

REGISTERED NUMBER: 2295904

VINCI CONSTRUCTION UK LIMITED

CONSOLIDATED
ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2020



VINCI Construction UK Limited

Company Information

DIRECTORS

C C Brennan
J P Gatward
G Godard
C M Hamer
J P Loiseau
A K Raikes

REGISTERED OFFICE

Astral House
Imperial Way
Watford
Hertfordshire
England
WD24 4WW

REGISTERED NUMBER

2295904

INDEPENDENT
AUDITORS

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

BANKERS

National Westminster Bank Plc
P O Box 2DG
208 Piccadilly
London
W1A 2DG

Group Profile

VINCI PLC

VINCI CONSTRUCTION UK LIMITED is the main trading arm of VINCI PLC. It is principally trading in the UK through three main divisions, Building, Facilities, and Civil Engineering. VINCI CONSTRUCTION UK LIMITED ranks among the top 20 contractors in the UK and is 100% controlled by VINCI S.A. one of the major contracting companies in the world.

Building

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

VINCI Facilities

VINCI Facilities in the UK operates two business lines; Facilities Management and Building Solutions. Through VINCI Facilities, we provide soft and hard facilities management, mechanical, electrical and building maintenance solutions to both the public and private sectors. VINCI Facilities operates in a range of sectors which include: health, local and central government, defence, social housing, retail and commercial offices. The services are delivered through five customer focussed business units; two Facilities Management and Technical Services units which operate on a national basis and three regionally focussed Building Solutions businesses.

Taylor Woodrow

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

VINCI Technology Centre UK Limited

The Technology Centre offers specialist consultancy and testing services in the areas of compliance, environment, materials and structures. Its main markets are nuclear, construction products, structure and environmental testing for all types of construction projects including major projects, property FM and consultants.

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

Business Model

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

Through the strong regional and national presence of our building and civil engineering operations, we pursue business opportunities, mainly across England and Wales.

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

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

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

Business Risks

The continued success of the Group depends upon management's ability to identify and manage risks which are inherent in the type of activity we are engaged in. These risks fall into specific areas, all of which have the potential to impact on the success of the Group.

- **Covid-19 Impact and Risk**

Since March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In the UK, as in many other countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. The effect on the business has been assessed as follows:

- **Government actions**

Key to the business is ensuring that it operates in accordance with current government regulations and guidance (such as social distancing, working from home and closure of sites). In general, the Company is working satisfactorily at its sites under the COVID-19 restrictions with some staff usually working in the corporate office able to continue operating effectively from home. The main impact is reduced demand for our services from clients where they themselves have ceased or paused work.

- **Monitoring by Management**

The Board and management continue to monitor the developments and hold regular briefings to assess business continuity and the challenges being faced. Urgent updates are sent out to the whole business as and when needed and there is a regular communication of other updates.

- **Response**

We are adopting the Government guidelines and advice and changing our business operations to suit these. Short term forecasts are produced and reviewed by the Management Board regularly to monitor cash flow in the business.

Business Risks (continued)

- **Brexit Risk**

Although we have experienced no significant impact of Brexit to date, we closely monitor its progress, and will continue to do so.

We have two particular areas of concern. Currently our main Brexit issue is the cost, availability and timely delivery of materials for our projects which are sourced from outside of the UK. It is anticipated that there may be delays to the flow of goods across borders as well as the potential for costs to escalate through trade tariffs, the implementation of additional regulations and a fall in sterling. Communication with the supply chain is paramount to understanding and mitigating these potential areas of risk. We are also focussed on the availability of labour resources. This is not necessarily a Brexit related issue as, for some years, we have been aware of a downward trend in the availability of skilled labour. We try to control this risk by close planning and careful management of our various contracts, for example, working with our supply chain to transfer labour as effectively as possible between our projects.

Overall, as the Group has a strong cash position, risks around Brexit are not expected to pose an issue in terms of going concern.

- **Financial Risk**

The principal financial risks that we face are associated with our ability to accurately estimate the costs of carrying out the contracts in which we engage, the risk of properly incurring and controlling those costs, the ability to recover costs under the payment terms of all contracts, the financial standing of our clients, sub-contractors and suppliers in terms of their ability to discharge their obligations to us.

The Group controls these risks in a number of ways. The Group is highly selective in the type of work that it tenders for in terms of the project size, location, complexity and contract duration. These criteria are examined for each business unit and are specific to them to ensure that their capabilities are used to best effect. The Group specialises in certain types of building, civil engineering and facilities projects in line with the areas where we have proven expertise. Tenders are controlled in accordance with a tender control policy and are authorised by directors according to their value and type. In accordance with VINCI procedures, tenders over set amounts are submitted to the VINCI Risk Committee in Paris for approval.

- **Performance Risk**

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

- **Health and Safety**

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

- **The Environment**

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

Business Risks (continued)

- Risk Management.

As one of our key management processes, the Business Management Manual implemented across the Group directs senior managers to follow prescribed guidelines and procedures designed to identify, analyse and manage our major risks:

- Non-compliance with laws and regulations
- Default in protection of persons
- Default in protection of assets
- Poor tender quality resulting in inability to achieve commitments
- Poor quality in project delivery
- Financial information in relation to the Company and its projects accounts, performance management accounts and forecasts being not reliable

Internal control actions are led to make sure this is effectively delivered across the organisation.

Section 172 Compliance Statement

The Directors confirm that they are compliant with Section 172 of the Companies Act 2006, that is, their duty to promote the success of the Company for the benefit of all members. In doing so the Directors have regard, amongst other matters, to the following:

(i) The likely consequences of decision making

As with other large organisations, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Company. The Directors maintain oversight of the Company's performance and are responsible for ensuring that management acts in accordance with the strategy and plans agreed by the Board.

In making decisions concerning the Business Plan and future strategy the Directors have regard to a variety of matters, including the consequences of its decisions in the long-term and its long-term reputation. As part of this, the Board recognises that it is key that we effectively identify, evaluate, manage and mitigate the risks we face.

(ii) The need to foster relationships with suppliers, customers and others

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

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

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

We pride ourselves on a strong partnership culture. A skilled supply chain that feels integral to our business is most capable of helping us to deliver outstanding quality projects on time and within budget.

We are committed to treating our supply chain partners fairly in respect of payment for works done. Our payment terms are seen as leading within the industry. This can be seen from the Duty to Report Payment Practices and our sign up to the Prompt Payment Code.

Section 172 Compliance Statement (continued)

(iii) The impact of company operations on the community and the environment

We are committed to understanding, respecting and making a positive difference to each community that we work within. We work closely with clients to create projects that support and serve local communities. We understand the catalytic and multiplier effects of VINCI's spend within commercial and social economies.

We set annual social value objectives and measure performance. Our social value strategy includes themes such as community legacy, local expertise and skills, waste, biodiversity and carbon. Further information on these themes is provided in the Academy section on page 22 and the Environment section on page 20. The effective development of our strategy, combined with our key values of teamwork and innovation, ensures we focus on exceeding our stakeholders' requirements.

Where possible on our contracts, our aim is to employ a diverse workforce while maximising project spend within a 20-mile radius of the site. Not only does this protect the local pound, it helps achieve a sense of belonging within the community, while reducing our sites carbon footprint significantly. We make decisions about appointment on subcontractors based on locality, value and competency.

Through environmental management and resource efficiency plans we will identify ways to minimise impact and maximise innovation. We are committed to ensuring each project considers its approach to sustainable delivery, as per our environmental management policy.

We create an environmental management plan, detailing the systems, monitoring and auditing to achieve the project's objectives sustainably. We undertake an environmental risk assessment to address planning, design, preconstruction, construction, commissioning and handover.

We fully document efficient use of resources and record consumption, using a resource efficiency management plan and our recording system, Footprint. Footprint, evidences chain of custody, records waste diverted from landfill, water consumption/recycling data, monitors CO2 emissions/carbon reduction and ensures our timber procurement is from Category A certification schemes.

If waste cannot be eliminated or is a by-product of operations, our standard is to reuse or recycle.

We are proud of the high number of best practice Considerate Constructors Scheme awards received. Achieving these high standards requires us to run well organised and managed construction projects.

Further details of our environmental management plans are given in our Streamlined Energy and Carbon Reporting (SECR) disclosure on page 8.

Section 172 Compliance Statement (continued)

(iv) Engagement with and regard to the interests of employees (impact of decision making)

Team engagement is high on our agenda and is currently at 87% in the Group, as measured in our annual survey. The survey is a direct method of listening to team member' views across a number of key business areas each year. Feedback gathered directly informs the actions in our annual business plan.

Face-to-face briefings with Directors are held regularly to provide feedback on business plan progress, news of future opportunities and to allow two-way dialogue with team members. In addition to this, a range of communications is produced for both internal and external audiences to keep employees informed and to promote business achievements.

Within our business several initiatives are in place to help us to improve the image of the industry, raise awareness of the opportunities available and to improve local recruitment, including work experience placements, site visits and events such as Build UK Open Doors Week.

Working with local schools and colleges allows us to promote the career and development opportunities available within VINCI and our industry. "Think global, act local" could be used to describe our approach which, by combining our corporate responsibility and employment policies, allows our project teams flexibility in how they deliver this at the project level.

In conjunction with the National Apprenticeship Service, we follow a Modern Apprenticeships model to offer people aged over 16 the chance of paid employment at craft, technician and management level.

(v) High standards of business conduct

The Group's business model is set out on page 3.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

On a regular basis the Board reviews the Group's Ethics Policy. It has recently introduced a new code of ethics and anti-bribery programme and issued a modern slavery statement to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking in any part of our business or supply chain. Our whistleblowing (Safecall) process has long been in place.

(vi) Acting fairly between members of the Company

The Board includes Directors from, and works closely with, its parent company. It is important to us that our shareholders understand our strategy and objectives. We maintain regular, continuing dialogue with them to explain and discuss business performance and future plans.

Other key initiatives

Innovation

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

We strive to provide innovative solutions to everyday problems and deliver projects ranging from traditional construction to the extremely complex.

Build on Trust

VINCI Construction's management team and coordination committee have worked to develop a brand tagline for VINCI Construction and its subsidiaries. In 2020 we collectively identified the values that constitute the identity of VINCI Construction and focused on the core elements that every team member can relate to. The trust we develop and maintain over the long term with our customers, partners and employees is our strength and sets us apart. Our chosen tagline, "Build on trust", expresses this idea. Together with the amazing legacy of talent we have at VINCI Construction, we are making trust the most sustainable foundation on which to help build the world of tomorrow.

Streamlined Energy and Carbon Reporting Disclosure

The Streamlined Energy and Carbon Reporting regulations (SECR) reflect the Government's ideology that mandatory reporting has a key role to play in influencing behavior because 'what gets measured gets managed'.

VINCI Construction UK Limited, being a large unquoted company, is required to disclose the following energy and carbon information for the year ending 31st December 2020.

Energy and Carbon Reporting		2020	
Scope	Source	kWh Consumed	tco2e Emissions
1	Combustion of gas	2,518,921	463
1	Combustion of fuel for transport	13,522,793	3,242
1	Combustion of fuel for on-site uses (non-transport)	8,331,000	2,134
2	Purchased electricity	4,431,609	511
3	Business travel in rental/employee owned vehicles	1,664,800	389
	Totals	30,469,123	6,739
	Turnover		849,192,000
	Intensity ratio Tco2E/£M turnover		7.94

Streamlined Energy and Carbon Reporting Disclosure (continued)

Methodology

We have adopted the accounting and reporting principles of the Greenhouse Gas Protocol (Corporate and Accounting and Reporting Standards) as the basis for our quantification and reporting methodology. We have used the UK's 2020 DEFRA Conversion Factors (Condensed Set) for conversion between consumption units and tCO₂e.

Where measured data was not available, suitable estimations have been made, using the best available data and industry standard methods - for example CIBSE Guide F benchmark data for static buildings and plant/equipment ratings for specialist testing activities.

We have opted to include energy consumption and associated emissions over and above the minimum SECR requirements of electricity, gas and transport fuels. We have chosen to take this approach as energy consumption and associated emissions relating to construction and civil engineering activity are material to our operations, accounting for around half of Scope 1 emissions and a third of our total CO₂e emissions for 2020.

Unconsumed energy has not been included in this report, as per the SECR Reporting guidance.

A small proportion of consumed energy is not practical to either measure or estimate and is therefore omitted from this report along with any associated Scope 2 CO₂e emissions. The omitted energy relates to the use of hand tools and other such plant items whilst undertaking works on a customer site where the energy is provided free of charge and unmeasured. We estimate that this energy consumption is negligible and accounts for less than 0.5% of the total CO₂e emissions for VCUK.

Energy efficiency

In January 2020 VINCI PLC set a 40% reduction target in its direct and indirect carbon emissions by 2030 from a 2018 baseline. Included emissions are from vehicle fuel, gas oil, electricity and gas use across our offices and projects. In support of this, VCUK business units have each developed an Environmental Reduction Roadmap or Carbon reduction Plan which commits to going beyond the 2030 VINCI target by committing to work towards being net positive by 2025. Our business Policies, processes and practices will all support to achieve or exceed this target.

In 2020, VCUK's Energy consumption and Carbon emissions have been impacted by COVID-19, particularly in our static office locations and in our transport fuels, as government advice throughout the year meant fewer business-related journeys were made to customer sites and our office attendance was reduced.

To combat the risk that COVID-19 posed, our policies were amended to include measures to keep our staff, customers and the public safe and our workplaces were adapted to allow for COVID-19 protection measures, allowing VCUK operations to largely continue. As such, our updated processes and greater use of Digital Tools meant fewer business miles travelled and lower office occupancy was achieved without compromising on quality of service or impact on health, safety and wellbeing.

VINCI Facilities demonstrated their commitment to embedding environmental improvement and an integrated approach to sustainability from strategy to operation throughout their business model and ethos. For the 5th year running, VINCI Facilities scored over 80% in the Sustainable Facilities Management Index (SFMI), achieving 89% and remaining one of the top three FM suppliers in the UK for environmental, social and governance sustainability.

Renewable Energy

VCUK is proud to state that all of the electricity we procure from Grid is from REGO Backed renewable sources. We have been procuring renewable energy for a number of years, both for static facilities and for construction sites.

Streamlined Energy and Carbon Reporting Disclosure (continued)

Our construction sites utilise solar photovoltaic (PV) panels to generate renewable energy in a myriad of applications, such as Floodlighting, Tower lighting, Signage, Pedestrian Lighting, environmental monitors and even to feed electric vehicle (EV) Charging points. We also employ solar streetlighting technology in our car park at Head Office.

In larger applications, we have a Solar PV powered Welfare cabin on the M4 project and have trailed solar powered site generators.

As well as using renewable generation on our construction sites, we have been trialling alternative fuels to reduce carbon emissions and allow more efficient on-site power generation and biofuel site vehicles.

Transport Fuels

Our Fleet department has introduced full EV options for all grades of company car user, ensuring that the move away from fossil fueled vehicles is made available to as wide an audience as possible.

Our commercial fleet has traditionally comprised diesel vans and the nature of our operation does not lend itself to an immediate change to EV vans. However, we have taken delivery of several Hybrid vans and some of our site-based vehicles are now fully electric which are contributing to reductions in Carbon emissions, and our Fleet Department continue work to increase the EV van fleet wherever practical to do so.

The increased use of Teams, Skype and Zoom for meetings has also reduced the amount of business travel, and we encourage remote meetings to be held whenever practical.

Energy Efficiency and Carbon Management

We use data and digital systems to collect data, track performance and reduce wasted energy, fuel and carbon. This data is used for environmental monitoring and reporting, and also to target Energy & Carbon improvements. Our internal energy & environmental specialists have implemented a multitude of efficiency and carbon reduction projects that have contributed to improved environmental performance by VCUK. These include construction site activity, such as use of energy efficient site cabins and compounds designed to operate efficiently and using generator sequencing to reduce fuel consumption.

VINCI Facilities holds ISO50001 accreditation at our Head Office, and we are in the process of extending the accreditation to other VINCI operated sites. ISO50001 and wider data collection via our internal Bureau, has allowed us to target key areas for improvement such as implementing projects to minimise solar gain, relocating Server Room into the Cloud and manage our energy consumption proactively.

