

HALLMARK – BY DEVELOPMENT LIMITED

Report and Financial Statements
31 December 2018



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Directors' report

The directors present their report for the year ended 31 December 2018.

Directors of the Company

The directors who held office during the year and up to the date of this report were as follows:

- A Boutrolle (appointed 7 December 2018)
- N Guerin
- G Lambert

Subsequent to the year-end G Lambert resigned as a director on 10 January 2019.

Dividends

The Company declared a dividend of £2,441,175 during the year (2017: *£nil*).

Future developments

The Company intends to continue its current activities as a property developer in the future.

Financial instruments

The Company finances its activities with a combination of cash, intercompany loans where required and short term deposits. Other financial assets and liabilities such as trade debtors and trade creditors arise directly from the Company's operating activities.

Financial instruments give rise to credit and liquidity risk. Information on how risks arise and their management is set out in the Strategic Report.

Directors' liabilities

The Articles of Association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of section 234 of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year and remain in place as at the date of this report but have not been utilised by the directors.

Going concern

The Company's business activities, together with the factors likely to affect its future development and its financial position are set out in the Strategic Report. The Company is dependent on financial support provided by its parent undertaking and has received confirmation from its parent undertaking in writing that this financial support will continue for the foreseeable future. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly the report and financial statements are prepared on a going concern basis.

Directors' report *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with UK laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 for that period.

In preparing those financial statements, the directors are required to:

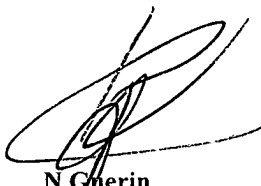
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board



N Guerin
Director

Becket House
1 Lambeth Palace Road
London SE1 7EU

10 July 2019

Strategic report

Business review

The profit for the year was £2,152k (2017: £249k). The financial position as at 31 December 2018 is shown in the Company's statement of financial position on page 9.

The Company's core business during 2018 was property development.

Turnover for the year was £14,934k (2017: £24,285k). The profit before tax was £2,676k (2017: £304k). Activity has decreased in the year due to the phasing of the project being carried out by the Company. The increase in profit compared to the prior year is due to improved certainty over the final level of profit on the project as it nears completion.

Principal risks and uncertainties

The Company is exposed to a range of risks particular to the property development and construction industries.

The Company's risk management approach used to identify risks and manage these is in accordance with the procedures established by its parent company Bouygues Construction SA. Assessments are carried out on each project to ensure significant risks are identified and managed appropriately. Building development activities are subcontracted with significant risks being passed down to the subcontractors involved.

Before engaging in new contracts, the Company undertakes debtor reviews via reputable credit check agencies. Once contracts have been signed, the Company continues to monitor debtors on an ongoing basis.

Key performance indicators

The Company's management regard the level of revenue and profit before tax as the key indicators of the Company's financial performance. These are monitored on a regular basis to assess whether the Company is achieving the targets set. These financial indicators are presented within the financial statements.

By order of the board



N. Guerin
Director

Becket House
1 Lambeth Palace Road
London SE1 7EU

10 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALLMARK – BY DEVELOPMENT LIMITED**Opinion**

We have audited the financial statements of Hallmark – BY Development Limited for the year ended 31 December 2018 which comprise the Statement of Profit and Loss, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 15, 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 Financial Reporting Standard 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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 below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or 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 2, 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.

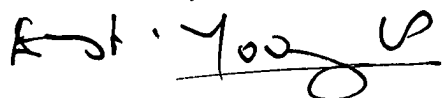
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Adrian Mulea (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 11 JULY 2019

Statement of profit and loss
for the year ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Revenue	3	14,934	24,285
Cost of sales		(11,272)	(23,154)
Gross profit		3,662	1,131
Administrative expenses		(16)	(17)
Operating profit	4	3,647	1,114
Interest payable and similar charges	7	(971)	(810)
Profit before tax		2,676	304
Income tax expense	8	(524)	(55)
Profit for the year	13	2,152	249

The results in the statement of profit and loss relate to continuing operations.

