# ANNUAL REPORT & ACCOUNTS 2017


WILLMOTT DIXON

SINCE 1852

# Contents



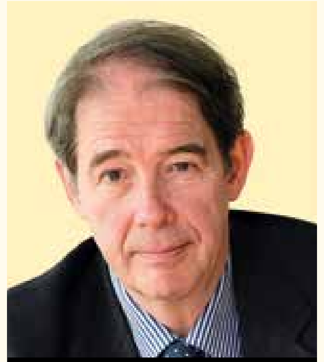
Willmott Dixon
Holdings Limited

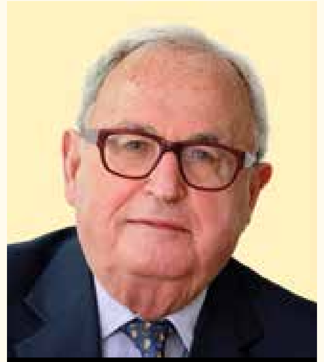
# Company Information


**Colin Enticknap**
*FRICS, FCIOB*
Group Chairman


**Rick Willmott**
*FCIOB*
Group Chief Executive


**Philip Wainwright**
*ACA*
Executive Director


**Jonathon Porritt**
*CBE*
Non-Executive Director


**Christopher Sheridan**
*FCIB, MSI*
Non-Executive Director


**Wendy McWilliams**
*LLB, ACIS*
Company Secretary

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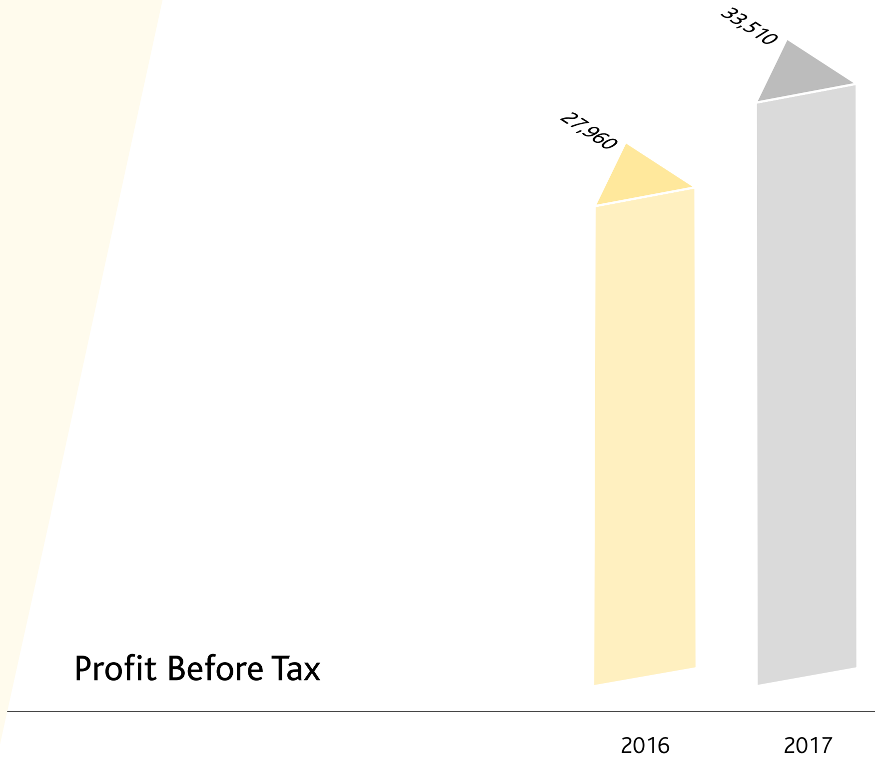
AUDITOR
BDO LLP, 55 Baker Street
London, W1U 7EU

# Summary of Group Results

| | 2017 £000 | 2016 £000 |
|---|---|---|
| **Turnover** | **1,296,414** | 1,222,999 |
| **Profit Before Tax Excluding Goodwill Amortisation** | **35,528** | 31,149 |
| **Profit Before Tax** | **33,510** | 27,960 |
| **Net Current Assets** | **130,866** | 150,391 |
| **Shareholders' Funds** | **142,167** | 177,339 |
| **Cash And Bank Balances** | **82,819** | 81,169 |



# GROUP CHAIRMAN'S STATEMENT

**Colin Enticknap**
*FRICS, FCIOB*
Group Chairman

## Overview

The Group's overall financial performance for 2017 has been consistent with the position outlined in my interim statement. In particular, I am pleased to report that we delivered good growth, with increased turnover from our contracting businesses more than compensating for the demerger at the beginning of the year of the Be Living Holdings ('Be Living') residential development business and the Fortem active asset management business, both of which have since been operationally independent from Willmott Dixon Holdings ('Willmott Dixon') and made no contribution to our 2017 figures.