Our M4 J3-12 SMART Motorway Team were recently awarded 'Climate Change Silver Winner' by the Green Apple Environment Awards. Among other environmental benefits, the Team reduced one of the project compounds electricity consumption by 44%, resulting in 1,415tCO₂e over the project lifetime.

Our HS2 team worked in collaboration with Birmingham City Council (BCC) towards a European Regional Development Fund (ERDF) for implementing low carbon technologies, to deliver in excess of 1,200tCO₂e savings. Technologies in the scope at Washwood Heath Depot include; Geothermal energy, solar photovoltaics, electric crew busses, 30 EV car and commercial charging points.

Supporting Our Customers

As well as working hard to reduce our own energy consumption and carbon emissions, we support our customers with all aspects of energy, water and carbon management. Examples include Bureau Services, ongoing monitoring, analysis and reporting, Behaviours and Awareness schemes, Audits, improvement projects, compliance and procurement services – all tailored to manage and reduce energy & carbon.

Divisional Performance and Outlook

Building Division

The Building division turnover in the UK fell in the year to £381m (£429m in 2019) mainly as a result of the Covid-19 pandemic with delays to on-going works, delayed awards and two project cancellations.

The profit amounted to £8.3m in the year, 2.2% of the turnover, and as last year, every regional business traded positively.

During the year we delivered a number of projects across a range of sectors, including:

- Health
 - Preston CCU, Phase I
 - Royal Blackburn Hospital AMU
 - Newcastle RVI (minor works)
 - St Ann's Hospital, Walthamstow
 - Manchester & Preston Nightingale Hospitals
 - Deeside & Bangor Rainbow Hospitals
 - The Christie CCU & Surgical Wards
 - Doncaster Theatre refurbishments
- Student Accommodation
 - Fallowfield, Manchester (Final Phase)
 - Spreytonway & Moberley, Exeter University (UPP)
 - NCP East Street, Reading
 - East Park, Exeter (UPP), Phase I
- Education
 - Kings School, Macclesfield
- MSCP
 - St Peter's Hospital
- Commercial / Retail / Industrial
 - Tameside Bus Station
 - Warrington Time Square Redevelopment
 - Barton Square, INTU
 - Moto, Rugby
 - Lotus Production and Restaurant Buildings
- Leisure
 - Buxton Crescent Redevelopment to Spa Hotel
 - Fairfield Halls, Croydon

Building Division (continued)

And during the year we started some significant projects again across multiple sectors and continued on site with some of our larger projects.

- Health
 - Preston CCU (Phase II & III)
 - Paterson Building, The Christie, Manchester
 - SLAM, Douglas Bennett House
 - The Christie @ Macclesfield
 - HCA, Birmingham
 - Kingston Dementia Centre
 - Blackpool CCU
 - Bournemouth & Poole
 - Project STAR, Demolition
 - Doncaster Electrical Upgrades
 - Huddersfield Hospital
- Student Accommodation / Residential
 - New Victoria Residential
 - Plot 7, Perry Barr
 - UCL, East Pool Street
 - Oxford Street (Hines)
 - East Park, Exeter
 - Glasgow Harbour Re-cladding
- Education
 - Rhondda Schools re-roofing
 - Catalyst Building, Stoke-on-Trent
- MSCP
 - Sandwell & City Hospitals
 - Newcastle RVI
 - Sadlers Mead, Chippenham
- Commercial / Retail / Industrial
 - Trader Units, New Covent Garden Market
 - Marketfield Way
 - Chester Northgate
 - Harlow Science Park
 - Festival Gardens, Liverpool
 - Ellesmere Port OPE Hub
 - Guildhall, York
 - Albion Square, Hull

Given the division's expertise in the Health Sector, we were approached by the Department of Health to lend support to the construction of the Nightingale Hospitals which would provide additional bed spaces to help the NHS fight the pandemic. Over a very intensive 4-week period in April, we completed 2 Nightingale Hospitals in England at Manchester and Preston, 2 Rainbow hospitals in Wales at Bangor and Deeside as well as a CCU ward for COVID patients at The Christie also in Manchester. Since then we have also been commissioned to undertake COVID ward works at Preston, Blackburn, Doncaster and Huddersfield NHS Trusts.

Whilst the pandemic has undoubtedly had an effect on turnover this year, we have kept the large majority of our sites open at all times, and given the reduced productivity, we have achieved successful handovers of all student accommodation and education facilities to meet the September intake requirements. Hopefully we have now passed the worst of the pandemic issues and productivity on sites is now nearing 100%, we need to concentrate on ensuring delivery on time, whilst achieving the requisite quality continued on site with some of our larger projects.

Building Division (continued)

Awards in 2020 were slowed considerably by the start of the pandemic in March, but have since picked up, and we have now secured 82% of next year's turnover, and we have a significant preferred bidder list of work totalling over £750m. Whilst the workload for 2021 is expected to return to 2019 levels, and is reasonably well spread across the regions, the majority of the preferred bidder work is in the North West and London & South regions.

Given the continuing COVID issues and uncertainty around Brexit, the outlook is still unclear, however, we are well placed to win public spending opportunities, especially in the health care sector. This bodes well given the continued reduction in spending from private organisations, such as with student accommodation projects where travel restrictions are affecting the numbers of overseas students and therefore the demand for new accommodation.

Staff numbers in the year have reduced in line with the reduction in turnover to around 570 permanent employees, and our voluntary churn rate remains low at significantly less than 10%.

The employee engagement score rose again to an incredible 92%.

Whilst 'Think Again' is now thoroughly embedded in our business culture, we need to push our quality objective of 'Right First Time' and 'Respect and Protect' for the Environment to ensure that we meet or exceed the sustainability objectives of our parent.

Civil Engineering Division (Taylor Woodrow)

The turnover budget for the Civil Engineering Division in the UK for 2020 was set at £201m and at year end we achieved £171m. The 2020 decline in turnover was largely due to the delayed start to HS2.

Since the start of the pandemic, we have put COVID-19 secure plans in place which have allowed us to stay largely fully operational. The business has shown great resilience and initiative in finding ways to productively work to the satisfaction of our clients, whilst keeping our people safe. All our sites, except for those associated with Transport for London (Whitechapel Station for Crossrail and Step Free Access for London Underground), were operating during the summer lockdown. Our people have adapted and embraced new ways of working and social distancing and we have limited the impact of the pandemic on our business.

We have been delighted to receive some key contract awards this year:

- The **HS2 N1 and N2 Main Works Civils** contract was signed in April of this year, confirming £1bn of forward workload for Taylor Woodrow. This project secures 6 years of work for our team in Birmingham.
- We have been awarded **Esso's £89m Southampton to London (Heathrow) fuel pipeline** in joint-venture with our VINCI sister company, Spiecapag. We are excited to start this new relationship with a VINCI company with complementary skills and hope to build further opportunities together.
- In Greater London we have been selected in first position for **Enfield's Meridian Water Infrastructure Works framework** (£90m) and as the civils delivery partner for **North London Waste Authority's Eco Park Refuse and Recycling Facility** (£80m), also in Enfield. These contracts are important to provide continuity for our long-established construction teams in the London area.
- We have also started the design support stage of **Highway's England's A358 Taunton to Southfields** contract, value to TW £135m. This is an exciting step for Taylor Woodrow as it is the first major scheme under Highways England's Regional Delivery Programme and our first large highway as a sole delivery partner, something we see as a natural progression given the strength of our highways team.
- With our sister company VINCI Energies, we have secured a place on **National Grid's RIIO-T2 Substations Construction Framework**. This offers us a great opportunity to build our capability in a new market and further expand our ties and capability with VINCI group companies.

The status of the ongoing projects during 2020 is as follows:

Highways

- **M4** – Works increased significantly in 2020 with all 11 structures on the eastern section (junctions 3 to 8) completed in the year. The western section between junctions 8 and 12 will open for traffic in early 2021. On the Eastern section this is planned to complete in late 2021, ahead of the March 2022 deadline.
- **M6** – Successfully fully opened to traffic in February 2020, ahead of programme.

High Speed Rail 2

- **Main Works Civils** - Notice to Proceed was confirmed by the UK government and the main works contract was signed with VINCI in April. In May we commenced the first section of permanent works at the Long Itchington Wood North Portal. The TBM cutter head was delivered in December for its first drive under the Long Itchington Wood ancient woodland. TW personnel on the team now number 221.
- **Old Oak Common Station** – our JV commenced work in September 2019 and has been expanding during 2020 to a team including 60 people from Taylor Woodrow. On June 2nd we mobilised to the Old Oak Common site following a successful handover from the Enabling Works contractor.

Civil Engineering Division (Taylor Woodrow) (continued)

Transport for London

- Step Free Access – All 3 of our sites handed over during the year to the clients lift installation contractors on programme. Our works will now complete in early 2021.
- Whitechapel Crossrail Station – at our clients request site activities ceased on 24th March due to COVID but were able to recommence from early May, using COVID-secure precautions. Our main construction works were confirmed complete by Crossrail in November but works will continue through 2021 including final possessions in the summer with a planned opening to passengers by Crossrail in first half of 2022.

Rail

- Norwich Crown Point Depot – Work continues successfully with key dates being met which has led to the client instructing additional works including a new train carriage wash and a new Bogie Drop Pit.

Taylor Woodrow Professional Services

- Our activities continued at a similar level to 2019 providing consultancy support to designers on projects such as the Beckton Train Depot and HS2 Phase 2b.

During the year we also completed the final elements of work at the **M20 Junctions 10** and **White Hart Lane Station** in London.

Future business and Tendering

Our future work teams have continued to operate throughout lockdown, much of the time working from home and interacting well online. Of the submissions made in 2020, we have won £180m of tendered value and await the outcome of a further £250m. We now have a healthy order book with a forecast of £241m and £313m of turnover respectively in 2021 and 2022 and with a pipeline of opportunities out to 2026 in excess of £1bn per annum.

We are closely watching the infrastructure market for longer-term trends. Impacts of COVID and Brexit remain unclear, however we are optimistic about future spending on infrastructure in the UK as endorsed by the National Infrastructure Strategy published in November along with the latest government Spending Review which further endorsed its infrastructure financial commitments. Key issues remain:

1. **Post COVID recovery** – the UK government reiterated its plans for major investment in housing, education and transport with a commitment to deliver these works *'better, faster and greener'* and to raise the overall productivity of the nation after the crisis.
2. **Net Carbon Zero** – The UK has committed to net zero carbon emissions by 2050 and this requires significant adaptation of our nation's infrastructure. Taylor Woodrow are well placed to assist, working in our traditional markets of rail and highways, and exploring newer markets alongside our sister companies from the VINCI Group in the Energy sector. We launched our Carbon Strategy in 2020 set to achieve a 40% reduction in CO2 by 2030 and to be Net Zero by 2050.
3. **Brexit** – The business has continued to plan for all eventualities following Brexit with a clear focus on the issues which may arise from cost increases in materials, shortages of labour and potential delays due to import border checks.

Geographically, London remains a strong market for us, with a large team working on Old Oak Common Station and recent wins in Enfield (NLWA Eco Park and Meridian Water). Our Midlands presence continues to grow as HS2 N1 and N2 reaches construction phase. The West of England is a new growth area for Taylor Woodrow, with our recent start on the A358 Taunton to Southfields and tendering opportunities in the region including the A417, also for Highways England.

Civil Engineering Division (Taylor Woodrow) (continued)

We expect that during 2021 we will see spending commitments for the north of England start to emerge, particularly for HS2 Phase 2a and Transport for the North's Northern Powerhouse Rail. We are making plans to capitalise on these emerging opportunities and will liaise with our colleagues in VINCI Building Division whom are already strong in the north and can help support civil engineering growth.

HS2 is set to become our highest customer by value in 2021 and for the next 5 years+ we are targeting 50% of our civil engineering business from HS2 and 50% from other sources. There are further packages of work at HS2 that are of keen interest to us and we expect to bid for the depot at Washwood Heath, the people mover at Birmingham Interchange and Phase 2a extension from Birmingham to Crewe. Procurement is expected to start for these projects next year.

Our highways business has grown to circa £80m turnover in 2020. We secured the A358 Taunton to Southfields and we have submitted a strong bid for the A417 Missing Link of a similar value. Once our work on the M4 is complete next year, our secured work will dip in 2022 and 2023 while we support the design phase of the A358 and hopefully the A417. We are working to augment our highways workload by also securing smaller (£40m to £100m) road schemes for local authorities. We have bid one scheme in 2020 (award in early 2021) and expect to tender one or two more in 2021.

The main line Rail Sector continues to be quiet for us. The market saw a reduction in 2019 with less investment funds available and the pandemic has impacted ridership leading to a reduced need for investment to meet forecast passenger growth which is now not materialising. However there remain several smaller schemes, often third party funded, which are needed to support regeneration and housing which we are targeting.

Transport for London (including Underground and Overground networks) has also suffered major financial pressures this year due to COVID and the delays and cost overruns on Crossrail. However as with the main line rail, schemes supported by 3rd parties will be going ahead and these are likely to provide one or two opportunities for us in 2021 such as the DLR Beckton Depot.

The energy sector we see as an area of potential significant growth and we are actively increasing our engagement in areas to meet increased demand for electricity. In support of this strategy we have secured a place on National Grid's framework for substations with VINCI Energies. We continue to track Energy from Waste projects but due to the volatility of the market and the high-risk nature of the work, we are taking a cautious approach and not actively pursuing any opportunities.

Following our win with Spiecapag (a VINCI company) to build a new fuel pipeline between Southampton and Heathrow, we have completed a tender with Entrepouse and VINCI Construction Grand Projets for an LNG tank at the Isle of Grain where Taylor Woodrow have previously successfully delivered similar projects. Early indications are that our bid has been well received.

During 2020, we had started expanding our airports sector, following the purchase of the majority shareholding of Gatwick Airport by VINCI Concessions and the upcoming extension of Heathrow. Both these developments are now stalled due to COVID. However, we are still expecting the resurfacing of Gatwick main runway to come to market in 2021 and the re-development of Manston airport for commercial freight both of which we intend to pursue.

Company Structure and Business Focus

Our Digital Engineering capability has continued to expand in 2020 and early in 2021 will see the launch of our Digital Transformation Strategy which will see our approach to efficiency through digitisation of our work start to ramp up. We are also continuing to expand our Technical Expertise and our increased workload in 2021 will see this team grow further.

VINCI Facilities Division

2020 has been an extraordinary year for many organisations, including VINCI Facilities, the Facilities Management and Building Solutions arm of VINCI Construction UK Limited.

Our 1st quarter results, unencumbered by the COVID19 pandemic, delivered the highest level of economic activity in our 11 year history, with revenues of £86m at 2.7% net profit. Revenues were 27% higher than budgeted.

Both our business lines were equally active, with all four Business Units performing well ahead of budget.

The 2nd Quarter saw a significant impact on the business from COVID19, with a widespread of responses from our clients. At one extreme, the Retail Sector closed entirely for a number of months, whilst at the other, our Health sector activities increased their activity in support of the NHS response to the pandemic. At our peak we had almost a quarter of our workforce furloughed or stood down.

Activity started to grow again in the 3rd Quarter and returned in Quarter 4 to the high levels we had seen in Quarter 1. Full year revenues, despite the impact of COVID19, outturned higher than originally budgeted, at £301m. Profitability was materially affected by the lack of productivity through the initial 6 months of the pandemic in a number of sectors, down nearly 1%, to 2.0%. It is anticipated that this will recover to normal levels above 3% in 2021.

In the FM business line, in addition to growth on existing contracts we commenced new contracts with the Welsh Government for their heritage portfolio (CADW), with East Midlands Railway and with Transport for London on their Commercial Estate.

Our Building Solutions business line continued to deliver projects for clients in the Social Housing Sector, including Sandwell, Camden and Peabody Homes as well as more broadly for clients including the Ministry of Justice, Royal Mail, British Museum, Marshalls Aerospace and the Metropolitan Police. In line with our strategy, we were successful in gaining places on a number of framework contracts that should underpin our sustainability in the longer-term.

