

REGISTERED NUMBER: 3213873

TAYLOR WOODROW CONSTRUCTION

ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2020



TAYLOR WOODROW CONSTRUCTION

Company Information

DIRECTORS

J P Gatward
A K Raikes
S A Wardrop

REGISTERED OFFICE

Astral House
Imperial Way
Watford
Hertfordshire
England
WD24 4WW

REGISTERED NUMBER

3213873

INDEPENDENT AUDITORS

Mazars LLP
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London
E1W 1DD

BANKERS

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

TAYLOR WOODROW CONSTRUCTION

Strategic Report

Profile

Taylor Woodrow Construction 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 facilities management operations and civil and structural engineering 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 and profitability in 2019 is reduced as the Company substantially completed two major rail contracts in 2018.

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.

- Covid-19 Impact and Risk

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

- Government actions

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

- Monitoring by Management

In Taylor Woodrow Construction, the current contracts are mainly long-term healthcare projects. The Company continues to operate and support the health sector during the COVID-19 pandemic.

The duration and impact of the COVID-19 pandemic remains uncertain at this time. The Board and management continue to monitor the developments and hold regular briefings to assess business continuity and the challenges being faced. Urgent updates are sent out to the whole business as and when needed and there is a regular communication of other updates.

- Response

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

Principal Risks and Uncertainties (continued)

- **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 focused 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.

- **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.

In response to the Covid-19 pandemic the business has developed a Covid19-Secure Plan. The Plan includes risk assessments, addresses government guidelines and details the business approach to ensuring Covid19-secure workplaces.

- **The Environment**

The Company recognises the importance of minimising the impact on the environment and is pro-actively managing this.

TAYLOR WOODROW CONSTRUCTION

Strategic Report (continued)

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 partner to the Supply Chain Sustainability School, which provides free training and resource for suppliers to assess and improve their knowledge of sustainability.

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

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

(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, it helps achieve a sense of belonging within the community, while reducing our sites carbon footprint significantly. We make decisions about appointment on subcontractors based on locality, value and competency.

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

We create an environmental management plan, detailing the systems, monitoring and auditing to achieve the project's objectives sustainably. We undertake an environmental risk assessment 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 (safecall) 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

17th June 2021

TAYLOR WOODROW CONSTRUCTION

Directors' Report

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

Results and dividends

The profit for the financial year amounted to £2,606,000 (2019: profit for the financial year £626,000). The Strategic Report provides details of the Company's performance in the year as well as its financial risk management. No dividends were paid during the year (2019: £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 of the Company who were in office during the year and up to the date of signing the financial statements were:

J P Gatward
S A Wardrop – appointed 30/04/2021
G Godard - appointed 24/08/2020, resigned 30/04/2021
A K Raikes
J M Stubler - resigned 24/08/2020

Going Concern

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

As part of assessing the ability to continue as a going concern the Company also considered the impact of COVID-19 and a related potential global economic downturn on its business. This included a review of recent productivity on existing sites, the short-term order book and current bid activity. It considered 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 a high level of uncertainty, the Directors concluded that the Company has sufficient financial resources and do not expect COVID-19 to have a material impact on the ability of the Company to continue as a going concern.

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.

Auditors

Mazars LLP were appointed as auditors in December 2020.

TAYLOR WOODROW CONSTRUCTION

Directors' Report (continued)

Approval

The Report of the Directors was approved by the Board on 17th June 2021 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

TAYLOR WOODROW CONSTRUCTION

Statement of Directors' Responsibilities

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

17th June 2021

Opinion

We have audited the financial statements of Taylor Woodrow Construction (the 'company') for the year ended 31 December 2020 which comprise the income statement, the statement of changes in equity, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

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

TAYLOR WOODROW CONSTRUCTION

Independent Auditor's Report to the Members of Taylor Woodrow Construction (continued)

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

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

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

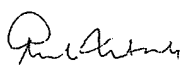
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing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

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

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

Use of the audit report

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



Richard Metcalfe (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's way
London, E1W 1DD
United Kingdom

Date Jun 17, 2021

TAYLOR WOODROW CONSTRUCTION

Income Statement For the year ended 31st December 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Revenue	2		27,128		21,280
Cost of sales			(23,058)		(19,302)
Gross profit			4,070		1,978
Administrative expenses			(1,346)		(1,218)
Operating profit	3		2,724		760
Finance income	5	2		15	
Finance expenses	5	(130)		(176)	
Net financing expense			(128)		(161)
Profit before taxation			2,596		599
Income Tax credit	6		10		27
Profit for the financial year	11,12		2,606		626

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 accompanying notes form part of the financial statements.

