REGISTERED NUMBER: 3213873

TAYLOR WOODROW CONSTRUCTION

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2022

TAYLOR WOODROW CONSTRUCTION

Company Information

DIRECTORS	P G Skegg A K Raikes S A Wardrop
REGISTERED OFFICE	Astral House Imperial Way Watford Hertfordshire England WD24 4WW
REGISTERED NUMBER	3213873
INDEPENDENT AUDITORS	Constantin 25 Hosier Lane London EC1A 9LQ
BANKERS	National Westminster Bank Plc P O Box 2DG 208 Piccadilly London W1A 2DG

Profile

Taylor Woodrow Construction operates and performs its activities within the UK division of Vinci Construction UK Limited, its parent entity.

Principal activity and business review

The principal activities of the Company during the year have been facilities management operations in its legacy contracts in the United Kingdom (UK). The Company also delivers mechanical, electrical and building maintenance solutions in both public and private sectors across the UK.

The Company's activity is expected to remain unchanged and the Directors expect to continue to trade profitably.

Principal Risks and Uncertainties

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.

- Macroeconomic environment

In a geopolitical and economic context that is uncertain and volatile, post Covid and with the invasion of Ukraine by Russia,, the Company is paying particularly close attention to the subsequent effects of cost inflation, disruption to certain supply chains and rising interest rates.

To protect itself against inflation, the Company has become more selective in terms of new contracts, and has decided to stop entering into medium- and long-term contracts if they do not include fair price adjustment clauses, except where specific provisions protect it from the risk of cost inflation or in special circumstances.

As regards the availability of the materials and equipment necessary to complete projects, the Company has a diverse range of procurement sources, and may order some of their supplies ahead of time.

- Supply Risk

As regards the availability of the materials and equipment necessary to complete projects, the Company has a diverse range of procurement sources, and may order some of their supplies ahead of time.
The central Supply Chain & Purchasing team are also providing regular updates to the business and assisting, to mitigate where possible, issues which are arising on material deliveries.

Another current risk is staff recruitment and retention. Due to large infrastructure schemes, taking place in the UK currently, the demand for good resource is high and we are seeing inflated salaries being sought. The situation is being monitored by management.

Principal Risks and Uncertainties (continued)

- 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 several 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.

- 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.

Principal Risks and Uncertainties (continued)

- 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 Construction 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 Construction is a full participant and has access to.

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.

Section 172 Compliance Statement (continued)

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

The Company 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 Company 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 member of the Supply Chain Sustainability School, which provides 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.

(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 the Company'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. 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, but it also 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 that 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.

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 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 and site visits.

(v) High standards of business conduct

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 Directors review 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 (safe call) process has long been in place.

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).

(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.

On behalf of the Board

A K Raikes
Director

3 November 2023

The Directors submit their report to the members, together with the audited financial statements for the year ended 31st December 2022.

Results and dividends

The profit for the financial year amounted to £5,483,000 (2021: £6,190,000). The Strategic Report provides details of the Company's performance in the year as well as its financial risk management. Dividends were paid during the year of £6,311,000 (2021: £2,000,000) to VINCI Construction UK Limited. A final dividend of £5,442,000 was paid on 30 May 2023.

Directors

The present Directors of the Company who were in office during the year and up to the date of signing the financial statements are set out on page 1.

Going Concern

The financial statements have been prepared on a going concern basis. Information on the current macroeconomic situation is disclosed in the strategic report under 'Principal Risks and Uncertainties'. The situation in Ukraine continues to cause uncertainty and the recent cost of living increases and supply chain issues are significantly impacting the UK The Company has adequate liquidity to meet its obligations as they fall due. The Company holds a cash balance of £116,726,000 included in the group centralised treasury arrangement with VINCI Finance International, a Group company registered in Belgium.

As part of assessing the ability to continue as a going concern the Company considers the above factors. The assessment includes a review of recent productivity on existing sites, the short-term order book and current bid activity. It considers the working capital implications of reduced activity and the mitigating actions available to management.
As a result, and even though globally everyone is confronted with some uncertainty, the Directors concluded that the Company has sufficient financial resources to continue as a going concern.

