REGISTERED NUMBER: 3213873

TAYLOR WOODROW CONSTRUCTION

ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2018

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Company Information

DIRECTORS	B Dupety J P Gatward A K Raikes
REGISTERED OFFICE	Astral House Imperial Way Watford Hertfordshire WD24 4WW
REGISTERED NUMBER	3213873
AUDITOR	KPMG LLP 15 Canada Square London E14 5GL
BANKERS	National Westminster Bank Plc P O Box 2DG 208 Piccadilly London W1A 2DG

Profile

Taylor Woodrow operates and performs its activities within the Vinci PLC/Vinci Construction UK Group ("the Group").

Principal activity and business review

The principal activities of the Company during the year have been civil and structural engineering and facilities management operations in the United Kingdom (UK).

The Company also delivers mechanical, electrical and building maintenance solutions in both public and private sectors across the UK.

Turnover in 2018 includes £12m (2017: £20m) on the major contract to redevelop Victoria Station.

Business Risk

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.

- Brexit Risk

Although we have experienced no significant impact of Brexit to date we closely monitor its progress.

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. We try to mitigate this risk by early planning and careful management. 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, for example, close planning of our various contracts, 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 on going concern.

- Financial Risk

The principal financial risks that the Company faces 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, and 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.

Business Risk (continued)

- Performance Risk

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

- 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.

- 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. The Company's specific policies concerning its employees are disclosed in the Directors' Report.

Health, Safety and the Environment (HSE)

HSE is among the top priority of the Company. As part of the Group, Taylor Woodrow strictly follows the Group's processes and procedures in this respect and its results are reported and reviewed with the other Group's activities.

People and supply chain

Recruiting and retaining skilful and competent people and supply chain is a key lever of our success. The Group has a number of initiatives in this respect, of which Taylor Woodrow is a full participant and has access to.

Transfer Pricing

In light of the OECD guidelines following the publication of the BEPS "Actions 8-10 titled Aligning Transfer Pricing Outcomes with Value Creation" report, the Board reconsidered the key functions and the transfer pricing position between Taylor Woodrow Construction (TWC) and its immediate parent, VINCI Construction UK Limited (VCUK).

On review of the key functions, whilst a number of pre-2009 contracts still sit in TWC, from a UK transfer pricing prospective most of the key functions have been transferred from TWC to VCUK between 2009 and the present date as:

- All new contracts awarded from 2009 were signed in the name of VCUK.
- All employees of TWC have been transferred into VCUK.
- All existing contracts within TWC are managed by (the now) VCUK employees.

- The Board has adopted the Taylor Woodrow brand within VCUK with the brand name of the civil engineering division within VCUK being called Taylor Woodrow.

Therefore, from the accounting period ended 31st December 2016, the following adjustments were made to VCUK and TWC's corporation tax returns;

- including UK transfer pricing adjustments in VCUK and TWC's corporation tax returns for the year ended 31 December 2016 onwards to transfer the profits/losses from TWC to VCUK; and
- transferring TWC's capital allowances as at 31 December 2015 to VCUK at tax written down value.

By order of the Board

B Dupety
Director

The Directors submit their report to the members, together with the audited financial statements for the year ended 31st December 2018.

Results and dividends

The profit for the financial year amounted to £3,868,000 (2017: profit for the financial year £988,000). No dividends were paid during the year (2017: £nil). The Directors do not propose the payment of a final dividend.

Directors

The present Directors of the Company are set out on page 1. The directors who served during the year are as follows:

B Dupety
J P Gatward
A K Raikes

Going Concern

The Company has sufficient financial resources together with long term contracts with various customers and suppliers across different geographic areas and construction activities. As a consequence, the Directors believe that the Company 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 has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of information to the auditor

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

Auditor

After these accounts are signed on 7th March 2019, KPMG will resign as auditors and PricewaterhouseCoopers LLP will be appointed.

Approval

The Report of the Directors was approved by the Board on 7th March 2019 and signed on its behalf by:

B Dupety
Director
Company registered number: 3213873

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

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

The directors are responsible for preparing the Strategic Report, 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), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements 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 31st December 2018 set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice, including FRS 101 *Reduced Disclosure Framework).*

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2018 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 matters prescribed by the Companies Act 2006

In our opinion 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

W. Meredith

William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
7th March 2019

Income Statement
For the year ended 31st December 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Revenue	2		36,699		43,475
Cost of sales			(30,769)		(39,312)
Gross profit			5,930		4,163
Administrative expenses			(1,960)		(2,878)
Profit from operating activities	3		3,970		1,285
Financial income	5	6		-	
Financial expenses	5	(149)		(111)	
Net financing expense			(143)		(111)
Profit before tax			3,827		1,174
Taxation (credit)/charge	6		41		(186)
Profit for the period	11,12		3,868		988

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

The notes from page 12 to 24 form part of the financial statements.