During the year, we tendered for two significant opportunities with the Ministry of Defence. The Future Defence Infrastructure Services (FDIS) contracts for the South East and South West Regions, encompassing both FM and Building Solutions and valued at circa £100m pa each. At the time of writing we await the outcome of these submissions.

The Covid-19 pandemic saw our teams perform in an extra-ordinary manner, ensuring our clients were supported as their own organisations responded to the challenges they faced. Whilst our support functions and senior management seamlessly enacted business continuity plans enabling everyone to work from their homes safely, our project teams continued to work in our clients' facilities delivering both FM and project works.

We were able to deliver these vital support services to our clients, by adopting industry wide Standard Operating Procedures that meant that during the first 6 months of the pandemic we did not have a single team member contract COVID-19 at their workplace.

In support of our Construction colleagues, we helped commission the Deeside 'Nightingale' Hospital at the height of the 1st wave of the pandemic, and we continued to run this field hospital throughout the year.

We also continued our support for the local communities, enshrined in our Community based strategy through many of our projects and notably in conjunction with the VINCI UK Foundation. VINCI Facilities distributed over £51.5K in emergency support to 10 charities involved in responding to the pandemic.

The full impact of the 2nd wave, which commenced in October, is yet to be fully realised. We continue to see a steady volume of staff either testing positive for the virus, or staff members having to isolate in response to the 'test and trace' activities.

VINCI Facilities Division (continued)

In addition, the ongoing pandemic is having an impact on a number of our clients, notably some in the retail sector which is continuing to lead to a number of significant business failures.

Whilst from a service delivery point of view, in both our facilities management and building solutions business lines, we have successfully supported our customers throughout the pandemic whilst taking the necessary steps to minimise the risk to health of our teams; we remain beholden to our clients and the impact the pandemic will have on their business performance in 2021.

In 2020, VINCI Facilities drew up and published its Environmental Reduction Roadmap, in support of VINCI's goal to reduce our direct carbon emissions by 40% by 2030. This roadmap, backed by detailed analysis of our footprint, sets out the steps we need to take to not only meet, but better the VINCI goal.

Work commenced on the actions in our roadmap in the second half of 2020, and notably working with VINCI Fleet to reduce the carbon footprint of our commercial van fleet and our car fleet. The full impacts of this work will be seen in 2021 and 2022 as we transition away from our petrol and diesel fleet.

In the middle of the year, we introduced EVs across all our car grades, and we saw a good level of uptake in these. We expect this positive trend to continue in 2021.

The roadmap tackles our carbon footprint, the circular economy, and the conservation of the natural environment, and provides a path for all our projects to follow.

As part of our Environmental Reduction Roadmap, we have developed a new programme, "Respect and Protect" which will be launched in 2021. This will become the banner under which all our Environmental agenda will be delivered.

Many of our projects and services support vital public services. 20% of our work is in the Health Sector, providing essential support ensuring that NHS Hospitals are able to operate at their full capacity. Another 20% of our activity is supporting the Ministry of Justice modernise their Prisons and Courts. A further 10% is focused on delivering improvements into Social Housing stock in Birmingham and London, and 7% of our services help schools across the country deliver great education to local communities. In addition to these sectors, a further 25% of our operations support the rail sector, and Central and Regional Government bodies. In all 83% of our activity is focused on delivering public services more effectively for society. The remaining 17% supports the private sector.

VINCI Facilities have been instrumental in helping shape Government Policy on Social Value, and the design of their Social Value Framework which comes into force in 2021.

We encourage and measure our social value contribution each year and this has seen a steady rise, year on year. In 2020 we joined other organisations committing to pay the "Real Living Wage". This wage is 9% higher than the government's statutory minimum, and is the accepted wage on which people can live, thus improving the lives of the most vulnerable. We will work hard with our clients to encourage their adoption of this for themselves in 2021.

The digital revolution remains a key differentiator for VINCI Facilities, as we continually develop digital solutions that support both our own operations; delivering efficiencies, productivity benefits and near real time Management Information; and support some of our key customers to improve their own operations. We have seen a significant shift in digital maturity of our teams during 2020 and this is set to continue in 2021.

We have set the ground work this year for the creation of partnerships with Social Enterprises in 2021 which will further strengthen our offers to our clients whilst generating increased levels of Social Value.

VINCI Facilities Division (continued)

- Human Resources: Continuous Improvement in the cohesion in the VINCI Facilities team, with the Employee Engagement rising to 86% across 1,800 respondents (84% of the team)
- Societal Responsibility: Joining the Living Wage Foundation as a Registered Service Provider and committing to pay the 'Real Living Wage'

Despite the impact of the COVID-19 pandemic, we enter 2021 with a similar order book for the coming year as we had as we entered 2020. In particular the Building Solutions pipeline is notably stronger than in previous years as a result of the focus on expanding, selectively, into more frameworks and our reputation with existing customers.

Our long term order book remains very healthy at £1.4bn.

As noted earlier, we await the outcome of our two FDIS tenders, each of which would increase our order book by £700m if we are selected.

VINCI Technology Centre

VINCI Technology Centre UK (VTC) provides specialist testing, consulting and investigation services in the construction sector. Testing is undertaken at our premises and nationally at client and 3rd party premises. Projects are generally of short duration i.e. up to three months.

Health and Safety: In 2020 there were three recorded injuries including zero RIDDOR reportable (2019: three and zero). Senior management is focused on further reducing injuries.

Turnover in 2020 was slightly lower than in 2019. This was influenced by turnover in Q2 (during the Government imposed lockdown) being 47% lower than in Q1 & Q3. The operating profit margin was improved to 8.5% (2019: 4.9%).

Margin improvement is a key focus and work is ongoing on digitisation initiatives that will deliver improvements during 2021. Reducing the cost of defects will also continue to be a major initiative during 2021.

The average number of people employed was 66 (2019: 70). During 2020 the employee engagement score (measured by a yearly employee survey) improved to 77% (2019: 70%).

During 2020 VTC traded with circa 319 clients, many of them major companies in the sector. Customer satisfaction continued to be high at 97% (2019: 97%).

An important part of VTC workload is a framework contract with EDF on their UK fleet of nuclear power stations. We are focused on growing our site testing activity in the north of England; in 2020 a local team was established which will reduce operating costs. During 2020 further opportunities were secured from HS2 and a key focus is to grow the work from this and other major infrastructure projects.

Health, Safety, Environment and Quality

2020 has been a year of improvement in the management of **Health & Safety** in VCUK with all indicators recording reductions in normalised levels of harm.

- Incident frequency rates for lost time injuries started the year at 0.25/100,000 hours worked for 1-7 day LTIs and fell to 0.14 in August; the lowest level in more than five years. In the period since, the rate has risen slightly to 0.16 which might suggest a levelling-off of improvement.
- Incident frequency rates for lost time injuries where more than 7 days were lost (RIDDOR1) were at 0.12/100,000 hours worked at the start of the year. The rate dropped to 0.06 in August (where it has remained until December 2020 when it rose slightly to 0.07) indicating a lesser prevalence of the most serious injuries in our business.
- The underlying trend in total injuries of all types is also one of improvement. At the start of the year it was at 1.21 injuries per 100,000 worked hours and by December it had fallen to 0.92, a steady reduction which is indicative of a sustainable rate of change.

Most of our projects, sites and contracts (with exception to Retail in FM) remained open and operational during the first national lockdown by working in line with the Standard Operating Procedures as developed by the Construction Leadership Council. Our worked hours in April were 402,000 fewer than in January, down 21% but our injury rates for the same period dropped by 74%. This is attributable to the change in behaviour driven by a closer attention to health & safety by workers and supervisors alike.

The number of Close Calls and Positive Interventions (CCPI) also fell during the first national lockdown but picked up as we moved from summer to autumn such that in October the CCPI reported exceeded those in January. This confirms the ethos we've established that no job is so important that it should prejudice safety or health.

Increasing our focus on Health & Wellbeing saw the appointment of a Group Health & Wellbeing Manager who joined the company the day after the first national lockdown started. Among the deliverables so far have been materials and media to help people with their wellbeing and organised activities celebrating Mental Health Awareness Week and World Mental Health Day.

We retained the certification of our H&S Management system to OHSAS18001:2007 whilst the decision was taken to delay the migration to ISO45001 which is now scheduled to take place in early 2021.

2020 has again seen an increase in focus on the **Environment** which aligned to the new Environmental Ambition published by VINCI group which was adopted by the Directors of VPLC and VCUK.

In September, we celebrated VINCI Environment Day which saw all of our projects, sites and contracts hold a *Stand Up for the Environment* event. This provided the opportunity to launch the inaugural VINCI Environment Awards and engage our people in a conversation about climate change, the circular economy and our natural environments.

Each of our business divisions is developing an Environmental Action Plan which will set out how we will reduce our carbon emission by 40% (against a 2018 baseline) by 2030. These were published in early 2020.

We launched our first ever eLearning module for Environmental Awareness and retained the external certification of our Environmental Management system to ISO14001:2015. We also published our *Essential Environmental Behaviours for Everyone* as part of our RESPECT & PROTECT campaign.

We retained our external recertification of our **Quality** Management system to ISO9001:2015. New for 2020 was the inclusion of our Central Services team in the surveillance activities. This enables us to ensure our crucial

support services are aligned to the needs of their internal customers and, importantly, our external customers and stakeholders.

We celebrated World Quality Day across VPLC and VCUK in October and our focus was on ensuring customer value. We aligned this to our RIGHT FIRST TIME programme by publishing our *Essential Quality Behaviours for Everyone*.

¹ Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013

Central Management and Support

People

2020 has been a year like no other with the additional challenges that COVID-19 have brought. With customers demanding more, targets being stretched and 10% of our workforce having reported symptoms of COVID-19, our people have come under additional high levels of pressure, however, despite these challenges, people across our business have performed exceptionally well throughout the year.

The outbreak of COVID-19 created a short-term temporary reduction in our business's usual workload and turnover which resulted in furloughing a total 545 of our employees over the course of pandemic. Our engagement survey results inform us that 84% of our employees responded favourably to the way VINCI has managed and supported our employees over the course of the pandemic.

The HR department has been at the centre of our business's rapid response to COVID-19 and continues to play a pivotal role in keeping the workforce engaged and productive, which is evidenced by the overall increase in engagement scores.

Our people metrics have significantly improved during 2020, with COVID-19 undoubtedly contributing to these improvements. For example, our employees are understandably more nervous to voluntarily leave VINCI and large contingents of our workforce have enjoyed the opportunity to work from home.

Our average headcount decreased slightly from 3,376 in 2019 to an average of 3,350 as at the end of December 2020, principally due to the additional employees required to work on the HS2 project. Our voluntary staff turnover rates have significantly decreased from 12.2% in 2019 to a projected 9.7% in 2020.

Our overall engagement score increased by 1% in 2020 to reach 87%, although our response rates decreased by 2% from 87% in 2019 to 85% in 2020, this is likely due to a number of our employees being away from the working environment whilst being on Furlough Leave.

The current level of employee sickness (excluding absences related to COVID-19) decreased in 2020, with a projected loss of 2.08 days per employee, compared to 3.02 days lost per employee in 2019. In addition, we compare very favourably against market averages.

Resourcing & Talent

We have recruited 690 people this year. Whilst our turnover rates have remained stable in 2020, agency recruitment fees have continued to be a significant cost in 2020. Therefore, we need to remain focused on improving the way we resource and recruit our employees. With this in mind, 2021 will see the launch of a new and exciting resourcing and recruitment solution being trialled in VINCI Facilities. This will transform our approach and will also help future proof our business as the labour market tightens and uncertainty continues over the impact BREXIT has on migrant workers.

We have embraced the use of technology and have transformed the on-boarding experience for our new starters (including our Graduates and Apprentices). We have moved from face to face induction days by hosting live broadcasts which can be accessed remotely. This has been well received by our inductees by minimising social contact and mitigating the need to travel during the pandemic, without impacting the warm welcome to the business.

In 2020, 5.82% of our people enjoyed promotion. If we continue to develop our people internally and promote from within then we must continue to acquire emerging talent to replenish vacant positions which includes recruiting at the grass roots, in 2020, we now employ: -

Apprentices	115
Upskill Apprentices	146
Trainee Other	26

Central Management and Support (continued)

Placement Only	2
Graduates	58
Student at University	35
Student Offer Accepted	20
Sponsored on Placement Students	5

Our fifth cohort (18 of our young employees) have now completed the DofE Gold, 2020 sees us celebrating 10 successful years with the DofE, by partnering with the DofE we have helped our emerging talent get the right skills and experiences to deliver innovation and creativity; build professional relationships based on mutual respect and trust; create a culture of teamwork, openness and support; raising their aspirations to strive for excellence.

Having clear and consistent communication continues to be key in maintaining equilibrium when there is so much disruption, change and fear. The Senior Management team, HR Department and Operational Leads have done a great job ensuring that our employees felt connected during the pandemic regardless of whether employees were self-isolating, on furlough, working remotely, or, of course, our employees who have continued to work tirelessly on our projects.

Academy

Our Academy team worked hard to find alternative ways to continue to offer learning and development opportunities, with lots of learning taking place virtually and as at end of November 2020, 75% of employees have undertaken a formal training activity (excluding mandatory e-learning).

Spending through the Academy (excluding the Apprenticeship Levy) in 2020 will reach £0.9m, accounting for some 40,741 hours of off-the-job training time as at the end of November 2020.

We are currently utilising 110% of payments from the Apprenticeship Levy (representing a spend of £0.7m) on a monthly basis and working to maximise the balance by introducing programmes aligned with apprenticeship qualifications, such as the VINCI Facilities Management Development Programme.

We continue to deliver the UK version of the Project Management + (PM+) and Orchestra training programme through VINCI Academy for Taylor Woodrow and Building.

2020 has seen the relaunch of the Fairness, Inclusion and Respect (FIR) e-learning module, and the launch of a new Wellbeing module and Environmental module.

Our mission to raise awareness of FIR and wider adoption of our best practices continues, and our objective to improve survey results was evidenced this year with improved response to areas such as 'My workplace is inclusive, people are treated fairly, equally and with respect' was 80% which was an increase of 2% from 2019.

The Stand Out Make a Difference (SOMAD) programme remains in place across the business. The number of employees that carried out a SOMAD day in 2020 was 58, however, this only represents just over 1.61% of our workforce. Unfortunately, this shows that the pandemic has significantly impacted our employees' ability to undertake charitable and community activities, due to COVID-19 restrictions.

In early 2020, a review was undertaken of the SOMAD policy and related systems to encourage further participation in this programme. Consequently, half day SOMAD days are now permitted so that employees do not need to commit to a full day away from work, which often prohibited them from taking part. We will continue to encourage promote the SOMAD programme during 2021.

Central Management and Support (continued)

This year, VINCI UK Foundation continued with the annual programme of awarding much-needed funds to local charities as a way of giving back to the communities we work in and distributed special COVID-19 grants to help tackle the impact of the pandemic on the most vulnerable members of society. The annual scheme saw ten VINCI Construction UK charities across the country receive grants totalling £51.5k. The successful applications for the funding were hugely helped by our colleagues ("Sponsors") who have been volunteering their time and professional skills to their chosen charity.

We remain accredited to Leaders in Diversity, and we will be undergoing re-accreditation in early 2021.

Expectations for 2021

As 2021 begins, we must be clear about what will differentiate us in the market place from our competitors and by having the right people, with the right skills in the right job, will allow us to achieve exceptional standards of service delivery. Additionally, we must concentrate on the sustainability of our business and work with our people to pursue improvements in the quality and efficiency of the services we deliver.

Statement from the CEO and general outlook

Despite the considerable challenges presented by the Covid-19 pandemic, all of VINCI Construction UK Limited's (VCUK) divisions continued operating on all sites with minimal or no disruption, keeping our staff and supply chain safe and serving our clients and the communities. Whilst the pandemic has impacted our clients in the retail and accommodation and catering industries very hard, we have also been in a position to help our clients in the health sector and in particular the NHS to fight the battle against the virus. As a result our divisions have generated a positive margin in 2020. Overall, the business managed to achieve a net result of 1.4% and maintained its cash position above £250m. Bidding opportunities are strong and, as a result of the formal award of the HS2 N1 + N2 main civils' works, our order book exceeds £2bn.

