

TAYLOR WOODROW CONSTRUCTION

ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2010



Taylor Woodrow Construction

Company Information

DIRECTORS

C G Cocking
A M Comba
D A L Joyce
A K Raikes
P Tuplin

SECRETARY

A M Comba

REGISTERED OFFICE

Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

REGISTERED NUMBER

3213873

AUDITORS

KPMG LLP
Altus House
One North Fourth Street
Central Milton Keynes
MK9 1NE

BANKERS

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

Directors' Report

The Directors submit their report to the members, together with the audited financial statements for the year ended 31st December 2010

Results and dividends

The profit after taxation for the financial year amounted to £25,785,000 (2009 profit after tax of £11,195,000) No dividends were paid during the year (2009 £nil) The directors do not propose the payment of a final dividend

Principal activity and business review

The principal activities of the Company during the year have been civil and structural engineering, construction and facilities management operations in the United Kingdom (UK) In addition, facilities management operations continue in the Netherlands, Belgium, Luxembourg and Ireland

Taylor Woodrow Construction is well established in the rail sector with several current contracts with Network Rail and Transport for London During the year, in joint venture with BAM Nuttall Limited, the company was awarded a second contract on the underground network to expand and re-build Victoria Underground Station Other transport projects include light rail and highways The company is undertaking two major contracts with London Underground to redevelop Tottenham Court Road and Victoria Stations, with a total value of work exceeding £500 million

The company also provides programme management, engineering and construction services to customers with airport infrastructure requirements These include terminal buildings, car parks, baggage handling, retail units, lounges, refurbishment of complex terminal facilities, piers and air bridges

The company delivers facility management, mechanical, electrical and building maintenance solutions in both public and private sectors across the UK, Ireland and the Benelux countries We provide a range of services in the sectors of retail, commercial property, public buildings, defence, health, education, emergency services and social housing

Business Risks

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

- **Financial Risk**

The principal financial risks that we run are associated with our ability to properly 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 Company controls these risks in a number of ways. The Company 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 Company specialises in certain types of building, civil engineering and facilities management 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. Over a certain level of value, tenders are approved by the Chief Operating Officer and the Chief Executive. In accordance with VINCI procedures, tenders over set amounts are submitted to the VINCI Risk Committee in Paris for approval.

- **Health and Safety**

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

- **The Environment**

The Company recognises the importance of minimising the impact on the environment and is pro-actively managing this. New procedures were adopted in 2007 to measure and manage outputs and to set targets for reduction.

- **Human Resources**

The Company's employees are its most important resource. It is essential to the future success of the business that a skilled and motivated workforce is retained.

- **Civil Involvement**

Community relations are encouraged as an outward sign of the commitment that the Company has to the communities in which it works, over and above those defined by law or expected by our shareholders. Our staff regularly participate in initiatives which help to form strong community links, as well as advancing the image of construction and encouraging young people into the industry.

Directors

The present directors of the Company are set out on page 1

No changes were made to the composition of the Board during the period under review

Indemnity provisions

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

Going Concern

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

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

Employees

The Company 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 Company which are within their capabilities. It is the Company's policy to offer training and development opportunities to all employees on the basis of the assessment of training needs.

Communication and involvement

The Directors recognise the importance of good communications with the Company's employees and informing and consulting with them on a regular basis of the performance and objectives of the Company. This is mainly through regular meetings, personal appraisals and e-mail communications.

When practical, employees have the opportunity to participate in VINCI share savings schemes.

Health and safety

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

Payment of creditors

Whilst the Company does not follow any external code or standard payment practice, Company policy with regard to the payment of suppliers is to agree terms and conditions with suppliers, ensure that suppliers are aware of those terms and providing suppliers meet their obligations, abide by the agreed terms of payment. Trade creditor days for the company for the year ended 31 December 2010 were 64 days (2009 61 days), based on the ratio of trade creditors excluding sub contract retentions and claims of £8,292,000 (2009 £9,182,810) at the end of the year to the amounts invoiced during the year by trade creditors.