The notes on pages 10 to 18 form part of these Financial Statements.

Statement of comprehensive income
for the year ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Profit for the year	<i>13</i>	2,152	249
Total comprehensive income for the year		2,152	249

The notes on pages 10 to 18 form part of these Financial Statements.

Statement of changes in equity
for the year ended 31 December 2018

	<i>Called up share capital £000</i>	<i>Retained earnings £000</i>	<i>Total Equity £000</i>
At 1 January 2017	4	40	44
Result for the year	-	249	249
Total comprehensive income for the year	-	249	249
At 31 December 2017	4	289	293
Result for the year	-	2,152	2,152
Dividends declared	-	(2,441)	(2,441)
Total comprehensive income for the year	-	(289)	(289)
At 31 December 2018	4	-	4

The Company declared a dividend of £2,441,175 during the year (2017: £nil).

Statement of financial position
at 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Current assets			
Debtors	9	10,292	10,477
Cash and cash equivalents	10	80	762
		10,372	11,239
Current liabilities			
Creditors	11	(10,368)	(10,946)
Net current assets		4	293
Total assets less current liabilities		4	293
Net assets		4	293
Capital and reserves			
Called up share capital	12	4	4
Retained earnings	13	-	289
Total equity		4	293

The financial statements were approved and authorised by the board of directors on 10 July 2019 and were signed on its behalf by:


N. Guerin
Director

The notes on pages 10 to 18 form part of these Financial Statements.

Notes

(forming part of the financial statements)

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Hallmark – BY Development Limited (the “Company”) for the year ended 31 December 2018 were authorised for issue by the board of directors on the date shown on the statement of financial position. Hallmark – BY Development Limited is incorporated and domiciled in England and Wales. The registered address of the Company is Becket House, 1 Lambeth Palace Road, London, United Kingdom, SE1 7EU.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company’s financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of the Company are included in the consolidated financial statements of Bouygues SA which are available from 32 Avenue Hoche, 75008, Paris, France.

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

Going concern

The Company’s business activities, together with the factors likely to affect its future development and its financial position are set out in the Strategic Report. The Company is dependent on financial support provided by its parent undertaking and has received confirmation in writing from its parent undertaking that this financial support will continue for the foreseeable future. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly the report and financial statements are prepared on a going concern basis.

Basis of preparation

The accounting policies which follow set out those policies which were applied in preparing the financial statements for the year ended 31 December 2018. During the year the Company has implemented IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* for the first time.

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018. The Company has applied the classification, measurement and impairment principles of IFRS 9 retrospectively with effect from 1 January 2018, with no restatement of prior period comparatives on first time application. The hedge accounting principles of IFRS 9 are also being applied by the Company with effect from 1 January 2018, using a prospective approach in accordance with the standard.

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS18 *Revenue* and related interpretations. The new standard was endorsed by the European Union on 29 October 2016 and is applicable from 1 January 2018. IFRS 15 has been applied retrospectively with effect from 1 January 2018 with prior period comparatives restated to reflect the impact of the new standard.

The nature and effect of the changes as a result of adoption of these new accounting standards is described in note 15.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment*, on the basis that the Company is a subsidiary and the share based payment arrangement concerns the instruments of another group entity;
- b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combination*;
- c) the requirements of paragraphs 33(c) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;

2 Accounting policies (continued)

Basis of preparation (continued)

- d) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- e) the requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;
- f) the requirements of the second sentence of paragraph 110 and paragraphs 113(a) 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*;
- g) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i) Paragraph 79(a)(iv) of IAS 1;
 - ii) Paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - iii) Paragraph 118(e) of IAS 38 *Intangible Assets*;
 - iv) Paragraphs 76 and 79(d) of IAS 40 *Investment Property*; and
 - v) Paragraph 50 of IAS 41 *Agriculture*.
- h) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
- i) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- j) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*;
- k) the requirements of IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- l) the requirements of paragraphs 130(f)(ii), 130(f)(iii) 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

Judgements and key sources of estimation uncertainty

Preparing financial statements requires the use of estimates and assumptions which may have affected the amounts reported for assets and liabilities at the end of the reporting period, and the amounts of income and expenses reported for the financial year. Those estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply. The main areas in which estimates and assumptions are involved are as follows:

Accounting for construction contracts

The Company makes estimates of the total selling price and costs to complete on construction contracts. Further details are set out in the accounting policies below.