Political donations

The Company made no political donations nor incurred any political expenditure in the current or previous periods.

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 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.

This confirmation is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

Auditors

Constantin were appointed as auditors in July 2022.

The auditor, Constantin, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Approval

The Report of the Directors was approved by the Board on 3 November 2023 and signed on its behalf by:

A K Raikes
Director
Company registered number: 3213873

Taylor Woodrow Construction

Astral House
Imperial Way
Watford
Herts
WD24 4WW

Statement of directors' responsibilities in respect of 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 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 company and of the profit or loss of the 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 United Kingdom Accounting Standards, comprising FRS 101, have been followed, 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 company will continue in business.

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

The directors are responsible for 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.

A K Raikes
Director

3 November 2023

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Taylor Woodrow Construction (the 'Company'):
- give a true and fair view of the state of the company's affairs as at 31/12/2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the income statement;
- the statement of changes in equity;
- the statement of financial position;
- the related notes 1 to 18 (which include a statement of accounting policies)

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 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 this report.

Other information
The other information comprises the information included in the 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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 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 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 these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the level of judgement involved in estimating costs to complete on long term contracts and the subsequent impact on revenue and margin recognition.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our 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.

Thierry de Gennes, ACA (Senior Statutory Auditor)
For and on behalf of Constantin
Chartered Accountants and Statutory Auditor

25 Hosier Lane
London
EC1A 9LQ

Date:03/11/2023..........................

TAYLOR WOODROW CONSTRUCTION

Income Statement
For the year ended 31st December 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Revenue	2		31,344		30,495
Cost of sales			(25,602)		(24,200)
Gross profit			5,742		6,295
Administrative expenses			-		12
Operating profit	3		5,742		6,307
Finance income	5	1		-	
Finance expenses	5	(260)		(115)	
Net financing expense			(259)		(115)
Profit before taxation			5,483		6,192
Tax charge	6				(2)
Profit for the financial year	11,12		5,483		6,190

There has been no other comprehensive income 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 on pages 16 to 27 form part of the financial statements.

TAYLOR WOODROW CONSTRUCTION

Statement of Changes in Equity
as at 31st December 2022

	Share Capital £000	Retained Earnings £000	Total Equity £000
At 1st January 2021	25,028	67,377	92,405
Profit for the year	-	6,190	6,190
Equity settled transactions	-	(12)	(12)
Deferred tax recognised directly in equity	-	2	2
Dividend paid	-	(2,000)	(2,000)
At 31st December 2021	25,028	71,557	96,585
At 1st January 2022	25,028	71,557	96,585
Profit for the year	-	5,483	5,483
Dividend paid	-	(6,311)	(6,311)
At 31st December 2022	25,028	70,729	95,757

The notes on pages 16 to 27 form part of the financial statements.

Statement of Financial Position
For the year ended 31st December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investments	7	3,980	3,980
Current assets			
Trade and other receivables	8	34,454	31,044
Cash and cash equivalents		116,726	115,072
		151,180	146,116
Total assets		155,160	150,096
Current liabilities			
Trade and other payables	9	(55,235)	(48,368)
Contract provisions	9a	(4,168)	(5,143)
Total Liabilities		(59,403)	(53,511)
Net assets		95,757	96,585
Equity attributable to parent			
Called up share capital	10	25,028	25,028
Profit and loss account	11	70,729	71,557
Total shareholders' funds		95,757	96,585

The notes on pages 16 to 27 form part of the financial statements.

The financial statements on pages 13 to 27 were approved by the Board on 3 November 2023 and signed on its behalf by:

A K Raikes
Director
Company registered number: 3213873

Taylor Woodrow Construction ("the Company") is a company domiciled in the United Kingdom.

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").

In preparing these financial statements, the Company applies 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 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.

The Company's parent undertaking VINCI Construction UK Limited includes the Company in its consolidated financial statements. The consolidated financial statements of VINCI Construction UK Limited 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 Construction UK Limited, 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'; and
- 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 Vinci Construction UK Limited.

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.