Operational performance has been equally consistent, with Willmott Dixon Construction ('Construction') continuing to drive that growth and provide the bedrock for the wider business. Whilst Construction's business model has proved extremely resilient over recent years, built upon nurturing an excellent reputation amongst a carefully targeted customer base, most of whom choose to procure their capital projects through long term frameworks, John Waterman and his team of regional MDs refuse to be complacent; realising that continued success demands constant evolution and improvement of their products and services. As a result, the business is benefitting from its comprehensive 'Building on Better' programme which has helped it to deliver its best ever year and to leave 2017 in even stronger shape than it entered, with the value of secured and probable workload ('probable' in this case being defined as projects where we have already received orders for design and enabling works and are just awaiting the final order) sitting at a record £1,567 million.

That same emphasis and attention to detail is being applied to their planned expansion into residential contracting, where they have inherited significant opportunity from Willmott Partnership Homes ('Homes') following the board's decision last June to progressively wind down that business and transfer its capability and future pipeline to Construction. It is too early to fully judge how effective the change will prove, but there are encouraging signs that recently launched residential projects are benefiting from stronger and more rigorous control, and having been relieved of responsibility for new activity, the small team charged with finally clearing Homes' outstanding legacy issues seems to have been given added momentum.

*Our Interiors team are fitting-out over 11,000 square metres of hospitality space in the newly modernised East Stand at Twickenham, the world famous home of England Rugby*

*The National College of High Speed Rail in Doncaster is just one of a series of projects delivered in the Yorkshire town*

# Group Chairman's Statement

CONTINUED

*Our Interiors team are carrying out a complex refurbishment of Canon Row at the House of Commons to create a new purpose for the former police station*


## Overview (continued)

Interiors also delivered an excellent performance over the year, meeting or exceeding most of its operational targets as it continued to grow in scale and confidence under Mike Hart's overall stewardship. There are clear signs that it is now gaining greater traction through its accumulating track record, as well as an important foothold in a number of market segments across both private and public sectors, and a wider geographic reach. As a result, the business also left 2017 with a strong order book of £201 million in secured and probable workload, as a result of which the board has since given its consent to the imminent launch of a second regional office in Birmingham.

And in strategic terms, with the organisational changes involving Be Living, Fortem and Homes now behind us, we expect to benefit from a much simplified business structure and much greater focus on our core contracting operations - where customer service, product excellence, supply chain relationships and balance sheet liquidity are paramount, and where we continue to perceive significant opportunity for self-improvement, growth and value creation.

## Results

2017 results have naturally been materially affected by the Group re-organisation that took place at the beginning of January, with this year's figures relating solely to the Group's contracting activity, whereas 2016 comparables relate to the previously wider portfolio of contracting, development and total asset management businesses.

We were therefore delighted to see full-year turnover reach £1,296.4 million (2016: £1,223.0 million), representing a material increase on last year even before adjustment to eliminate the effect of discontinued activities and allow proper comparison. After the appropriate adjustment, comparable growth in the year was a much greater 21%, representing an excellent achievement.

Pre-tax profit before amortisation of goodwill also grew substantially to reach £35.5 million (2016: £31.1 million). After similar adjustment to eliminate the effect of discontinued activities, comparable growth in the year was an impressive 32%. Whilst that figure was exaggerated by £11.3 million (2016: zero) of profit flowing from the sale of the subsidiary that holds Fortem as part of the reorganisation process, pre-tax profit before both the sale of that subsidiary and also amortisation of goodwill, was still a satisfactory £24.2 million.

Profit after tax, the figure that has greatest impact upon capital and reserves in our balance sheet, was £29.6 million (2016: £21.3 million).

With Be Living and Fortem having been demerged, the consolidated balance sheet has consequently been realigned to reflect only the retained contracting businesses. As at 31 December 2017, equity shareholders' funds still remained at a healthy £142.2 million (2016: £177.3 million), with approaching half of the adjustment reflecting a welcome reduction in intangible assets. Indeed, cash and cash equivalents not only remained strong but improved, reaching £82.8 million (2016: £81.2 million), and bank loans, which had previously related predominantly to development activity, were reduced to zero (2016: £72.1 million).