2.1 Assets

Current assets

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are essentially short term, and are carried at face value net of impairment allowances recorded to reflect the probability of recovery.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- Invoices issued as works are executed or services provided, and accepted by the customer; and
- Unbilled receivables, arising where works have been carried out but billing or acceptance by the customer has been temporarily delayed or is not yet due.

Notes (continued)

2 Accounting policies (continued)

Accounting policies and valuation methods (continued)

2.1 Assets (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with maturities of three months or less.

Because of the short-term nature of these items, the carrying amounts shown in the financial statements are a reasonable estimate of market value.

2.2 Liabilities and shareholders' equity

a) Non-current liabilities

Non-current creditors

Non-current creditors are measured at fair value at initial recognition, and subsequently at amortised cost.

b) Current liabilities

Trade and other payables

Because of the short-term nature of these liabilities, the carrying amounts shown in the financial statements are a reasonable estimate of market value.

2.3 Statement of profit and loss

a) Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding VAT. The Company recognises revenue when:

- a contract with the customer containing performance obligations is identified;
- the transaction price is determined and assigned to the performance obligations;
- performance obligations have been met;
- economic benefits arise from the performance obligations being achieved;
- the amount concerned can be reliably measured; and
- it is likely that the amount recognised will be recovered.

Currently, all contracts entered into have one performance obligation.

2 Accounting policies (continued)

Accounting policies and valuation methods (continued)

2.3 Statement of profit and loss (continued)

b) Accounting for construction contracts

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims accepted by the client. If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised in the balance sheet. The loss is provided for in full as soon as it can be reliably measured, irrespective of the completion rate.

If the construction services rendered by the Company exceed amounts invoiced to the customer a contract asset is recognised. If amounts invoiced to the customer exceed the services rendered, a contract liability is recognised.

c) Operating profit

Operating profit represents the net amount of all income and expenses not generated by financing activities and excludes corporation tax.

2.4 Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised on all differences between the carrying amount and the tax base of assets or liabilities (balance sheet liability method). These differences arise from:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
 - o items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
 - o items deductible from taxable profits in the future (deferred tax assets). Deferred tax assets are reviewed at the end of each reporting period, and recognised where it is probable there will be sufficient taxable profits to enable the temporary differences to be offset.
- Tax losses available for carry-forward (deferred tax assets), provided that there is a strong probability of recovery in future periods.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of profit and loss.

Notes *(continued)*

3 Analysis of revenue on ordinary activities before taxation

	2018 Turnover £000	2017 Turnover £000
<i>By activity</i>		
Construction services	14,934	24,285
	<u>14,934</u>	<u>24,285</u>
<i>By geographical market</i>		
United Kingdom	14,934	24,285
	<u>14,934</u>	<u>24,285</u>

Assets and liabilities related to contracts with customers:

The Company has recognised the following assets and liabilities related to contracts with customers:

	31 Dec 2018 £000	31 Dec 2017 £000	1 Jan 2017 £000
Contract assets	8,366	7,565	486
Contract liabilities	-	-	-

Significant changes in contract assets and liabilities

Contract assets have increased as the Company has provided more services ahead of the agreed payment schedule on fixed price contracts.

4 Operating profit

	2018 £000	2017 £000
<i>This is stated after charging</i>		
<i>Auditors' remuneration:</i>		
Audit of these financial statements	12	15

There were no fees for non-audit services paid to the auditors during the year (2017: £nil).

Notes *(continued)*

5 Directors' Remuneration

No remuneration was payable or receivable by the Directors in respect of qualifying services provided to the Company during the year *(2017: nil)*.