Donations

Donations to various United Kingdom charities during the year amounted to £4,103 (2009 £1,161)

Disclosure of information to 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 each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

Approval

The Report of the Directors was approved by the Board on 24th March 2011 and signed on its behalf by



A M Comba
Director
Company registered number 3213873

Taylor Woodrow Construction
Astral House
Imperial Way
Watford
Herts
WD24 4WW

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

We have audited the financial statements of Taylor Woodrow Construction for the year ended 31 December 2010 set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.



S J Wardell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Altus House
1 North Fourth Street
Milton Keynes
Buckinghamshire
MK9 1NE
24th March 2011

Taylor Woodrow Construction

Profit and Loss Account

For the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Turnover continuing operations	2	265,337	470,832
Cost of sales		(226,309)	(428,843)
Gross profit		39,028	41,989
Administrative expenses		(15,880)	(31,838)
Operating profit before exceptional operating item		23,148	10,151
Exceptional operating item		7,576	-
Operating profit on continuing operations	4	30,724	10,151
Loss on disposal on investments and fixed assets		(31)	-
Interest receivable	6	922	788
Interest payable	6	-	(1)
Profit on ordinary activities before taxation		31,615	10,938
Tax (charge)/credit on profit on ordinary activities	7	(5,830)	257
Profit for the year	16,17	25,785	11,195

There have been no recognised gains or losses in the current or preceding financial year other than as stated above and consequently no statement of total recognised gains and losses has been presented

Taylor Woodrow Construction

Balance Sheet
as at 31 December 2010

	Notes	£000	2010 £000	£000	2009 £000
Fixed assets					
Tangible assets	8		-		-
Investments	9				
Group undertakings			4,094		4,125
Associates			2,478		2,478
Other fixed asset investments			4,865		2,239
			<hr/>		<hr/>
			11,437		8,842
Current assets					
Debtors due within one year	10	112,691		77,004	
Debtors due after more than one year	11	573		3,178	
Cash at bank and in hand		55,051		103,292	
			<hr/>	<hr/>	
			168,315	183,474	
Creditors amounts falling due within one year	12	(142,015)		(181,753)	
			<hr/>	<hr/>	
Net current assets			26,300		1,721
			<hr/>		<hr/>
Total assets less current liabilities			37,737		10,563
Creditors: amounts falling due after more than one year	13		(5,315)		(4,094)
			<hr/>		<hr/>
Net assets			32,422		6,469
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		25,028		25,028
Profit and loss account	16		7,394		(18,559)
			<hr/>		<hr/>
Shareholders' funds	17		32,422		6,469
			<hr/>		<hr/>

The financial statements were approved by the Board on 24th March 2011 and signed on its behalf by



A M Comba

Director

Company registered number 3213873

Accounting policies

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

Basis of preparation

The accounts have been prepared under the historical cost convention. The accounting policies adopted comply with UK Financial Reporting Standards and Statements of Standard Accounting Practice and are consistent with those of the previous period. The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company is a wholly owned subsidiary of VINCI PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of VINCI PLC, within which this Company is included, can be obtained from Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

Tender costs

Tender costs are charged directly to the profit and loss account as they arise. By exception, in accordance with UITF 34, tender costs incurred on Private Finance Initiative contracts after preferred bidder status has been achieved are held as an asset on the balance sheet.

Joint arrangements

The Company is a participant in several joint arrangement contracts. These are accounted for under FRS 9 as Joint Arrangements Not Entities ("JANES") and accordingly the company accounts for its own assets, liabilities and cashflows measured according to contractual terms.

Cash flow statement

Under FRS1 the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated statements.

Turnover

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

Foreign currency translations

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction.

Long term contracts

Long term contracts are those extending in excess of 12 months and of any shorter duration which are material to the activity of the period

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

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

Stocks and work in progress

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

Pension contributions

Defined contribution plans

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

Defined benefit plans

The Company participates in the VINCI NHS pension scheme (VNHSPS) providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

Share-based payment transactions

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

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the length of the lease.