Rick Willmott has expanded upon these and other important financial and operational measures within the Group Chief Executive's Report that follows.

*Our annual Trainee of the Year awards recognise the huge contribution trainees make to our business; in 2017 it was won by Tom Arkley from Interiors*

*Our role in building the first phase of M-SParc in Anglesey, Wales' first dedicated science park, highlights our track-record in the burgeoning science and technology sector*

## Future

There is plenty of evidence from peer group reports and across the wider sector that market conditions remain extremely tough, and with on-going uncertainty about the post-Brexit world, we must expect that to remain the case for the foreseeable future. It is, of course, no coincidence that the changes planned over the past few years and implemented over the past 12 months should hold us in good stead over what might be a rocky economic period. Indeed, we believe we are now as well-placed as we could reasonably expect to be for 2018, with a simplified structure, a robust order book, a visible future pipeline, and a more liquid balance sheet.

We will naturally need to remain cautious, organisationally nimble and prepared to respond quickly to evolving circumstances, but our main emphasis will continue to be centred around developing, expanding and nurturing our crucial platform of framework opportunities. The Scape framework, now in its fourth iteration, is particularly significant to us because of its national coverage across a wide variety of schemes valued at up to £20 million. We are aiming to supplement that with a second national framework offering the potential to expand coverage to schemes valued above £20 million, both of which would then sit very comfortably alongside our wider portfolio of other frameworks - each of which is equally important to us, but more geographically or sector-focused.

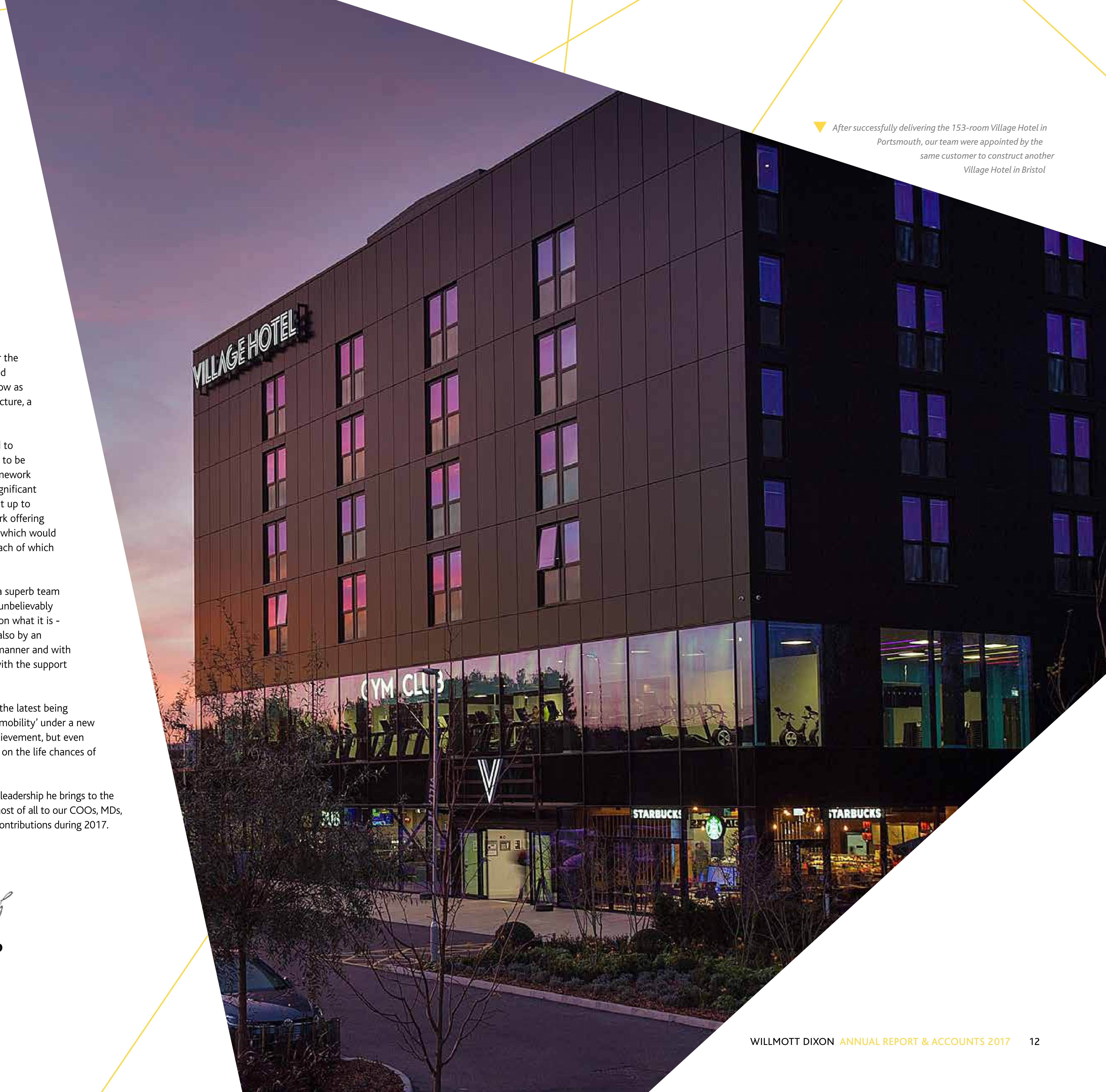
We also take great comfort from our future success continuing to be driven by a superb team of very talented people, undoubtedly amongst the best in their field, who work unbelievably hard and with unstinting professionalism and enthusiasm to make Willmott Dixon what it is - an organisation not just characterised by financial and operational success, but also by an overarching commitment to conduct business in a sustainable and responsible manner and with a positive impact on the communities in which we operate - often through or with the support of the Willmott Dixon Foundation.