6 Staff numbers and costs

The Company had no employees during the year under review *(2017: nil)*.

7 Interest payable and similar charges

	2018 £000	2017 £000
Other interest payable	971	810
	<u>971</u>	<u>810</u>

Notes (continued)

8 Taxation

Tax charged in the statement of profit and loss

	2018 £000	2017 £000
Current tax:		
Current tax on income for the year	524	55
Total current tax	524	55
Deferred tax	-	-
Total deferred tax	-	-
Tax charge in the statement of profit and loss	524	55

Factors affecting the tax charge for the current year

The tax charge for the year is more than (2017: less than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below.

	2018 £000	2017 £000
Total income tax reconciliation:		
Profit before tax	2,676	304
Tax calculated at UK standard rate of corporation tax of 19% (2017: 19.25%)	508	59
Effects of:		
Expenses and other costs not deductible for tax purposes	98	-
Tax losses utilised	(106)	(4)
Adjustment in respect of previous years	24	-
Total tax charge reported in the statement of profit and loss (see above)	524	55

Factors that may affect future tax charges

The Company's tax charge may benefit in the future from group relief receivable from other group entities in the UK. This will depend on the availability of losses and the tax position of these other entities.

The UK corporation tax rate reduced to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020.

Notes (continued)

9 Debtors

	2018 £000	2017 £000
Trade debtors	743	2,034
Prepayments and accrued income	9,510	8,341
Other taxation and social security	39	102
	<u>10,292</u>	<u>10,477</u>

All debtors are due within one year. Included within debtors are contract assets of £8,366k (2017: £7,565k).

10 Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	80	4
Short term deposits – group undertakings	-	758
	<u>80</u>	<u>762</u>

11 Creditors - current

	2018 £000	2017 £000
Trade creditors	-	43
Amounts owed to group undertakings	5,834	3,956
Accruals	1,953	904
Accruals – group undertakings	2,566	6,025
Corporation tax	15	18
	<u>10,368</u>	<u>10,946</u>

12 Called up share capital

	2018 £000	2017 £000
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each – 4,000 shares	4	4
	<u>4</u>	<u>4</u>

Notes (continued)

13 Reserves

	Retained earnings £000	Total £000
At 1 January 2018	289	289
Profit for the year	2,152	2,152
Dividends declared	2,441	2,441
At 31 December 2018	-	-

The dividend was paid to the shareholder on 28 May 2019.

14 Ultimate parent company and parent undertaking of smallest group of which the Company is a member

The Company is a subsidiary undertaking of Bouygues SA which is the ultimate parent company and controlling party, incorporated in France.

The largest group in which the results of the Company are consolidated is that headed by Bouygues SA. The consolidated financial statements of the group are available to the public and may be obtained from 32 Avenue Hoche, 75008, Paris, France.

The smallest group in which the results of the Company are consolidated is that headed by Bouygues Construction SA. The consolidated financial statements of the group are available to the public and may be obtained from 1 avenue Eugene Freyssinet, 78061 Saint Quentin-en-Yvelines, Cedex, France.

The Company's immediate parent undertaking is BY Development Limited, a company incorporated in England and Wales.

15 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the Company's financial statements.

IFRS 9 Financial Instruments

The Company has adopted IFRS9 *Financial Instruments* from 1 January 2018. No impact was identified on opening equity as of 1 January 2017 or on comparative period amounts.

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS15 *Revenue from Contracts with Customers* from 1 January 2018. No impact was identified on opening equity as of 1 January 2017 or on comparative period amounts. This reflects the fact that the methods used by the Company to recognise revenue over time are consistent with the new standard. The contract entered into between the Company and its client consists of one performance obligation.

The Company has voluntarily amended the terminology used in relation to amounts previously referred to as "amounts recoverable on contracts" to "contract assets" – see note 9. The Company has also voluntarily changed the terminology used in relation to amounts previously referred to as "advance payments on contracts" to "contract liabilities". There are no contract liabilities as at 31 December 2018.

There are no other impacts on the amounts presented in these financial statements from adoption of the new standards.