REGISTERED NUMBER: 737204

VINCI PLC

CONSOLIDATED
ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2019

Company Information

DIRECTORS	J M Stubler (Chairman & Chief Executive) Y P Grolimund J P Loiseau L O D Ravix
SECRETARY	R E Tilbrook
REGISTERED OFFICE	Astral House Imperial Way Watford Hertfordshire England WD24 4WW
WEBSITE ADDRESS	www.vinci.plc.uk
REGISTERED NUMBER	737204
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP One Embankment Place London WC2N 6RH
BANKER	National Westminster Bank Plc P O Box 2DG 208 Piccadilly LONDON W1A 2DG

Group Profile

VINCI PLC
VINCI PLC is the holding company of a contracting group principally trading in the UK through three main divisions, Building, Facilities, and Civil Engineering. VINCI PLC ranks among the top 20 contractors in the UK and is 100% controlled by VINCI S.A. one of the major contracting companies in the world. The main trading entity in the UK of the VINCI PLC group is VINCI CONSTRUCTION UK.

Building
VINCI Construction UK Limited's Building division has a well-established presence in many regions in the UK: Widnes (North-West), Wakefield (North-East), Camboume (East-Anglia), London, Reigate (South-West), Cardiff & Bristol (West and Wales). The Building division is active in many sectors, particularly industrial, health, education, retail and commercial. Its roots come from the century-old heritage of Norwest Holst, acquired by VINCI in 1991.

VINCI Facilities
VINCI Facilities in the UK operates two business lines; Facilities Management and Building Solutions.
Through VINCI Facilities, we provide soft and hard facilities management, mechanical, electrical and building maintenance solutions to both the public and private sectors. VINCI Facilities operates in a range of sectors which include: health, local and central government, defence, social housing, retail and commercial offices. The services are delivered through five customer focussed business units; two Facilities Management and Technical Services which operate on a national basis and three regionally focussed Building Solutions businesses.

Taylor Woodrow
Taylor Woodrow is the civil engineering division of VINCI Construction UK Limited. A national civil engineering contractor with a recognised brand and reputation, Taylor Woodrow is known for excellence in undertaking complex major projects. Its primary sectors of activity are: transportation – rail; depots; highways; bridges; light rail including trams; energy – energy from waste; renewables, and nuclear decommissioning.

VINCI Technology Centre UK Limited
The Technology Centre offers specialist consultancy and testing services in the areas of compliance, environment, materials and structures. Its main markets are nuclear, construction products, structure and environmental testing for all types of construction projects including major projects, property FM and consultants.

It has an unrivalled heritage of over 50 years' research, development and innovation together with extensive facilities at its Leighton Buzzard campus that make it unique in the UK construction industry. It is a key differentiator for VINCI Construction UK Limited and is progressing with an enhanced remit of adding valuc to the business by helping to improve productivity and efficiency.

VINCI UK Developments Limited
VINCI UK Developments Limited pursues development activities in the UK and manages PFI projects and companies for the VINCI PLC pension fund and for other external clients. The company focuses on development opportunities with the help, mainly, of the building division. In this activity, it considers committing and leveraging funds to finance construction and maintenance projects whenever necessary.

Conren Limited
Conren Limited manufactures and sells its range of resin surfacing and waterproofing products in the U.K. and overseas and offers contracting services to install its products on construction sites in the U.K. The Company's focus remains on providing a quality product, excellent technical customer support and an unrivalled installation service.

Business Model

The Group's business model is based on operating across the value chain to meet a range of customer requirements: the company offers designed solutions using its skills in development, funding, design & build, maintenance testing and eventual decommissioning of projects.

Through the strong regional and national presence of our building and civil engineering operations, we pursue business opportunities, mainly across England and Wales.

Our jobs often involve complex project management and are supported by our Technology Centre, or by other VINCI companies providing high-end technical solutions. Also, through VINCI Facilities (our facilities division), where contracts can sometimes extend over 30 years, we are able to take a long-term operational approach to certain projects.

This approach is combined with a decentralised divisional structure. This independence drives accountability and autonomy and maximises entrepreneurial activity.

Together, our approach across the contractor's value chain, our geographical network and the decentralised management model forms the backbone of our company ethos. They are essential to enabling the Group to create value, minimise risk and achieve sustainable business success.

Business Risks

The continued success of the Group depends upon 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 Group.

- Brexit Risk

Although we have experienced no significant impact of Brexit to date, we closely monitor its progress, and will continue to do so during the eleven-month transition period.
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. It is anticipated that there may be delays to the flow of goods across borders as well as the potential for costs to escalate through trade tariffs, the implementation of additional regulations and a fall in sterling. Communication with the supply chain is paramount to understanding and mitigating these potential areas of risk. We are also focussed on the availability of labour resources. This is not necessarily a Brexit related issue as, for some years, we have been aware of a downward trend in the availability of skilled labour. We try to control this risk by close planning and careful management of our various contracts, for example, 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 in terms of going concern.

- Financial Risk

The principal financial risks that we face are associated with our ability to accurately estimate the costs of carrying out the contracts in which we engage, the risk of properly incurring and controlling those costs, the ability to recover costs under the payment terms of all contracts, the financial standing of our clients, sub-contractors and suppliers in terms of their ability to discharge their obligations to us.
The Group controls these risks in a number of ways. The Group 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 Group specialises in certain types of building, civil engineering and facilities 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. In accordance with VINCI procedures, tenders over set amounts are submitted to the VINCI Risk Committee in Paris for approval.

Business Risks-continued

- Performance Risk

Delivering the works we are committed to in our contracts on time, with the necessary level of quality, productivity and safety is the core of our general contracting 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 and supply chain management and control, updated budget, monthly accounts, quality and financial control.

- Health and Safety

The Group 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, controlled and reduced.

- The Environment

The Group recognises the importance of minimising the impact on the environment and is pro-actively managing this with procedures to measure and manage outputs and to set targets for reduction.

- Risk Management.

As one of our key management processes, the Business Management Manual implemented across the Group directs senior managers to follow prescribed guidelines and procedures designed to identify, analyse and manage our major risks:

Non-compliance with laws and regulations

Default in protection of persons

Default in protection of assets

Poor tender quality resulting in inability to achieve commitments

Poor quality in project delivery

Financial information in relation to the Company and its projects accounts, performance management accounts and forecasts being not reliable.

Internal control actions are led to make sure this is effectively delivered across the organisation.

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.

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

The Group 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 Group 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 VINCI'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.

(iii) The impact of company operations on the community and the environment (continued)

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.
We are proud of the high number of best practice Considerate Constructors Scheme awards received. Achieving these high standards requires us to run well organised and managed construction projects.

(iv) Engagement with and regard to the interests of employees (impact of decision making)

Team engagement is high on our agenda and is currently at 86% in the Group, as 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, site visits and events such as Build UK Open Doors Week.

Working with local schools and colleges allows us to promote the career and development opportunities available within VINCI and our industry. "Think global, act local" could be used to describe our approach which, by combining our corporate responsibility and employment policies, allows our project teams flexibility in how they deliver this at the project level.

In conjunction with the National Apprenticeship Service, we follow a Modern Apprenticeships model to offer people aged over 16 the chance of paid employment at craft, technician and management level.

(v) High standards of business conduct

The Group's business model is set out on page 3.

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 Board reviews 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.

(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.

Other key initiatives

Innovation

An innovative approach to adding value is vital to continued success in the current business environment. It remains vitally important that, through innovation, we maintain our drive to improve the efficiency of everything we do in order to maintain the highest standards and value for money that our clients rightly demand.
We strive to provide innovative solutions to everyday problems and deliver projects ranging from traditional construction to the extremely complex. During 2018/19 VCUK ran a local Innovation competition to continue to promote one if its key values. There were over 100 entries in seven categories with divisional and company winners selected. The next VINCI SA competition will be in 2020.

123 Build on Knowledge

In order to improve operational and financial performance the Group has launched 123 Build on Knowledge, an enterprise initiative focused on the basics of our business and of our Group: quality and accuracy in project strategy and delivery, improvement of the productivity of our construction sites and focus on profit. The 123 Building on Knowledge is now embedded in all operational and support divisions of the Company through action plans focusing on site planning tools (Orchestra) and quality of site preparation, project managers training, increase of our engineering capacities and capabilities, decentralisation and incentive of key site managers, cost savings, productivity and efficiency initiatives across the entire Company. The plan was launched in 2015, is producing the expected benefits and rewards, and it will continue going forward.

Divisional Performance and Outlook

Building Division

The Building division turnover in the UK increased in the year to £429m (£401m in 2018) mainly as a result of some significant awards in the North West of England.

The operating profit amounted to £8.8m in the year, 2% of the turnover, and as last year, every regional business traded positively.

During the year we delivered a number of projects across a range of sectors, including:

- Health
  - Queen Elizabeth Hospital, Woolwich, Clinical Decant Facility
  - Chase Farm, Enfield
  - Burnley General Hospital
  - Lincoln Brant Ward
  - Doncaster RI - Electrical Upgrade
- Student Accommodation
  - Fallowfield, Manchester
  - Polden, Bath
  - Hull University for UPP, Phases 2 and 3
  - Phase 2A, Swansea
- Education
  - Northampton College
- Commercial / Retail / Industrial
  - New Covent Garden Market (NCGM) - Units A1 and B1
  - NCGM - Security Lodge
  - One Central Park, Manchester
  - Central Park, Avonmouth
- Leisure
  - Devonshire Park, Eastbourne
  - Section 1, Fairfield Halls, Croydon

And during the year we started some significant projects again across multiple sectors, and continued on site with some of our larger projects.

- Health
  - Preston CCU
  - Patterson Building, The Christie, Manchester
  - Royal Blackburn Hospital
  - Newcastle RVI (small projects)
  - HCA, Birmingham
  - Kingston Dementia Centre
- Student Accommodation / Residential
  - Spreytonway & Moberley, Exeter University (UPP)
  - NCP, East Street, Reading
  - UCL, East Pool Street
  - Oxford Street (Hines)
  - East Park, Exeter

Building Division (continued)

- Education
  - Kings School, Macclesfield
  - Catalyst Building, Stoke-on-Trent

- MSCP
  - St Peters Hospital
  - Newcastle RVI
  - Sadlers Mead, Chippenham

- Commercial / Retail / Industrial
  - Trader Units, New Covent Garden Market
  - Tameside Bus Station
  - Warrington Time Square Redevelopment
  - Barton Square, INTU
  - Moto, Rugby
  - Lotus Production and Restaurant Buildings
  - Guildhall, York
  - Albion Square, Hull

- Leisure
  - Buxton Crescent Redevelopment to Hotel and Spa
  - Fairfield Hall, Croydon

Awards in 2019 have been fairly consistent throughout the year. In Building overall, by February 2020 we had secured 73% of next year's turnover and have a significant preferred bidder list of work totalling over £1,000m. Both the secured work and preferred bidder opportunities are well spread across the regions.

The outlook post-Brexit is still unclear, however, we are well placed if the Government increase public spending on infrastructure, health, education and prisons, given our place on public frameworks for Department of Health and Ministry of Justice and recent transportation hub experience. And our excellent track record on delivering student accommodation bodes well for the ever-increasing demand for new accommodation both for Universities and private developers.

Our staff level remained static at just over 650 permanent employees. Our churn rate remains low at less than 10% and our employee engagement score remained static at 91%.

The main emphasis again this year has been on Quality following the launch of our business management system – The Way We Work. The additional 'Advice and Guidance' resources and the Quality Workshop we ran in September will hopefully benefit our 'Right First Time' theme to reduce defects on our sites.

In 2020, we will continue to deliver on our 123 Build on Knowledge strategy which underpins our Business Plan, with a further emphasis on reducing defects whilst maintaining our on-time delivery and client satisfaction. And yet again, our ultimate target is to remain profitable in each regional business.

Civil Engineering Division (Taylor Woodrow)

Civil engineering turnover in the UK in 2019 declined to £165m compared to £213m in 2018. The decline in turnover was largely due to the delayed start to HS2 and had this delay not occurred, then turnover in the year would have been above our budget.

The status of the live projects during 2019 is as follows:

Highways

- M20 Junction 10A – Project achieved a partial opening at the request of client on the 31st October 2019. securing a £1.5m bonus. The scheme overall was fully open for traffic in December 2019 and project completion scheduled for June 2020.
- M6 – all physical works on the 22km of Smart Motorway between junctions 2 and 4 completed in January 2020. Final testing and commissioning will complete by March 2020 when the scheme will be fully open for traffic.
- M4 – Works have increased significantly in 2019. The western section between junctions 8 and 12 where there are no new structures, will open for traffic at the end of 2020. On the Eastern section, junctions 3 to 8, work started mid 2019 on several major structures, including demolition of existing bridges. Work on the central reserves and verges commenced in late 2019, with a planned open for traffic in March 2022.
- M4 CAN – our design development works completed in 2019 when the Welsh Government took the decision, due to environmental and funding concerns, to not progress the main works.

High Speed Rail 2

- Main Works Civils - The BBV project team has expanded in 2019, but not to the anticipated size due to the UK Government not giving the full Notice to Proceed. Planning of the works, service diversion, ground investigations and enabling for the site compounds continues but this is at a lower level of spend than planned arising from the delayed start to Stage 2. The Scheme design is complete and detailed design has commenced. Scheme cost estimates have been issued to the client and a detailed independent review (The Oakervee Report) is due to present it findings in early 2020 when it is currently stated the Notice to Proceed will be issued prior to the end of March 2020.
- Old Oak Common Station – following a delay due to a legal challenge to the award of the contract, the project finally commenced in September 2019. The JV team of circa 110 people is currently based in VCUK's head office in Watford. The team are working closely with the client's designers and the first mobilisation plans have been accepted by the client with works due to start on site in mid-2020.

Transport for London

- Victoria Station - Completion was achieved in October 2019 and final payment was received in December 2019
- White Hart Lane Overground Station - The new station was commissioned and brought into use in September 2019 with final completion due in quarter one 2020.
- Step Free Access - The installation of lifts and overbridges at three station by the Taylor Woodrow Bam Nuttall Joint Venture commenced in early 2019. Works have commenced on site at all three stations with the stations due to complete in October 2020.

Rail

- Whitechapel Crossrail Station – The overall completion of the project is now being stated as early 2021. Delays have occurred due to the complex integration of the civil engineering works with the mechanical and electrical scope required by the project and the route wide railway. The new Crossrail management has created integrated project teams and we are working collaboratively with the PM and the client to deliver and assure the project. Whitechapel is now due to complete all its physical works and be available for testing in line with the overall Crossrail programme.

Civil Engineering Division (Taylor Woodrow)-continued

- Old Oak Common – the depot is fully operational for the client however a few minor snagging items remain to be completed in 2020, along with a satisfactory commercial resolution to the project.
- Filton Bank - all site works completed in March 2019 and final account discussions with the client are ongoing.
- Norwich Crown Point Depot - The sidings in the Wensum triangle and the modifications to the maintenance shed were completed in January 2019 to allow the new Stadler trains to be commissioned and brought into use. There remain several items the client is yet to instruct which include a new boogie drop pit to be completed in 2020.