TAYLOR WOODROW CONSTRUCTION

Statement of Financial Position For the year ended 31st December 2020

	Note	2020 £000	2019 £000
Non-current assets			
Investments	7	3,980	3,980
		<hr/>	<hr/>
Current assets			
Trade and other receivables	8	26,596	26,786
Cash and cash equivalents		100,657	94,163
		<hr/>	<hr/>
		127,253	120,949
		<hr/>	<hr/>
Total assets		131,233	124,929
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	9	(32,988)	(30,875)
Contract provisions	9a	(5,840)	(4,297)
		<hr/>	<hr/>
Total Liabilities		(38,828)	(35,172)
		<hr/>	<hr/>
Net assets		92,405	89,757
		<hr/>	<hr/>
Equity attributable to parent			
Called up share capital	10	25,028	25,028
Profit and loss account	11	67,377	64,729
		<hr/>	<hr/>
Total shareholders' funds		92,405	89,757
		<hr/>	<hr/>

The financial statements on pages 13 to 27 were approved by the Board on 17th June 2021 and signed on its behalf by:



A K Raikes
Director
Company registered number: 3213873

TAYLOR WOODROW CONSTRUCTION

Statement of Changes in Equity as at 31st December 2020

	Share Capital £000	Retained Earnings £000	Total Equity £000
At 1st January 2019	25,028	63,989	89,017
Profit for the year	-	626	626
Equity settled transactions	-	141	141
Deferred tax recognised directly in equity	-	(27)	(27)
At 31st December 2019	25,028	64,729	89,757
At 1st January 2020	25,028	64,729	89,757
Profit for the year	-	2,606	2,606
Equity settled transactions	-	52	52
Deferred tax recognised directly in equity	-	(10)	(10)
At 31st December 2020	25,028	67,377	92,405

TAYLOR WOODROW CONSTRUCTION

Notes to the Financial Statements at 31st December 2020

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 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 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 the Vinci Plc Group.

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

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

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all 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 impact of COVID-19 and a related potential global economic downturn on its business. It concluded that the Company has sufficient financial resources and does not expect COVID-19 to have a material impact on the ability of the Company to continue as a going concern. As a consequence, the directors continue to adopt the going concern basis in preparing these financial statements.

TAYLOR WOODROW CONSTRUCTION

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

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 outcomes 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

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. 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.

TAYLOR WOODROW CONSTRUCTION

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

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 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.

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 £100,657,000 (2019: £94,163,000), 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.

TAYLOR WOODROW CONSTRUCTION

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

Provisions

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

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.

TAYLOR WOODROW CONSTRUCTION

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

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

	2020 £000	2019 £000
Operating profit is stated after charging:		
Short term lease expense for plant hire	638	829

Auditors remuneration for the audit of the 2020 financial statements amounted to £8,680 (2019: £5,320).

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

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

4. Employees

(i) Staff costs during the year amounted to:	2020 £000	2019 £000
Wages and salaries	7,204	6,728
Social security costs	683	640
Other pension costs (Note (ii))	856	921
	<hr/>	<hr/>
	8,743	8,289
Share based payments (Note (iv))	52	141
	<hr/>	<hr/>
	8,795	8,430

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.

TAYLOR WOODROW CONSTRUCTION

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

4. Employees (continued)

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

	2020 No.	2019 No.
Management	6	6
Administration	32	30
Operations	149	140
	<hr/>	<hr/>
	187	176
	<hr/>	<hr/>

(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 £443,000 (2019: £441,000).