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 current situation in Ukraine, and a potential global economic downturn on its business. It concluded that the Company has sufficient financial resources 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
The preparation of the Company's 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. In particular, the Company's revenue and margin recognition policies require forecasts to be made of the outcome of its long-term contracts. These require estimates and judgement to be made of both income and costs on each contract. For income, estimates and judgements are made on variations to contract values, typically due to changes in work scope. Cost estimates include assessing the expected final outcome of each contract as well as potential maintenance and/or defects costs. Judgements and estimates are reviewed regularly on an individual contract basis using latest available information and adjustments are made where necessary.

Turnover
Since 1st January 2018, the Company has applied the provisions of IFRS 15, described below, to measure and recognise 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 Company'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).

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. 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.

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. A deferred tax credit arises on the notional share-based payment expense recognised in the income statement and offset in equity.

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

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. 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.

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 Company has a cash balance of £116,726,000 (2021: £115,072,000), however, most of this is held with the divisional Bank accounts of VINCI Construction UK Limited, a parent entity. VINCI Construction UK Limited's cash balances are swept at the end of each business day 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.

Leases

The Company accounts for leases in accordance with IFR16. All of its leases are with terms of less than 12 months, or relatively low value assets.

Payments made under such leases 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.

Provisions

A provision is recognised in the balance sheet when the Company 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.

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.

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 IAS19, 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

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 measure 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.

Joint arrangements

The Company is a participant in several joint arrangement contracts. Jointly controlled operations are those joint arrangements over which joint control exists, established by contractual agreement, which are not legal entities and where the parties have rights to the assets and obligations for the liabilities relating to the arrangement. The company accounts for its own assets, liabilities and cashflows measured according to contractual terms.

Investments

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

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

	2022	2021
	£000	£000
Operating profit is stated after charging:		
Short term lease expense for plant hire	172	503

Auditor's remuneration for the audit of the 2022 financial statements amounted to £7,836 (2021: £11,720).

The auditor's remuneration has been paid by the company's parent without recourse.

4. Employees

(i) Staff costs during the year amounted to:	2022	2021
	£000	£000
Wages and salaries	6,632	6,564
Social security costs	621	621
Other pension costs (Note (ii))	635	682
	7,888	7,867
Share based payments (Note (iv))	-	(12)
	7,888	7,855

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.

4. **Employees (continued)**

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

	2022 No.	2021 No.
Management	6	6
Administration	26	26
Operations	124	124
	156	156

(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 £398,000 (2021: £398,000).

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

Eighteen employees are members of the VINCI NHS Pension Scheme (VNHSPS) which commenced in December 2003. At the end of 2019 the VNHSPS was transferred from VCUK into VINCI Plc. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £237,000 (2021: £284,000).

iii) Directors' remuneration

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

4. Employee Benefits (continued)

(iv) Share based payments

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

On 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 2018 scheme 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)

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

	2022	2021
Equity settled share-based payment expense	-	(12)

5. Finance income and expenses

	2022 £000	2021 £000
Bank interest	1	-
Paid to another group undertaking	(260)	(115)
Total net finance expense	(259)	(115)

6. Tax charge

	2022 £000	2021 £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	-	2
Tax charge on profit	-	2

Current tax reconciliation

	2022 £000	2021 £000
Profit before tax	5,483	6,192
Theoretical tax at UK corporation tax rate 19.00 % (2021: 19.00%)	1,042	1,176
Factors affecting credit for the year:		
Transfer pricing adjustments UK	(1,042)	(1,174)
Tax charge on profit	-	2

A deferred tax credit in 2021 arose on the notional share-based payment expense recognised in the income statement and offset in equity.

As corporation tax has been calculated at a rate of 19% and there is no deferred tax asset or liability in the balance sheet there would have been no overall effect had the change been substantively enacted at the balance sheet date.