Taylor Woodrow Professional Services

- Our activities continued at a similar level to 2018 providing consultancy support to designers on projects such as the M25 Motorway junctions and HS2 Phase 2b.

Future business and Tendering

2019 has been a volatile and unpredictable year for tenders with 13 of the 17 projects specifically targeted to be bid in the year either deferred or cancelled by the clients. 2019 was also typified by the continued lack of visibility of opportunities in our traditional rail markets.

The Highways Business has grown to circa £80m turnover in 2020 and we can see sufficient pipeline to maintain this level of turnover for 5 or more years by a combination of major road schemes for Highways England and local schemes for regional authorities and councils, referred to as the Major Roads Network Programme.

The main line Rail Sector will continue to be quiet in 2020 in terms of secured works, but we expect their plans and procurement schedules to become clearer giving opportunities for 2021 and beyond.

Going forward in the medium term, our business plan and our budgeted turnover is reliant on HS2 and our work in Highways which together will form circa two thirds of the annual turnover for the next 5 years. However, it is widely understood that rail projects will in the near future again come to the fore and therefore we intend to remain involved in the sector in any way we can and engaged with the clients to capitalise on the future opportunities when they arise.

For Transport for London (including Underground and Overground networks) we expect there to be a small number of lower value projects and a new framework coming to market in 2020 with the potential for the first of the larger (£100m+) depots to come to market in late 2020.

We are awaiting the result of a tender for a new depot under the STRIDE Framework in Wales (circa £30m) and expect further stations works to come to market through the framework in 2020.

We are also continuing to target several other train depots including opportunities for HS2 at Washwood Heath and 2 depots for West Midland Trains, all of which are due to market in early to mid 2020.

Under Highways England's Regional Delivery Partner programme, we are awaiting the result of our A358 tender due in February 2020 and supporting the design on the 417 'Missing Link' road scheme which is due to market at the end of 2020.

Civil Engineering Division (Taylor Woodrow)-continued

In the energy sector we continue to track a number of Energy from Waste projects but due to the volatility of the market and the high risk nature of the work, we are taking a cautious approach and will only progress and invest in tendering a scheme where the clients approach matches our approach to the risk we are prepared to bear. We are actively increasing our engagement with other areas of the energy market particularly associated with measures needed to meet increased demand for electricity and plan to bidding a framework for National Grid and the Smart City de carbonisation initiative in Bristol.

We have submitted a bid with Spiecapag (a VINCI company) to build a new fuel pipeline between Southampton and Heathrow. Early indications are that our bid has been well received and we are hopeful of an award in early 2020.

Following the purchase of Gatwick Airport by VINCI and the upcoming extension of Heathrow we have formed a dedicated team to expand in the airport sector.

Company Structure and Business Focus
The Technical Expertise and Digital Engineering teams have continued to embed their expertise on a number of projects and provide support to bids. They continue to work with our selected designers to drive collaboration and greater shared understanding of desired outcomes for both parties. In 2020 we will reduce our number of strategic design partners to further drive collaborative relationships and commitment to working together.

Quality, Health, Safety and the Environment (QHSE)
In 2019 we continued to embed the standards expected across all our projects and relaunched and refreshed our approach to influencing the right behaviours on our projects under the banner of 'THINK AGAIN'. Our AFR remained static throughout the year at 0.07, but above the challenging target we have set ourselves of 0.02. Our LTI rate declined slightly in the year starting the year at 0.17 and finishing at 0.14.

Our procedure for reporting Non-Conformance Reports has been simplified to encourage a more open reporting that can feed better learning into the new Knowledge Portal within our management systems.

We have continued to have a very good environmental performance across our projects supported by our *Respect & Protect* programme, with no serious (Level 1 or 2) incidents throughout the year.

People
The number of permanent staff employed in Taylor Woodrow has reduced to around 419 people as some projects have come to a close. The 87% Employee Engagement score from 2018 has reduced by 2% but this still achieves our target of 85%, above the VCUK overall score and significantly above other comparable UK Contractors.

We have again run a Leadership Group for 2019 of 12 people to develop their personal management skills as well as delivering as 3 groups initiatives to enhance our business performance. This year the three initiatives set for the teams which will complete in early 2020 are:

1. Defining a strategy for achieving Net Zero Carbon.
2. Up skilling our site supervisors in digital skills
3. Enhancing our inclusive work environment.

VINCI Facilities Division

We proudly celebrated the 10-year anniversary of the VINCI Facilities brand in 2019.

During the year our operating profit increased by 10% from £7.8m in 2018 to £8.6m (2.8% net) in 2019. We continued to generate cash throughout 2019, following a very strong end to 2018. We are confident that our cash generation, set against our profit delivery indicates that we are maintaining a sustainable and responsible approach to delivering our business. Additionally, we are pleased that our average supplier payments in 2019 were less than 30 days, ensuring we support our valuable supply chain partners.

Revenue increased from £245m in 2018 to £295m in 2019. This 20% increase in revenue was ahead of our planned growth in the year. The significant part of this increase in revenue arose through growth with existing customers such as the Ministry of Justice, The Royal Mail, Shell, Peabody Homes, Sandwell MBC, DixonsCarphone, Debenhams and Cancer Research UK. This growth in our business demonstrates that our high customer service focussed strategy, listening to and responding to their needs with quality solutions, continues to deliver strong profitable revenues. In addition, we secured work with new customers through our selective, targeted work winning activity with Customers such as Abellio, Clatterbridge NHS Trust, Transport for London, LocatED and the British Museum. Our order book for 2020 increased by 10% compared to the equivalent level in the previous year, and is the highest in our ten-year history. Our long-term order book remains strong and this provides confidence that our business model continues to deliver sustained performance.

At the beginning of 2019 we launched our new Vision: "To be regarded by all our stakeholders as the leading and trusted expert in the operation, maintenance and adaptation of the built environment". By driving to improve the engagement and satisfaction of our key stakeholders, namely; our Teams, Our Customers, our Suppliers and the Communities in which we work, we will continue to deliver high levels of sustainable performance.

This new focus brought about by our new Vision has already had an impact. We have worked hard to improve the engagement with our employees across the business, raising our employee engagement by 6 percentage points to 84% this year. Our Customer Satisfaction rose by 1% point to 88% and we have started measuring our Supplier Satisfaction providing a benchmark for improvement in future years. We also saw a significant rise in the amount of Social Value created, delivering over £2.5m of Social Value back into the communities in which we work. In 2020 we will seek to improve in all these areas and have set stretching targets in our new 5-year plan.

Our FM business line grew profitably again in 2019, with our business units all making steady progress. We continue to deliver a high quality, customer focused service to our clients and despite operating in a challenging market sector we have been able to grow profitably and sustainably over a number of years. With the correct strategies and our focus on our chosen sectors, the FM market continues to offer a solid pipeline of good opportunities where we can add value to our clients.

Like our FM business line, our Building Solutions business line grew profitably in 2019 and continues to represent 33% of the VINCI Facilities business. The market continues to be very lowest cost focussed and so we continue to be selective in our clients, identifying those that value the high levels of customer service and product quality the VINCI Facilities brand has become known for.

With both business lines delivering strong sustainable profits, we will look to grow the business in a managed way providing we identify the right clients to partner with. 2019 saw us qualify to bid for the Ministry of Defences FDIS Contracts. These significant contracts provide a good opportunity to combine our FM and Building Solutions capability for the benefit of our client.

Value for money remains a key driver for our clients and we have been able to demonstrate a number of new value adding elements to our offering. Our ongoing investments in developing digital technologies continue to provide value for our customers, as well as delivering operational efficiencies. We have continued to develop our digital platforms during 2019 and anticipate that further benefits for our customers will be realised in the future.

VINCI Facilities Division -continued

We continue to deliver significant Social Value through our operations, supporting the communities in which we work. This is underpinned by the embedded Social Value we are creating, through employment opportunities, apprenticeships and engagement with local suppliers and SME businesses. We also deliver significant additional Social Value through our SOMAD programme and through charitable relationships and donations. Wherever possible we combine these to support our customers achieve their Social Value objectives as well as engaging with the necessary stakeholder groups within the communities within which we work.

In 2019 we further invested in our Environmental and Energy Management teams, as we set about achieving our goal of reducing our CO2 footprint by 40% by 2029.

All our achievements to date and our future performance will be delivered by our employees. As noted above we have worked hard to improve our team's engagement through the year and this has delivered positive results, particularly in relation to our vital frontline employees. We have again increased our expenditure in training through the year, building the expertise and competence of our team and have once again increased the number of apprenticeships being undertaken by our employees. The business culture continues to be actively developed, underpinned by our values and our Fairness, Inclusion and Respect programme. We continue to hold the Silver Investors in People standard.

Our LEAN Management Framework continues to develop and become further embedded in the business. This is generating improvements in the quality and productivity of our operations ensuring that all our stakeholders are contributing to and benefiting from the improvements identified.

Our Safety performance flatlined in 2019, with no material change in our Lost Time Injury rate. We have rolled out our new Health and Safety Management System as well as our Think Again! Behavioural safety programme and anticipate these contributing to improvements in our safety performance in 2020.

In November, VINCI Facilities was again ranked in the top three in the Sustainable FM Index, an independent assessment that ranks 25 of our competitors in their approach to managing and governing business responsibly and sustainably for the benefit of all its stakeholders.

We enter 2020 with a strong order book and a pipeline of good opportunities that we anticipate will enable VINCI Facilities to further improve its performance in the coming year. Our strategies for 2020, focussed on our employees, our customers, our suppliers, our communities, our HSQ&E performance, and the quality & efficiency of our delivery will help continue the progress we have made over the last few years and we will continue to focus on developing our capability and expertise in our chosen sectors; Government, Local Authority, Health, Education, Retail, Corporate, Public Spaces, Industrial and Social Housing where we can add and create the most value for our clients and their customers.

VINCI UK Developments

VINCI St Modwen NCGM (VSM (NCGM) Ltd), the 50/50 joint venture between St. Modwen Properties PLC and VINCI, has progressed the landmark redevelopment of the 57-acre New Covent Garden Market site in Nine Elms, London. The current phase of construction (A1/B1) that started in October 2018 after a one-year pause (mainly due to the Southern car park not being released by the Market Authority), reached Practical Completion during quarter 4 of 2019. The next phase (A2) is due for Vacant Possession in April 2020, pending the Market Authority arranging Tenant decants.

The projects at the ex-Ministry of Defence sites have progressed at Uxbridge and Mill Hill as planned.

The 20-year Harlow Science Park development for Harlow District Council has progressed on site during 2019, and the construction of the first phase's two buildings (Plots F & G) are nearing completion. A second phase (Plot H) is due to commence and progress on site in 2020.

The business has invested in further resource during the year to facilitate our pursuit of opportunities to realise long term value with select partners.

VINCI Technology Centre

VINCI Technology Centre UK provides specialist testing, consulting and investigation services in the construction sector. Testing is undertaken both at our premises and nationally at client and 3rd party premises. Projects are generally of short duration i.e. up to three months.

During 2019 VTC traded with circa 300 clients, many of them major companies in the sector. Customer satisfaction continued to be high at 97%.

Turnover in 2019 was lower at £6.3m (2018: £7.6m) due to a planned lower volume through the EDF framework. Profit was £0.3m (2018: £0.6m).

At the start of the year the operational team size was reduced in line with anticipated future workload. The average number of people employed was 70 (2018: 77). During 2019 VTC employee engagement score (measured by a yearly employee survey) was 70% (2018: 86%).

We have continued to invest where appropriate in increasing operational effectiveness. During the year we undertook a major refurbishment of our concrete laboratory which has improved efficiency and enabled us to increase the range of tests we offer.

The re-organisation of the management of Health, Safety, Environment and Quality has settled in well. The frequency rate for lost-time accidents at the end of the year was zero (in 2018 there was one lost time accident).

An important part of VTC workload is the framework contract with EDF on their UK fleet of nuclear power stations. The planned volume through the framework in 2019 and 2020 is approximately £1.2m lower than 2018 but returns to previous levels in 2021.

During 2019 further opportunities were secured from Thames Tideway and HS2 and a key focus is to grow the work from these and other major infrastructure projects.

In 2019 the regional business development team produced increased opportunities. We have taken initial steps to set up a regional site testing team based in the north west which will eventually reduce operating costs.

Senior management remains focussed on margin improvement and has determined that digitisation and reducing the cost of defects will continue to be major initiatives during 2020.

Conren

Conren Limited achieved a turnover of £2.8m and a small profit for 2019.
The Company manufactures a range of specialist surfacing products for construction applications.

Central Management and Support

2019 has been a mixed year for the management of **Health and Safety** in VCUK with some indicators suggesting we've hit a plateau in terms of reducing harm.

- Incident frequency rates for lost time injuries started the year at 0.26/100,000 hours worked for 1-7 day LTIs and peaked at 0.31 in July. In the period since, the rate has fallen again to 0.26 and is showing signs of further improvement.

- Incident frequency rates for lost time injuries where more than 7 days were lost (RIDDOR[1]) were at 0.06/100,000 hours worked at the start of the year. The rate peaked at 0.11 in October and November suggesting a worsening trend.

Whilst the improvements of recent years may have stalled, we remain in the upper (best) quartile amongst our peers according to a recent report from BUILD UK[2] which placed us 4th best out of 21 tier 1 contractors for injury rates.

Our healthy reporting culture continues to produce significant numbers of close calls and positive interventions averaging 2,600 per month across all contracts and projects. This confirms the ethos we've established that no job is so important that it should prejudice safety or health.

The implementation of our THINK AGAIN programme for behavioural safety took place throughout 2019 with more than 1,000 people at Director, Manager, Supervisor and Operative level receiving bespoke, internally created training around the principles of behaviour using our new 'cogs'. Embedding the principles of THINK AGAIN will remain a focus in 2020 and more training materials have been produced including custom-made video and eLearning modules.

Increasing our focus on Health & Wellbeing will be a strategic objective in 2020 supporting our commitment to Time to Change[3] with a new eLearning module amongst the tools being developed to help people deal with mental health issues and to help their managers help them.

Access to reliable and informative management information remains a problem for us and we continue to search for a replacement for our Footprint system. An initial review of the BeSafe system used by VINCI Construction has suggested it might not offer the functionality we already have so discussions are ongoing ahead of the preparation of a business case for change.

The new, decentralised management system we introduced in 2018 has now been successfully certified by BSI to OHSAS18001:2007 and a gap analysis has been produced in readiness for migration to ISO45001. The migration has been rescheduled to Q2 in 2020 to allow the findings of the gap analysis to be implemented.

2019 has seen an increasing focus on the **Environment** which saw us successfully recertify our Environmental Management system to ISO14001:2015.