We have a great, and resilient, team across all of our businesses.

With the vaccine campaign going strong in the UK and the uncertainty around Brexit resolved, we have a positive outlook on 2021. More than ever in 2021, we are committed to serve the communities, the people in the regions. We will use our expertise, innovative drive and team engagement to design and build structures and infrastructure and to support our clients in a changing world. In doing so, we actively seek to offer solutions that reduce the impact of the business on the environment, reducing our carbon footprint, fostering the circular economy and protecting biodiversity. These are the values that underpin VINCI Construction and our motto "Build on Trust". We continue to strive for a world that is more supportive and sustainable.

On behalf of the Board



Gilles Godard
Chief Executive Officer, Vinci Construction UK Limited
Date: 10th May 2021

Directors' Report

The Directors submit their report to the members, together with the audited consolidated financial statements for the year ended 31st December 2020.

Results and dividends

The profit after taxation for the financial year as shown in the consolidated profit and loss account on page 32 amounted to £11,898,000 (2019: £16,091,000).

The Strategic Report provides details of the Group's performance in the year and its expectations for 2020.

A dividend of £32,500,000 was paid in April 2020 from prior year distributable profits (2019: £nil).

Directors

The present directors of the Company, all of whom served throughout the year and up to the date of signing of the financial statements, with the exception of G Godard who was appointed on 24th August 2020, are set out on page 1. L O D Ravix was appointed on 24th February 2020 and resigned on 29th March 2021.

Corporate Governance

The Company adopted the Wates Corporate Governance code in the financial year, applying its principles as follows:

Principle 1: Purpose and Leadership

An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

The board develops the strategy and business model to generate long-term sustainable value. It is responsible for ensuring that its strategy is clearly articulated and implemented throughout the organisation, and that it, along with the company values, supports appropriate behaviours and practices. To promote a clear sense of purpose and collective vision, the board appreciates the importance of communication with the workforce and wider stakeholders around the company's stated purpose. The values are explained and integrated into the different functions and operations of the business via, for example, internal guidance, employment practices, risk management and compliance functions. It monitors the extent to which the values are integrated via annual employee surveys, absenteeism rates, exit interviews and feedback sessions. The board leads on the establishment of transparent policies in relation to raising concerns about misconduct and unethical practices.

Principle 2: Board Composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

The chair leads the board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive discussion. The chair ensures that all directors have appropriate information and sufficient time is made available for meaningful discussion. To ensure a balance of power and effective decision-making the roles of the chair and chief executive are separate. The board has an appropriate combination of skills, backgrounds, experience and knowledge that promotes accountability and incorporates objective thought, which in turn provides constructive challenge to achieve effective decision-making. In making appointments to the board considered effort is made to establish an appropriate balance of expertise, diversity and objectivity.

Principle 3: Directors' Responsibilities

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

The board establishes and maintains corporate governance practices that provide clear lines of accountability and responsibility to support effective decision-making. Clear corporate governance policies and practices that govern the internal affairs of the company are set out and made available on the Company's intranet site. These include matters relating to the authority, accountability, role and conduct of directors. The board periodically reviews the governance processes to confirm that they remain fit for purpose and consider any initiatives which could strengthen the governance of the company.

Principle 4: Opportunity and Risk

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.

The board considers and assesses how the company creates and preserves value over the long-term. Although the Group operates a decentralised divisional structure the board recognises that it has responsibility for the company's overall approach to strategic decision-making and effective risk management (financial and non-financial), including reputational risk. A description of principal risks is set out on page 3 of the Strategic Report. The board has established an internal control framework with clearly defined roles and responsibilities for those involved. It has agreed an approach to reporting, including frequency of reporting and the points at which decisions are made and escalated.

Principle 5: Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

Remuneration for directors and senior managers is aligned with performance, behaviours, and the achievement of company purpose, values and strategy. In setting director and senior manager remuneration consideration is given to remuneration throughout the organisation to reinforce a sense of shared purpose.

Principle 6: Stakeholder relationships and engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The board recognises that the business has a responsibility to create and sustain long-term value for its shareholders and stakeholders. This includes consideration of the impact its activities may have on both current and future stakeholders, for example, impacts on the environment. Our largest material stakeholder group is our workforce. We have developed a range of formal and informal channels that enable our workforce to engage in meaningful two-way dialogue and to share ideas and concerns with senior management. More detail on this is provided in section (iv) of the S172 Statement on page 7. Other key stakeholders potentially affected by company operations and integral to its ability to generate and preserve value include customers, suppliers and other creditors as well as community groups. More details on how we develop relationships with these stakeholders are provided in sections (ii) and (iii) respectively of the S172 statement on pages 5 and 6.

Going concern

The financial statements have been prepared on a going concern basis. Information on the outbreak of the coronavirus COVID-19 is disclosed in the strategic report under 'Business Risks'. The company has adequate liquidity to meet its obligations as they fall due.

As part of assessing the ability to continue as a going concern the Company also considered the impact of COVID-19 and a related potential global economic downturn on its business. This included a review of recent productivity on existing sites, the short-term order book and current bid activity. With reference to the Financial Reporting Council's reverse stress testing guidance the Company considered the working capital implications of severely reduced activity and the mitigating actions available to management. As a result, and even though globally everyone is confronted with a high level of uncertainty, the Directors concluded that the Company has sufficient financial resources and do not expect COVID-19 to have a material impact on the ability of the company to continue as a going concern for a period of at least 12 months.

Employees

The Group has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Should an employee become disabled while in the Company's employment they are guaranteed consideration for alternative positions within the Group which are within their capabilities. It is the Group's policy to offer training and development opportunities to all employees on the basis of the assessment of training needs.

VINCI Construction UK Limited

Directors' Report (continued)

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent Auditors

Mazars LLP were appointed as auditors on 26th November 2020.

Approval

The Report of the Directors was approved by the Board on 10th May 2021 and signed on its behalf by:



Gilles Godard
Director
Company Registration Number 2295904

VINCI CONSTRUCTION UK
LIMITED
Astral House
Imperial Way
Watford
Herts
WD24 4WW

Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



G Godard

Opinion

We have audited the financial statements of Vinci Construction UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated cash flow statement, the company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statement is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statement is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern, the period considered by them and the formal approval provided by the board of directors;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern;
- Reviewing directors' assessment on severe but plausible scenarios and the impact of these scenarios on the working capital;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of the report.

Other information

The other information comprises the information included in the consolidated annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the group and the parent company and their industry, we identified that the principal risks of non-compliance with laws and regulations related to the

UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to assessing cost to complete on construction contracts, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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



Richard Metcalfe (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's way
London, E1W 1DD
United Kingdom
Date May 17, 2021

VINCI Construction UK Limited

Consolidated Income Statement
for the year ended 31st December 2020

	Notes	2020 £000	2019 £000
Revenue	2	849,192	904,338
Cost of sales	3	(781,399)	(833,668)
Gross profit		67,793	70,670
Administrative expenses	3	(54,584)	(55,555)
Other operating income	4	1,178	902
Share of profit/(losses) of entities using the equity accounting method	11	9	(345)
Loss on disposal of subsidiary	2(i)	(2,250)	-
Operating profit before net financing income	2	12,146	15,672
Financial income	7	397	1,605
Financial expenses	7	(33)	(370)
Net financing income		364	1,235
Profit before taxation		12,510	16,907
Taxation	8	(612)	(816)
Profit from continuing operations	18	11,898	16,091

The accompanying notes form part of the financial statements.

VINCI Construction UK Limited

Consolidated Statement of Comprehensive Income and Statement of Changes in Equity
for the year ended 31st December 2020

Consolidated Statement of Comprehensive Income

	2020	2019
	£000	£000
Profit for the year	11,898	16,091
Items that may be reclassified subsequently to the income statement:		
Foreign exchange translation differences	409	468
Items that will never be reclassified subsequently to the income statement:		
Actuarial gains/(losses) on defined benefit schemes	-	(182)
Taxes on actuarial gains/(losses) on defined benefit scheme	-	31
Other comprehensive income for the year	409	317
Total comprehensive income	12,307	16,408

Statement of Changes in Equity

Group	Share capital £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1st January 2019	10,000	(1,873)	124,329	132,456
Profit for the year	-	-	16,091	16,091
Other comprehensive income	-	468	(151)	317
Total comprehensive income for the year	-	468	15,940	16,408
Transactions with owners recorded directly in equity:				
Equity settled share-based payment transactions	-	-	2,135	2,135
Deferred tax on equity settled share-based payments	-	-	(406)	(406)
At 31st December 2019	10,000	(1,405)	141,998	150,593
At 1st January 2020	10,000	(1,405)	141,998	150,593
Profit for the year	-	-	11,898	11,898
Other comprehensive income	-	409	-	409
Total comprehensive income for the year	-	409	11,898	12,307
Transactions with owners recorded directly in equity:				
Equity settled share-based payment transactions	-	-	2,447	2,447
Deferred tax on equity-settled share-based payments	-	-	(465)	(465)
Dividend	-	-	(32,500)	(32,500)
At 31st December 2020	10,000	(996)	123,378	132,382

The accompanying notes form part of the financial statements.

VINCI Construction UK Limited

Consolidated Statement of Financial Position
at 31st December 2020

	Note	2020 £000	2019 £000
Non-current assets			
Intangible assets	9	93,558	93,558
Property, plant and equipment	10	7,166	1,920
Right-of-use assets	10a	1,472	1,635
Investments in joint ventures accounted for using the equity method	11	119	7,378
Other investments	12	-	494
Deferred tax asset	16	1,175	1,641
		<hr/>	<hr/>
		103,490	106,626
Current assets			
Inventories	13	4	4
Trade and other receivables	14	194,488	203,904
Cash and cash equivalents		252,075	305,945
		<hr/>	<hr/>
		446,567	509,853
		<hr/>	<hr/>
Total assets		550,057	616,479
		<hr/>	<hr/>
Current liabilities			
Other interest bearing loans and borrowings	15a	-	10,500
Lease liabilities		578	767
Trade and other payables	15	315,719	327,599
Contract provisions	15a	61,915	56,971
Tax payable		2,868	2,270
		<hr/>	<hr/>
		381,080	398,107
		<hr/>	<hr/>
Non-current liabilities			
Other interest bearing loans and borrowings	15b	-	6,500
Due to parent	23	35,762	60,507
Lease liabilities		833	772
		<hr/>	<hr/>
		36,595	67,779
		<hr/>	<hr/>
Total liabilities		417,675	465,886
		<hr/>	<hr/>
Net assets		132,382	150,593
		<hr/>	<hr/>

The accompanying notes form part of the financial statements.

VINCI Construction UK Limited

Consolidated Statement of Financial Position (continued)
at 31st December 2020

Equity attributable to equity holders of the parent		2020 £000	2019 £000
Issued share capital	18	10,000	10,000
Translation reserve	18	(996)	(1,405)
Retained earnings	18	123,378	141,998
Total equity		132,382	150,593

The financial statements on pages 32 to 97 were approved by the Board on 10th May 2021 and signed on its behalf by:



Gilles Godard (Director)
Company Registered Number 2295904

The accompanying notes form part of the financial statements.

VINCI Construction UK Limited

Consolidated Cash flow Statement
for the year ended 31st December 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the year		11,898	16,091
Adjustments for:			
Depreciation and amortisation		1,286	1,321
Financial income		(397)	(1,605)
Financial expense		33	370
Loss on disposal of subsidiary		2,250	-
Share of (profits)/losses in joint ventures and associates		(9)	345
Equity settled share-based payment expenses		2,447	2,135
Taxation		612	816
		<hr/>	<hr/>
Operating cash flows before movements in working capital and provisions		18,120	19,473
Decrease in trade and other receivables		4,703	16,827
Increase/(decrease) in trade and other payables		11,956	(32,330)
		<hr/>	<hr/>
Cash generated from operations		34,779	3,970
Interest paid		(33)	(71)
Tax (paid)/received		(248)	331
		<hr/>	<hr/>
Net cash generated from operating activities		34,498	4,230
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		397	1,495
Net cash disposed of in subsidiary		(50,062)	-
Acquisition of property, plant and equipment		(5,762)	(1,059)
Proceeds from sale of property, plant and equipment		45	-
		<hr/>	<hr/>
Net cash (used in)/ from investing activities		(55,382)	436
		<hr/>	<hr/>
Cashflows from financing activities			
Repayments of loans to equity accounted investees		-	370
Loans from equity accounted investees	15(a)	-	17,000
Repayment of loans from equity accounted investees		-	(8,500)
Principal elements of lease payments		(895)	(986)
Dividends paid		(32,500)	-
		<hr/>	<hr/>
Net cash generated (used in)/ from financing activities		(33,395)	7,884
		<hr/>	<hr/>

VINCI Construction UK Limited

Consolidated Cash flow Statement (continued)
for the year ended 31st December 2020

	2020 £000	2019 £000
Effect of exchange rate fluctuations on cash held	409	468
Net (decrease)/increase in cash and cash equivalents	(53,870)	13,018
Cash and cash equivalents at 1 January	305,945	292,927
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	252,075	305,945
	<hr/>	<hr/>

The accompanying notes form part of the financial statements.

1. Accounting Policies

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

Basis of preparation

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

The Group financial statements have been prepared and approved by the directors, on a going concern basis in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 (*Reduced Disclosure Framework*) ("FRS101"). These are presented on pages 80 to 95.

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

Measurement convention

The Financial Statements are prepared on the historical cost basis.

Going concern

The Company's business activities, performance and position are set out in the Strategic Report. The Company has adequate liquidity to meet its obligations as they fall due. The Company also considered the impact of COVID-19 and a related potential global economic downturn on its business. It concluded that the Company has sufficient financial resources and does not expect COVID-19 to have a material impact on the ability of the Company to continue as a going concern. As a consequence, the directors continue to adopt the going concern basis in preparing these financial statements.

Basis of consolidation

The Group financial statements incorporate the results of Vinci Construction UK Limited (VCUK), its subsidiary undertakings and the VCUK Group's share of the results of joint arrangements. Subsidiaries are all entities over which the VCUK Group has control. The exposure or right to variable returns from its involvement with an investee, and the ability to influence those returns, are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, until the date that control ceases.

To separately distinguish it from its construction business, the VCUK Group transferred its equity holding in Vinci Construction UK Developments Limited (VUKD) to its parent company, Vinci PLC, on 1st January 2020. VUKD does not meet the definition of a major line of business under IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations. Consequently, it has not been treated as a discontinued operation. As the transaction does not constitute a business combination as defined by IFRS 3 Business Combinations it has been accounted for as a Group reorganisation using predecessor accounting principles whereby assets and liabilities continue to be recognised at their carrying values.

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements are classified as either joint ventures or joint operations, depending on the contractual rights and obligations of each investor. A joint venture is an entity over which the Group has joint control and rights to the net assets of the entity. A joint operation is a joint arrangement that the Group undertakes with third parties whereby those parties have rights to the assets and obligations of the arrangement.

1. Accounting Policies (continued)

Adopted IFRS not yet applied

The accounting policies applied by the Group in these consolidated financial statements are in accordance with Adopted IFRSs and are the same as those applied by the Group in its consolidated financial statements for the year ended 31st December 2019.

There are no new standards or amendments that could have a material impact on the Group financial statements of which application was not mandatory at 1st January 2020.

Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgements.

The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the Group as at 31st December 2020 are as follows :

- Revenue and cost recognition

In order to determine the profit and loss that the Group is able to recognise on its construction contracts in a specific period, the Group has to allocate total costs of the construction contracts between the proportion completed in the period and the proportion to complete in a future period. The Group's revenue and cost recognition policies require forecasts to be made of the outcomes of its long-term contracts.

The assessment of the final contract value and total costs to be incurred requires a degree of estimation. The final contract value recognised includes assessments of the recovery of variations which have yet to be agreed with the client, compensation events and claims where these meet the criteria set out in the Group's accounting policies and are in accordance with IFRS 15 Revenue from Contracts with Customers. Cost estimates include assessing potential maintenance and defects costs. Judgements and estimates are reviewed regularly on an individual contract basis using latest available information and adjustments are made as necessary.

- Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGUs) to which the goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected from these CGUs, including the anticipated growth rate of revenue and costs, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. Details of the goodwill impairment review calculations are included in note 9. The carrying value of goodwill amounts to £70,835,000.

1. Accounting Policies (continued)

- Valuation of lease liabilities and rights-of-use assets

The application of IFRS 16 requires the Group to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets (please see Note 10a). These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate);
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options were reviewed and one property lease was extended by 3 years as a result of leasehold improvements. In all other leases, no extension options have been included in the lease liability because the company could replace the assets without significant cost or business disruption.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The incremental borrowing rates are specific to the UK, as determined by our parent company, VINCI SA.

The rates used vary depending on the type of asset and the duration of the lease, averaging 2.21%.

1. Accounting Policies (continued)

Revenue

Since 1st January 2018, the Group has applied the provisions of IFRS 15, described below, to measure and recognise consolidated revenue.

Before revenue is recognised, IFRS 15 requires a contract as well as the various performance obligations contained in the contract to be identified. The number of performance obligations depends on the types of contracts and activities. Most of the Group's contracts involve only one performance obligation.

IFRS 15's fundamental principle is that the recognition of revenue from contracts with customers must reflect :

- the rate at which performance obligations are fulfilled, corresponding to the transfer to a customer of control of a good or service;
- the amount to which the seller expects to be entitled as consideration for its activities.

The way in which transfer of control of a good or service is analysed is crucial, since that transfer determines the recognition of revenue.

The transfer of control of a good or service may take place continuously (revenue recognition on a progress towards completion basis) or on a specific date (recognition on completion).

The consolidated revenue of the business is recognised in accordance with IFRS 15. It includes the total of the work, goods and services generated by the consolidated subsidiaries pursuing their main activity.

In view of the main activities of the business lines, the majority of construction and service contracts involve only one performance obligation, which is fulfilled progressively.

Where a contract includes several distinct performance obligations the Group allocates the overall price of the contract to each performance obligation in accordance with IFRS 15. That price corresponds to the amount of the consideration to which it expects to be entitled. Where the price includes a variable component - such as a performance bonus or a claim - the Group only recognises that consideration from the time agreement is reached with the client.

To measure progress towards completion of construction and service contracts, the Group uses either a method based on physical progress towards completion or a method based on the proportion of costs incurred, depending on the type of activity.

1. Accounting Policies (continued)

Contract amendments (relating to the price and/or scope of the contract) are recognised when approved by the client. Where amendments relate to new goods or services regarded as distinct under IFRS 15, and where the contract price increases by an amount reflecting "stand-alone selling prices" of the additional goods or services, those amendments are recognised as a distinct contract.

Where a third party (such as a subcontractor) is involved in the supply of a distinct good or service, the Group determines whether it obtains control of that good or service before it is transferred to the client. Where control is not obtained, the Group takes the view that it is not the principal in the transaction and only recognises as revenue the amount corresponding to its remuneration as intermediary.

The cost of winning the contract that would not have been incurred if the Group had not won the contract is recognised as an asset where it is recoverable and amortised over the estimated contract term.

Expenses

Short term or low value lease payments

Payments made under leases with terms less than 12 months, or relating to low value assets, are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement over the lease term.

Net financing costs

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

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

Grants

The Group has utilised the Government's Job Retention Scheme. The grant income received has been accounted for in accordance with IAS 20 and has been recognised in the income statement to the extent that it can be matched against the cost it is intended to compensate.

Taxation

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

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

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

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

1. Accounting Policies (continued)

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

Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed for impairment at least annually or when there is a triggering event, to determine if there is any indication of impairment.

For goodwill and assets that have an indefinite useful life the recoverable amounts are determined from value in use calculations of the cash generating units (CGUs) using cash flow projections based on the latest five-year plan. The discount rate applied to the cash flow forecast is based on a VINCI determined pre-tax weighted average cost of capital of 7.8% (2019 : 8.0%).

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

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

Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

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

1. Accounting Policies (continued)

Trade and other receivables and payables

Amounts recoverable on contracts are included in receivables and are valued, inclusive of profit, at work executed at contract prices plus variations less payments on account. 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 an agreement with the client, but when assessing anticipated losses on major contracts a prudent and reasonable estimate of claims may be taken into account.

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

Inventories

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

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

Financial assets

Trade receivables, contract assets and amounts due from parent and fellow subsidiary undertakings apply the IFRS 9 "Expected Credit Losses" (ECL) model. Expected credit losses are recognised and measured based on historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Cash and cash equivalents

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

The Group holds a cash balance of £252,075,000 (2019: £305,945,000) however, the cash balances are swept at the end of each business day to VINCI PLC's bank account who in turn sweeps its closing balance to VINCI Finance international, a Group company registered in Belgium who acts as the Vinci group centralised treasury management entity.

These inter-company balances are highly liquid and accessible on demand and meet the definition of cash and cash equivalents.

Interest-bearing borrowings

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

Leases

On 1st January 2019, the Group applied IFRS 16 to leases in existence on the transition date according to the "modified retrospective" approach. IFRS 16 requires lessees to use a single method for recognising leases, affecting the balance sheet in a similar way to finance leases as recognised until 31st December 2018 in accordance with IAS 17. The Group is not a party to any material leases in which it is the lessor. The Group applies the IFRS 16 provisions described below for all its leases relating to underlying assets whose value, in brand-new condition, is significant and/or where the lease term is more than 12 months considering renewal options included in the lease contract.

1. Accounting Policies (continued)

The leases to which the Group is a party mainly concern properties, vehicles and certain equipment required for the construction business.

Based on the accounting policy applied the Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Leases with terms less than 12 months or relating to low-value assets are recognised in the income statement with no impact on the Group's balance sheet.

Lease terms include the minimum lease terms and any renewal periods provided for in the lease. Lease terms for properties have been assessed on the basis of local law and the expected use of the premises.

To determine the interest rate used to calculate the lease liability, the Group took into account the weighted average duration of payments, country risk and specific risk for each Group business line.

After the commencement date the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect lease payments made, and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

Provisions

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

1. Accounting Policies (continued)

Employee benefits

Defined contribution plans

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

Defined benefit plans

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

Share-based payment transactions

Performance shares are granted to certain Group employees entitling them to shares of the ultimate parent company; these shares are granted by the ultimate parent. Final vesting of these shares is dependent on the realisation of financial criteria.

The fair value of shares granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the shares. The fair value of the shares granted is calculated by an external actuary and is measured using a valuation model, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares.

Group employees are offered the opportunity to subscribe to the Castor International savings scheme. This enables employees to invest in the equity capital of the ultimate parent company, VINCI SA. Further details are provided on page 72.

1. Accounting Policies (continued)

Business combinations

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

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

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

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

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

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

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

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

1. Accounting Policies (continued)

Joint ventures and joint operations

The Group's interest in joint ventures is accounted for using the equity method. Under this method the Group's share of profits less losses after taxation of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying amount is reduced to nil and recognition of further losses is discontinued. Future profits are not recognised until unrecognised losses are extinguished. Unrealised gains on transactions with the Group's joint ventures are eliminated to the extent of the Group's interest in the joint venture. Accounting policies of joint ventures have been changed on consolidation where necessary to ensure consistency with policies adopted by the Group. Where joint ventures do not adopt accounting periods that are coterminous with the Group's, results and net assets are based upon unaudited accounts drawn up as close as possible to the Group's accounting reference date. The Group accounts for joint operations by recognising its share of profits and losses in the consolidated income statement. The Group recognises its share of associated assets and liabilities in the consolidated balance sheet.

Intangible assets

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

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit. The principal anticipated useful lives on a straight-line basis are:

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

Capital Management

The Group is funded by ordinary shares, retained profits and its net cash balance (as disclosed in notes 18 and 19). The Group's objectives when managing its capital are to maintain its ability to operate as a going concern, provide a return to shareholders and maximise the return on its positive cash balance. Typically, the Group's construction business generates sufficient cash to meet its operational needs.

The Group monitors its current asset ratio closely as it gives a good measure of liquidity. This ratio is calculated as current assets divided by current liabilities.

If necessary, to change its capital structure, the Group may adjust dividend payments, return capital or issue new shares to its shareholders.

1. Accounting Policies (continued)

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Foreign operations

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

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

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

2. Segmental reporting

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

- Building
- Civil Engineering
- Facilities

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

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

The chief operating decision maker for the segments is the management of the Board of VINCI Construction UK Limited.

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

Income statement

Group 2020	Building	Civil Engineering	Facilities	(1) DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Gross revenue	380,746	171,131	300,741	-	5,351	857,969
Less inter segment revenue	-	-	(8,777)	-	-	(8,777)
Consolidated revenue	380,746	171,131	291,964	-	5,351	849,192
Operating profit/(loss)	8,010	2,388	5,762	-	(1,764)	14,396
Loss on disposal of investments	-	-	-	-	(2,250)	(2,250)(1)
Financial income	277	(70)	222	-	(32)	397
Financial expenses	(16)	(4)	(13)	-	-	(33)
Profit/(loss) before taxation	8,271	2,314	5,971	-	(4,046)	12,510
Taxation	-	-	33	-	(645)	(612)
Depreciation	(264)	(217)	(695)	-	(110)	(1,286)
Group 2019	Building	Civil Engineering	Facilities	DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Gross revenue	428,830	164,539	301,098	11,824	6,425	912,716
Less inter segment revenue	-	-	(7,986)	-	(392)	(8,378)
Consolidated revenue	428,830	164,539	293,112	11,824	6,033	904,338
Operating profit/(loss)	8,224	1,609	8,197	1,008	(3,366)	15,672
Financial income	761	(302)	523	324	299	1,605
Financial expenses	(23)	(12)	(39)	-	(296)	(370)
Profit/(loss) before taxation	8,962	1,295	8,681	1,332	(3,363)	16,907
Taxation	-	-	4	191	(1,011)	(816)
Depreciation	(272)	(402)	(488)	-	(59)	(1,221)

2. Segmental reporting (continued)**Balance sheet****Group****2020**

	Building £000	Civil Engineering £000	Facilities £000	(1) DPFI £000	Other £000	Total £000
Intangible assets	21,330	52,304	18,464	-	1,460	93,558
Property, plant and equipment	542	5,613	2,217	-	266	8,638
Elimination of shares	(21,330)	(48,994)	(18,255)	-	88,579	-
Investments accounted for using the equity accounting method	-	119	-	-	-	119
Other non-current assets	-	-	-	-	1,175	1,175
Current assets	171,885	75,935	163,535	-	35,212	446,567
Total assets	172,427	84,977	165,961	-	126,692	550,057
Current liabilities	(179,100)	(78,425)	(108,710)	-	(14,845)	(381,080)
Non-current liabilities	(31,272)	(204,539)	(2,022)	-	201,238	(36,595)
Total liabilities	(210,372)	(282,964)	(110,732)	-	186,393	(417,675)
Total equity	(37,945)	(197,987)	55,229	-	313,085	132,382

Additions for non-current assets amount to £6,416,000 including £5,542,000 in Civils, £692,000 in Facilities and £182,000 in other.

Balance sheet**Group****2019**

	Building £000	Civil Engineering £000	Facilities £000	DPFI £000	Other £000	Total £000
Intangible assets	21,330	52,304	18,464	-	1,460	93,558
Property, plant and equipment	696	288	2,223	-	348	3,555
Elimination of shares	(21,330)	(48,994)	(18,255)	(3,000)	91,579	-
Investments accounted for using the equity accounting method	-	122	-	7,256	-	7,378
Other non-current assets	-	(348)	31	1,215	1,237	2,135
Current assets	169,517	67,990	146,843	54,889	70,614	509,853
Total assets	170,213	71,362	149,306	60,360	165,238	616,479
Current liabilities	(185,025)	(67,484)	(98,291)	(29,865)	(17,442)	(398,107)
Non-current liabilities	(31,404)	(204,578)	(1,790)	(6,500)	176,493	(67,779)
Total liabilities	(216,429)	(272,062)	(100,081)	(36,365)	159,051	(465,886)
Total equity	(46,216)	(200,700)	49,225	23,995	324,289	150,593

2. Segmental reporting (continued)

(i) On 1st January 2020, to distinguish it separately from its construction business, the Group transferred its investment in VINCI UK Developments Limited to its parent company, VINCI PLC.

The transfer had the following effect on the Group's assets and liabilities :

	£000
Total assets and liabilities transferred (as at 2019 DPFI column above)	(26,995)
Loss on sale	2,250
Consideration received, satisfied by reduction in amount owed by parent	24,745
Cash balance transferred	(50,062)

3. Breakdown of expenses by nature

Included in the profit are the following:	2020 £000	2019 £000
Employee benefit expenses (see 5(i))	152,276	151,957
Short term and low value leases - plant and machinery	39,548	44,928
Depreciation of tangible assets	1,286	1,221
Impairment of goodwill	-	100
Auditors' remuneration - audit of these financial statements	304	244

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

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

4. Other operating income	2020	2019
	£000	£000
Research and developments tax credits	1,178	-
Interest received and receivable from joint ventures involved in development activity	-	902
	<hr/>	<hr/>
	1,178	902
	<hr/>	<hr/>
5. Employees		
(i) Staff costs during the year amounted to:	2020	2019
	£000	£000
Wages and salaries	129,146	129,651
Social security costs	13,205	13,055
Pension costs – defined contribution scheme	6,702	6,202
– defined benefit scheme	-	480
	<hr/>	<hr/>
	149,053	149,388
Share based payments (see note 17)	2,390	2,135
Redundancy costs	833	434
	<hr/>	<hr/>
	152,276	151,957
	<hr/>	<hr/>
(ii) The monthly average number of employees during the year was as follows:		
	2020	2019
	No.	No.
Management	100	101
Administration	1,173	1,182
Operations	2,077	2,093
	<hr/>	<hr/>
	3,350	3,376
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

6. Directors' remuneration	2020	2019
	£000	£000
Emoluments	1,179	1,075
Pension costs - defined contribution	99	113
	<u>1,278</u>	<u>1,188</u>

None of the directors (2019: nil) is accruing benefits under the Group defined benefit plans. Directors' emoluments disclosed above include the following:

	2020	2019
	£000	£000
Highest paid Director	424	411

The annual pension accruing to the highest paid director under the Group defined benefit scheme is £nil (2019 : £nil).

The value of the compensation to Directors in share-based payments in 2020 was £553,000 (2019: £560,000).

7. Finance income and finance expenses

	2020	2020	2019	2019
	£000	£000	£000	£000
Other financial income and similar income				
Bank interest	251		1,495	
Foreign exchange gain	146		110	
	<u></u>		<u></u>	
Total financial income		397		1,605
Financial expenses and similar charges				
Interest on pension obligation	-		(2)	
Finance expenses on lease liabilities	(33)		(69)	
Foreign exchange losses	-		(299)	
	<u></u>		<u></u>	
Total financial expenses		(33)		(370)
		<u></u>		<u></u>
Net financing income		364		1,235

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020**8. Taxation**

Recognised in income statement:	2020	2019
	£000	£000
Current tax:		
UK corporation tax on profits for the year	1,120	1,308
Adjustments in respect of previous years	(136)	(217)
	<hr/>	<hr/>
Total current tax	984	1,091
Deferred tax - origination and reversal of timing differences	93	111
Changes in tax rates	(139)	(14)
Share options	(465)	(406)
Adjustment in respect of prior years	139	34
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	612	816
	<hr/>	<hr/>

Reconciliation of effective tax rate

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2020	2019
	£000	£000
Profit before taxation	12,510	16,907
	<hr/>	<hr/>
Theoretical tax charge at UK corporation tax rates 19.00% (2019: 19%)	2,377	3,212
Effects of:		
Income not taxable	(114)	(424)
Movement in respect of deferred tax in prior years	139	34
Other adjustments in respect of prior years	(136)	(217)
Overseas tax	(139)	(14)
Losses utilised for which no deferred tax recognised	(1,321)	(1,425)
Group relief not paid for	(194)	(350)
	<hr/>	<hr/>
Actual total taxation charge/(credit)	612	816
	<hr/>	<hr/>

On 11th March 2020, the UK government published a policy paper. The measure set the corporation tax main rate at 19% for the year beginning 1st April 2020. This maintains the rate at 19% rather than reducing it to 17% from 1st April 2020. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1st April 2021. The closing deferred tax rate is set at 19% (2019 : 17%).

