associated undertakings, the Group's share of capital commitments is £11.0m (2003: £nil) that have been contracted for but not provided for in the accounts.

Company

This comprises shares in Group undertakings:

	Total
Cost:	£000
At 1st January 2004	113,628
Disposals	(10)
At 31st December 2004	113,618
Provisions for impairment:	
At 1st January 2004	70,690
Written back in the year	(871)
At 31st December 2004	69,819
Net book value:	
At 31st December 2004	43,799
At 31st December 2003	42,938

During the year the Company disposed of its investment in Norwest Holst Management Contracting Limited.

Details of the principal subsidiary undertakings appear on page 48.

Notes to the Accounts (continued)
at 31st December 2004

10. Stocks and work in progress

Group	2004 £000	2003 £000
Development land and properties	205	205
Raw materials and consumables	1,594	1,947
Items for resale	565	325
	2,364	2,477

11. **Debtors:** due within one year

Group	2004 £000	2003 £000
Trade debtors	49,855	38,532
Amounts recoverable on contracts	43,466	35,227
Due from parent and fellow subsidiary undertakings	6,043	5,408
Other debtors	1,240	6,541
Prepayments and accrued income	4,027	2,619
Tax recoverable	1,877	318
Deferred tax asset (note 15)	-	784
	106,508	89,429

Company	2004 £000	2003 £000
Trade debtors	469	211
Due from parent and fellow subsidiary undertakings	14,382	17,294
Other debtors	504	602
Prepayments and accrued income	1,149	1,421
Tax recoverable	266	227
Deferred tax asset	747	344
	17,517	20,099

Notes to the Accounts (continued)
at 31st December 2004

11. Debtors: due within one year (continued)

Analysis of deferred tax asset balance:

Company	Deferred tax asset £000
At 1 January 2004	344
Transfer to profit and loss account	403
At 31st December 2004	747

The deferred tax asset comprises of:	Amounts recognised	
	2004 £000	2003 £000
Capital allowances	158	55
Other timing differences	589	289
	747	344

12. Debtors: due after more than one year

Group	2004 £000	2003 £000
Trade debtors – contract retentions	5,064	2,920
Other debtors	51	467
SSAP 24 pension debtor (note 3)	11,509	13,569
	16,624	16,956

Company	2004 £000	2003 £000
SSAP 24 pension debtor (note 3)	11,509	13,569

Notes to the Accounts (continued)
at 31st December 2004

13. Creditors: amounts falling due within one year

Group	2004 £000	2003 £000
Bank loans and overdrafts (note 21)	29,289	23,564
Obligations under finance leases (note 14)	910	889
Payments on account	26,309	19,226
Trade creditors	45,206	39,046
Due to parent and fellow subsidiary undertakings	6,023	5,732
Taxation and social security	11,352	9,548
Other creditors	3,057	2,585
Accruals and deferred income	103,632	98,008
	225,778	198,598

Company	2004 £000	2003 £000
Trade creditors	929	876
Due to parent and fellow subsidiary undertakings	18,282	20,247
Taxation and social security	4,445	2,898
Other creditors	995	1,052
Accruals and deferred income	7,347	3,150
	31,998	28,223

Notes to the Accounts (continued)
at 31st December 2004

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

Group	2004 £000	2003 £000
Bank loans	13,340	13,895
Trade creditors – subcontract retentions	2,827	1,192
Obligations under finance leases	846	1,233
Other creditors	-	3
	17,013	16,323

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 at an interest rate of 7.07%. It may be analysed by maturity as follows:

Repayable:	2004 £000	2003 £000
In more than five years	10,898	11,370
Between two and five years	1,845	1,967
Between one and two years	597	558
Within one year	555	503
	13,895	14,398

Finance lease obligations are repayable as follows:

Group	2004 £000	2003 £000
Within one year	910	889
Between one and two years	576	616
Between two and five years	270	617
	1,756	2,122

Notes to the Accounts (continued)
at 31st December 2004

15. Provisions for liabilities and charges

Group	Deferred tax (asset) /liability £000
At 1 January 2004	(784)
Transfer from profit and loss account	1,285
At 31 December 2004	501

The deferred tax liability/(asset) comprises of: Amounts recognised

	2004 £000	2003 £000
Capital allowances	1,777	1,048
Other timing differences	(1,276)	(1,830)
Losses	-	(2)
Deferred tax liability/(asset)	501	(784)

The Group also has tax losses of £873,000 as at 31st December 2004 (2003 : £854,000) which have not been recognised as these may only be set against certain profits arising in specific subsidiaries in future accounting periods.

Consequently the Group has unrecognised deferred tax assets of £262,000 as at 31st December 2004 (2003:£256,000).

	Provision for losses of subsidiary undertakings £000
Company	
At 1st January 2004	3,185
Provided	530
Released	(38)
At 31st December 2004	3,677

Notes to the Accounts (continued)
at 31st December 2004

16. Share capital

Group and Company	Authorised, allotted, called up and fully paid 2004 No. 000's	2003 No. 000's	2004 £000	2003 £000
Ordinary shares of £1 each	18,956	18,956	18,956	18,956

17. Reserves

	Revaluation reserve	Capital redemption reserve	Profit and loss account
Group	£000	£000	£000
At 1st January 2004	311	300	35,991
Transfer to reserves	-	-	10,257
At 31st December 2004	311	300	46,248

	Capital redemption reserve	Other reserve	Profit and loss account
Company	£000	£000	£000
At 1st January 2004	300	10,657	29,883
Transfer to reserves	-	-	11,824
At 31st December 2004	300	10,657	41,707

The other reserve is not distributable.

Notes to the Accounts (continued)
at 31st December 2004

18. Reconciliation of movement in shareholders' funds

Group	2004 £000	2003 £000
Profit for the financial year	10,257	7,914
Dividends	-	-
Net movement in shareholders' funds	10,257	7,914
Opening shareholders' funds	55,558	47,644
Closing shareholders' funds	65,815	55,558

Company	2004 £000	2003 £000
Profit for the financial year	11,824	8,469
Dividends	-	-
Net movement in shareholders' funds	11,824	8,469
Opening shareholders' funds	59,796	51,327
Closing shareholders' funds	71,620	59,796

19. Capital commitments

Capital expenditure	2004 £000	2003 £000
Contracted for but not provided in the accounts	1,124	826

20. Other financial commitments

Operating lease commitments

The Group has agreed to make payments in the year ending 31st December 2005 under operating leases expiring within the following periods of 31st December:

		2004 £000	2003 £000
Land and buildings	- over 5 years	189	65
Other assets	- within 1 year	1,416	1,121
	- between 2 and 5 years	2,883	2,174
		4,488	3,360

Notes to the Accounts (continued)
at 31st December 2004

21. 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 2004, the net Group borrowings were £nil (2003: £nil).

22. 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. There are no other related party transactions.

23. Ultimate parent undertaking

At 31st December 2004 the ultimate parent undertaking was VINCI, 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 2004

Construction

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

Engineering Services and Facilities Management

Rosser & Russell Building Services Limited
VINCI Services Limited
*VINCI Partnerships Limited

Manufacturing

Conren Limited

PFI

VINCI (Holdings) Limited
VINCI Investments Limited
** Total School Solutions Limited
*DPA Support Services Limited
** Total School Solutions (Sandwell) Limited
**V.B. Limited

Group Administration and Services

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

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

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

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

Principal Offices

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Regional Offices in Warrington, Derby, Birmingham & Winchester

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PFI

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Project Development

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