This increased focus will continue into 2020 as we implement our RESPECT & PROTECT campaign. This will see us align with the VINCI Environmental Plan and focus on reducing our carbon footprint, reducing and recovering waste and respecting our natural environments.

Our environmental performance has been mixed with some encouraging aspects and some more challenging.

- The environmental incident rate fell by 11% from 0.22 incidents per 100,000 worked hours to 0.19.

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[1] Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013

[2] Build UK is the leading representative organisation for the UK construction industry.

[3] Time to Change is a growing social movement working to change the way we all think and act about mental health problems.

Central Management and Support- continued

- Our carbon emissions[4] started at 12.73 tonnes of CO_2 per £1m of turnover, this fell by 19% to 9.71 tonnes per £1m at the end of the 12-month period. The greatest reductions have come from red diesel (our biggest net contributor) and electricity.
- Construction waste increased significantly from 22.12 tonnes per £1m of turnover and reached 25.21 by year end attributable to better reporting and a change in project profile.
- At the start of the year, our water consumption was at 22.9m^3 per £1m or turnover, by year end this had risen to 25.2m^3 per £1m due largely to a change in project operations.

The increased focus given to **Quality** in 2018 contributed to further improvements in 2019 which included another successful certification of our management systems for quality to ISO9001:2105. The most recent audit BSI was concluded without any non-conformities across the whole business which is testament to the progress made on Quality in the last three years.

In line with the aims of our RIGHT FIRST TIME campaign, each division continues to track indicators for quality such as customer satisfaction, defects rates, average cost of defects, first time fix rates etc.

We are founder members of GIRI[5] and we are currently collaborating on several initiatives including the development of a common, industry-wide measure for quality such as an Error Frequency Rate.

We continue to work collaboratively with other organisations to promote quality and improvement across the Construction Sector particularly through our engagement with the Chartered Quality Institute (CQI). This includes active contribution to the CQIs Construction Special Interest Group where our Head of Quality leads development of a Cross-Industry Quality Knowledge Portal and has also been involved in the roll out of an accredited 2-day Quality Management Training Module suitable for construction supervisors and managers.

[4] Scope 1 and Scope 2

[5] GIRI or the Get It Right Initiative is a group of industry experts, organisations and businesses dedicated in eliminating error and improving the UK Construction Industry.

People

As ever when contract deadlines and targets are stretched, and our customers demand more, our people come under additional pressure. Despite these challenges, our people have performed exceptionally well through the year, with our employees on our project and in the central services teams delivering quality products and services. This is reflected in our employee engagement, the stability of our workforce, and our sickness absences levels.

The average headcount increased slightly to 3,552 in 2019. Our voluntary staff turnover rates remain unchanged at 12.2%.

Our overall engagement score increased by 2% in 2019 to reach 86% (an impressive 6% above the national benchmark), once again our response rates have increased by 2% from 85% in 2018 to 87% in 2019.

The current level of employee sickness increased in 2019, with a loss of 3.02 days, per employee (2018 2.51 days), although we still compare very favourably against market averages.

Resourcing & Talent

During 2019 we recruited 721 people. Agency recruitment fees have continued to be a significant cost in 2019, and whilst our turnover rates have remained stable in 2019, we need to stay focused on improving the way we resource and recruit our employees With this in mind, 2020 will see the launch of a new and exciting solution which will transform the way we resource and recruit our employees. This will also help future proof our business as the labour market tightens and uncertainty continues over the impact BREXIT has on migrant workers.

In 2019 more than 7.54% of our people enjoyed promotion. If we continue to develop our people internally and promote from within then we must continue to acquire emerging talent to replenish vacant positions. In 2019, following significant increases, we now employ: -

Trainee Apprentices	110
Upskill Apprentices	119
Trainee Other	33
Graduates	52
Sponsored/Placement Students	14

Our fifth cohort (18 of our young employees) has now embarked on their journey with the Duke of Edinburgh Scheme, and we look forward to them completing in 2020.

Academy

The Academy continues to develop and in 2019 81% of employees have undertaken a formal training activity, excluding mandatory e-learning.

Spending through the Academy (excluding the Apprenticeship Levy) in 2019 was £1.62 million, accounting for some 58,967 hours of off the job training time.

Following the introduction of the Apprenticeship Levy in April 2017, we continue to explore training and development opportunities for potential employees as well as our existing workforce. We are currently utilising 100% of payments on a monthly basis and working to maximise the balance by introducing programmes aligned with apprenticeship qualifications, such as the VF Management Development Programme.

Central Management and Support -continued

We continue to deliver the UK version of the Project Management + (PM+) training programme through VINCI Academy for Taylor Woodrow and Building.

May 2019 saw the launch of the self-service portal for training nominations and contacting the Academy team, since the introduction the team have received over 1,700 training nominations and over 2200 contact the academy tickets.

Our mission to raise awareness of FIR (Fairness Inclusion and Respect) and wider adoption of our best practices continues, and our objective to improve survey results was evidenced this year with an increase of 6% (which resulted in a 96% response rate) of our employees completing the FIR section within engagement survey.

The Stand Out Make a Difference (SOMAD) programme remains in place across the business. The number of employees that carried out a SOMAD day in 2019 was 270, however, this only represents just over 8% of our workforce, so we will be looking at ways in which we can encourage take up in 2020.

The VINCI UK Foundation 2019 Selection Committee awarded 30 local projects across the United Kingdom with funding being awarded from £3,000 to an impressive £15,000. All these projects aim at supporting and improving the lives of the most disadvantaged people in the UK through their battle against social isolation.

We will remain with the Leaders in Diversity accreditation for 2020.

Benefits

Our people continue to enjoy and benefit from the discounts offered via the VINCI Hub with 59% of employees registered with the benefits app. We will encourage our employees to take advantage of these benefits during 2020. In 2019 we introduced Neybar, a benefit which helps our employees with their financial wellbeing and education, also including saving plans and debt consolidation. We move from reloadable cards to eVouchers to enhance discounts to employees.

Expectations for 2020

As 2020 begins, we must be clear about what will differentiate us in the market place from our competitors and having the right people, with the right skills in the right job, will allow us to achieve exceptional standards of service delivery. Additionally, we must concentrate on the sustainability of our business and work with our people to pursue improvements in the quality and efficiency of the services we deliver.

It is for this reason that in 2020 we have committed to delivering a number of key strategies underpinned by a number of tactics to aid the service provided by the Human Resources team to align with the business.

Statement from the CEO and general outlook

2019 was another good year for the Group, with all of VCUK's divisions generating a positive margin and contributing to the overall increased profit rate of 1.9%. The Group continues to hold significant net positive cash at the year end position of +£219m and net equity has improved by £2m to a positive year end position of £91m. We enter 2020 with a sustained order book exceeding £1bn. We have a great team across our business and we are on track for a positive 2020.

Our passion for building, spirit of innovation and constant quest for efficiency to serve our clients with respect for business ethics are the values for which we stand. These are the values that underpin VINCI Plc and our motto "Build on Trust". We will continue to strive for a more liveable, more sustainable world.

On behalf of the Board

J M Stubler
Chairman Vinci Plc
Date: 5th March 2020

The Directors submit their annual report to the members, together with the audited consolidated financial statements for the year ended 31st December 2019.

Results and dividends
The profit for the financial year as shown in the Consolidated Income Statement on page 27 amounted to £17,207,000 (2018: £12,919,000). There were no dividends paid during the current or previous year. The Directors do not propose the payment of a final dividend.

On 16 December 2019 the Directors submitted a written resolution to The Companies House to reduce the share capital of the company from £270,456,000 to £10,000,000 and that the amount of credit arising upon the cancellation of capital pursuant to the reduction be classified as a decrease in accumulated losses by cancelling and extinguishing a maximum of £260,456,000 of issued and paid up share capital of £1 each.

As a Public Limited Company Vinci is required to also seek a court approval before undertaking a capital reduction, this had not been completed as at 31 December 2019. In addition, on 18 December 2019 the entity declared a dividend of £41,500,000 to Sogea Holdings UK Limited, an immediate parent company, and paid this dividend in cash on 23 December 2019. The Directors subsequently identified that sufficient distributable reserves were not available to pay the dividend at 23 December 2019 as the capital reduction had not yet taken effect. Therefore, the Directors, have sought external legal advice on how to rectify the position. Following this advice the Directors have recalled the dividend from Sogea Holdings UK Limited and have therefore presented the payment as a receivable as at 31 December 2019. The Directors, intend to complete the capital reduction process during 2020.

Directors
J-P Bonnet resigned as a director on 7th January 2019.
B Dupety resigned as a director on 2nd August 2019.
R M R Francioli resigned on 24th February 2020.
J M Stubler was appointed as a director on 2nd August 2019.
J-P Loiseau was appointed as a director on 1st January 2020.
L O D Ravix was appointed as a director on 24th February 2020.

The present directors on Page 1. Y P Grolimund served throughout the year and up to the date of signing the financial statements.

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

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

Employees
The Group has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Should an employee become disabled while in the Company's employment they are guaranteed consideration for alternative positions within the Group which are within their capabilities. It is the Group's policy to offer training and development opportunities to all employees on the basis of the assessment of training needs.

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 Group'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 Group's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors on 7th March 2019.

Approval

The Report of the Directors was approved by the Board on 5th March 2020 and signed on its behalf by:

J M Stubler
Director
Company registered number 737204

VINCI PLC
Astral House
Imperial Way
Watford
Herts
WD24 4WW

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group and parent company and of the profit or loss of the group and parent 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 IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, 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 group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent 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 group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

J.M Stubler
5th March 2020

Report on the audit of the financial statements

Opinion
In our opinion, Vinci PLC's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit and the group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated Annual Report (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2019; the consolidated income statement, the consolidated statement of comprehensive income and group and company statements of changes in equity, the group and company cash flow statements for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
ISAs (UK) require us to report to you when:

- 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 group's and parent 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.

We have nothing to report in respect of the above matters.
However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.
With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.
Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 23, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting
Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 March 2020

Consolidated Income Statement
for the year ended 31st December 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Revenue	2		**909,163**		873,264
Cost of sales	3		**(835,179)**		(808,485)
Gross profit			**73,984**		64,779
Administrative expenses	3,5,6		**(57,226)**		(56,382)
Other operating income	4		**1,288**		2,516
Share of (losses)/profits from equity accounted entities	11		**(345)**		1,865
Operating profit before goodwill impairment and net financing (expense)/income	3		**17,701**		12,778
Financial income	7	**8,828**		8,818	
Financial expenses	7	**(9,468)**		(8,202)	
Net financing (expense)/income			**(640)**		616
Profit on sale of investments	2		**-**		448
Profit before taxation			**17,061**		13,842
Taxation	8		**146**		(923)
Profit from continuing operations	18		**17,207**		12,919
Profit attributable to equity holders of the Parent Company	18		**17,207**		12,919

The accompanying notes form part of these financial statements.

Statement of Comprehensive Income and Statement of Changes in Equity
for the year ended 31st December 2019

Consolidated Statement of Comprehensive Income

	2019 £000	2018 £000
Profit for the year	17,207	12,919
Items that may be reclassified subsequently to the income statement:		
Foreign exchange translation differences	467	(728)
Items that will never be reclassified subsequently to the income statement:		
Actuarial losses in defined benefit scheme	(17,243)	(4,326)
Tax on actuarial losses in defined benefit scheme	2,932	736
Other comprehensive expense for the year	(13,844)	(4,318)
Total comprehensive income for the year	3,363	8,601

Statement of Changes in Equity

Group	Share capital £000	Capital redemption reserve £000	Translation reserve £000	(Accumulated losses)/retained earnings £000	Total equity £000
At 1st January 2019	270,456	300	(1,959)	(180,347)	88,450
Profit for the year	-	-	-	17,207	17,207
Other comprehensive income/(expense)	-	-	467	(14,311)	(13,844)
Total Comprehensive income for the year	-	-	467	2,896	3,363
Equity settled transactions	-	-	-	(794)	(794)
Deferred tax recognised directly in equity	-	-	-	(425)	(425)
At 31st December 2019	270,456	300	(1,492)	(178,670)	90,594

From 1st January 2019, the Group has applied IFRS 16 "Leases" according to the "modified retrospective" approach, recognising the cumulative effects of first time adoption on opening equity at 1st January 2019. As a result, the 2018 figures presented for comparison purposes have not been adjusted. The impacts of this first time adoption are presented in note 1.

The accompanying notes form part of these financial statements.

VINCI PLC

Statement of Comprehensive Income and Statement of Changes in Equity (continued)
for the year ended 31st December 2019

Group	Share capital £000	Capital redemption reserve £000	Translation reserve £000	(Accumulated losses)/retained earnings £000	Total equity £000
At 1st January 2018	270,456	300	(1,231)	(189,522)	80,003
Profit for the year	-	-	-	12,919	12,919
Other comprehensive expense	-	-	(728)	(3,590)	(4,318)
Total Comprehensive income for the year	-	-	(728)	9,329	8,601
Equity settled transactions	-	-	-	238	238
Deferred tax recognised directly in equity	-	-	-	(392)	(392)
At 31st December 2018	270,456	300	(1,959)	(180,347)	88,450

Company	Share capital £000	Capital redemption reserve £000	Translation reserve £000	(Accumulated losses)/retained earnings £000	Total equity £000
At 1st January 2019	270,456	300	10,657	(190,765)	90,648
Profit for the year	-	-	-	5,571	5,571
Other comprehensive expense	-	-	-	(14,160)	(14,160)
Total Comprehensive income for the year	-	-	-	(8,589)	(8,589)
Equity settled transactions	-	-	-	(2,949)	(2,949)
Deferred tax recognised directly in equity	-	-	-	(15)	(15)
At 31st December 2019	270,456	300	10,657	(202,318)	79,095

The accompanying notes form part of these financial statements.

Statement of Comprehensive Income and Statement of Changes in Equity (continued)
for the year ended 31st December 2019

Company	Share capital £000	Capital redemption reserve £000	Translation reserve £000	Accumulated losses £000	Total equity £000
At 1st January 2018	270,456	300	10,657	(185,332)	96,081
Profit for the year	-	-	-	429	429
Other comprehensive expense	-	-	-	(4,093)	(4,093)
Total Comprehensive income for the year	-	-	-	(3,664)	(3,664)
Equity settled transactions	-	-	-	(1,756)	(1,756)
Deferred tax recognised directly in equity	-	-	-	(13)	(13)
At 31st December 2018	270,456	300	10,657	(190,765)	90,648

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
at 31st December 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Intangible assets	9	93,558	93,658
Property, plant and equipment	10	10,790	10,080
Right-of -use assets	10(a)	24,278	-
Investments in jointly controlled entities accounted for using the equity method	11	7,378	8,093
Other investments	12	494	494
Deferred tax asset	16	12,602	10,195
		149,100	122,520
Current assets			
Inventories	13	369	370
Trade and other receivables	14	229,543	223,468
Cash and cash equivalents		218,924	275,285
		448,836	499,123
Total assets		597,936	621,643
Current liabilities			
Trade and other payables	15	410,320	484,213
Other interest-bearing loans and borrowings	15(a)	10,500	8,500
Lease liabilities		9,627	-
Current tax		1,563	2,647
		432,010	495,360
Non-current liabilities			
Other interest-bearing loans and borrowings	15(a)	6,500	-
Lease liabilities		14,436	-
Employee benefits	17	54,396	37,833
		75,332	37,833
Total liabilities		507,342	533,193
Net assets		90,594	88,450

Consolidated Statement of Financial Position (continued)
at 31st December 2019

Equity attributable to equity holders of the parent

	Notes	2019 £000	2018 £000
Issued share capital	18	270,456	270,456
Capital redemption reserve	18	300	300
Retained earnings/(accumulated losses)	18	(178,670)	(180,347)
Translation reserve	18	(1,492)	(1,959)
Equity attributable to the Parent Company		90,594	88,450
Total equity		90,594	88,450

The accompanying notes form part of these financial statements.