VINCI Construction UK Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

9. Intangible assets

	Goodwill	Brand name	Customer list	Total
	£000	£000	£000	£000
Cost				
At 1st January 2020 and 31st December 2020	76,979	24,220	455	101,654
Accumulated amortisation				
At 1st January 2020 and 31st December 2020	6,144	1,497	455	8,096
Net book value				
At 31st December 2019 and 31st December 2020	70,835	22,723	-	93,558

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

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

9. Intangible assets (continued)

For the purpose of impairment testing, intangible assets are allocated to the Group's operating divisions as reported in Note 2. The key assumptions are sustained activities at pre-pandemic levels for the next five years, with a growth rate of 1% thereafter, at a conservative profit margin based on Board approved projections, and a pre-tax discount rate of 7.8% (2019 : 8.0%).

Sensitivity analysis has been undertaken on each intangible asset impairment review by changing the discount rate, growth rate and profit margins. None of these sensitivities resulted in the recoverable amount of the intangible asset being reduced below its current carrying balance.

The aggregate carrying amount of intangible assets allocated to each reporting segment is as follows:

	Goodwill 2020 £000	Brand name 2020 £000	Total 2020 £000	Goodwill 2019 £000	Brand name 2019 £000	Total 2019 £000
Building	21,330	-	21,330	21,330	-	21,330
Civil Engineering	29,804	22,500	52,304	29,804	22,500	52,304
Facilities	18,241	223	18,464	18,241	223	18,464
Other	1,460	-	1,460	1,460	-	1,460
	<u>70,835</u>	<u>22,723</u>	<u>93,558</u>	<u>70,835</u>	<u>22,723</u>	<u>93,558</u>

Impairment loss

On 31st March 2017 the Group acquired 50% of the ordinary share capital of VINCI Facilities Partnerships Limited (VFPL) (formerly VINCI Mouchel Limited) to bring its total holding in the Company to 100%. VFPL delivers property services under a single contract. As the fixed term of this contract expired in March 2020, the contract right intangible asset acquired of £286,000 was amortised over three years. The remaining recoverable values arising from impairment testing were in excess of allocated carrying values for all Cash Generating Units (CGU), and as such no impairment losses were recognised on these in either 2020 or 2019.

The main assumptions used for each CGU, which relate to sales volume, cost changes and working capital requirements are based on recent history and expectations of future changes in the market. A significant change in these assumptions would be needed to show an impairment.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

10. Property, plant and equipment	Buildings	Plant and machinery	Plant and machines – in the course of construction	Computer systems, fixtures and fittings	Total
	£000	£000	£000	£000	£000
Cost:					
At 1st January 2019	1,237	423	-	762	2,422
Additions	792	93	-	174	1,059
Disposals	-	(53)	-	(98)	(151)
At 31st December 2019	2,029	463	-	838	3,330
Cost:					
At 1st January 2020	2,029	463	-	838	3,330
Additions	76	52	5,492	142	5,762
Disposals	-	(146)	-	(139)	(285)
At 31st December 2020	2,105	5,861	5,492	841	8,807
	Buildings	Plant and machinery	Plant and machines – in the course of construction	Computer systems, fixtures and fittings	Total
	£000	£000	£000	£000	£000
Accumulated depreciation					
At 1st January 2019	463	383	-	491	1,337
Charged	14	21	-	189	224
Disposals	-	(53)	-	(98)	(151)
Reclassification	-	-	-	-	-
At 31st December 2019	477	351	-	582	1,410
Accumulated depreciation					
At 1st January 2020	477	351	-	582	1,410
Charged	361	28	-	82	471
Disposals	-	(101)	-	(139)	(240)
At 31st December 2020	838	278	-	525	1,641
Net Book Value :					
At 31st December 2019	1,552	112	-	256	1,920
At 31st December 2020	1,267	91	5,492	316	7,166

VINCI Construction UK Limited

Notes to the Consolidated Financial Statements (continued)
at 31st December 2020

10a. **Right-of-use assets**

	Buildings £000
Cost:	
At 1 st January 2019	-
Change in accounting method	2,330
Additions	302
Disposals	(43)
	<hr/>
At 31 st December 2019	2,589
	<hr/>
Cost:	
At 1 st January 2020	2,589
Additions	654
	<hr/>
At 31 st December 2020	3,243
	<hr/>
Accumulated depreciation :	
At 1 st January 2019	-
Charged	997
Disposals	(43)
	<hr/>
At 31 st December 2020	954
	<hr/>
At 1 st January 2020	954
Charged	815
Remeasurement	2
	<hr/>
At 31 st December 2020	1,771
	<hr/>
Net book value	
At 31 st December 2019	1,635
	<hr/>
At 31 st December 2020	1,472
	<hr/>

11. Investments in joint ventures accounted for using the equity method

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

	Shares in joint ventures £000	Loans to joint ventures £000	Post- acquisition reserves £000	Total £000
At 1st January 2019	291	5,721	2,081	8,093
Share of losses for the year	-	-	(345)	(345)
Repayments	-	(370)	-	(370)
At 31st December 2019	291	5,351	1,736	7,378
At 1st January 2020	291	5,351	1,736	7,378
Share of profits for the year	-	-	9	9
Transferred to parent company	-	(5,353)	(2,250)	(7,603)
Reclassified as provision	(51)	2	384	335
At 31st December 2020	240	-	(121)	119

The Group owns 50% of the ordinary shares of VINCI Environment UK Limited which commenced trading in 2009 and is incorporated in the UK. This investment is accounted for using the equity accounting method. The Group's share of the result of VINCI Environment UK Limited, a profit of £12,000 (2019 : loss of £237,000), is included on the line "share of profits/losses of entities using the equity accounting method" within the operating result.

The Group transferred its investment in VINCI UK Developments Limited to its parent company, VINCI PLC, on 1st January 2020 (see note 2). Through VINCI UK Developments Limited the Group owned 50% of the ordinary shares of VSM Estates but the Group is only entitled to 25% of this Company's profits. Due to the profit-sharing arrangement, VSM Estates Limited was accounted for as a 25% equity investment. The Group's share of the profit from VSM Estates Limited in 2019 was £nil.

VINCI UK Developments Limited also owns 50% of the ordinary shares and profits of VSM (NCGM) Limited and VSM Estates (Uxbridge) Limited. The Group's share of the profits from VSM (NCGM) Limited and VSM Estates (Uxbridge) Limited was £nil in 2019.

11. Investments in joint ventures accounted for using the equity method (continued)

The Group owns 50% of its ordinary shares of John Jones (Excavation) Limited. The investment is accounted for using the equity accounting method. The Group's share of the result of John Jones (Excavation) Limited, a loss of £3,000 (2019 : loss of £108,000), is included on line "the share of profit/(losses) of entities using the equity accounting method" within the operating result.

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

Details of all joint ventures and operations in which the Group is involved are given on pages 94 and 95.

Summary financial information on joint ventures - 100 per cent:

2020 £000	John Jones (Excavation) Limited	VINCI Environment UK Limited
Income	-	71
Expenses	(6)	(48)
(Loss)/profit from continuing operations	(6)	23
Total comprehensive income	(6)	23
Cash and cash equivalents	236	6,809
Non-current assets	-	-
Current assets	237	8,172
Current liabilities	-	(8,842)
2019 £000	John Jones (Excavation) Limited	VINCI Environment UK Limited
Income	42	(1,210)
Expenses	(258)	736
(Loss)/profit from continuing operations	(216)	(474)
Total comprehensive loss	(216)	(474)
Cash and cash equivalents	238	510
Non-current assets	-	-
Current assets	243	2,878
Current liabilities	-	(3,572)

VSM Estates Limited, VSM Estates (Uxbridge) Limited and VSM (NCGM) Limited are involved in the development and sale of real estate. VINCI Environment UK Limited is involved in civil engineering projects. Under the above joint ventures the Group has commitments of £nil (2019: £nil) that have been contracted but not provided for in the financial statements.

VINCI Construction UK Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

12. Other investments	2020 £000	2019 £000
Loan	-	481
Equity securities	-	13
	<hr/>	<hr/>
	-	494
	<hr/>	<hr/>

The other investments represents a 12.5% interest in the Tramlink Nottingham PFI project via Tramlink Nottingham (Holdings) Limited. This was owned through VINCI UK Developments Limited which was transferred to VINCI PLC on 1st January 2020.

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

13. Inventories	2020 £000	2019 £000
Raw materials and consumables	4	4
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

14. Trade and other receivables

	2020 £000	2019 £000
Trade receivables	24,597	19,146
Amounts recoverable on contracts	135,272	139,441
Due from parent and fellow subsidiary undertakings	21,258	22,327
Other receivables	5,151	10,723
Prepayments and accrued income	8,210	12,267
	<hr/>	<hr/>
	194,488	203,904
	<hr/>	<hr/>

At 31st December 2020, amounts recoverable on contracts for the group include retentions of £24,877,000 (2019: £25,285,000) relating to construction contracts.

Included within retentions are amounts of £6,894,000 (2019 : £13,639,000) for the Group due in more than one year, of which £4,039,000 (2019 : £12,388,000) is expected to be recovered in more than one year but not more than two years and £2,855,000 (2019 : £1,251,000) is expected to be recovered between two and five years.

Retentions will be collected the normal operating cycle of the Group and are therefore all shown in current receivables.

Amounts recoverable on contracts represents unbilled amounts and includes amounts arising from changes to the scope of works that have been recognised as revenue but not yet billed to the customer. Amounts recoverable, as with other working capital balances such as accruals, vary depending on the nature of timing of the works being undertaken on current contracts. There were no significant one-off factors outside of trading in the year.

The Directors consider that the carrying amounts of trade and other receivables are approximate to their fair value. After expected credit loss assessment in accordance with IFRS9, no provisions for irrecoverable amounts are included in total trade and other receivables at 31st December 2020 (2019 : £nil).

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

	2020 Corporate £000	2020 Public sector £000	2019 Corporate £000	2019 Public sector £000
Not overdue	180,564	1,508	188,520	199
Between 1 to 3 months past due	4,112	-	9,492	-
Between 3 and 6 months past due	3,114	-	800	-
More than 6 months past due	5,190	-	4,893	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December	192,980	1,508	203,705	199
	<hr/>	<hr/>	<hr/>	<hr/>

15. Trade and other payables

	2020 £000	2019 £000
Trade payables	17,218	8,027
Due to parent and fellow subsidiary undertakings	1,519	1,383
Other taxation and social security	12,629	6,546
Other payables	13,883	16,265
Accruals	200,288	223,264
Payments on account	70,182	72,114
	<u>315,719</u>	<u>327,599</u>

Accruals at 31st December 2020 for the Group include retentions on construction contracts of £24,599,000 (2019: £28,913,000). Retentions will be paid in the normal operating cycle of the Group and are therefore included in current payables.

Included within accruals is retentions of £5,762,000 (2019: £7,372,000) expected to be payable as follows :

	2020 £000	2019 £000
In more than one year but not more than two years	3,523	5,757
In more than two years but not more than five years	1,896	1,406
In more than five years	343	209
	<u>5,762</u>	<u>7,372</u>

15(a) Contract Provisions

	1 st January 2020	Provisions Taken	Provisions Used	Change in scope £000	31 st December 2020
After-sales service	37,499	17,135	(13,651)	-	40,983
Loss on completion & construction project liabilities	1,156	962	(1,146)	-	972
Litigation	6,855	3,636	(2,938)	-	7,553
Other current liabilities	11,461	3,696	(335)	(2,415)	12,407
	<u>56,971</u>	<u>25,429</u>	<u>(18,070)</u>	<u>(2,415)</u>	<u>61,915</u>

15(a) Contract Provisions continued

	1 st January 2019	Provisions Taken	Provisions Used	31 st December 2019
After-sales service	26,284	23,571	(12,356)	37,499
Loss on completion & construction project liabilities	5,755	2,167	(6,766)	1,156
Litigation	5,676	3,027	(1,848)	6,855
Other current liabilities	12,214	4,343	(5,096)	11,461
	<u>49,929</u>	<u>33,108</u>	<u>(26,066)</u>	<u>56,971</u>

Current provisions are directly related to the operating cycle. They are recognised in accordance with IAS37 and at their present value. Provisions for after-sales service cover the Group's commitments under warranties relating to completed projects. They are estimated statistically based on expenses incurred in previous periods or individually on the basis of specifically identified events. Provisions for losses on completion of contracts and for construction project liabilities are set aside mainly when end-of-contract projections, based on the most likely outcome, indicate a loss, or to cover work yet to be carried out in respect of completed contracts under completion warranties.

Provisions for litigation include sums for disputes connected with operations with customers or the supply chain.

Provision for other current liabilities include provision for worksite restoration and removal costs.

15(b) Other interest bearing loans and borrowings

	2020 Current £000	2020 Non-current £000	2019 Current £000	2019 Non - current £000
Loan from related parties	-	-	10,500	6,500
	<u>-</u>	<u>-</u>	<u>10,500</u>	<u>6,500</u>

The loan from related parties in 2019 was a shareholder loan granted by VSM (NCGM) Ltd to VINCI UK Developments Limited.

The Company transferred its interest in VINCI UK Developments Limited to VINCI PLC on 1st January 2020.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

16. Deferred tax asset

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Property, plant and equipment	222	264	-	-	222	264
Intangible assets	-	373	(2,223)	(1,836)	(2,223)	(1,463)
Losses	3,176	2,840	-	-	3,176	2,840
	<u>3,398</u>	<u>3,477</u>	<u>(2,223)</u>	<u>(1,836)</u>	<u>1,175</u>	<u>1,641</u>
Tax assets / (liabilities)	3,398	3,477	(2,223)	(1,836)	1,175	1,641

The group also has tax losses of £172,297,400 as at 31st December 2020 (2019: £181,827,438) which have not been recognised as these may only be offset against certain profits arising in specific subsidiaries in future accounting years. Consequently the group has unrecognised deferred tax assets of £32,736,506 as at 31st December 2020 (2019: £30,910,664).

Movement in deferred tax during the prior year

	1 January 2019 £000	Recognised in income £000	Recognised in equity £000	Transferred out £000	31 December 2019 £000
Property, plant and equipment	238	26	-	-	264
Employee benefits	-	-	31	(31)	-
Intangible assets	(1,306)	(157)	-	-	(1,463)
Share options	-	406	(406)	-	-
Losses	2,840	-	-	-	2,840
	<u>1,772</u>	<u>275</u>	<u>(375)</u>	<u>(31)</u>	<u>1,641</u>

Movement in deferred tax during the year

	1 January 2020 £000	Recognised in income £000	Recognised in equity £000	Transferred out £000	31 December 2020 £000
Property, plant and equipment	264	(42)	-	-	222
Intangible assets	(1,463)	(387)	-	(373)	(2,223)
Share options	-	465	(465)	-	-
Losses	2,840	336	-	-	3,176
	<u>1,641</u>	<u>372</u>	<u>(465)</u>	<u>(373)</u>	<u>(1,175)</u>

16. Deferred tax asset (continued)

Recoverability of deferred tax

	No more than 12 months £000	More than 12 months £000	Total £000
Property, plant and equipment	63	159	222
Other temporary differences	(171)	(2,052)	(2,223)
Losses	-	3,176	3,176
	<u>(108)</u>	<u>1,283</u>	<u>1,175</u>

17. Employee benefits**Defined benefit pension scheme**

Pensions for the majority of monthly paid staff are provided through the VINCI Pension Trust (VPT). The VPT is a defined contribution occupational pension scheme, run as a Mastertrust arrangement by Legal & General. Contributions are invested on behalf of the members in accordance with their investment wishes or a selected default strategy. At retirement, members can choose to take their fund as cash, drawn down directly from the fund or purchase an annuity.

The VINCI PLC Group also runs a defined benefit scheme, the VINCI Pension Scheme (VPS).