7. Investments

Group undertakings

Cost:	£000
At 1st January 2022 and 31st December 2022	6,150
Accumulated impairment	
At 1st January 2022	(2,170)
Provided in year	-
At 31st December 2022	(2,170)
Net book value:	
At 31st December 2022	3,980
At 31st December 2021	3,980

The parent company has investments in the following subsidiary undertakings:

Particulars of subsidiaries	Country of incorporation and principal operations	Proportion of ordinary shares held	Nature of Business
Taylor Woodrow Civil Engineering Limited (registered office address Astral House, Imperial Way, Watford, Hertfordshire WD24 4WW)	United Kingdom	100%	Construction
Taylor Woodrow Construction Southern Limited (registered office address Astral House, Imperial Way, Watford, Hertfordshire WD24 4WW)	United Kingdom	100%	Construction
Taywood Engineering Limited (registered office address Astral House, Imperial Way, Watford, Hertfordshire WD24 4WW)	United Kingdom	100%	Construction
Taylor Woodrow Management Limited (registered office address Astral House, Imperial Way, Watford, Hertfordshire WD24 4WW)	United Kingdom	100%	Construction
Taylor Woodrow International Limited (registered office address Astral House, Imperial Way, Watford, Hertfordshire WD24 4WW)	United Kingdom	100%	Construction

8. Trade and other receivables

	2022	2021
	£000	£000
Trade receivables	8,337	3,025
Amounts recoverable on contracts	6,708	6,502
Due from group undertakings	18,884	19,050
Other receivables	-	2
Prepayments and accrued income	525	2,465
	34,454	31,044

At 31st December 2022, amounts recoverable on contracts include retentions of £118,000 (2021: £118,000) relating to construction contracts.

Amounts owed from group undertakings are unsecured, repayable on demand and are currently non-interest bearing.

9. Trade and other payables

	2022	2021
	£000	£000
Payments on account	33,971	33,144
Trade payables	1,540	180
Due to group undertakings	4,232	4,232
Other taxation and social security	1,220	993
Other payables	5,750	5,785
Accruals	8,522	4,034
	55,235	48,368

Accruals at 31st December 2022 include retentions on construction contracts of £519,000 (2021: £1,065,000).

Included within trade and other payables is £nil (2021: nil) expected to be payable in more than 12 months.

Amounts owed to group undertakings are unsecured, repayable on demand and are currently non-interest bearing.

9a. Contract Provisions

	1st January	Provisions taken	Provisions used	Other reversals	31st December
	£000	£000	£000	£000	£000
2022	5,143	462	(1,437)	-	4,168
2021	5,840	833	(1,530)	-	5,143

Contract provisions include provision on completion of contracts and construction project costs. They also include amounts covering work carried out in respect of completed projects and for provision for disputes connected with operations.

10. Called up share capital

	2022 £000	2021 £000
Allotted, called up and fully paid:		
25,028,000 ordinary shares of £1 each (2021: 25,028,000)	25,028	25,028

Taylor Woodrow Construction, incorporated in England, is a private unlimited company.

11. Profit and loss account

	£000
At 1st January 2022	71,557
Profit retained for the year	5,483
Dividend paid	(6,311)
At 31st December 2022	70,729

12. Reconciliation of movement in shareholders' funds

	2022 £000	2021 £000
Profit for the financial year	5,483	6,190
Share based payment	-	(12)
Deferred tax recognised directly in equity	-	2
Dividend paid	(6,311)	(2,000)
Net (decrease)/increase in shareholders' funds	(828)	4,180
Opening shareholders' funds	96,585	92,405
Closing shareholders' funds	95,757	96,585

13. **Short term or low value leases**

The Company 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 2022 the Company had no commitments to short-term leases (2021: £nil).

14. **Capital commitments**

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

15. **Contingent liabilities**

Joint banking facilities available to the Company, its parent undertaking and certain fellow subsidiary undertakings are secured by cash pool deeds. At 31st December 2022, the net Group bank borrowings were £nil (2021: £nil).

16. **Related party transactions**

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

17. **Post Balance Sheet Events**

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

18. **Ultimate parent undertaking**

The Company is a subsidiary undertaking of VINCI Construction UK Limited, which is itself a subsidiary undertaking of VINCI Construction Holding Limited, 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, 1973 boulevard de la Défense – 92000 Nanterre, 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 financial statements may be obtained from the Company Secretary, VINCI Construction UK Limited, Astral House, Imperial Way, Watford, Hertfordshire, England WD24 4WW.