The financial statements on pages 27 to 89 were approved by the Board on 5th March 2020 and signed on its behalf by:

Jerome Stubler (Director)

Company Registered Number 737204

VINCI PLC

Company Statement of Financial Position
at 31st December 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	10	1,797	1,629
Right-of-use asset	10(a)	4,940	-
Investments in Group undertakings	11	168,884	168,884
Deferred tax asset	16	10,455	7,809
Amounts due from subsidiary		60,495	60,488
		246,571	238,810
Current assets			
Trade and other receivables	14	44,515	23,124
Tax Recoverable		707	-
		45,222	23,124
Total assets		291,793	261,934
Current liabilities			
Bank overdraft and equivalents		126,009	55,555
Trade and other payables	15	27,296	76,532
Lease liabilities		916	-
Current tax		-	1,368
		154,221	133,455
Non-current liabilities			
Lease liabilities		4,083	-
Employee benefits	17	54,394	37,831
Total liabilities		212,698	171,286
Net assets		79,095	90,648
Equity attributable to equity holders of the Parent			
Issued share capital	18	270,456	270,456
Capital redemption reserve	18	300	300
Other reserve	18	10,657	10,657
Accumulated losses	18	(202,318)	(190,765)
Total equity		79,095	90,648

The accompanying notes form part of these financial statements.
Retained earnings include profit for the year of £5,571,000 (2018: profit of £429,000).

The financial statements on pages 27 to 89 were approved by the Board on 5th March 2020 and signed on its behalf by:

Jerome Stubler (Director)
Company Registered Number 737204

Cash flow Statements
for the year ended 31st December 2019

	Notes	Group		Company	
		2019	2018	2019	2018
		£000	£000	£000	£000
Cash flows from operating activities					
Profit for the year		17,207	12,919	5,571	429
Adjustments for:					
Depreciation, amortisation and impairment		12,787	2,368	2,142	1,416
Financial income		(8,828)	(8,826)	(3,050)	(9,727)
Financial expense		9,468	8,210	4,555	9,842
Dividends received		-	-	(10,305)	-
Disposal of subsidiary		-	(448)	-	-
Share of profits in jointly controlled entities and associates		345	(1,865)	-	-
Loss on sale of property, plant and equipment		177	57	176	40
Equity settled share-based payment expenses		(794)	238	(2,949)	(1,756)
Taxation		(146)	923	(729)	737
Operating cash flows before movements in working capital and provisions		30,216	13,576	(4,589)	981
(Increase)/decrease in trade and other receivables		(6,686)	(6,943)	(21,485)	(38,677)
Decrease in stock		1	6	-	-
(Decrease)/increase in trade and other payables		(73,893)	68,906	(49,236)	39,236
Decrease in employee benefits		(1,602)	(3,742)	(498)	(3,840)
Cash (used in)/generated from operations		(51,964)	71,803	(75,808)	(2,300)
Interest paid		-	-	(1,227)	(1,785)
Tax (paid)/received		(838)	92	(1,106)	(131)
Net cash flow (used in)/generated from operating activities		(52,802)	71,895	(78,141)	(4,216)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		29	184	-	3
Interest received		745	1,062	-	2,555
Acquisition of property, plant and equipment		(2,594)	(2,692)	(1,507)	(1,194)
Dividends (paid)/received		-	7,100	10,305	-
Disposal of subsidiary		-	(362)	-	-
Share capital in subsidiary		-	-	-	(2,275)
Net cash (used in)/generated from investing activities		(1,820)	5,292	8,798	(911)

VINCI PLC

Cash flow Statements (continued)
for the year ended 31st December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		£000	£000	£000	£000
Cash flows from financing activities					
Repayment of loans from equity accounted investees		370	1,604	-	-
Principal elements of lease payments		(10,613)	-	(833)	
Other interest-bearing loans and borrowings	15(a)	8,500	(13,500)	-	-
Net cash from financing activities		(1,743)	(11,896)	(833)	-
Effect of exchange rate fluctuations on cash held		4	(289)	(278)	(14)
Net (decrease)/increase in cash and cash equivalents		(56,361)	65,002	(70,454)	(5,141)
Cash and cash equivalents at 1 January		275,285	210,283	(55,555)	(50,414)
Cash and cash equivalents at 31 December		218,924	275,285	(126,009)	(55,555)

The accompanying notes form part of these financial statements.

1. Accounting Policies

VINCI PLC ("the Company") is a company domiciled in the United Kingdom.

Basis of preparation

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors on a going concern basis in accordance with EU adopted International Accounting Standards (IASs'), International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRSIC) interpretations. This is in accordance with The Companies Act 2006 as applicable to companies using IFRS. In publishing the parent company financial statements here together with the group financial statements, the Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The Group has consistently applied all accounting standards and interpretations issued by the International Accounting Standards Board and IFRSIC and endorsed by the EU, relevant to its operation and effective on 1st January 2019.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going Concern

The Group's business activities, performance and position are set out in the Strategic Report. The Group has strong financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and construction activities. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern in preparing these financial statements.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The interest of non-controlling shareholders is stated at the non-controlling shareholder's proportion of the fair value of the assets and liabilities recognised.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

Jointly controlled operations are these 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. Where a joint operation exists, the Group accounts directly for its share of the income and expenditure, assets, liabilities and cashflows on a line by line basis

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations to fund the investee's operations or made payments on behalf of an associate.

1. **Accounting Policies** (continued)

Adopted IFRS not yet applied

The accounting policies applied by the Group in these consolidated financial statements are in accordance with Adopted IFRSs and are the same as those applied by the Group in its consolidated financial statements for the year ended 31st December 2018 except for the standards adopted by the European Union and mandatorily applicable as from 1st January 2019 which are described below under "new standards applicable from 1st January 2019".

There are no new standards or amendments that could have a material impact on the Group financial statements of which application was not mandatory at 1st January 2019.

Change in accounting methods

New standards applicable from 1st January 2019

IFRS 16 "Leases"

On 1st January 2019, the Group applied IFRS 16 to leases in existence on the transition date according to the "modified retrospective" approach. Therefore 2018 figures, presented for comparison purposes, have not been adjusted in accordance with the transitional provisions of IFRS 16.

IFRS 16 "Leases" results in major changes in the way that lessees recognise leases. It is replacing the IAS 17 accounting standard along with the IRIC 4, SIC 15 and SIC 27 interpretations. IFRS 16 requires lessees to use a single method for recognising leases, affecting the balance sheet in a similar way to finance leases as recognised until 31st December 2018 in accordance with IAS 17.
The Group is not a party to any material leases in which it is the lessor, other than some intergroup leases. The accounting treatment of leases in which it is the lessor has not been substantially changed under IRS 16 as compared with the accounting rules applicable until 31st December 2018. The Group applies the IFRS 16 provisions described below for all its leases relating to underlying assets whose value, in brand-new condition, is significant and/or where the lease term is more than 12 months taking into account renewal options included in the lease contract.

Impact of the first-time adoption of IFRS 16 on the financial statements at 1st January 2019

The leases to which the Group is a party mainly concern properties, vehicles and certain equipment required for the construction business. Before IFRS 16 came into force, the Group designated each lease as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all the risks and rewards incidental to ownership of the asset, otherwise, the lease was classified as an operating lease. Finance leases resulted in the recognition of a non-current asset with a balancing entry consisting of a liability, and lease payments were allocated to repayment of the liability and interest. The asset was depreciated over the lease term or its useful life where it was probable that a purchase option included in the lease would be exercised. For operating leases, no non-current assets were recognised on the balance sheet and lease expenses were recognised on the income statement, spread over the lease term in equal proportions. Lease payments paid in advance or still payable were recognised on the balance sheet under the working capital requirement.

Leases designated as finance leases at 31st December 2018

On the transition date, the Group did not adjust the value of assets and liabilities related to leases designated as finance leases under IAS 17. The assets were reclassified as usage rights and finance lease liabilities are now presented under overall lease liabilities. The provisions of IFRS 16 will be applied to events that may take place after the transition date.

1. **Accounting Policies** (continued)

Leases designated as operating leases at 31st December 2018

Since IFRS 16 came into force, the Group has recognised a lease liability reflecting the sum of lease payments still to be made, discounted at the marginal interest rate of the liability determined according to the method explained below, with a balancing entry consisting of the right to use the underlying asset. According to the simplified approach, the amount of usage rights is equal to the amount of the lease liability recognised (in some cases adjusted for lease payments paid in advance or still payable).

Leases with terms less than 12 months or relating to low-value assets are still recognised in the income statement with no impact on the Group's balance sheet.

Lease terms include the minimum lease terms and any renewal periods provided for in the lease. Lease terms for properties have been assessed on the basis of local law and the expected use of the premises.

Variable lease payments or services related to the lease are not taken into account in determining the amount of the right of use and the lease liabilities and are recognised as expenses when incurred.

To determine the marginal interest rate used to calculate the lease liability, the Group took into account the weighted average duration of payments, country risk and specific risk for each Group business line.

Deferred tax has been recognised on the difference between usage rights and lease liabilities falling within the scope of IFRS 16, similar to the approach taken for finance leases.

The first-time application of IFRS 16 caused the Group to recognise at 1st January 2019, £27.1m of rights to use leased assets over their lease terms and a reduction in prepayments of £0.6m on the asset side of its balance sheet, and £26.5m of liabilities corresponding to the obligation to make lease payments. On the income statement, asset depreciation charges and interest expense relating to the lease debt replace the lease expense previously recognised entirely under operating income. Overall IFRS 16 had a neutral impact in terms of cash flow and resulted in a decrease in equity attributable to owners of the parent company of £nil, net of deferred tax, at 1st January 2019.

At the Company Level, the first-time application of IFRS 16 caused the recognition at 1st January 2019 of £5.9m on rights of use leased assets over their lease terms and a reduction in prepayments of £0.1m on the asset side of its balance sheet, and £5.8m of liabilities corresponding to the obligation to make lease payments. On the income statement, asset depreciation charges and interest expense relating to the lease debt replace the lease expense previously recognised entirely under operating income. Overall IFRS 16 had a neutral impact in terms of cashflow and equity attributable to owners of the Company at 1st January 2019.

1. **Accounting Policies** (continued)

IFRS 16 Opening balance reconciliation	£'000
Off-balance sheet commitments at 31st December 2018	38,297
Off balance sheet discounting at 1st January 2019	(2,735)
Commitments relating to short term contracts or low value assets	(1,044)
Renewal options and other unidentified adjustments in off-balance sheet commitments	(8,027)
	26,491

Critical accounting estimates and judgements

The preparation of the Group's consolidated 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 those estimates and judgements.

The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the Group as at 31st December 2019 are as follows:

Revenue and margin recognition

The Group's revenue and margin recognition policies require forecasts to be made of the outcomes of its long term contracts. These require estimates and judgements 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 made where necessary.

Impairment of goodwill

Determining whether or not goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGUs) to which the goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected from these CGUs, including the anticipated growth rate of revenue and costs, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. Details of the goodwill impairment review calculations are included in note 9.

***Retirement* Benefit Obligations**

In determining the valuation of the Group's defined benefit scheme assets and liabilities a number of key assumptions have been made relating to inflation, life expectancy, discount, salary and pension growth rates. These assumptions are largely dependent on factors outside the Group's control.

The Group is exposed to risks through its defined benefit schemes if actual experience differs from the assumptions used and through volatility in the plan assets. Details of the assumptions used and associated sensitivities are given in note 17.

1. Accounting policies (continued)

Revenue

Since 1st January 2018, the Group has applied the provisions of IFRS 15, described below, to measure and recognise consolidated revenue.

Before revenue is recognised, IFRS 15 requires a contract as well as the various performance obligations contained in the contract to be identified. The number of performance obligations depends on the types of contract and activities. Most of the Group's contracts involve only one performance obligation.

IFRS 15's fundamental principle is that the recognition of revenue from contracts with customers must reflect:

- the rate at which performance obligations are fulfilled, corresponding to the transfer to a customer of control of a good or service.
- The amount to which the seller expects to be entitled as consideration for its activities.

The way in which transfer of control of a good or service is analysed is crucial, since that transfer determines the recognition of revenue.

The transfer of control of a good or service may take place continuously (revenue recognition on a progress towards completion basis) or on a specific date (recognition on completion).

The consolidated revenue of the Contracting business is recognised in accordance with IFRS 15. It includes the total of the work, goods and services generated by the consolidated subsidiaries pursuing their main activity.

In view of the main activities of Contracting business lines, 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 Group 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 Group only recognises that consideration from the time agreement is reached with the client.

To measure progress towards completion of construction and service contracts, the Group 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 Group determines whether it obtains control of that good or service before it is transferred to the client. Where control is obtained before transfer to the client, the Group recognises as revenue the gross amount to which it expects to be entitled to in exchange. Where control is not obtained, the Group 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 Group had not won the contract is recognised as an asset where it is recoverable and amortised over the estimated contract term.

1. Accounting policies (continued)

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 and are ongoing at the year end.

Construction contract receivables

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 a firm agreement with the client, but when assessing anticipated losses on major contracts a prudent and reasonable estimate of claims may be taken into account.

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

Inventories
Inventories are stated at the lower of cost and estimated net realisable value.

Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

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.

Impairment
The carrying amounts of the Group's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

1. Accounting policies (continued)

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. The recoverable amounts are determined from value in use calculations of the cash generating units (CGUs) using cash flow projections based on the latest Board approved projection. The main assumptions for each CGU, which relate to sales volume, cost changes and working capital requirements, are based on recent history and expectations of future changes in the market. The discount rate applied to the cash flow forecast is based on a VINCI determined post-tax weighted average cost of capital of 6.8% (2018: 6.2%).

An impairment is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

1. Accounting Policies (continued)

Employee benefits (continued)

Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Following the adoption of IAS 19(R) from 1st January 2013 all actuarial gains and losses are immediately recognised in the year they occur directly into equity through the statement of comprehensive income.