Taylor Woodrow Construction

Statement of Financial Position
as at 31st December 2018

	Notes	2018 £000	2017 £000
Non-current assets			
Investments in Group undertakings	7	3,980	3,980
Current assets			
Trade and other receivables	8	34,194	34,418
Cash and cash equivalents		97,509	94,214
		131,703	128,632
Total assets		135,683	132,612
Current liabilities			
Trade and other payables	9	46,666	47,640
Total Liabilities		46,666	47,640
Net assets		89,017	84,972
Equity attributable to parent			
Called up share capital	10	25,028	25,028
Profit and loss account	11	63,989	59,944
Shareholders' funds		89,017	84,972

The financial statements were approved by the Board on 7th March 2019 and signed on its behalf by:

B Dupety
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

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

In preparing these financial statements the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") , but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In the transition to FRS 101, the Company has applied IFRS1 whilst ensuring that its assets and liabilities are measured in compliance with FRS101.

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 as adopted by the EU ("adopted IFRSs") and are available to the public and may be obtained from the Company Secretary, VINCI PLC, Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

In these financial statements, the company has applied the exemptions available under FRS101 in respect of the following disclosures:

- a Cash Flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

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

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

The Company is exempt by virtue of s400 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 financial statements are prepared on the historical cost basis.

Joint arrangements

The Company is a participant in several joint arrangement contracts. The company accounts for its own assets, liabilities and cashflows measured according to contractual terms.

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 Company 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 Company only recognises that consideration from the time agreement is reached with the client.

To measure progress towards completion of construction and service contracts, the Company 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 Company determines whether it obtains control of that good or service before it is transferred to the client. Where control is not obtained, the Company 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 Company 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 period and are ongoing at the period end.

Construction contract receivable

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.

Foreign currency translations

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

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. Because the Company is unable to identify the share of the scheme assets and liabilities on a consistent and reasonable basis; as permitted by IAS19R, the scheme has been accounted for in these financial statements 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 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.

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 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.

1. **Principal joint arrangements**

The Company is a 50% participant in the Taylor Woodrow Construction\BAM Nuttall Joint Venture which was established to undertake station improvement projects. This arrangement is managed by a Supervisory Board consisting of Directors from each of the participating companies. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire,WD24 4WW.

2. **Revenue**

The principal activities of the company during the year have been construction and facilities management operations in the United Kingdom (UK).

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. **Operating profit**

	2018	2017
	£000	£000
Operating profit is stated after charging:		
Plant hire	913	1,097

Auditor's remuneration for the audit of the financial statements has been borne by the immediate parent company, in both the current and preceding year.

4. Employees

(i) Staff costs during the year amounted to:

	2018	2017
	£000	£000
Wages and salaries	6,207	6,249
Social security costs	596	601
Other pension costs (Note (ii))	964	1,046
Share based payments (Note (iv))	218	236
	7,985	8,132

The Company's staff are employed by 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:

	2018	2017
	No.	No.
Management	6	6
Administration	25	26
Operations	116	122
	147	154

(ii) Pensions

Pensions for the majority of monthly paid staff are provided through the VINCI Pension Trust (VPT). The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £419,000 (2017: £388,000).

Additionally, the Company participates in the VINCI NHS Pension Scheme (VNHSPS), previously called the Taylor Woodrow NHS Pension Scheme.

Forty-five employees are members of the VINCI NHS Pension Scheme (VNHSPS) which commenced in December 2003. The latest full valuation of the scheme was carried out at 31st December 2015 and was updated for IAS19(R) purposes to 2018 by a qualified actuary. During 2009, the VNHSPS was transferred into VINCI Construction UK Limited. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £545,000 (2017: £658,000).

4. Employee Benefits (continued)

(iii) Directors' remuneration

No director received remuneration in respect of their duties as directors of the company during the current or previous 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 18 employees on July 9th 2010	39,834	Vested	expired 09.07.17

	Weighted average exercise price 2018 (euros)	Number of options 2018	Weighted average exercise price 2017 (euros)	Number of options 2017
Outstanding at the beginning of the period	-	-	36.70	15,052
Exercised during the period	-	-	(36.70)	(8,413)
Lapsed	-	-	(36.70)	(6,639)
Outstanding at the end of the period	-	-	-	-

There were no options outstanding at the year end of 2017 or 2018.

4. **Employees (continued)**

The fair value of services received in return for share options granted were measured by reference to the fair value of share options granted. The estimate of the fair value of the services received was 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
Volatility (1)	34.22%
Expected return on share	7.24%
Risk – free interest rate (2)	1.59%
Dividend growth rate hoped – for (3)	4.99%
Fair value of the option (€)	4.43

(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.

Performance Shares

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

Date of Grant	Number of employees	Number of Shares
17th April 2018	2	2,760
20th April 2017	1	2,549
19th April 2016	9	9,539
14th April 2015	8	4,100
16th April 2013	5	4,495
12th April 2012	2	2,192
2nd May 2011	3	3,546
9th July 2010	18	15,930
15th September 2009	7	6,202

4. Employees (continued)

Performance Shares

The shares in the schemes prior to 2015 are subject to the following vesting conditions :

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

On 14th April 2015 a new long-term incentive plan was set up involving conditional grants to employees, consisting of 'deferred cash' and performance shares. The deferred cash, which falls outside the scope of IFRS2, and performance shares granted will only vest definitively after a period of 3 years. On 19th April 2016, 20th April 2017 and 17th April 2018 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. For the 2015 to 2018 schemes vesting is subject to beneficiaries being employed by the Group until the end of the vesting period, and to performance conditions in respect of the performance shares.