Investments

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

Tangible fixed assets and depreciation

Depreciation on plant is calculated on a straight line basis to write off the cost over the estimated useful lives which range from 1 to 5 years. Provision is made for any impairment.

Taxation

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

1 Principal joint arrangements

The Company is a 50% participant, unless otherwise stated, in the following joint arrangements which have been accounted for under FRS 9 as joint arrangements, and not entities. All of these arrangements are managed by Supervisory Boards consisting of Directors from each of the participating companies.

a) The Kings Cross Joint Venture was established to undertake construction work at Kings Cross Station London. Annual accounts are prepared to 31 December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

b) The M6 DBFO Joint Venture (of which Taylor Woodrow Construction is a 33.33% participant) was established to undertake the design, build and operational maintenance of a section of the M6 motorway. Annual accounts are prepared to 31 December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

c) The Taylor Woodrow Construction/BAM Nuttall Joint Venture was established to undertake station improvement projects. Annual accounts are prepared to 31 December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

2 Turnover

The principal activities of the company during the year have been construction and facilities management operations in the United Kingdom (UK). In addition, facilities management operations continue in the Netherlands, Belgium, Luxembourg and Ireland.

The Directors regard the whole of the activities of the Company as a single class of business. Substantially all of the turnover arose in the United Kingdom.

3 Exceptional operating item

	2010 £000	2009 £000
Release of provision made on acquisition following legal settlement	7,576	-

4. Operating profit: continuing operations

	2010 £000	2009 £000
Operating profit is after charging:		
Restructuring costs	180	2,837
Research and development	-	189
Depreciation of plant	-	399
Plant hire	4,253	8,988
Rentals under operating leases		
- Hire of plant and machinery	150	1,919
- Other operating leases	559	2,387

Auditor's remuneration for the current year was paid by the company's parent without recourse. From 1st January 2009 amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company'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 Company's parent, VINCI PLC.

5 Employees

(i) Staff costs during the year amounted to	2010 £000	2009 £000
Wages and salaries	27,471	59,513
Social security costs	2,221	6,075
Other pension costs (Note (ii))	1,599	4,019
Share based payments	233	37
	<hr/> 31,524	<hr/> 69,644

During 2010, the majority of the employees of Taylor Woodrow Construction were transferred as employees of its Parent company, VINCI Construction UK Limited (VCUK). The employee costs reflected in these accounts have been recharged from VCUK.

The average number of employees during the year was as follows

	2010 No	2009 No
Management	36	61
Administration	137	230
Operations	649	1,089
	<hr/> 822	<hr/> 1,380

(ii) Pensions

Taylor Woodrow Construction was a member of Defined Benefit and Defined Contribution pension schemes. The Taylor Woodrow Group Pension and Life Assurance Fund (TWGP&LAF) is a funded Defined Benefit scheme. The TWGP&LAF merged with the Bryant Group Pension Scheme (BGPS) on 24 June 2002 and with the Wilson Connolly Holdings Pension Scheme (WCHPS), the Wainhomes Ltd Pension Scheme (WHLPS) and the Prestoplan Pension Scheme (PPS) on 27 August 2004. The scheme is managed by trustees. All scheme assets are held separately from the company. The scheme was closed to new entrants and with effect from 30 November 2006 to future pension accrual. The company's exposure to these schemes was settled on 13 August 2008.

An alternative Defined Contribution arrangement, the Taylor Woodrow Personal Choice Plan, was offered to new employees and from 1 December 2006 to employees who previously accrued benefits in the TWGP&LAF. The company is unable to identify its share of the underlying assets and liabilities of the scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,360,000 (2009 £3,770,000).

Additionally, the Company participates in the VINCI NHS Pension Scheme (VNHSPS), previously called the Taylor Woodrow NHS Pension Scheme, which commenced in December 2003. The Actuary has completed his latest valuation with an effective date of 31 December 2008. This disclosed that the market value of the scheme's assets at that date was £1.4m and that the value of the assets was sufficient to cover 88% of the benefits that had accrued to members after allowing for expected future increases in earnings. The actuaries to the scheme calculated the long term funding rate to be 22.2% of pensionable earnings. In 2009 this scheme was transferred to VINCI Construction (UK) Limited, a fellow Group subsidiary. The contribution for the year was £239,000 (2009 £249,000).