In accordance with Group policy, subsidiary undertakings continue to record the actual contributions that they make in the year.

Share-based payment transactions

Performance shares are granted to certain Group 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 measured at grant date and spread over the period during which 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 that vest, except where forfeiture is due only to share prices not achieving the threshold for vesting.

Group employees are offered the opportunity to subscribe to the Castor International Savings Scheme. This enables employees to invest in the equity capital of the ultimate Parent Company, VINCI SA. Further details are provided in note 17.

Investments in debt and equity securities for the company financial statements

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment. Financial instruments held for trading or designated upon initial recognition or at the IAS 39 transition date if later are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

1. **Accounting policies (continued)**

Intangible assets

Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities. In respect of business acquisitions that have occurred since January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

In respect of acquisitions prior to January 2004 (the effective date of IFRS 3), goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Negative goodwill arising on an acquisition is recognised directly in profit or loss.

Other intangible assets that are acquired by the Group, with the exception of brand names, are stated at cost less accumulated amortisation and impairment losses. Brand name assets are stated at cost less any accumulated impairment losses. They are not amortised but are tested annually for impairment.

Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1st January 2010 (the effective date of the revision to IFRS 3)
For acquisitions on or after 1st January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.
On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at the fair value at the acquisition date.

Acquisitions prior to 1st January 2010 (the effective date of the revision to IFRS 3)
For acquisitions prior to 1st January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

1. **Accounting policies (continued)**

Business combinations (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with business combinations are expensed as incurred.

Jointly controlled entities and associates
The Group's share of joint ventures and associates is included on one line in the consolidated income statement, in either operating or financial income, depending on the nature of the profit. The Group's share of the results of these companies has been included within operating profit in the consolidated income statement. In the consolidated balance sheet, the interests in joint ventures and associates are included as the Group's share of the net assets of joint ventures and associates plus goodwill on acquisition less related amortisation and impairment write-downs.

Jointly controlled operations

Where a Group company is party to a jointly controlled operation, that company proportionately accounts directly for its share of the income and expenditure, assets, liabilities and cash flows on a line by line basis. Such arrangements are reported in the consolidated financial statements on the same basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Certain land and buildings are carried at values that reflect previous revaluations prior to 1 January 2004, the date of transition to adopted IFRSs. These are measured on the basis of deemed cost, being the revalued amount on the date of that revaluation. The valuation has not been updated since 31st March 1989.

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of recognised income and expenditure. No depreciation is provided on freehold land. The principal anticipated useful lives on a straight line basis are:

Freehold buildings	- twenty-five years
Leasehold buildings	- the shorter of twenty-five years or remaining life of lease
Computer, Fixtures and fittings and Plant and machinery	-from two to fifteen years
Motor vehicles	-from three to five years

Capital Management
The Group is funded by ordinary shares, retained profits and its net cash balance (as disclosed in notes 18 and 19). The Group's objectives when managing its capital are to maintain its ability to operate as a going concern, provide a return to shareholders and maximise the return on its positive cash balance. Typically, the Group's construction business generates sufficient cash to meet its operational needs.

The Group monitors its current asset ratio closely as it gives a good measure of liquidity. This ratio is calculated as current assets divided by current liabilities.

If necessary, to change its capital structure, the Group may adjust dividend payments, return capital or issue new shares to its shareholders.

1. **Accounting policies (continued)**

Expenses

Operating lease payments

Payments made under leases with terms less than 12 months or relating to low value assets are regarded as operating leases and are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised over the lease term.

Net financing costs

Net financing costs comprise interest payable, financial elements of pensions, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested and loans receivable from equity accounted investees, dividend income, foreign exchange gains and losses and gains and losses on hedging instruments that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

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 of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. **Accounting policies (continued)**

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations are translated at the exchange rate at the year end. The income and expenses of foreign operations are translated at the date of the transactions.

Foreign currency differences are recognised in the statement of comprehensive income, and presented in the translation reserve in equity.

2. **Segmental reporting**

The segmental reporting is based on the Group's main divisional operations as follows:
- Building
- Civil Engineering
- Facilities
- Development and PFI (DPFI)

In addition, the Group operates an 'other activities' segment. The other activities segment includes the manufacturing of surfacing solutions, technology, the remaining international business and the Group's supply of central services (i.e. insurance, fleet, property, plant) to the other divisions. None of these individual activities meet any of the quantitative thresholds for determining reportable segments. Trading between segments is carried out on an arm's length basis.

The Group's activities are primarily within the UK. Therefore, no geographical segmental analysis is presented. The Chief operating decision maker for the segments is the management Board of VINCI Construction UK Limited. Information regarding the results of each reportable segment is included below.

Income statement
Group 2019

	Building	Civil Engineering	Facilities	DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Gross revenue	428,810	164,539	303,114	11,824	9,622	917,909
Less inter segment revenue	-	-	(7,986)	-	(760)	(8,746)
Consolidated revenue	428,810	164,539	295,128	11,824	8,862	909,163
Operating profit/(loss) before goodwill impairment	8,776	1,611	8,632	1,008	(2,326)	17,701
Financial income	17	92	5	-	8,714	8,828
Financial expenses	(23)	(12)	(39)	-	(9,394)	(9,468)
Profit/(loss) before taxation	8,770	1,691	8,598	1,008	(3,006)	17,061
Taxation	-	-	-	-	146	146
Depreciation and amortisation	(272)	(402)	(588)	-	(11,525)	(12,787)

2. **Segmental reporting** (continued)

Income statement
Group 2018

	Building	Civil Engineering	Facilities	DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Gross revenue	401,021	213,432	253,196	2,866	11,752	882,267
Less inter segment revenue	-	-	(8,309)	-	(694)	(9,003)
Consolidated revenue	401,021	213,432	244,887	2,866	11,058	873,264
Operating profit/(loss) before goodwill impairment	12,517	(13,601)	7,851	3,591	2,420	12,778
Financial income	-	6	2	-	8,810	8,818
Financial expenses	-	-	(9)	-	(8,193)	(8,202)
Profit/(loss) from sale of investments	-	-	-	-	448	448
Profit/(loss) before taxation	12,517	(13,595)	7,844	3,591	3,485	13,842
Taxation	-	-	-	-	(923)	(923)
Depreciation	-	-	(550)	-	(1,718)	(2,268)

Balance sheet
Group 2019

	Building	Civil Engineering	Facilities	DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Intangible assets	12,281	56,396	24,705	-	176	93,558
Property, plant and equipment	-	-	1,572	-	9,218	10,790
Right -of-use asset	696	288	651	-	22,643	24,278
Elimination of shares	(13,719)	(62,270)	(52,502)	(3,000)	131,491	-
Investments accounted for using the equity accounting method	-	(229)	-	7,607	-	7,378
Other non-current assets	27	(35)	16	863	12,225	13,096
Current assets	212,182	265,635	155,962	49,637	(234,580)	448,836
Total assets	211,467	259,785	130,404	55,107	(58,827)	597,936
Current liabilities	217,198	268,436	100,858	24,611	(179,093)	432,010
Non-current liabilities	31,404	204,578	1,792	6,500	(168,942)	75,332
Total liabilities	248,602	473,014	102,650	31,111	(348,035)	507,342
Total equity	(37,135)	(213,229)	27,754	23,996	289,208	90,594

Balance sheet
Group 2018

	Building	Civil Engineering	Facilities	DPFI	Other	Total
	£000	£000	£000	£000	£000	£000
Intangible assets	12,281	56,396	24,805	-	176	93,658
Property, plant and equipment	-	-	923	-	9,157	10,080
Elimination of shares	(263,144)	(52,593)	(52,502)	(3,000)	371,239	-
Investments accounted for using the equity accounting method	-	120	-	7,973	-	8,093
Other non-current assets	1,420	-	3	871	8,395	10,689
Current assets	328,902	176,862	146,996	37,535	(191,172)	499,123
Total assets	79,459	180,785	120,225	43,379	197,795	621,643
Current liabilities	101,993	227,611	99,939	20,907	44,910	495,360
Non-current liabilities	31,000	154,500	1,502	-	(149,169)	37,833
Total liabilities	132,993	382,111	101,441	20,907	(104,259)	533,193
Total equity	(53,534)	(201,326)	18,784	22,472	302,054	88,450

3. **Breakdown of expenses by nature**

Group

Included in profit are the following:	2019 £000	Restated 2018 £000
Employee benefit expenses (see 5(i))	160,748	153,666
Short term operating leases - plant and machinery	45,113	31,558
Short term operating leases - other	295	9,559
Depreciation of tangible assets	12,687	2,268
Amortisation of goodwill	100	100
Loss on disposal of property, plant and equipment	177	57
Auditors' remuneration - audit of these financial Statements	280	253
-non-audit fees	-	24

Company

Auditors' remuneration - audit of these financial statements	1	22

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

4. **Other operating income**

	2019 £000	2018 £000
Income received and receivable from joint ventures involved in development activity	1,288	2,516

5. **Employees**

Group

(i) Staff costs during the year amounted to:

	2019 £000	2018 £000
Wages and salaries	136,958	132,389
Social security costs	13,742	13,680
Reorganisation and redundancy costs	434	671
Pension costs – defined contribution scheme	6,778	6,168
– defined benefit scheme	600	(1,307)
Share based payments (see note 17)	2,236	2,065
	160,748	153,666

5. **Employees** (continued)

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

	2019 No.	2018 No.
Management	110	110
Supervision	810	810
Administration	676	676
Operations	1,956	1,854
	3,552	3,450

6. **Directors' remuneration**

	2019 £000	2018 £000
Emoluments	-	1,244
Pension costs - defined contribution	-	20
	-	1,264

None of the directors received remuneration relating to their service as Directors of VINCI PLC during 2019. None of the current directors (2018: none) are accruing benefits under the Group defined benefit plans and none (2018: one) is accruing benefits under the defined contribution plan. Directors' emoluments disclosed above include the following:

	2019 £000	2018 £000
Highest paid Director		
Emoluments	-	515

The defined contribution pension scheme costs relating to the highest paid director were £nil (2018: £nil). The annual pension accruing to the highest paid director under the Group defined benefit scheme is £nil (2018: £nil).

None of the Directors of the Group and Company exercised share options in 2019 (2018: none). The value of the compensation to directors in share based payments in 2019 was £nil (2018: £430,000).

7. Finance income and expense

	2019 £000	2019 £000	2018 £000	2018 £000
Other financial income and similar income:				
Return on pension assets	7,192		7,172	
Bank interest	1,522		1,062	
Foreign exchange gains	114		584	
Total financial and similar income		8,828		8,818
Financial expenses and similar charges:				
Interest on pension obligation		(8,114)		(8,057)
Foreign exchange losses		(579)		(145)
Finance lease liability		(775)		-
Total financial and similar charges		(9,468)		(8,202)
Net financial (expenses)/income		(640)		616

8. Taxation

Recognised in income statement:

	2019 £000	2018 £000
Current tax:		
UK corporation tax on profit for the year	(1,308)	(1,142)
Adjustments in respect of previous years	1,554	269
Total current tax	246	(873)
Deferred tax - origination and reversal of timing differences	(8)	(397)
Changes in tax rates	30	(68)
Adjustments in respect of previous years	(122)	415
Tax credit/(charge) on profit on ordinary activities	146	(923)

8. **Taxation** (continued)

Reconciliation of effective tax rate

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2019 £000	2018 £000
Profit on ordinary activities before taxation	17,061	13,842
Theoretical tax at UK corporation tax rates 19% (2018: 19%)	(3,242)	(2,630)
Effects of:		
Income not taxable/Expenditure not tax deductible	397	(711)
Adjustment for tax rate differences	30	(69)
Current year losses not recognised/ losses brought forward for which there was no deferred tax	1,529	454
Other adjustments in respect of prior years	1,432	684
Dividend income not taxable	-	1,349
Actual total taxation credit/(charge)	146	(923)

The tax rate of 19% (effective from 1 April 2017) and reduction to 18% (effective 1 April 2020) were substantively enacted on 20 October 2015, an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2019 has been calculated based on these rates.

9. Intangible assets

Group

	Goodwill	Brand name	Custome r list	Total
	£000	£000	£000	£000
Cost				
At 1st January 2018	102,951	28,253	3,245	134,449
Acquisition	-	-	-	-
Balance at 31st December 2018	102,951	28,253	3,245	134,449
At 1st January 2019	102,951	28,253	3,245	134,449
Acquisition	-	-	-	-
Balance at 31st December 2019	102,951	28,253	3,245	134,449
Impairment losses and amortisation				
At 1st January 2018	31,916	5,530	3,245	40,691
Amortisation charge for the year	100	-	-	100
Balance at 31st December 2018	32,016	5,530	3,245	40,791
At 1st January 2019	32,016	5,530	3,245	40,791
Amortisation charge for the year	100	-	-	100
Balance at 31st December 2019	32,116	5,530	3,245	40,891
Net book value				
At 31st December 2018	70,935	22,723	-	93,658
At 31st December 2019	70,835	22,723	-	93,558

With the exception of goodwill relating to the facilities management joint venture acquired in 2002, all goodwill was amortised over 20 years. Following the adoption of IFRSs, goodwill is no longer amortised over 20 years but tested annually for impairment. The goodwill relating to the facilities management joint venture has been amortised over the remaining life of the contract of 58 months from acquisition and is now fully amortised.

On 31st March 2017, the Group acquired 50% of the ordinary share capital of VINCI Facilities Partnerships Limited (VFPL), formerly VINCIMouchel Limited, to bring its total holding in the Company to 100%. VFPL delivers property services under a single contract. As the fixed term of on this contract expires in 2020, the contract right intangible asset acquired of £286,000 is being written off over three years.

9. **Intangible assets** (continued)

The customer list values for all intangible assets were fully amortised in prior years.
In assessing the indefinite useful life of the brand names, due consideration is given to existing longevity of the various VINCI PLC brands, the indefinite life cycle of the construction industry in which the brands operate and the expected usage of the brand names in the future.

For the purpose of impairment testing, intangible assets are allocated to the Group's operating divisions as reported in Note 2. The key assumptions are sustained activities at the current level for the next five years at a conservative profit margin based on Board approved projections, and a post-tax discount rate of 6.8% (2018: 6.2%). Sensitivity analysis has been undertaken on each intangible asset impairment review, by changing the discount rate, growth rate and profit margins. None of these sensitivities resulted in the receivable amount of the intangible asset being reduced below its current carrying value. The aggregate carrying amount of intangible assets allocated to each reporting segment is as follows:

	Goodwill 2019 £000	Brand name 2019 £000	Total 2019 £000	Goodwill 2018 £000	Brand name 2018 £000	Total 2018 £000
Building	12,281	-	12,281	12,281	-	12,281
Civil Engineering	33,896	22,500	56,396	33,896	22,500	56,396
Facilities	24,482	223	24,705	24,582	223	24,805
Other	176	-	176	176	-	176
	70,835	22,723	93,558	70,935	22,723	93,658

Impairment loss

2019 and 2018

Recoverable values arising from impairment testing were in excess of allocated carrying values for all Cash Generating Units, and as such no impairment losses were recognised in either 2019 or 2018.