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

Twenty-nine 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 2019 by a qualified actuary. During 2009, the VNHSPS was transferred into VINCI Construction UK Limited. 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 £413,000 (2019: £480,000).

iii) Directors' remuneration

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

TAYLOR WOODROW CONSTRUCTION

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

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
20th April 2017	1	2,549
19th April 2016	9	9,539

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 2016 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)

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

	2020	2019
Equity settled share-based payment expense	52	141

5. Finance income and expenses

	2020 £000	2019 £000
Financial income		
Bank interest	1	15
Foreign exchange gain	1	-
	<u>2</u>	<u>15</u>
Financial expenses		
Paid to another group undertaking	(130)	(176)
	<u>(128)</u>	<u>(161)</u>
Total net finance expense	(128)	(161)

TAYLOR WOODROW CONSTRUCTION

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

6. Income Tax credit

	2020 £000	2019 £000
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year	-	-
	<u>-</u>	<u>-</u>
Total current taxation	-	-
Deferred taxation		
Origination and reversal of timing differences	(10)	(27)
	<u>(10)</u>	<u>(27)</u>
Tax credit on profit	(10)	(27)
	<u>(10)</u>	<u>(27)</u>
Current tax reconciliation		
	2020 £000	2019 £000
Profit before tax	2,596	599
	<u>2,596</u>	<u>599</u>
Theoretical tax at UK corporation tax rate 19.00 % (2018: 19.00%)	493	114
Factors affecting credit for the year:		
Transfer pricing adjustments UK	(503)	(141)
	<u>(503)</u>	<u>(141)</u>
Tax credit on profit	(10)	(27)
	<u>(10)</u>	<u>(27)</u>

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

In the Spring Budget 2020, the Government announced that from 1st April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17th March 2020. 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.

TAYLOR WOODROW CONSTRUCTION

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

7. Investments

Group undertakings

Cost:	£000
At 1st January 2020 and 31st December 2020	6,150
Amounts written off:	
At 1st January 2020	(2,170)
Provided in year	-
At 31st December 2020	(2,170)
Net book value:	
At 31st December 2020	3,980
At 31st December 2019	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

Land and Buildings

The Company holds the title to land and buildings in Leighton Buzzard. These assets were transferred at their net book value to a fellow subsidiary company, VINCI Property Limited, in 2008. Since then, the Company has had no economic or beneficial interest in the assets, or any rental income derived from them. Consequently, these assets are not accounted for in the Company's financial statements.

TAYLOR WOODROW CONSTRUCTION

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

8.	Trade and other receivables	2020	2019
		£000	£000
	Trade receivables	3,060	1,888
	Amounts recoverable on contracts	4,897	4,183
	Due from group undertakings	18,553	20,653
	Other receivables	67	46
	Prepayments and accrued income	19	16
		<hr/>	<hr/>
		26,596	26,786
		<hr/>	<hr/>

At 31st December 2020, amounts recoverable on contracts include retentions of £118,000 (2019: £126,000) 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	2020	2019
		£000	£000
	Payments on account	22,677	17,614
	Trade payables	408	1,743
	Due to group undertakings	4,232	4,232
	Other taxation and social security	1,007	429
	Other payables	78	209
	Accruals	4,586	6,648
		<hr/>	<hr/>
		32,988	30,875
		<hr/>	<hr/>

Accruals at 31st December 2020 include retentions on construction contracts of £1,257,000 (2019: £2,125,000).

Included within trade and other payables is £nil (2019: 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

	1 st January	Provisions taken	Provisions used	Other reversals	31 st December
	£000	£000	£000	£000	£000
2020	4,297	2,716	(1,173)	-	5,840
2019	5,568	1,264	(2,535)	-	4,297

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.

TAYLOR WOODROW CONSTRUCTION

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

10. Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid:		
25,028,000 ordinary shares of £1 each (2019: 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 2020	64,729
Profit retained for the year	2,606
Equity settled transactions	52
Deferred tax recognised directly in equity	(10)
At 31st December 2020	67,377

12. Reconciliation of movement in shareholders' funds

	2020 £000	2019 £000
Profit for the financial year	2,606	626
Share based payment	52	141
Deferred tax recognised directly in equity	(10)	(27)
Net increase in shareholders' funds	2,648	740
Opening shareholders' funds	89,757	89,017
Closing shareholders' funds	92,405	89,757

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 2020 the Company had no commitments to short-term leases (2019: £nil).

TAYLOR WOODROW CONSTRUCTION

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

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 fellow subsidiary undertakings are secured by cross guarantee. At 31st December 2020, the net Group bank borrowings were £nil (2019: £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 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, England 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 financial statements may be obtained from the Company Secretary, VINCI Construction UK Limited, Astral House, Imperial Way, Watford, Hertfordshire, England WD24 4WW.