5 Employee Benefits (continued)**(iii) Directors' remuneration**

	2010 £000	2009 £000
Emoluments	-	213
Compensation for loss of office	-	153
Directors' emoluments disclosed above include the following		
	2010 £000	2009 £000
Highest paid Director	-	182
Accrued pension of the highest paid director at the year end	-	-

No director received remuneration in respect of their duties as directors of the company during the financial year

(iv) Share based payments

Date of Grant and number of employees entitled	Number of Instruments	Vested Conditions	Contractual life of options
Equity settled award to 7 employees on September 15th 2009	15,505	see below	expiry 15 09 16
Equity settled award to 18 employees on July 9th 2010	39,834	see below	09 07 17

In respect of the 2009 and 2010 scheme, the share options are only definitively allocated at the end of a vesting period of three years. The number of share options effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the first two year period.

Once vested, the share options must be held for a minimum of one year during which they may not be disposed of.

5 Employees (continued)

	Weighted average exercise price 2010 (euros)	Weighted average exercise price 2009 (euros)	Number of options 2010	Number of options 2009
Outstanding at the beginning of period	38 37	-	15,505	-
2010 issue	36 70		39,834	-
2009 issue	-	38 37	-	15,505
Outstanding at the end of period	37 17	38 37	55,339	15,505

The options outstanding at the year end have an exercise price in the range of 36 70 to 38 37 euros and a weighted average contractual life of 6 43 years

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

	2010 £000	2009 £000
Equity settled share based payment expense	233	37

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black –Scholes formula

The main assumptions used to determine the fair values of the options in question were -

Plan	July 2010	September 2009
Volatility (1)	34 22%	32 91%
Expected return on share	7 24%	8 01%
Risk – free interest rate (2)	1 59%	2 38%
Dividend growth rate hoped – for (3)	4 99%	4 21%
Fair value of the option (€)	4 43	5 65

- (1) Volatility assumed using a multi-criteria approach based on the mean revision model applied to a five year series of daily implied volatilities of the VINCI share,
- (2) Rate at five years of French government bonds,
- (3) Average return expected by financial analysts over the three years following the grant date adjusted by a theoretical annual growth rate beyond that period

5 Employees (continued)**Performance Shares**

On 15th September 2009 7 employees were granted a maximum of 6,202 performance shares, and on 9th July 2010 18 employees were granted a maximum of 15,930 performance shares

These shares are subject to the following vesting conditions

- The shares are only definitively allocated at the end of a period of two years , which can be extended to three years by the VINCI board
- The number of shares effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the period
- The vested shares must be held for a minimum of two years during which time they may not be disposed of

The main assumptions used to determine the fair values of these performance shares at 15th September 2009 are the fair value of the shares at the grant date of €37.40, a volatility of 32.88% and a risk-free interest rate of 1.75%. At 9th July 2010 the main assumptions are the fair value of the shares at the grant date of €35.44, a volatility of 34.22% and a risk-free interest rate of 0.97%

6 Net interest receivable

	2010 £000	2009 £000
Interest payable		
Foreign currency exchange	-	(1)
Other	-	-
	-	(1)
Interest receivable		
Bank interest	1	11
Received from another group undertaking	285	597
Fair value discount	191	180
Other financial income	445	-
	922	788