Goodwill in respect of acquisitions made prior to January 1998 is not treated as an intangible asset and was eliminated at the time of acquisition against Group reserves. The cumulative amount of such goodwill was:-

	2019 £000	2018 £000
Positive goodwill eliminated against reserves	1,400	1,400
Negative goodwill added to reserves	(3,227)	(3,227)
	(1,827)	(1,827)

10. **Property, plant and equipment**

Group

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Computer systems, fixtures and fittings £000	Total £000
Cost or valuation:					
At 1st January 2018	12,076	5,615	763	12,012	30,466
Additions	979	64	84	1,565	2,692
Disposals	-	-	(416)	(566)	(982)
Effect of exchange rate movements	-	6	-	10	16
At 31st December 2018	13,055	5,685	431	13,021	32,192
Cost or valuation:					
At 1st January 2019	13,055	5,685	431	13,021	32,192
Additions	792	53	28	1,721	2,594
Disposals	(128)	(575)	(167)	(7,331)	(8,201)
Effect of exchange rate movements	-	(2)	-	(3)	(5)
At 31st December 2019	13,719	5,161	292	7,408	26,580
Depreciation:					
At 1st January 2018	4,527	4,169	538	11,335	20,569
Charged	655	46	22	1,545	2,268
Disposals	-	-	(218)	(523)	(741)
Effect of exchange rate movements	-	6	-	10	16
At 31st December 2018	5,182	4,221	342	12,367	22,112
Depreciation					
At 1st January 2019	5,182	4,221	342	12,367	22,112
Charged	274	49	16	1,339	1,678
Disposals	(128)	(575)	(133)	(7,159)	(7,995)
Effect of exchange rate movements	-	(2)	-	(3)	(5)
At 31st December 2019	5,328	3,693	225	6,544	15,790
Net Book Value					
At 31st December 2018	7,873	1,464	89	654	10,080
At 31st December 2019	8,391	1,468	67	864	10,790

10. Property, plant and equipment (continued)

Company	Plant and machinery £000	Computer systems, fixtures and fittings £000	Motor Vehicles £000	Total £000
Cost:				
At 1st January 2018	310	12,455	13	12,778
Additions	-	1,194	-	1,194
Disposals	-	(563)	-	(563)
At 31st December 2018	310	13,086	13	13,409
At 1st January 2019	310	13,086	13	13,409
Additions	2	1,505	-	1,507
Change in accounting method	-	-	-	-
Disposals	-	(6,802)	(13)	(6,815)
At 31st December 2019	312	7,789	-	8,101
Depreciation:				
At 1st January 2018	284	10,591	9	10,884
Charged	14	1,402	-	1,416
Disposals	-	(520)	-	(520)
At 31st December 2018	298	11,473	9	11,780
At 1st January 2019	298	11,473	9	11,780
Charged	14	1,149	-	1,163
Change in accounting method	-	-	-	-
Disposals	-	(6,630)	(9)	(6,639)
At 31st December 2019	312	5,992	-	6,304
Net book value:				
At 31st December 2018	12	1,613	4	1,629
At 31st December 2019	-	1,797	-	1,797

10 (a). **Right-of-use**

Group

	Buildings £000	Vehicles £000	Total £000
Cost or valuation:			
At 1st January 2019	-	-	-
Additions	302	7,883	8,185
Change in accounting method	8,494	18,608	27,102
Disposals	(43)	(955)	(998)
At 31st December 2019	8,753	25,536	34,289
Depreciation:			
At 1st January 2019	-	-	-
Charged	2,038	8,971	11,009
Disposals	(43)	(955)	(998)
At 31st December 2019	1,995	8,016	10,011
Net Book Value			
At 31st December 2019	6,758	17,520	24,278

10(a). **Right-of use (continued)**

Company	Buildings	Total
	£000	£000
Cost or valuation:		
At 1st January 2019	-	-
Additions	-	-
Change in accounting method	5,919	5,919
Disposals	-	-
At 31st December 2019	5,919	5,919
Depreciation:		
At 1st January 2019	-	-
Charged	-	-
Change in accounting method	979	979
Disposals	-	-
At 31st December 2019	979	979
Net book value:		
At 31st December 2019	4,940	4,940

11. **Investments**

Movements in the investments in jointly controlled entities are as follows:

	Shares in jointly controlled entities £000	Loans to jointly controlled entities £000	Post-acquisition reserves £000	Total £000
At 1st January 2018	290	7,327	7,315	14,932
Profits for the year	-	-	1,865	1,865
Additions	-	285	-	285
Repayments	-	(1,889)	-	(1,889)
Paid as Dividends	-	-	(7,100)	(7,100)
At 31st December 2018	290	5,723	2,080	8,093
At 1st January 2019	290	5,723	2,080	8,093
Loss for the year	-	-	(345)	(345)
Repayments	-	(370)	-	(370)
At 31st December 2019	290	5,353	1,735	7,378

The Group owns 50% of the ordinary shares of VINCI Environment UK Limited which commenced trading in 2009 and is incorporated in the UK. This investment is accounted for using the equity accounting method. The Group's share of the loss of VINCI Environment UK Limited is £237,000 (2018: £133,000 loss).

Through VINCI UK Developments Limited, the Group owns 50% of the ordinary shares of VSM Estates Limited but the Group is only entitled to 25% of this company's profits. Due to the profit-sharing arrangement, VSM Estates Limited has been accounted for as a 25% equity investment. The Group's share of the profit from VSM Estates Limited of £nil (2018: £2,000,000) has been included within the operating result.

The Group also owns 50% of the ordinary shares and profits of VSM (NCGM) Limited. The Group's share of the profit from VSM (NCGM) Limited of £nil (2018: £nil), has been included on a separate line within share of profits from equity accounted entities.

The Group also owns 50% of the ordinary shares and profits of VSM Estates (Uxbridge) Limited. No share of profit or loss has been recognised with regards to this entity in either the current or previous year. During 2019 there was a £370,000 repayment towards the loan to VSM Estates (Uxbridge) Limited.

The Group has a 50% interest in John Jones (Excavation) Limited. This is accounted for using the equity accounting method. The Group's share of the result of John Jones (Excavation) Limited, a loss of £108,000 (2018: £2,000 loss) is included on a separate line within the operating result.

Except where stated otherwise all the Group's equity accounted investments were incorporated in the UK.

Details of all jointly controlled entities and operations in which the group is involved are given on page 89.

Summary financial information on jointly controlled entities – 100 percent:

	Non-current assets £000	Current assets £000	Current liabilities £000	Non-current liabilities £000	Income £000	Expenses £000
2019						
John Jones (Excavation) Limited	-	243	-	-	42	(259)
VSM Estates Limited	-	22,995	(13,995)	-	-	-
VSM Estates (Uxbridge) Limited	-	48,958	(26,268)	(22,690)	-	-
VSM (NCGM) Limited	68,950	94,506	(6,424)	(157,032)	-	-
VINCI Environment UK Limited	-	2,878	(3,572)	-	(1,210)	736
2018						
John Jones (Excavation) Limited	-	595	(135)	-	600	(602)
VSM Estates Limited	-	41,616	(32,616)	-	8,000	-
VSM Estates (Uxbridge) Limited	-	43,547	(20,858)	(22,687)	-	-
VSM (NCGM) Limited	15,800	162,820	(1,643)	(176,977)	-	-
VINCI Environment UK Limited	-	4,596	(4,816)	-	1,899	(2,165)

VSM Estates Limited, VSM Estates (Uxbridge) Limited and VSM (NCGM) Limited are involved in the development and sale of real estate. VINCI Environment UK Limited is involved in civil engineering projects. VINCI Facilities Partnerships Limited has been established for the provision of facilities management services. Under the above joint ventures, the Group has commitments of £nil (2018: £nil) that have been contracted but not provided for in the financial statements.

11. **Investments** (continued)

Company
This comprises shares in Group undertakings:

	Total
Cost:	£000
At 1st January 2018 - Restated (i)	349,656
Increase	2,275
At 31st December 2018 – Restated (i)	351,931
At 1st January 2019	351,931
Increase	-
At 31st December 2019	351,931
Provisions for impairment:	
At 1st January 2018 – Restated (i)	183,047
Increase in the year	-
At 31st December 2018 – Restated (i)	183,047
At 1st January 2019	183,047
Increase in the year	-
At 31st December 2019	183,047
Net book value:	
At 31st December 2018	168,884
At 31st December 2019	168,884

(i) The opening cost and depreciation figures have been reduced by £10,243,000 as disposals were omitted in error, in earlier periods. These disposals were all fully written down and so there is no impact on the net book value.

12. Other investments

Group	2019 £000	2018 £000
Loan	481	481
Equity securities	13	13
	494	494

These investments are accounted for at cost, as less than 20% of the shares were acquired and no significant influence or control exists.

The equity securities represent a 12.5% interest in the Tramlink Nottingham PFI project via Tramlink Nottingham (Holdings) Limited.

13. Inventories

Group	2019 £000	2018 £000
Raw materials and consumables	369	358
Items for resale	-	12
	369	370

14. Trade and other receivables

Group	2019 £000	2018 £000
Trade receivables	45,504	53,115
Amounts recoverable on contracts	114,222	119,386
Unpaid share capital	20,000	20,000
Due from parent and fellow subsidiary undertakings	24,012	7,403
Other receivables	10,957	11,653
Prepayments and accrued income	14,848	11,911
	229,543	223,468

14. Trade and other receivables (continued)

Company	2019 £000	2018 £000
Trade receivables	126	123
Due from parent and fellow subsidiary undertakings	22,752	333
Unpaid share capital	20,000	20,000
Other receivables	41	1,199
Prepayments and accrued income	1,596	1,469
	44,515	23,124

At 31st December 2019, trade receivables for the group include retentions of £25,362,000 (2018: £21,738,000) relating to construction contracts.

Included within trade and other receivables is retentions of £13,639,000 (2018: £10,035,000) for the Group and £nil (2018: £nil) for the Company of which £12,388,000 is expected to be recovered in more than 1 year but not more than 2 years and £1,251,000 is between two and five years.

Amounts recoverable on contracts represents unbilled amounts and includes amounts arising from changes to the scope of works that have been recognised as revenue but not yet billed to the customer. Amounts recoverable, as with other working capital balances such as accruals, vary depending on the nature of timing of the works being undertaken on current contracts. There were no significant one-off factors outside of trading in the year.

The Directors consider that the carrying amounts of trade and other receivables approximate to their fair value at 31st December 2019. Total trade and other receivables are stated net of the provisions for irrecoverable amounts of nil (2018: £nil).

14. Trade and other receivables (continued)

Trade receivables, other receivables and accrued income are analysed as follows:

Group

	2019 Corporate £000	2019 Public sector £000	2018 Corporate £000	2018 Public sector £000
Not overdue	212,691	199	212,901	940
Between 1 to 3 months past due	10,639	-	-	-
Between 3 and 6 months past due	941	-	-	-
More than 6 months past due	5,073	-	9,627	-
At 31st December	229,344	199	222,528	940

Company

	2019 Corporate £000	2019 Public sector £000	2018 Corporate £000	2018 Public sector £000
Not overdue	44,515	-	23,124	-
Between 1 to 3 months past due	-	-	-	-
Between 3 and 6 months past due	-	-	-	-
More than 6 months past due	-	-	-	-
At 31st December	44,515	-	23,124	-

15. Trade and other payables

Group	2019 £000	2018 £000
Trade payables	37,535	46,184
Due to parent and fellow subsidiary undertakings	1,909	45,796
Other taxation and social security	7,672	14,283
Other payables	33,337	27,744
Contract provisions	57,645	50,859
Accruals	200,108	231,914
Payments on account	72,114	67,433
	410,320	484,213

Company	2019 £000	2018 £000
Due to parent and fellow subsidiary undertakings	18,350	63,368
Other taxation and social security	1,171	1,681
Other payables	4,255	2,606
Accruals	3,520	8,877
	27,296	76,532

Trade payables at 31st December 2019 for the Group include retentions on construction contracts of £29,630,000 (2018: £31,180,000). The retentions are included within trade payables as they are within normal operating cycles.

Included within trade and other payables is £16,114,000 (2018: £19,948,000) for the Group and £nil (2018: £nil) for the Company expected to be payable as follows:

	£000
In more than one year but not more than two years	5,757
In more than two years but not more than five years	10,148
In more than five years	208
	16,114

15. Trade and other payables (continued)

Contract Provisions	1st January £000	Provisions taken £000	Provisions used £000	Other reversals £000	Change in scope £000	31st December £000
2019	50,859	33,114	(26,328)	-	-	57,645
2018	62,652	21,117	(7,310)	(25,431)	(169)	50,859

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

15 (a) Other interest-bearing loans and borrowings

Group	2019 Current £000	2019 Non-current £000	2018 Current £000	2018 Non - current £000
Loan from related parties	10,500	6,500	8,500	-

The loan from related parties is split as follows: -
£17,000,000 (2018: £8,500,000) shareholder loan granted by VSM (NCGM) Ltd to VINCI UK Developments Limited. The group owns 50% of VSM (NCGM) Ltd.
£10,500,000 of this loan is payable by the 1st of January 2021 in current liabilities.
The final balance of £6,500,000 of this loan is payable by the 1st of January 2022 in non-current liabilities. The interest is payable at a rate of 2.5% per annum.

16. Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	1,725	1,900	-	-	1,725	1,900
Employee benefits	8,988	6,155	-	-	8,988	6,155
Other temporary differences	-	-	(951)	(700)	(951)	(700)
Losses	2,840	2,840	-	-	2,840	2,840
Tax assets / (liabilities)	13,553	10,895	(951)	(700)	12,602	10,195

The group also has tax losses of £187.3m as at 31st December 2019 (2018: £200.1m) which have not been recognised as these may only be set against certain profits arising in specific subsidiaries in future accounting years. Consequently, the group has unrecognised deferred tax assets of £31.8m as at 31st December 2019 (2018: £34.0m).