Twenty-two employees are members of the VNHSPS. The VNHSPS was transferred to VINCI Construction UK Limited in 2009 as a result of a business acquisition. The VNHSPS assets and liabilities were transferred into the VPS on the 31st December 2019.

The VPS is closed to further accrual, apart from for the twenty-two employees transferred in from the VNHSPS.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

17. Employee benefits (continued)

Group - VINCI NHS Pension Scheme

Movement in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Balance at 1 January	-	10,496	-	10,496	-	-
Included in profit or loss	-	480	-	-	-	480
Interest cost	-	289	-	289	-	-
Included in OCI	-	11,265	-	10,785	-	480
Remeasurements loss/(gain) :						
Actuarial (gain)/loss arising from						
- Changes in demographic assumptions	-	(1,182)	-	-	-	(1,182)
- Changes in financial assumptions	-	1,219	-	-	-	1,219
- Experience adjustment	-	580	-	-	-	580
Return on plan assets excluding interest income	-	-	-	416	-	(416)
Asset ceiling	-	-	-	19	-	(19)
Other	-	11,882	-	11,220	-	662
Contributions paid by the employer	-	-	-	393	-	(393)
Contributions paid by members	-	55	-	55	-	-
Benefits paid	-	(181)	-	(181)	-	-
Divestiture to VPS	-	(11,756)	-	(11,487)	-	(269)
Balance at 31 December	-	-	-	-	-	-

17. Employee benefits (continued)

Actuarial assumptions

Principal actuarial assumptions (expressed as weighted averages):

	2019	
	%	
Discount rate - benefit obligations	1.85	
Future salary increases	2.00	
Inflation	3.25	
Life expectancy (years)	31.12.19	
	Male	Female
Member age 65 (current life expectancy)	21.3	23.2
Member age 50 (life expectancy at 65)	22.0	24.1

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st December 2020

17. Employee benefits (continued)

	Group and Company 2019 £000		Group and Company 2018 £000		Group and Company 2017 £000		Group and Company 2016 £000	
Present value of defined benefit obligation	-		10,496		10,073		10,556	
Fair value of plan asset	-		(10,496)		(9,579)		(8,895)	
	<hr/>		<hr/>		<hr/>		<hr/>	
Liability/(asset)	-		-		494		1,661	
	<hr/>		<hr/>		<hr/>		<hr/>	
	Group and Company 2019		Group and Company 2018		Group and Company 2017		Group and Company 2016	
	£000	%	£000	%	£000	%	£000	%
Experience adjustments on plan liabilities	(580)	(5)	(235)	(2)	163	2	465	4
Experience adjustments on plan assets	416	4	343	3	77	1	752	8
	<hr/>		<hr/>		<hr/>		<hr/>	
	(164)		108		240		1,217	
	<hr/>		<hr/>		<hr/>		<hr/>	

17. Employee benefits (continued)

Defined contribution plans

The total expense relating to defined contribution plans in the current year was £6,321,000 (2019: £6,202,000).

Share based payments

Performance Shares

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

Date of grant	No. of Employees	No. of Shares
9th April 2020	31	25,787
17th April 2019	38	27,546
17th April 2018	35	26,546
20th April 2017	34	27,824
19th April 2016	25	26,528

On 20th April 2017, 17th April 2018, 17th April 2019 and 9th April 2020 new long-term incentive plans were set up involving conditional grants to employees, consisting of performance shares only. These shares will only vest definitively after a period of three years. Vesting is subject to beneficiaries being employed by the Group until the end of the vesting period, and to performance conditions in respect of the performance shares.

17. Employee benefits (continued)

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

	Fair value at grant date €	Fair value compared with share price at grant date %	Risk-free interest rate %
9th April 2020	76.50	80.64	(0.44)
17th April 2019	89.68	83.45	(0.40)
17th April 2018	81.23	78.94	(0.32)
20th April 2017	73.99	82.71	(0.29)
19th April 2016	66.18	84.87	(0.41)

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

	2020 £000	2019 £000
Equity settled share-based payment expense	1,402	1,513

Castor International Savings Scheme

During 2020 and 2019 the VINCI PLC Group offered to its employees the Castor International Savings Scheme which enables employees, through a trust fund, to invest in the equity capital of the Parent Company VINCI SA.

The principal characteristics of the plan are as follows :

- acquisition of VINCI shares purchased on the market on the subscription dates, without discount;
- seven successive subscription period between April and October 2020 for the 2020 scheme;
- seven successive subscription periods between April and October 2019 for the 2019 scheme;
- financial contribution from the employer company in the form of matching shares (subject to a maximum) provided that :
 - investing employees have continuing employment for a period of 3 years after acquisition.
 - there is no disposal of shares for 3 years after the subscription date.

2020 Scheme :

Share Purchase Date	Share Price £	No. of employees	No. of Shares
15th May 2020	66.06	669	5,936
15th June 2020	75.75	562	2,450
15th July 2020	75.31	551	1,938
14th August 2020	74.00	547	2,008
15th September 2020	73.20	535	1,654
15th October 2020	66.38	516	1,894
16th November 2020	79.11	331	1,553

2019 Scheme :

Share Purchase Date	Share Price £	No. of employees	No. of Shares
15th May 2019	77.29	755	5,228
17th June 2019	81.21	657	2,339
15th July 2019	82.99	630	1,815
15th August 2019	87.14	631	1,691
16th September 2019	88.72	618	1,640
15th October 2019	87.45	633	1,930
15th November 2019	88.87	623	1,922

17. Employee benefits (continued)

The charge for the year arising from the Castor International Savings Scheme has been calculated based on estimating the number of shares in the scheme which will ultimately vest. The calculation includes an estimate of the number of shares that will fail to vest due to scheme leavers. This estimate is based on actual employee data from 2012 to 2019.

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

	2020 £000	2019 £000
Castor payment expense	1,039	622
Castor liability at year end	2,091	2,795

18. Reconciliation of movement in capital and reserves

	Share capital	Translation reserve	Retained earnings	Total equity
Group	£000	£000	£000	£000
At 1st January 2019	10,000	(1,873)	124,329	132,456
Profit for the year	-	-	16,091	16,091
Foreign exchange translation differences	-	468	-	468
Actuarial losses on defined benefit schemes	-	-	(182)	(182)
Taxes on actuarial losses on defined benefit schemes	-	-	31	31
Equity settled share-based payment transactions	-	-	2,135	2,135
Deferred tax on equity settled share-based payments recognised directly in equity	-	-	(406)	(406)
At 31st December 2019	10,000	(1,405)	141,998	150,593
At 1st January 2020	10,000	(1,405)	141,998	150,593
Profit for the year	-	-	11,898	11,898
Foreign exchange translation differences	-	409	-	409
Equity settled share-based payment transactions	-	-	2,447	2,447
Deferred tax on equity settled share-based payments recognised directly in equity	-	-	(465)	(465)
Dividend	-	-	(32,500)	(32,500)
At 31st December 2020	10,000	(996)	123,378	132,382

Share capital

VINCI Construction UK Limited, incorporated in England, is a private company limited by shares.

At 31st December 2020, the authorised, allotted, called up and fully paid share capital comprised 10,000,000 £1 ordinary shares (2019: £10,000,000).

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

Translation reserve

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

19. Financial instruments

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

Fair values of financial instruments**Trade receivables**

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

Trade payables

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

Cash and cash equivalents

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

Fair values

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

	Carrying amount and fair value	
	2020	2019
	£000	£000
Cash and cash equivalents	252,075	305,945
Trade receivables (note 14)	49,474	44,431
	—	—
Total financial assets	301,549	350,376
	—	—
Trade payables (note 15)	(41,817)	(36,940)
Borrowings (note 15a)	-	(17,000)
Lease liabilities	(1,411)	(1,539)
	—	—
Total financial liabilities	(43,228)	(55,479)
	—	—
Net financial instruments	258,321	294,897
	—	—

19. Financial Instruments (continued)

Net debt

The reconciliation of movements in net debt is as follows :

	1 st January 2020	Cash flow	Non cash IFRS 16	Transferred out	31 st December 2020
	£000	£000	£000	£000	£000
Cash and cash equivalents	305,945	(53,870)	-	-	252,075
Borrowings due within one year	(10,500)	-	-	10,500	-
Borrowings due after one year	(6,500)	-	-	6,500	-
Lease liabilities due within one year	(767)	302	(113)	-	(578)
Lease liabilities due after one year	(772)	593	(654)	-	(833)
	<u>287,406</u>	<u>(52,975)</u>	<u>(767)</u>	<u>17,000</u>	<u>250,664</u>

	1 st January 2019	Cash flow	Non cash IFRS 16	31 st December 2019
	£000	£000	£000	£000
Cash and cash equivalents	292,927	13,018	-	305,945
Borrowings due within one year	(8,500)	(2,000)	-	(10,500)
Borrowings due after one year	-	(6,500)	-	(6,500)
Lease liabilities due within one year	-	261	(1,028)	(767)
Lease liabilities due after one year	-	725	(1,497)	(772)
	<u>284,427</u>	<u>5,504</u>	<u>(2,525)</u>	<u>287,406</u>

Credit risk

Financial risk management

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date for the Group was £301,549,000 (2019: £350,376,000) being the total of the carrying amount of financial assets shown in the table above.

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

19. Financial Instruments (continued)

Credit risk (continued)

The Group reduces its credit risk by having a large and unrelated customer base and by focusing on known clients and repeat business. The Group has strict credit control procedures for accepting new customers, setting credit limits and dealing with overdue accounts. The Group does not have a history of credit losses and does not currently expect any significant losses from customer defaults. The Group has no external debt facilities and participates in the VINCI Group centralised treasury management system.

Liquidity risk

Financial risk management

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

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

The financial liabilities for the Group at 31st December 2020 comprise trade and other payables.

Trade and other payables shown as current liabilities are expected to mature within six months of the balance sheet date with the exception of retentions which are aged in Note 15.

Non-current liabilities are expected to mature between one and five years after the balance sheet date.

Market risk

Financial risk management

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

Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on bank loans is on a fixed rate basis. At 31st December 2020 the Group had no bank loans (2019 : £nil).

Foreign currency risk

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

20. Capital commitments

The Group had no capital commitments at either 31st December 2020 or 31st December 2019.

21. Leases

The Group has elected not to recognise a lease liability for short-term leases (leases of expected terms of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

At 31st December 2020 the Group was committed to short-term leases and the total commitment at that date was £525,000 (2019 : £676,000).

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 2020, the net Group borrowings were £nil (2019: £nil).

23. Related party transactions

Group

Identity of related parties

The Group has a related party relationship with its subsidiaries (see page 97) and fellow subsidiaries of the ultimate parent company, VINCI.

Transactions with key management personnel

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

Other related party transactions

Associates and joint ventures

During the year ended 31st December 2020, associates and joint ventures purchased services from the Group in the amount of £7.5m (2019: £24.6m) and as at 31st December 2020 associates and joint ventures owed the Group £nil (2019: £nil). Transactions with associates and joint ventures are priced on an arm's length basis and are mainly for the provision of construction and facilities management services.

Companies under common control

During the year the Group purchased services from fellow subsidiaries of the ultimate parent company, VINCI for £26.8m (2019: £17.1m) and fellow subsidiaries purchased services from the Group in the amount of £0.2m (2019: £0.2m). Transactions with these companies are priced on an arm's length basis and are mainly for the provision of construction and central services such as fleet management. The Parent Company, VINCI PLC, charged the Group £4.2m in 2020 (2019: £4.1m) in management fees, guarantee fees and personnel charges.

At 31st December 2020 fellow subsidiaries owed the Group £21.3m (2019: £24.9m) and the Group owed £37.3m (2019: £61.9m) to fellow subsidiaries. Included within the £37.3m is £35.8m that is not repayable within one year (2019 : £60.5m).

24. Post Balance Sheet Events

No matters have arisen since the year end that require disclosure in the financial statements.

25. Ultimate parent undertaking

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

At 31st December 2020 the ultimate parent undertaking was VINCI, a company incorporated in France which also heads the largest group in which the results of the Company are consolidated. The consolidated financial statements of this group can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France. The smallest group in which they are consolidated is that headed by VINCI PLC. Copies of VINCI PLC's financial statements may be obtained from the Company Secretary, VINCI PLC, Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

VINCI Construction UK Limited

Company Statement of Financial Position
at 31st December 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Intangible assets	4	223	223
Property, plant and equipment	5	6,900	1,572
Right-of-use assets	5a	1,472	1,635
Investments in Group undertakings	6	90,315	93,448
Deferred tax asset	9	1,174	1,263
		<hr/>	<hr/>
		100,084	98,141
		<hr/>	<hr/>
Current assets			
Trade and other receivables	7	166,422	180,745
Cash and cash equivalents		142,989	155,249
		<hr/>	<hr/>
		309,411	335,994
		<hr/>	<hr/>
Total assets		409,495	434,135
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	8	283,929	278,222
Contract provisions	8b	56,808	50,735
Lease liabilities		578	767
		<hr/>	<hr/>
		341,315	329,724
		<hr/>	<hr/>
Non-current liabilities			
Due to parent		35,762	60,507
Lease liabilities		833	772
		<hr/>	<hr/>
		36,595	61,279
		<hr/>	<hr/>
Total liabilities		377,910	391,003
		<hr/>	<hr/>
Net assets		31,585	43,132
		<hr/>	<hr/>
Equity attributable to equity holders of the Parent			
Issued share capital	11	10,000	10,000
Retained earnings	12	21,585	33,132
		<hr/>	<hr/>
Total Shareholders' funds		31,585	43,132
		<hr/>	<hr/>

Retained earnings include profit for the year of £19,017,000 (2019: profit of £14,775,000).

The accompanying notes form part of the Financial Statements.

The financial statements on pages 80 to 97 were approved by the Board on 10th May 2021
and signed on its behalf by:

Gilles Godard (Director)
Company registered number: 2295904



VINCI Construction UK Limited

Statement of Changes in Equity
at 31st December 2020

	Share Capital £000	Retained Earnings £000	Total Equity £000
At 1st January 2019	10,000	16,894	26,894
Loss for the year	-	14,775	14,775
Other comprehensive expense	-	(151)	(151)
Equity settled share-based payment transactions	-	1,993	1,993
Deferred tax on equity settled share-based payments recognised directly in equity	-	(379)	(379)
At 31st December 2019	10,000	33,132	43,132
At 1st January 2020	10,000	33,132	43,132
Profit for the year	-	19,017	19,017
Equity settled share-based payment transactions	-	2,390	2,390
Deferred tax on equity settled share-based payments recognised directly in equity	-	(454)	(454)
Dividend	-	(32,500)	(32,500)
At 31st December 2020	10,000	21,585	31,585

1. Accounting Policies

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

Basis of preparation

These financial statements were prepared under the historical cost convention and on a going concern basis in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards but makes amendments where necessary in order to comply with Companies Act 2006 as applicable to companies using FRS101 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. In publishing the parent company financial statements here together with the group financial statements the Company has taken advantage of the exemption in S408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements.

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

In these financial statements, the company has applied the disclosure exemptions available under FRS 101 as follows:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments'
- The requirements of IFRS 7, 'Financial instruments: Disclosures'.
- The requirements of paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- The requirements of paragraph 38 of IAS 1, 'Presentation of financial statements'
- The requirements of IAS 7 to present a cash flow statement
- The requirements of paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'
- The requirements of paragraph 17 of IAS 24, 'Related party disclosures' and the requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of the VINCI PLC Group.

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

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

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

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

Going Concern

The Company has adequate liquidity to meet its obligations as they fall due. The Company also considered the impact of COVID-19 and a related potential global economic downturn on its business. It concluded that the Company has significant financial resources and does not expect COVID-19 to have a material impact on the ability of the Company to continue as a going concern. As a consequence, the directors continue to adopt the going concern basis in preparing these financial statements.

Critical accounting estimates and judgements

In order to determine the profit and loss that the Company is able to recognise on its construction contracts in a specific period, the Company has to allocate total costs of the construction contracts between the proportion completed in the period and the proportion to complete in a future period. The Company's revenue and cost recognition policies require forecasts to be made of the outcomes of its long-term contracts.