Date of Grant	Fair value at grant date (€)	Fair value compared with share price at grant date %	Risk free interest rate %
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)
14th April 2015	56.47	83.65	(0.15)
16th April 2013	35.47	80.56	0.11
12th April 2012	36.37	77.00	0.36
2nd May 2011	44.87	82.25	1.81
9th July 2010	35.44	79.85	0.97
15th September 2009	37.40	83.29	1.75

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

	2018 £000	2017 £000
Equity settled share based payment expense	218	236

5. Financial income and expenses

	2018 £000	2017 £000
Financial income		
Bank interest	6	-
	6	-
Financial expenses		
Payable to another group undertaking	(149)	(111)
	(143)	(111)

6. Taxation

	2018	2017
	£000	£000
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year	-	-
Total current taxation	-	-
Deferred taxation		
Origination and reversal of timing differences	(41)	(45)
Adjustment in respect of prior years	-	231
Tax charge on profit on ordinary activities	(41)	186

Current tax reconciliation

	2018	2017
	£000	£000
Profit on ordinary activities before tax	3,827	1,174
Theoretical tax at UK corporation tax rate 19.00 % (2017: 19.25%)	727	226
Factors affecting charge for the year:		
Adjustment in respect of prior years	-	231
Transfer pricing adjustments UK-UK	(768)	(271)
Tax (credit)/charge on profit	(41)	186

The tax rate of 19% (effective from 1 April 2017) and reduction to 18% (effective 1 April 2020) were substantively enacted on 20 October 2015, an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

7. Investments

Group undertakings

Cost:	£000
At 1st January 2018 and 31st December 2018	6,150
Amounts written off:	
At 1st January 2018	2,170
Provided in year	-
At 31st December 2018	2,170
Net book value:	
At 31st December 2018	3,980
At 31st December 2017	3,980

The parent company has investments in the following subsidiary undertakings:

Principal subsidiaries	Country of incorporation and principal operations	Proportion of ordinary shares held %
Taylor Woodrow Civil Engineering Limited	United Kingdom	100
Taylor Woodrow Construction Southern Limited	United Kingdom	100
Taywood Engineering Limited	United Kingdom	100
Taylor Woodrow International Limited	United Kingdom	100
Taylor Woodrow Management Limited	United Kingdom	100
Taylor Woodrow International Construction LLC	United Arab Emirates	49
Taylor Woodrow International Qatar LLC	State of Qatar	49
Taymin (Private) Limited	Zimbabwe	49

The principal activity of all subsidiaries is construction.

8. Trade and other receivables

	2018	2017
	£000	£000
Due within one year:		
Trade receivables	2,755	2,895
Amounts recoverable on contracts	9,345	10,789
Due from group undertakings	18,903	19,111
Other receivables	3,155	1,607
Prepayments and accrued income	36	16
	34,194	34,418

At 31st December 2018, trade receivables include retentions of £191,000 (2017: £154,000) relating to construction contracts.

Included within trade and other receivables is £nil (2017: £nil) expected to be recovered in more than 12 months.

9. Trade and other payables

	2018	2017
	£000	£000
Payments on account	17,848	16,902
Trade payables	10,520	12,997
Due to group undertakings	4,232	4,257
Other taxation and social security	1,267	503
Other payables	104	10
Accruals	12,695	12,971
	46,666	47,640

Trade payables at 31st December 2018 include retentions on construction contracts of £3,743,000 (2017: £3,624,000).

Included within trade and other payables is £711,000 (2017: £1,215,000) expected to be payable in more than 12 months.

10. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid:		
25,028,000 ordinary shares of £1 each (2017: 25,028,000)	25,028	25,028

11. Reserves

	Profit and loss account £000
At 1st January 2018	59,944
Profit retained for the year	3,868
Equity settled transactions	218
Deferred tax recognised directly in equity	(41)
At 31st December 2018	63,989

12. Reconciliation of movement in shareholders' funds

	2018 £000	2017 £000
Profit for the financial year	3,868	988
Share based payment credit	218	236
Deferred tax recognised directly in equity	(41)	(113)
Net increase in shareholders' funds	4,045	1,111
Opening shareholders' funds	84,972	83,861
Closing shareholders' funds	89,017	84,972

13. Operating leases

The Company had no operating lease commitments at 31st December 2018 or 31st December 2017

14. Capital commitments

There were no capital commitments during the current or prior years.

15. 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 2018, the net Group bank borrowings were £nil (2017: £nil).

16. Related party transactions

The company has applied the exemptions available under FRS101 in respect of transactions with wholly owned subsidiaries.

17. 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. Copies of VINCI PLC's accounts may be obtained from the Company Secretary, VINCI PLC, Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

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