I am pleased to say we have many examples of that commitment bearing fruit, the latest being recognition through a second Queen's Award for Enterprise, this time for 'social mobility' under a new Promoting Opportunity category. We are understandably very proud of that achievement, but even more so of the enormous impact our efforts through the Foundation are having on the life chances of thousands of young people.

Finally, I am personally very grateful to Rick for the sound, stable and experienced leadership he brings to the Group, to my board colleagues for their frank and open advice and support, and most of all to our COOs, MDs, functional heads and all their respective teams across the country for their huge contributions during 2017.

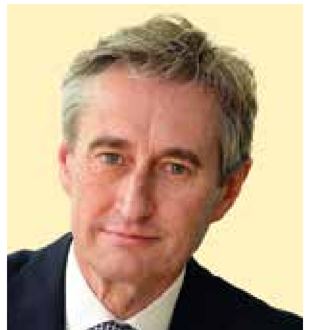
Colin Enticknap

**Colin Enticknap**
Group Chairman




*After successfully delivering the 153-room Village Hotel in Portsmouth, our team were appointed by the same customer to construct another Village Hotel in Bristol*


The Sapphire Ice and Leisure Centre is a key part of Romford's regeneration. With an ice rink at the top that is the new home for the London Raiders, it further underlines our role as a major constructor of leisure facilities



**Rick Willmott**
*FCIOB*
Group Chief Executive

# Overview

In last year's report to shareholders I highlighted the structural changes that we had made to refocus 'our' company as a contractor, having de-merged Be Living and Fortem from Willmott Dixon Holdings on the 1st January 2017. The successful results of those changes, including further growth, are recorded in these reports and accounts, with both residential development and active asset management activities now being reported separately elsewhere. This report therefore concentrates exclusively on our Construction and Interiors companies.

It is evident, when reviewing peer businesses, that there is a growing trend towards the simplification and de-layering of organisations and their associated market interests. I am pleased to say that, whilst some are waking up to that need and some are planning for it, there are few that have considered, planned and delivered such restructuring in order to be best placed for the inevitable changes in how our industry operates.

I have previously referenced the challenge of operating in a volatile UK construction market. Particularly so, as we contemplated the effect of Brexit on our supply chain's workforce and the impact of exchange rates on the costs of imported materials and products. We are relatively confident that these specific matters are now better understood and indeed 'priced in' to our workload, assuming the execution of a 'soft' Brexit in 2019.