The assessment of the final contract value and total costs to be incurred requires a degree of estimation. The final contract value recognised includes assessments of the recovery of variations which have yet to be agreed with the client, compensation events and claims where these meet the criteria set out in the Company's accounting policies and are in accordance with IFRS 15 Revenue from Contracts with Customers. Cost estimates include assessing potential maintenance and defects costs. Judgements and estimates are reviewed regularly on an individual contract basis using latest available information and adjustments are made as necessary.

Investments

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

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit. The principal anticipated useful lives on a straight-line basis are:

Buildings (refurbishment)	-	five years
Plant and machinery	-	from two to fifteen years
Computer systems and fixtures & fittings	-	from three to ten years

1. Accounting Policies (continued)

Impairment of fixed assets and goodwill

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for impairment at least annually or when there is a triggering event, to determine if there is any indication of impairment.

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

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

Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

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

1. Accounting Policies (continued)

Foreign currencies

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

Leases

The Company accounts for leases in accordance with IFRS16. In doing so, it recognises a lease liability reflecting the sum of lease payments still to be made, discounted at the interest rate of the liabilities with a balancing entity consisting of the right to use the underlying asset.

The IFRS16 provisions are applied by the company for all leases relating to underlying assets whose value, in brand-new condition, is high-value and/or where the lease term is more than 12 months taking into account renewal options included in the lease contract.

The total payments made under all other leases are charged to the profit and loss account on a straight-line basis over the lease terms.

Pension Contributions

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

Stocks

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

1. Accounting policies (continued)

Turnover

The revenue of the Company is recognised in accordance with IFRS 15. It includes the total of the work, goods and services generated by the business lines pursuing their main activities.

The majority of construction and service contracts involve only one performance obligation, which is fulfilled progressively.

Where a contract includes several distinct performance obligations the Group allocated the overall price of the contract to each performance obligation in accordance with IFRS 15. That price corresponds to the amount of the consideration to which it expects to be entitled. Where the price includes a variable component - such as a performance bonus or a claim - the Group only recognises that consideration from the time agreement is reached with the client.

To measure progress towards completion of construction and service contracts, the Group uses either a method based on physical progress towards completion or a method based on the proportion of costs incurred, depending on the type of activity.

Contract amendments (relating to the price and/or scope of the contract) are recognised when approved by the client. Where amendments relate to new goods or services regarded as distinct under IFRS 15, and where the contract price increases by an amount reflecting "stand-alone selling prices" of the additional goods or services, those amendments are recognised as a distinct contract.

Where a third party (such as a subcontractor) is involved in the supply of a distinct good or service, the Group determines whether it obtains control of that good or service before it is transferred to the client. Where control is not obtained, the Group takes the view that it is not the principal in the transaction and only recognises as revenue the amount corresponding to its remuneration as intermediary.

The cost of winning the contract that would not have been incurred if the Group had not won the contract is recognised as an asset where it is recoverable and amortised over the estimated contract term.

Long term contracts

Long term contracts are those that are in excess of 12 months or of any shorter duration which are material to the activity of the year and are ongoing at the year end.

Trade and other receivables and payables

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

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

Other receivables and payables are stated at their nominal value (discounted if material) less impairment losses.

1. Accounting policies (continued)

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner or realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share-based payment transactions

Performance shares are granted to certain employees entitling them to shares of the ultimate parent company; these shares are granted by the ultimate parent. Final vesting of these shares is dependent on the realisation of financial criteria.

The fair value of shares granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the shares. The fair value of the shares granted is calculated by an external actuary and is measured using a valuation model, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares.

Employees are offered the opportunity to subscribe to the Castor International savings scheme. This enables employees to invest in equity capital of the ultimate parent company, VINCI SA. Further details are provided on page 72.

Financial assets

Trade receivables, contract assets and amounts due from parent and fellow subsidiary undertakings apply the IFRS 9 "Expected Credit Losses" (ECL) model. Expected credit losses are recognised and measured based on historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Financial liabilities

Non-current financial liabilities are mainly intercompany amounts due to the parent company, VINCI PLC. They are expected to mature more than five years after the balance sheet date.

Cash and cash equivalents

The Company holds a cash balance of £142,989,000 (2019: £155,249,000) however, cash balances are swept at the end of each business day to VINCI PLC's bank account who in turn sweeps its closing balance to VINCI Finance international, a Group company registered in Belgium who acts as the Vinci group centralised treasury management entity.

These inter-company balances are highly liquid and accessible on demand and meet the definition of cash and cash equivalents.

1. Accounting policies (continued)**Dividends on shares presented within equity**

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

Cash and liquid reserves

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

2. Profit for the year

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company's operations and business activities are explained in the Strategic Report on pages 2 to 24.

The auditors' remuneration for audit services to the Company was £277,720 (2019 : £219,000).

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

A dividend of £32,500,000 was paid during the year (2019 : £nil). The Directors do not propose the payment of a final dividend.

3. Employee benefits

(i) Staff costs during the year amounted to :

	2020 £000	2019 £000
Wages and salaries	118,794	118,651
Social security costs	12,206	12,004
Other pension costs (note (ii)) - defined contribution	5,706	5,587
	<hr/>	<hr/>
	136,706	136,242
Share based payments	2,390	1,993
Reorganisation and restructuring costs	833	387
	<hr/>	<hr/>
	139,929	138,622
	<hr/>	<hr/>
The monthly average number of employees during the year was as follows:	2020	2019
	No.	No.
Management	92	87
Administration	1,079	997
Operations	1,911	2,013
	<hr/>	<hr/>
	3,082	3,097
	<hr/>	<hr/>

3. Employee benefits (continued)**(ii) Other pension costs****Defined Contribution Pension Scheme**

The Company participates in the VINCI PLC group defined contribution scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme.

Defined Benefit Pension Scheme

The Company's employees are members of the group-wide VINCI PLC defined benefit pension plan providing benefit based on final pensionable pay, which is closed for future accrual. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by IAS 19(R), the scheme has been accounted for in these financial statements as if it was a defined contribution scheme.

The latest full actuarial valuation was carried out at 31st December 2019 and was updated for IAS 19 (R) purposes to 2020 by a qualified independent actuary.

(iii) Directors' remuneration

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

4. Intangible assets

	Brand name £000
Cost	
At 1st January 2019 and 31st December 2019	223
	<hr/>
At 1st January 2020 and 31st December 2020	223
	<hr/>
Accumulated amortisation	
At 1st January 2019 and 31st December 2019	-
	<hr/>
At 1st January 2020 and 31st December 2020	-
	<hr/>
Net Book Value	
At 31st December 2019 and 31st December 2020	223
	<hr/>

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

5. Property, plant and equipment

	Buildings	Plant and machinery	Assets under construction – plant and machinery	Computer systems, fixtures and fittings	Total
	£000	£000	£000	£000	£000
Cost:					
At 1st January 2019	1,237	154	-	281	1,672
Additions	635	9	-	170	814
At 31 st December 2019	1,872	163	-	451	2,486
Cost:					
At 1st January 2020	1,872	163	-	451	2,486
Additions	76	50	5,492	72	5,690
Disposals	-	(28)	-	-	(28)
At 31 st December 2020	1,948	185	5,492	523	8,148
Accumulated depreciation					
At 1st January 2019	463	154	-	132	749
Charged	4	3	-	158	165
At 31 st December 2019	467	157	-	290	914
Accumulated depreciation					
At 1st January 2020	467	157	-	290	914
Charged	294	4	-	61	359
Disposals	-	(25)	-	-	(25)
At 31 st December 2020	761	136	-	351	1,248
Net Book Value					
At 31 st December 2019	1,405	6	-	161	1,572
At 31 st December 2020	1,187	49	5,492	172	6,900

VINCI Construction UK Limited

Notes to the Company Financial Statements (continued)
for the year ended 31st December 2020

5.a Right of use assets

	Buildings
Cost:	£000
At 1 st January 2019	-
Change in accounting method	2,330
Additions	302
Disposals	(43)
	<hr/>
At 31 st December 2019	2,589
	<hr/>
At 1 st January 2020	2,589
Additions	654
	<hr/>
At 31 st December 2020	3,243
	<hr/>
Accumulated depreciation :	
At 1 st January 2019	-
Charged	997
Disposals	(43)
	<hr/>
At 31 st December 2019	954
	<hr/>
At 1 st January 2020	954
Charged	815
Remeasurement	2
	<hr/>
At 31 st December 2020	1,771
	<hr/>
Net book value	
At 31 st December 2019	1,635
	<hr/>
At 31 st December 2020	1,472
	<hr/>

6. Investments in Group undertakings

Cost :	£000
At 1st January 2020	96,572
Transfer to parent company	(3,000)
	<hr/>
	93,572
	<hr/>
Amounts written off :	
At 1st January 2020	3,124
Charged	133
	<hr/>
At 31 st December 2020	3,257
	<hr/>
Net book value	
At 31st December 2019	93,448
	<hr/>
At 31 st December 2020	90,315
	<hr/>

The Company's investment in its wholly-owned subsidiary, VINCI UK Developments Limited, was transferred to the Company's parent company VINCI PLC at its net book value on 1st January 2020 (see note 2 of consolidated accounts, on page 52).

A full list of the Company's investments in subsidiaries and associated undertakings at 31st December 2020 is given on page 97.

Notes to the Company Financial Statements (continued)
for the year ended 31st December 2020**7. Trade and other receivables**

	2020 £000	2019 £000
Trade receivables	20,727	15,879
Amounts recoverable on contracts	128,994	133,358
Due from parent and fellow subsidiary undertakings	3,759	13,691
Other receivables	4,921	5,972
Prepayments and accrued income	8,021	11,845
	<hr/>	<hr/>
	166,422	180,745
	<hr/>	<hr/>

8. Trade and other payables

	2020 £000	2019 £000
Trade payables	16,644	5,642
Due to group undertakings	3,435	3,246
Other payables	11,950	13,804
Accruals	191,694	197,354
Payments on account	47,182	51,094
Other tax and social security	13,024	7,082
	<hr/>	<hr/>
	283,929	278,222
	<hr/>	<hr/>

8(b) Contract Provisions

	1 st January 2020	Provisions Taken	Provisions Used	31 st December 2020
After-sales service	36,329	15,872	(13,515)	38,686
Loss on completion & construction project liabilities	1,156	131	(1,146)	141
Litigation	5,598	3,541	(1,681)	7,458
Other current liabilities	7,652	3,206	(335)	10,523
	<hr/>	<hr/>	<hr/>	<hr/>
	50,735	22,750	(16,677)	56,808
	<hr/>	<hr/>	<hr/>	<hr/>

8(b) Contract Provisions continued

	1 st January 2019	Provisions Taken	Provisions Used	31 st December 2019
After-sales service	23,327	23,507	(10,505)	(36,329)
Loss on completion & construction project liabilities	5,755	2,167	(6,766)	(1,156)
Litigation	5,374	2,003	(1,779)	(5,598)
Other current liabilities	8,713	3,772	(4,833)	(7,652)
	<u>43,169</u>	<u>31,449</u>	<u>(23,883)</u>	<u>50,735</u>

Current provisions are directly related to the operating cycle. They are recognised in accordance with IAS 37 and at their present value. Provisions for after-sales service cover the Group's commitments under warranties relating to completed projects. They are estimated statistically based on expenses incurred in previous periods or individually on the basis of specifically identified events. Provisions for losses on completion of contracts and for construction project liabilities are set aside mainly when end-of-contract projections, based on the most likely outcome, indicate a loss, or to cover work yet to be carried out in respect of completed contracts under completion warranties.

Provisions for litigation include sums for disputes connected with operations with customers or the supply chain.

Provision for other current liabilities include provision for worksite restoration and removal costs.

9. Deferred tax (asset)/liability

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Property, plant and equipment	222	259	-	-	222	259
Intangible assets	-	-	(2,233)	(1,836)	(2,223)	(1,836)
Losses	3,175	2,840	-	-	3,175	2,840
	<u>3,397</u>	<u>3,099</u>	<u>(2,223)</u>	<u>(1,836)</u>	<u>1,174</u>	<u>1,263</u>
Total assets / (liabilities)	3,397	3,099	(2,223)	(1,836)	1,174	1,263

The Company also has tax losses of £158,221,705 as at 31st December 2020 (2019: £167,751,743) which have not been recognised as these may only be set against certain profits arising in specific divisions in future accounting years. Consequently the Company has unrecognised deferred tax assets of £30,062,124 as at 31st December 2020 (2019: £28,517,796).

9. Deferred tax (asset)/liability (continued)

Movement in deferred tax during the prior year :

	1st January 2019 £000	Recognised in income £000	Recognised in equity £000	Transferred out £000	31st December 2019 £000
Property, plant and equipment	229	30	-	-	259
Intangible assets	(1,683)	(153)	-	-	(1,836)
Employee benefits	-	-	31	(31)	-
Share options	-	379	(379)	-	-
Losses	2,840	-	-	-	2,840
	<u>1,386</u>	<u>256</u>	<u>(348)</u>	<u>(31)</u>	<u>1,263</u>

Movement in deferred tax during the year :

	1st January 2020 £000	Recognised in income £000	Recognised in equity £000	31st December 2020 £000
Property, plant and equipment	259	(37)	-	222
Intangible assets	(1,836)	(387)	-	(2,223)
Share options	-	454	(454)	-
Losses	2,840	335	-	3,175
	<u>1,263</u>	<u>365</u>	<u>(454)</u>	<u>1,174</u>

10. Leases

The Company has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

At 31st December 2020 the Company was committed to short-term leases and the total commitment at that date was £525,000 (2019 ; £676,000).

11. Issued Share Capital

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

Notes to the Company Financial Statements (continued)
for the year ended 31st December 2020

12. Capital and reserves

	Share capital £000	Retained earnings £000	Total equity £000
At 1st January 2019	10,000	16,894	26,894
Profit for the year	-	14,775	14,775
Actuarial losses	-	(182)	(182)
Taxes on actuarial losses	-	31	31
Equity settled share-based payment transactions	-	1,993	1,993
Deferred tax on equity-settled share-based payments recognised directly in equity	-	(379)	(379)
At 31st December 2019	10,000	33,132	43,132
At 1st January 2020	10,000	33,132	43,132
Profit for the year	-	19,017	19,017
Equity settled share-based payment transactions	-	2,390	2,390
Deferred tax on equity-settled share-based payments recognised directly in equity	-	(454)	(454)
Dividend	-	(32,500)	(32,500)
At 31st December 2020	10,000	21,585	31,585

VINCI Construction UK Limited

Subsidiary undertakings, joint ventures and jointly controlled operations
at 31st December 2020

A list of investments in subsidiaries, joint ventures and jointly controlled operations is given below. Except where otherwise shown all subsidiaries, joint ventures and jointly controlled operations are incorporated in Great Britain. All holdings are of ordinary shares and, except where shown, all subsidiary undertakings are 100% owned and joint ventures and jointly controlled operations are 50% owned. Unless otherwise stated all subsidiary undertaking registered office addresses are at Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

Construction

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

Facilities

VINCI Facilities Partnerships Limited (formerly VINCIMouchel Limited)

International

*Taylor Woodrow International Limited
(registered office address: Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW)
*Taylor Woodrow International Construction LLC
(registered office address: Office #10, 12th Floor, Prestige Tower-17, Near Capital Mall, 79th Street, Mohammed Bin Zayed City, Abu Dhabi, UAE. P.O.Box 95187)
VINCI Construction UK (Saudi Arabia) Limited
(registered office address: Sakura Building, Al Madinah Road, Al Salama District
4th Floor, Office No. 405

Joint ventures

Construction

Vinci Environment UK Limited
John Jones (Excavation) Limited

Jointly controlled operations

Construction

The Balfour Beatty VINCI Joint Venture
The Balfour Beatty VINCI Systra Joint Venture
The Costain VINCI Joint Venture
The Taylor Woodrow Construction Alstom Transport Joint Venture
The BBMV Joint Venture
The Hochtief Vinci Joint Venture
The Taylor Woodrow Construction BAM Joint Venture
The VCUK BAM Joint Venture
The A6 Clapham Bypass Joint Venture
The Integrated Health Projects Joint Venture*
The VINCI Joint Venture (participation between 0% and 100% on projects)
The Spiecapag VCUK Joint Venture

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