Movement in deferred tax during the prior year

	1 January 2018	Recognised in income	Recognised in equity	31 December 2018
	£000	£000	£000	£000
Property, plant and equipment	2,257	(357)	-	1,900
Employee benefits	5,793	(374)	736	6,155
Other temporary differences	(989)	289	-	(700)
Losses	2,840	-	-	2,840
Share options	-	392	(392)	-
	9,901	(50)	344	10,195

16. Deferred tax assets and liabilities – Group (continued)

Movement in deferred tax during the year

	1 January 2019 £000	Recognised in income £000	Recognised in equity £000	31 December 2019 £000
Property, plant and equipment	1,900	(175)	-	1,725
Employee benefits	6,155	(99)	2,932	8,988
Other temporary differences	(700)	(251)	-	(951)
Losses	2,840	-	-	2,840
Share options	-	425	(425)	-
	10,195	(100)	2,507	12,602

Recoverability of Deferred tax

	No more than 12 months £000	More than 12 months £000	Total £000
Property, plant and equipment	252	1,473	1,725
Employee benefits	259	8,729	8,988
Other temporary differences	(153)	(798)	(951)
Losses	-	2,840	2,840
	358	12,244	12,602

16. Deferred tax assets and liabilities – Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	1,467	1,654	-	-	1,467	1,654
Other temporary differences	-	-	-	-	-	-
Employee benefits	8,988	6,155	-	-	8,988	6,155
Share options	-	-	-	-	-	-
Tax assets	10,455	7,809	-	-	10,455	7,809

Movement in deferred tax during the prior year

	1 January 2018 £000	Recognised in income £000	Recognised in equity £000	31 December 2018 £000
Property, plant and equipment	1,960	(306)	-	1,654
Other temporary differences	-	-	-	-
Employee benefits	5,750	(434)	839	6,155
Share options	-	13	(13)	-
	7,710	(727)	826	7,809

Movement in deferred tax during the year

	1 January 2019 £000	Recognised in income £000	Recognised in equity £000	Transferred in £000	31 December 2019 £000
Property, plant and equipment	1,654	(187)	-	-	1,467
Other temporary differences	-	-	-	-	-
Employee benefits	6,155	(99)	2,901	31	8,988
Share options	-	15	(15)	-	-
	7,809	(271)	2,886	31	10,455

The deferred tax is calculated at a rate of 17% (2018:17%).

16. Deferred tax assets and liabilities -Company (continued)
Recoverability of Deferred tax

	No More than 12 months £000	More than 12 months £000	Total £000
Property, plant and equipment	164	1,303	1,467
Employee benefits	259	8,729	8,988
	423	10,032	10,455

17. Employee Benefits

Pensions for the majority of monthly paid staff are provided through the VINCI Pension Trust (VPT). A very small number of employees are members of a defined benefit scheme, the VINCI NHS Pension Scheme (VNHSPS). The Group also runs a defined benefit scheme which is closed to future accrual, the VINCI Pension Scheme (VPS).

The VPT is a defined contribution occupational pension scheme, run as a Mastertrust arrangement by Legal & General. Contributions are invested on behalf of the members in accordance with their investment wishes or a selected default strategy. At retirement, members can choose to take their fund as cash, drawn down directly from the fund or purchase an annuity.

Twenty nine employees are members of the VNHSPS. The latest full valuation of the scheme was carried out at 31 December 2015 and was updated for IAS19(R) purposes to 2019 by a qualified actuary. The VNHSPS was transferred to VINCI Construction UK Limited in 2009 as a result of a business acquisition. The VNHSPS' assets and liabilities were transferred into the VPS on the 31st of December 2019. This was done by aggregating the calculations of the net balance sheet liability of the VPS (pre-merger) with the net balance sheet of the VNHSPS using consistent assumptions in both schemes. As the merger took effect at close of business on the 31st December 2019, there is no impact on the VPS Income Statement charge for the year ended 31st December 2019, nor is there any impact on the remeasurement effects recognised in Other Comprehensive Income for the year ended 31st December 2019.

The VPS is an externally managed and funded defined benefit pension scheme. The VPS operates under UK trust law and is managed and administered on behalf of its members in accordance with the terms of the trust deed, the scheme rules and UK legislation (principally the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004). Under UK legislation a defined benefit pension scheme is required to meet the statutory funding objective of having sufficient and appropriate assets to cover its liabilities. Pension fund trustees are required to: prepare a statement of funding principles; obtain regular actuarial valuations and reports; put in place a recovery plan addressing any funding shortfall; and send regular summary funding statements to members of the scheme.The VPS's corporate trustee is VINCI Pensions Limited. VINCI Pensions Limited is the legal owner of the scheme assets which are held separately from the assets of the Group. The Board of VINCI Pensions Limited comprises two trustee directors nominated by members selected from eligible active staff or pensioner members and four appointed by VINCI PLC. The Board is responsible for operating the scheme in line with its formal rules and pensions law. It has a duty to act in the best interests of all scheme members.

17. **Employee benefits** (continued)

Risks associated with the company's defined benefit pensions:

Risk	Description	Mitigation
Interest rate risk	Volatility in financial markets can change the calculations of the obligation significantly as the calculation of the obligation is linked to yields on high quality corporate bonds. A decrease in the bond yield will increase the measure of plan liabilities.	A decrease in yields will be partially offset by increases in the value of matching plan assets such as index linked gilts and liability driven investments. Investment strategy is reviewed regularly and the Trustee is eventually looking to increase its hedged position to approximately 60%.
Inflation risk	The fund's benefit obligations are linked to inflation. A higher rate of expected long-terms inflation will therefore lead to higher liabilities.	The Trustee aims to mitigate inflation risk by holding a proportion of its investments in a liability-driven investment (LDI) portfolio and in inflation-linked bonds. In 2018 the Company also undertook a Retirement Transfer Option (RTO) exercise which reduced inflation sensitivity.
Investment risk	If the return on plan assets is below the discount rate, all else being equal, there will be an increase in the plan deficit.	This risk is partially managed by liability matching assets and the Trustee regularly monitors the funding position, operating a diversified investment strategy.
Longevity risk	The present value of the plans defined benefit liability is calculated by reference to the best estimate of the mortality of the plan participants. An increase in the life expectancy of plan participants above that assumed will increase the benefit obligation.	Liabilities reflect the latest mortality information available to actuaries by the CMI (Continuous Mortality Investigation).

The scheme was closed to future accrual on 31 August 2016. The last full valuation of the scheme was carried out at 31 December 2016 and was updated for IAS19(R) purposes to 2019 by a qualified actuary.

The information disclosed below is in respect of the defined benefit plans :

	Group and Company VPS 2019 £000	Group VNHSPS 2018 £000	Group and Company VPS 2018 £000
Total defined benefit liability	334,879	10,496	295,230
Total defined benefit asset	(282,966)	(10,496)	(260,595)
Net liability for defined benefit obligations (see following table)	51,913	-	34,635

17. **Employee benefits** (continued)
Group and Company - VINCI Pension Scheme (VPS)

Movement in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Balance at 1 January	295,230	304,988	260,595	271,009	34,635	33,979
Included in profit or loss						
Current service cost	120	116	-	-	120	116
Interest cost	7,825	7,789	6,903	6,918	922	871
Past service costs – PIE	-	(1,968)	-	-	-	(1,968)
	303,175	310,925	267,498	277,927	35,677	32,998
Included in OCI						
Remeasurements (gain)/loss:						
Actuarial (gain)/loss arising from						
- Changes in demographic Assumptions	(6,956)	(1,913)	-	-	(6,956)	(1,913)
- Change in financial assumptions	38,384	(4,345)	-	-	38,384	(4,345)
- Experience adjustment	176	4,935	-	-	176	4,935
Return on plan assets						
Excluding interest income	-	-	14,542	(6,255)	(14,542)	6,255
	334,779	309,602	282,040	271,672	52,739	37,930
Other						
Contributions paid by the employer	-	-	1,095	3,295	(1,095)	(3,295)
Benefits paid	(11,656)	(14,372)	(11,656)	(14,372)	-	-
Acquisition (VNHSPS)	11,756	-	11,487	-	269	-
Balance at 31 December	334,879	295,230	282,966	260,595	51,913	34,635

17. **Employee benefits** (continued)

Group and Company - VINCI NHS Scheme (VNHSPS)

Movement in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(assets)	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Balance at 1 January	10,496	10,073	10,496	9,579	-	494
Included in profit or loss						
Current service cost	480	545	-	-	480	545
Interest cost	289	268	289	254	-	14
	11,265	10,886	10,785	9,833	480	1,053
Included in OCI						
Remeasurements (gain)/loss:						
Actuarial (gain)/loss arising from						
- Changes in demographic assumptions	(1,182)	(302)	-	-	(1,182)	(302)
- Change in financial assumptions	1,219	(215)	-	-	1,219	(215)
- Experience adjustment	580	235	-	-	580	235
Return on plan assets						
Excluding interest income	-	-	416	343	(416)	(343)
Asset ceiling	-	-	19	(19)	(19)	19
	11,882	10,604	11,220	10,157	662	447
Other						
Contributions paid by the employer	-	-	393	447	(393)	(447)
Contributions paid by members	55	63	55	63	-	-
Benefits paid	(181)	(171)	(181)	(171)	-	-
Divestiture	(11,756)	-	(11,487)	-	(269)	-
Balance at 31 December	-	10,496	-	10,496	-	-

17. **Employee Benefits** (continued)

Actuarial assumptions
Principal actuarial assumptions (expressed as weighted averages):

	Group VNHSPS 2019 %	Group and Company VPS 2019 %	Group VNHSPS 2018 %	Group and Company VPS 2018 %
Discount rate - benefit obligations	1.85	1.85	2.70	2.70
Future salary increases	1.00	n/a	2.00	n/a
Inflation	3.25	3.25	3.25	3.25
Future pension increases (VNHSPS)				
-in payment	3.10	-	3.25	-
-in deferment	2.25	-	2.25	-
Future pension increases (VPS)				
- in payment (pre-1997 joiners)	-	3.40	-	3.40
- in payment (post-1997 joiners)	-	3.10	-	3.10
- in deferment	-	2.25	-	3.25

Life expectancy (years)	Group and Company (VPS) 31.12.19		31.12.18	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.3	23.2	21.8	23.7
Member age 50 (life expectancy at 65)	22.0	24.1	22.5	24.6

	Group (VNHSPS) 31.12.19		31.12.18	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.3	23.2	21.9	23.9
Member age 50 (life expectancy at 65)	22.0	24.1	22.9	25.0

Experience adjustments Group and Company – VPS

	2019 £000	%	2018 £000	%	2017 £000	%	2016 £000	%	2015 £000	%	2014 £000	%
Experience adjustments on plan liabilities	(176)	-	(4,935)	(2)	(2,630)	(1)	1,626	1	194	-	5,544	2
Experience adjustments on plan assets	14,542	5	(6,255)	(2)	11,584	4	17,068	6	512	-	17,167	7
	14,366		(11,190)		8,954		18,694		706		22,711	

17. **Employee Benefits** (continued)

Experience adjustments Group – VNHSPS

	2019 £000	%	2018 £000	%	2017 £000	%	2016 £000	%	2015 £000	%	2014 £000	%
Experience adjustments on plan liabilities	(580)	(5)	(235)	(2)	163	2	465	4	49	1	(94)	1
Experience adjustments on plan assets	416	4	343	3	77	1	752	8	(81)	(1)	303	4
	(164)		108		240		1,217		(32)		209	

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting year would have increased / (decreased) as a result of a change in the respective assumptions as follows:

	VPS 2019 £m	VPS 2018 £m	VNHSPS 2018 £m
Discount rate - 0.25% reduction	12.8	11.2	0.5
- 0.25% increase	(12.2)	(10.7)	(0.5)
Inflation (RPI, CPI)			
- 0.25% reduction	(9.1)	(9.8)	(0.4)
- 0.25% increase	9.4	10.2	0.3

In valuing the liabilities of the pension fund at 31st December 2019, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31st December 2019 would have increased by £14.6m (2018: £11.0m) before deferred tax for the Vinci Pension Scheme and by £0.4m in 2018 (2019: n/a) before deferred tax for the VINCI NHS Pension Scheme.

The above sensitivities are based on the average duration of the defined benefit obligation determined at the date of the last full actuarial valuations and are applied to adjust the defined benefit obligation at the end of the reporting year for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

The Company expects to pay £1,475,000 in contributions to its defined benefit plans in 2020. The weighted average duration of the defined benefit obligation at the end of the reporting year is 15.2 years.

Defined Contribution Plans

The Group operates a number of defined contribution plans. The total expense relating to these plans in the current year was £ 6,778,000 (2018: £6,168,000).

17. **Employee Benefits** (continued)

Performance Shares-Group and Company

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

Date of grant	Group		Company	
	No. of Employees	No. of Shares	No. of Employees	No. of Shares
17th April 2019	40	28,346	2	800
17th April 2018	37	27,346	2	800
20th April 2017	36	28,624	2	800
19th April 2016	26	27,326	-	-

On 19th April 2016, 20th April 2017, 17th April 2018 and 17th April 2019 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.

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.

The main assumptions used to determine the fair values of the performance shares currently in force are as follows:

Date of grant	Fair Value at Grant Date	Fair value compared with share price at grant date %	Risk-free interest rate %
17th April 2019	89.68	83.45	(0.40)
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:

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Equity settled share based payment expense	1,557	1,247	41	23

17. **Employee Benefits** (continued)

Castor International Savings Scheme

During 2019 and 2018 the VINCI PLC Group offered to its employees the Castor International Savings Scheme which enables employees through a trust fund, to invest in the equity capital of the parent company VINCI SA.

The principal characteristics of the plan are as follows:

-acquisition of VINCI shares purchased on the market on the subscription dates, without discount;
-seven successive subscription periods between April and October 2019 for the 2019 scheme;
-seven successive subscription periods between April and October 2018 for the 2018 scheme;
-financial contribution from the employer company in the form of matching shares (subject to a maximum) provided that:
-investing employees have continuing employment for a period of 3 years after acquisition;
-there is no disposal of shares for 3 years after the subscription date.

2019 Scheme		Group		Company	
Share purchase date	Share price (£)	No. of employees	No. of shares	No. of employees	No. of shares
15th May 2019	77.29	827	5,623	68	389
17th June 2019	81.21	725	2,614	63	265
15th July 2019	82.99	693	2,005	59	183
15th August 2019	87.14	693	1,859	57	159
16th September 2019	88.72	676	1,793	55	148
15th October 2019	87.45	691	2,123	54	184
15th November 2019	88.87	678	2,136	51	208

2018 Scheme		Group		Company	
Share purchase date	Share price (£)	No. of employees	No. of shares	No. of employees	No. of shares
15th May 2018	76.01	760	4,146	58	307
15th June 2018	76.34	590	1,499	47	102
16th July 2018	77.27	553	1,168	44	99
15th August 2018	74.86	550	1,198	43	92
17th September 2018	72.68	536	1,175	41	97
15th October 2018	69.19	498	1,095	39	107
15th November 2018	70.54	478	1,170	35	92

17. **Employee Benefits** (continued)

The charge for the year arising from the Castor International Savings Scheme has been calculated based on estimating the number of shares in the scheme which will ultimately vest. The calculation includes an estimate of the number of shares that will fail to vest due to scheme leavers. This estimate is based on actual employee data from 2012 to 2018.