7 Tax on profit on ordinary activities

	2010 £000	2009 £000
Current Taxation		
United Kingdom corporation tax		
Current tax on income for the year at 28% (2009 28%)	5,077	-
Overseas tax suffered		
Under provision in respect of prior years	-	66
Total current taxation	5,077	66
Deferred taxation		
Origination and reversal of timing differences	684	(323)
Changes in tax rates	69	-
Tax charge/(credit) on profit on ordinary activities	5,830	(257)
The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 – 28%)The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation	2010 £000	2009 £000
Profit on ordinary activities before tax	31,615	10,938
Tax charge on profit on ordinary activities before tax at standard rate	8,852	3,063
Factors affecting charge for the year:		
Under provision in respect of prior years	-	66
Permanent disallowables	14	-
Depreciation for the period in excess of capital allowances	(193)	189
Short term timing differences	(53)	(46)
Utilisation of bought forward losses	(2,786)	(3,037)
Group relief	(757)	(169)
Current tax charge for the year	5,077	66

The standard rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. Therefore, the closing deferred tax balances have been calculated at 27% in accordance with FRS19, with the effect of the change in rate taken to the profit and loss account this year.

Taylor Woodrow Construction

Notes to the Accounts (continued)
at 31st December 2010

8 Tangible assets

	Plant
Cost	£000
At 1st January 2010	2,468
Additions	-
Disposals	(2,468)
	<hr/>
At 31st December 2010	-
	<hr/>
Depreciation	
At 1st January 2010	2,468
Provided	-
Disposals	(2,468)
	<hr/>
At 31st December 2010	-
	<hr/>
Net book value	
At 31st December 2010	-
	<hr/>
At 31st December 2009	-
	<hr/>

9 Investments**Group Undertakings**

Cost	£000
At 1st January 2010	6,181
Disposals	(31)
At 31st December 2010	6,150
Amounts written off	
At 1st January 2010 and 31st December 2010	2,056
Net Book value	
At 31st December 2010	4,094
At 31st December 2009	4,125

The parent company has investments in the following major subsidiary undertakings. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Principal subsidiaries	Country of incorporation and principal operations	Proportion of ordinary shares held %
Taylor Woodrow Construction Southern Limited	United Kingdom	100
Taylor Woodrow Management Limited	United Kingdom	100
Taylor Woodrow Civil Engineering Limited	United Kingdom	100
Taylor Woodrow International Limited	United Kingdom	100

The principal activity of all subsidiaries is construction.

International Teamwork (Gibraltar) Limited, a fully owned subsidiary registered in Gibraltar was struck off during the year. Taylor Woodrow International Projects Ltd was renamed Taylor Woodrow International Ltd on 12 February 2010. Consolidated accounts have not been prepared because the company is a wholly owned subsidiary undertaking of another corporate body, incorporated in Great Britain.

9 Investments (continued)**Associates**

	Shares unlisted £000	Loans £000	Total £000
Cost			
At 1 January 2010	5	2,473	2,478
	<hr/>	<hr/>	<hr/>
At 31 December 2010	5	2,473	2,478
	<hr/>	<hr/>	<hr/>

The company holds interests in the following principal associates

	Country of incorporation and principal operations	Percentage of ordinary share capital	Percentage of preference share capital	Nature of business
Sheffield LEP Ltd	United Kingdom	40.00%	N/A	Construction
Paradigm (Sheffield BSF) Holdings Ltd	United Kingdom	40.00%	N/A	Construction

The undertakings listed above are accounted for as associates on the basis that Taylor Woodrow Construction exercises significant influence

Fixed Asset Investments

	Shares unlisted £000	Loans £000	Total £000
Cost			
At 1 January 2010	12	2,227	2,239
Additions	-	2,626	2,626
	<hr/>	<hr/>	<hr/>
At 31 December 2010	12	4,853	4,865
	<hr/>	<hr/>	<hr/>

The company holds a 19.9% interest in the equity of NewHospitals (St Helens and Knowsley) Holdings Limited, a company incorporated to design, build and maintain both St Helens and Whiston hospitals for the St Helens & Knowsley Teaching Hospitals NHS Trust

Notes to the Accounts (continued)
at 31st December 201010 **Debtors: due within one year**

	2010 £000	2009 £000
Trade debtors	14,236	31,846
Amounts recoverable on contracts	21,818	16,896
Due from group undertakings	71,042	21,043
Other debtors	1,388	5,434
Prepayments and accrued income	3,398	19
Taxation on profits	-	139
Deferred tax asset (see note 14)	809	1,627
	<u>112,691</u>	<u>77,004</u>