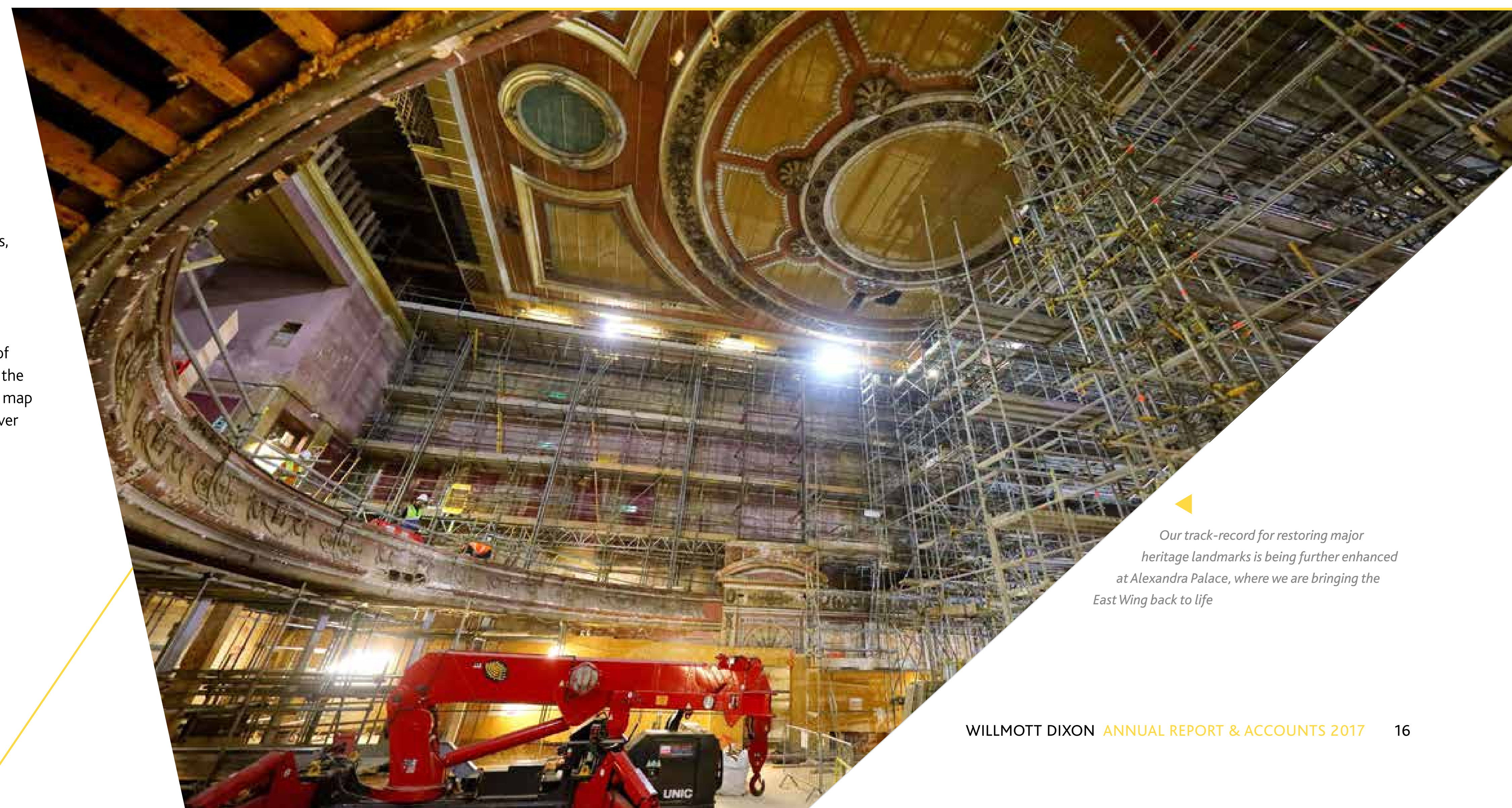
Brexit-related concerns have, however, been materially overshadowed by two key events of national interest. Each will have, for different reasons, far-reaching consequences for the UK construction industry.

The Grenfell Tower tragedy has raised significant awareness of the complexity, interpretation, contradictions and ambiguity of Building and Fire Regulations in the UK, particularly in high-rise construction. Matters of this importance require absolute clarity and we therefore look forward to the publication of the full Hackitt Review, which we hope will provide a route map to ensure greater consistency of regulation and integrity of design to deliver high-rise safety in the built environment.

