Go-Ahead

Taxation policy

Adopted by Resolution of the Board dated 10 July 2014

1. TAX STRATEGY

The purpose of this policy is to document the Group's high level tax strategy, procedures and governance of tax. The policy covers all taxes and similar duties.

The Group's strategy is to aim to maximise shareholder returns in relation to the tax consequences of all aspects of business activity, provided that this:

- takes appropriate account of the group's attitude towards tax risk;
- is compliant with relevant laws, disclosure requirements and regulations.

2. TAX RISK

The Group aims to maintain a conservative tax profile, and minimise disputes with HMRC, our target is to be considered "low risk" by HMRC and to ensure that the Group remains mindful of the need to avoid Government procurement issues that could arise if we have any disclosable transactions, as defined by the Disclosure of Transactions Acts (DOTA) or that might be considered by HMRC to fall within the General Anti Avoidance Rules regulations (GAAR). It is also the stated objective of the Group to avoid the use of tax havens. Therefore the tax risk as a group, as well as at an individual company and transaction level, will be considered carefully to maintain that profile.

The Group looks to optimise the tax treatment of commercial business transactions; but does not enter into tax planning using structures with no commercial driver. Where alternative routes exist to achieve the same commercial result, the most tax efficient approach can be considered when there is no reasonable expectation of DOTA or GAAR. However, tax will not be a primary reason for entering into a transaction and commercial drivers will be fully documented to show the commercial rationale for transactions undertaken in order to allow the proper appraisal of the tax position within that context.

The tax analysis for any transaction will need to be able to satisfy HMRC scrutiny, in particular HMRC review on technical, practical and commercial grounds and any transaction undertaken must be capable of being pre-agreed with HMRC. Therefore, the group will:

- always seek at least one external tax opinion for significant transactions or investments
- seek legal tax counsel's opinion for transactions involving complex tax law

- seek pre-approval from HMRC, where appropriate, for transactions of an unusual nature

The cost/benefit of any opportunity should be considered using a worst-case downside risk assumption. This should include considering any potential penalties which may be levied if an amended assessment is issued as well as the commercial sensitivity associated with negative Public Relations issues or procurement issues in breaching Government guidelines. In addition, the Group will give due consideration to its reputation and corporate and social responsibilities as well as the legal duties of its directors and employees and its overall relationship with HMRC.

3. TAX RISK MANAGEMENT

The Group aims to:

- pay the correct amount of tax at the right time avoiding interest costs and exposure to penalties
- identify tax risks relevant to the Group and manage them at a level as determined by the Group Board and Audit Committee

The Group will manage its tax risk by undertaking the following:

- the Group will maintain strong relationships with HMRC with regular dialogue and meeting at least once a year, the Group will be open with HMRC and comply with all legal disclosure requirements
- the Group will use external advisors to assist whenever necessary in both day to day compliance and project based tax analysis to ensure tax is calculated correctly and current law is followed
- the Group will ensure that roles and responsibilities relating to all areas of tax management both in house and externally are fully understood and fully documented as part of the internal controls necessary to comply with Senior Accounting Officer regulations.
- the Group will ensure that tax is managed by sufficiently qualified personnel and will provide adequate training to ensure that staff can manage their responsibilities
- the Group Audit Committee will review tax risk management and tax planning formally at least once a year and consider the level of tax disclosure necessary each year in the Group's Annual Report and Accounts
- any transactions with significant tax impact will be considered by the Group Board and will be subject to Group Board approval.
- the Group will maintain an appropriate tax management framework , incorporating the use of agreed systems and processes for tax compliance and accounting

- the Group will ensure that appropriate documentation is retained relating to tax transactions in line with legal obligations, plus documentation will be retained longer than the standard 6 years where appropriate for significant transactions or transactions subject to tax enquiry

- the Group Board will ensure taxation forms a formal part of any due diligence exercise the group undertakes, and ensure tax expertise is sought as required for other non core business activities

- the Group will ensure it has adequate systems in place to gather the information required in order to ensure the Group complies with its tax obligations

4. TAX RESPONSIBILITIES

Group Board
The Board is ultimately responsible for the Group's tax risk management, and is responsible for ensuring that there is a process in place by which tax risk can be identified, monitored and managed.

The Board is responsible for the sign off of significant transactions, as identified by the Group Finance Director.

Audit Committee
The Audit Committee is responsible for monitoring this tax policy; ensuring it is followed appropriately and reviewed as required.

The Audit Committee is required to consider tax risk as part of its overall responsibility to monitor Group risk as a whole.

Group Finance Director
The Group Finance Director is the Group's Senior Accounting Officer and is responsible for

- managing and reviewing the tax functions of the Group;
- escalating any significant transactions with tax implications to the Group Board to ensure that any proposals relating to tax are in line with the Group's tax strategy and
- ensuring this tax policy is complied with.

Group Financial Controller
The Group Financial controller is responsible for

- day to day tax compliance at a group level;
- signing off corporation tax returns;
- compiling returns from operating companies to ensure Senior Accounting Officer compliance
- correspondence and liaison with HMRC at a group level;
- obtaining advice from external advisors as required
- escalating any significant transactions with tax implications to the Group Finance Director for approval as required and
- tax accounting and payment of tax

The Group Finance Director and/or the Group Financial Controller will meet with the external advisors each quarter to monitor tax management, if required the Group Finance Director will report back to the Group Board.

Local Subsidiary Finance Directors

The local Finance Directors within each operating company are responsible for

- day to day tax compliance at a local level;
- signing off VAT and Employee Tax returns;
- correspondence and liason with HMRC at a local level;
- obtaining advice from external advisors as required escalating any significant transactions with tax implications to the Group Financial Controller for approval as required.