11 **Debtors: due after more than one year**

	2010 £000	2009 £000
Trade debtors – contract retentions	573	-
Prepayments and accrued income	-	3,178
	<u>573</u>	<u>3,178</u>

12 **Creditors: amounts falling due within one year**

	2010 £000	2009 £000
Payments on account	23,658	36,507
Trade creditors	46,825	80,501
Due to group undertakings	7,667	6,227
Taxation and social security	6,009	74
Accruals	57,856	58,444
	<u>142,015</u>	<u>181,753</u>

13	Creditors: amounts falling due after more than one year	2010 £000	2009 £000
	Trade Creditors - retentions	1,220	-
	Due to group undertakings	4,095	4,094
		<hr/>	<hr/>
		5,315	4,094
		<hr/>	<hr/>

14	Deferred Taxation		Deferred tax asset £000
	At 1st January 2010		1,627
	Transfer to profit and loss account		(818)
			<hr/>
	At 31st December 2010		809
			<hr/>

The deferred tax asset comprises of	Amounts recognised	
	2010 £000	2009 £000
Depreciation in excess of capital allowances	748	981
Short term timing differences	61	646
	<hr/>	<hr/>
	809	1,627
	<hr/>	<hr/>

At 31st December 2010 the company has an unrecognised deferred tax asset of £nil (31st December 2009 £1,958,864). In 2009 deferred tax was not recognised on unutilised losses of £6,995,943 as there was insufficient evidence that the asset would be recoverable against future taxable profits.

15	Share capital	2010 £000	2009 £000
	Authorised:		
	100,000,000 (2009 100,000,000) ordinary shares of £1 each	100,000	100,000
		<hr/>	<hr/>
		£000	£000
	Called up, allotted and fully paid:		
	25,028,000 ordinary shares of £1 each (2009 25,028,000)	25,028	25,028
		<hr/>	<hr/>

16 Reserves

	Profit and loss account £000
At 1st January 2010	(18,559)
Profit retained for the year	25,785
Equity settled transactions	233
Deferred tax recognised directly in equity	(65)
At 31st December 2010	7,394

17 Reconciliation of movement in shareholders' funds/(deficit)

	2010 £000	2009 £000
Profit for the financial year	25,785	11,195
Share based payment credit	233	37
Deferred tax recognised directly in equity	(65)	(10)
Net increase in shareholders' funds	25,953	11,222
Opening shareholders' funds/(deficit)	6,469	(4,753)
Closing shareholders' funds	32,422	6,469

18 Operating lease commitments

The Company has agreed to make payments in the year ending 31st December 2011 under operating leases expiring within the following periods of 31st December

	Plant and machinery	Other	Total	Plant and machinery	Other	Total
	2010 £000	2010 £000	2010 £000	2009 £000	2009 £000	2009 £000
- within 1 year	204	112	316	815	265	1,080
- between 2 and 5 years	158	372	530	760	419	1,179
- over 5 years	-	693	693	-	693	693
	<u>362</u>	<u>1,177</u>	<u>1,539</u>	<u>1,575</u>	<u>1,377</u>	<u>2,952</u>

19 Capital commitments

There were no capital commitments during the current or prior years

20 Contingent liabilities

The Company has 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 fellow subsidiary undertakings are secured by cross guarantee. At 31st December 2010, the net Group bank borrowings were £nil (2009 £nil)

21 Related party transactions

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

There were no other related party transactions

22 Ultimate parent undertaking

The Company is a subsidiary undertaking of VINCI Construction UK Limited, which is itself a subsidiary undertaking of VINCI PLC, incorporated in England

The ultimate controlling party is VINCI, a company incorporated in France which also heads the largest group in which the results of the Company are consolidated. The consolidated accounts of this group can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France. The smallest group in which they are consolidated is that headed by VINCI Construction UK Limited. Copies of VINCI Construction UK Limited's accounts may be obtained from the Company Secretary, VINCI Construction UK Limited, Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.