The total amounts recognised are as follows:

	Group		Company	
	£000	£000	£000	£000
	2019	2018	2019	2018
Castor payment expense	679	818	41	48
Castor liability at year end	1,919	2,072	179	179

In the balance sheet employee benefits are made up as follows

	Group		Company	
	£000	£000	£000	£000
	2019	2018	2019	2018
Pensions	51,913	34,635	51,913	34,635
Share based payments	2,483	3,198	2,481	3,196
	54,396	37,833	54,394	37,831

18. Reconciliation of movement in capital and reserves

	Share capital	Capital redemption reserve	Translation reserve	(Accumulated losses)/retained earnings	Total equity
Group	£000	£000	£000	£000	£000
At 1st January 2018	270,456	300	(1,231)	(189,522)	80,003
Transactions with owners of the Company:					
Profit for the year	-	-	-	12,919	12,919
Other comprehensive expense	-	-	(728)	(3,590)	(4,318)
Equity settled transactions	-	-	-	238	238
Deferred tax recognised directly in equity	-	-	-	(392)	(392)
At 31st December 2018	270,456	300	(1,959)	(180,347)	88,450
At 1st January 2019	270,456	300	(1,959)	(180,347)	88,450
Transactions with owners of the Company:					
Profit for the year	-	-	-	17,207	17,207
Other comprehensive income/(expense)	-	-	467	(14,311)	(13,844)
Equity settled transactions	-	-	-	(794)	(794)
Deferred tax recognised directly in equity	-	-	-	(425)	(425)
At 31st December 2019	270,456	300	(1,492)	(178,670)	90,594

18. **Reconciliation of movement in capital and reserves** (continued)

	Share capital	Capital redemption rcscrvc	Other reserve	Retained earnings	Total equity
Company	£000	£000	£000	£000	£000
At 1st January 2018	270,456	300	10,657	(185,332)	96,081
Transactions with owners of the Company:					
Profit for the year	-	-	-	429	429
Other comprehensive expense	-	-	-	(4,093)	(4,093)
Equity settled transactions	-	-	-	(1,756)	(1,756)
Deferred tax recognised directly in equity	-	-	-	(13)	(13)
At 31st December 2018	270,456	300	10,657	(190,765)	90,648
At 1st January 2019	270,456	300	10,657	(190,765)	90,648
Transactions with owners of the Company:					
Profit for the year	-	-	-	5,571	5,571
Other comprehensive expense	-	-	-	(14,160)	(14,160)
Equity settled transactions	-	-	-	(2,949)	(2,949)
Deferred tax recognised directly in equity	-	-	-	(15)	(15)
At 31st December 2019	270,456	300	10,657	(202,318)	79,095

Share capital

VINCI PLC is a public company limited by shares.

At 31st December 2019, the authorised, allotted and called up share capital comprised 270,456,000 £1 ordinary shares (2018: 270,456,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital redemption reserve

The capital redemption reserve reflects the value of shares redeemed by the Company from distributable profits.

18. **Reconciliation of movement in capital and reserves** (continued)

Other reserves

The other reserve consists of a non-distributable reserve of £10,657,000 (2018: £10,657,000) that was created as a result of an inter group reorganisation to create a more efficient capital structure. This reserve is at company level only.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19. **Financial instruments**

Exposure to credit, liquidity and market risks arises in the normal course of the Group's and Company's business. The risks are regularly considered and the impact and how to mitigate them assessed.

Fair values of financial instruments

Trade receivables

The fair value of trade receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade payables

The fair value of trade payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then this is classified as a receivable.

19. **Financial instruments** (continued)

Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount and fair value 2019		Restated Carrying amount and fair value 2018	
	Group	Company	Group	Company
	£000	£000	£000	£000
Cash and cash equivalents	218,924	311,032	275,285	241,135
Trade receivables (note 14)	45,504	126	53,115	123
Total financial assets	264,428	311,158	328,400	241,258
Bank overdraft and equivalents	-	(437,041)	-	(296,690)
Trade and other payables (note 15)	(37,535)	-	(46,184)	-
Borrowings (note 15a)	(17,000)	-	(8,500)	-
Lease liabilities	(24,063)	(4,999)	-	-
Total financial liabilities	(78,598)	(442,040)	(54,684)	(296,690)
Net financial instruments	185,830	(130,882)	273,716	(55,432)

19. **Financial Instruments** (continued)

Group	1st January 2019 £000	Cashflow £000	Non cash IFRS16 £000	Change of Scope IFRS16 £000	31st December 2019 £000
Cash and cash equivalents	275,285	(56,361)	-	-	218,924
Borrowings due within one year	(8,500)	(2,000)	-	-	(10,500)
Borrowings due after one year	-	(6,500)	-	-	(6,500)
Lease liabilities due within one year	-	2,035	(1,996)	(9,666)	(9,627)
Lease liabilities due after one year	-	8,578	(6,189)	(16,825)	(14,436)
	266,785	(54,248)	(8,185)	(26,491)	177,861

Group	1st January 2018 £000	Cashflow £000	Non cash IFRS16 £000	Change of Scope IFRS16 £000	31st December 2018 £000
Cash and cash equivalents	210;283	65,002	-	-	275,285
Borrowings due within one year	(13,500)	5,000	-	-	(8,500)
Borrowings due after one year	(8,500)	8,500	-	-	-
Lease liabilities due within one year	-	-	-	(9,666)	(9,666)
Lease liabilities due after one year	-	-	-	(16,825)	(16,825)
	188,283	78,502	-	(26,491)	240,294

Company	1st January 2019 £000	Cashflow £000	Non cash IFRS16 £000	Change of Scope IFRS16 £000	31st December 2019 £000
Overdraft	(55,555)	(70,454)	-	-	(126,009)
Other borrowings due within one year	-	-	-	-	-
Other borrowings due after one year	-	-	-	-	-
Lease liabilities due within one year	-	(50)	-	(866)	(916)
Lease liabilities due after one year	-	883	-	(4,966)	(4,083)
	(55,555)	(69,621)	-	(5,832)	(131,008)

19. **Financial Instruments** (continued)

	1st January 2018	Cashflow	Non cash IFRS16	Change of Scope IFRS16	31st December 2018
Company	£000	£000	£000	£000	£000
Overdraft	(50,414)	(5,141)	-	-	(55,555)

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group or Company if a customer or company party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's or Company's receivables from customers and cash held at financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date for the Group was £264,428,000 (2018: £328,400,000) and for the Company was (£311,158,000) (2018: £(241,258,000)) being the total of the carrying amount of financial assets shown in the table above.

The Group has strict credit control procedures for accepting new customers, setting credit limits and dealing with overdue accounts.

An impairment loss provision against a trade receivable is created where it is anticipated that its value is not fully recoverable.

Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due.

The financial liabilities for the Group and the Company at 31st December 2019 comprise bank overdrafts/loans, related party loans and trade and other payables.

Bank overdrafts are utilised by Group companies to meet their local cash requirements. They are repayable on demand.

Trade and other payables shown as current liabilities are expected to mature within six months of the balance sheet date.

19. **Financial Instruments** (continued)

Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's or Company's income or the value of its holdings of financial instruments.

Interest rate risk

The Group and Company adopt a policy of ensuring that its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps are entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's and Company's policy. At 31st December 2019 the Group had no interest rate swaps with a notional contract amount (2018: £nil).

The Group and Company classify interest rate swaps as cash flow hedges and states them at fair value. The net fair value of swaps at 31st December 2019 was £nil (2018: £nil).

Foreign currency risk

The majority of the Group's and Company's operations are within the UK and so exposure to foreign currency risk is reduced. Where necessary, to minimise currency exposures on sale and purchase transactions, the Group and Company enter into forward foreign exchange contracts. There were no significant outstanding forward foreign exchange contracts at the balance sheet date.

20. **Capital commitments**

The Group and Company had no capital commitments at either 31st December 2019 or 31st December 2018.

21. **Operating leases**

The Group adopted IFRS 16 "Leases" on 1st January 2019. At 31st December 2018, operating lease commitments amounted to £38,297,000 including £15,320,000 relating to property and £22,977,000 relating to moveable items. The reconciliation between operating lease commitments and liabilities recognised on the balance sheet at 1st January 2019 is detailed in Note 1 "Change in accounting methods".

The Group has elected not to recognise a lease liability for short-term leases (leases of expected term 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 2019 the Company was committed to short-term leases and the total commitment at that date was £676,000.

22. Contingent liabilities

The Company and certain Group undertakings have entered into guarantees relating to bonds, in the normal course of business, from which no losses are expected to arise.

Joint banking facilities available to the Company, its parent undertaking and certain fellow subsidiary undertakings are secured by cross guarantee. At 31st December 2019, the net Group borrowings were £nil (2018: £nil).

23. Related party transactions

Group

Identity of related parties

The Group has a related party relationship with its subsidiaries (see pages 88 to 89) associates and joint ventures (see notes 11 and 12 and 15 (a)).

Associates and joint ventures

During the year ended 31st December 2019, associates and joint ventures purchased services from the Group in the amount of £24.6m (2018: £11.1m) and as at 31st December 2019 associates and joint ventures owed the Group £nil (2018: £nil). Transactions with associates and joint ventures are priced on an arm's length basis and are mainly for the provision of construction and facilities management services.

Transactions with key management personnel

There are no additional related party transactions with exception of the directors' remuneration (see note 6).

Other related party transactions

Companies under common control

During the year the Group purchased services from fellow subsidiaries of the ultimate parent company, VINCI for £6.1m (2018: £9.2m) and fellow subsidiaries purchased services from the Group in the amount of £9.3m (2018: £16.1m). Transactions with these companies are priced on an arm's length basis and are mainly for the provision of construction and central services such as fleet management. The immediate Parent Company, VINCI Construction charged the Group £4.2m (2018: £3.9m) in royalties and service fees.

At 31st December 2019 fellow subsidiaries owed the Group £2.5m (2018: £27.4m) and the Group owed £1.9m (2018: £45.8m) to fellow subsidiaries.

The Group and company have a cash deposit of £186.2m (2018: £179.1m) with the ultimate parent company, VINCI.

Company

Identity of related parties

The company has a related party relationship with its subsidiaries and its parent companies. During the year ended 31st December 2019, the company recharged £17.0 m (2018: £17.0m) in management fees and expenses to its subsidiaries.

The company also paid £0.1m (2018: £4.5m) in services purchased from subsidiaries and £4.2m (2018: £3.9m) in royalties and service fees paid to its parent company.

At 31st December 2019, the company was owed £61.7m (2018: £60.8m) by subsidiaries and related parties while subsidiaries and related parties were owed £20.8m (2018: £66m).

23. **Related party transactions (continued)**

Included within the £61.7m owed by subsidiary is £60.5m (2018: £60.5m).

24. **Post Balance Sheet Events**

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

25. **Ultimate parent undertaking**

The company is a subsidiary undertaking of Sogea Holdings UK Limited, incorporated in the United Kingdom. At 31st December 2019, the ultimate parent undertaking was VINCI, a company incorporated in France. This is the parent undertaking of VINCI Construction S.A.S, the holding company of the Construction division the smallest group in which the company are consolidated. VINCI Construction S.A.S is incorporated in France.

The registered address for the immediate parent company Sogea Holdings UK Limited, is Astral House, Imperial Way, Watford, Hertfordshire England WD24 4WW.

The largest group in which the results of the company are consolidated is that headed by VINCI.

Copies of the financial statements of the above Companies can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France.

VINCI PLC

Subsidiary undertakings, jointly controlled entities and jointly controlled operations
at 31st December 2019

A list of investments in subsidiaries, jointly controlled entities and jointly controlled operations is given below. Except where otherwise shown all subsidiaries, jointly controlled entities and jointly controlled operations are incorporated in Great Britain. All holdings are of ordinary shares and, except where shown, all subsidiary undertakings are 100% owned and jointly controlled entities and jointly controlled operations are 50% owned.

The registered office address for all undertakings in the United Kingdom, except where detailed below is Astral House, Imperial Way, Watford Hertfordshire WD24 4WW

Construction
VINCI Construction UK Limited
*Taylor Woodrow Construction
Crispin & Borst Limited
*Pel Interiors Limited
Weaver PLC
Fifehead Limited (Stradform Limited, Stradform (South West) Limited and Stradform (Midlands) Limited)
Gordon Durham & Co. Limited
*Genflo Technology Limited
*VINCI Technology Centre UK Limited
*Powertest Limited
*Faceo FM UK Limited
VINCI Facilities Partnerships Limited
Engineering and Support Services
Rosser & Russell Maintenance Limited
Manufacturing
Conren Limited
International
*Taylor Woodrow International Limited
(registered office address: Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW)
*Taylor Woodrow International Qatar LLC
(registered office address : PO Box 201896, Doha, Qatar)
*Taylor Woodrow International Construction LLC
Taylor woodrow international Office #10, 12th Floor,Prestige Tower-17,Near Capital Mall,79th Street,Mohammed Bin Zayed City,Abu Dhabi, UAEP.O.Box 95187
VINCI Construction UK (Saudi Arabia) Limited
(registered office address: Sakura Building, Al Madinah Road, Al Salama District
4th Floor, Office No. 405
Investments
*VINCI UK Developments Limited
VINCI Education Limited
*V.B. Limited
Group Administration and Services
VINCI Fleet Services Limited
VINCI Property Limited
VINCI Insurance Services Limited

Subsidiary undertakings, jointly controlled entities and jointly controlled operations
at 31st December 2019 (continued)

Jointly controlled entities
Construction
*Vinci Environment UK Limited
*John Jones (Excavation) Limited

Investments
The following companies registered office addresses are at Park Point, 17 High Street, Longbridge, Birmingham, B31 2UQ:

*VSM Estates Limited
*VSM Estates (Uxbridge) Limited
*VSM (NCGM) Limited
*VSM Estates (Ashchurch) Limited

Construction
*The Balfour Beatty VINCI Joint Venture
*The Balfour Beatty VINCI Systra Joint Venture
*The Costain VINCI Joint Venture
*The Taylor Woodrow Construction Alstom Transport Joint Venture
*The BBMV Joint Venture (participation between 5% and 50% on various projects)
*The Hochtief Vinci Joint Venture
*The M6 DFBO Joint Venture (33% participant)
*The Taylor Woodrow Construction BAM Joint Venture
*The VCUK BAM Joint Venture
*The A6 Clapham Bypass Joint Venture
*The Integrated Health Projects Joint Venture
*The VINCI Joint Venture (participation between 0% and 100% on projects)

Dormant Companies

*C&B (Kent) Limited
Environmental Analysis Limited
Norwest Holst Construction Limited
Storepoint Limited
*Taylor Woodrow Civil Engineering Limited
*Taylor Woodrow Construction Southern Limited
*Taylor Woodrow Management Limited
*Taywood Engineering Limited
*Taylor Woodrow International Qatar LLC (incorporated in Qatar)
*Taymin (private) Limited (incorporated in Zimbabwe)
VINCI Construction Limited
VINCI Education Limited
VINCI Group Limited
VINCI (Holdings) Limited
VINCI Project Development Limited
VINCI Services Limited
*VINCI Partnerships Limited

*100% of the group's interest is held by a subsidiary undertaking