*We are using our skills for mixed-use accommodation to build Dudley House for Westminster City Council, providing a 22-storey residential block, secondary school, key worker accommodation, retail and leisure space, all in one development*



## GROUP CHIEF EXECUTIVE'S REPORT



*Our track-record for restoring major heritage landmarks is being further enhanced at Alexandra Palace, where we are bringing the East Wing back to life*


*Hart Leisure Centre in Fleet was a key building block for growth in the mid-Southern Home Counties, which also included launching the Farnborough office to target an increasing pipeline of opportunities in Hampshire, Berkshire, Wiltshire and Dorset*

# Overview (continued)

The collapse of Carillion, in early 2018, has sadly highlighted so many issues that can go wrong in 'big' business, but in this instance to the detriment of the UK construction industry – where questionable payment practices and short-term decision making, judgment and fiduciary duty have not only led to the demise of a once great business, but also a further blemish on one of the country's most important industry sectors. The most immediate effect has been an understandable decline in appetite for exposure to the construction sector from the bond, banking and professional indemnity insurance markets, resulting in cost escalation in fees and premiums and, for some, it may even lead to the withdrawal of facilities.

With these salutary facts in mind, the emphasis of my report now turns to the operational performance and activities of our two exceptional operating companies: Willmott Dixon Construction ('Construction') and Willmott Dixon Interiors ('Interiors'), within Willmott Dixon Holdings ('Willmott Dixon').

Our successful collaboration with Blueprint and Nottingham City Council at Trent Basin to build 45 homes has seen our residential team now appointed on phase two to build a further 31 homes

# 2017 Group Highlights

- Completion of Group streamlining by amalgamating residential contracting with Construction, supplementing the January restructure
- A new Local Construction Office launched in Farnborough, with a strong order book and already making a healthy positive margin contribution
- A further potential for the Group to deliver up to £2.25 billion through our third renewal of the Scape framework, now in its fourth iteration
- A carbon neutral group for the fifth successive year, unmatched in our sector and reaching our 2020 carbon target three years early
- Further improvements in Health and Safety performance with Accident Frequency Rates reduced to AFR 0.1
- Leading on gender equality aspirations for the future and industry awareness
- Creating a lasting legacy through social value with over £2 million invested annually nationwide
- One of the market leaders in payment practices with our supply chain and spearheading action to prevent Modern Slavery in our sector
- Awards and Industry recognition:
    - Listed as one of the UK's Most Admired Companies by Management Today
    - Winner of a second Queen's Award for Enterprise, this time for social mobility
    - Voted the Southern Construction Framework's Contractor of the Year for the second successive year
    - Best Company to Work With – Construction Enquirer Awards
    - A Sunday Times Best Company

*We have combined skills from our Construction and Interiors companies to transform the iconic Old Admiralty Building into the Department for Education's new home*

# Construction

## Turnover £1,168m, 2016 £973m

Construction's journey of improvement under John Waterman's leadership and 'Building on Better' strategy continues apace. Every key performance metric, be that financial, behavioural or strategic, has been met or surpassed in the year. Importantly, there remain a number of additional marginal gains to be made that will continue to enhance the quality of our product, service and financial performance.

John and his seven managing directors have an average service with the company in excess of 22 years each. These are individuals who have 'grown' within our business into their roles. This sort of loyalty, experience and commitment, backed by exceptional performance, can only be evolved, not bought, and is an outstanding feature that sets Construction apart from its industry peers.

Part of John's vision for Construction has been to insist that our customers are put first, that they are served with skill and purpose, their opinions sought and their feedback heard and responded to. Across Construction customer satisfaction scores are running at 86%, with over 80% confirming a desire to work with us again or to recommend our services to others. To support this drive we have created a School of Account Management, to further the skills of our people in the vital area of customer service.

Critical to John being able to create these positive changes has been the sustained use and growth of public sector procurement frameworks. The majority of these now clearly recognise the importance of early contractor engagement, and the award of a place on any framework being justified more through capability, capacity, evidenced quality and social value commitment rather than price. In a business focused on customer satisfaction and margin generation, rather than growth, these frameworks have been a source of optimism and inspiration. Most importantly, we believe they produce the best outcomes for our customers.

As a result, our people are truly able to interact, design, engineer, build and satisfy customers in a way that our sadly departed colleague Sir Michael Latham recommended in his 'Constructing the Team' report to Government some 24 years ago. He would have been proud of the journey travelled and the 'common purpose' that has evolved between us, as contractor, and our customers.

Of course, Construction exists to successfully deliver capital projects for public and private customers in many sectors and across a wide geography. Much of the change programme has sought to improve the way that our teams work to improve management effectiveness in collaboration with our supply chain, to streamline process through standardisation of systems and products and to increasingly 'join up' pre-construction and operational delivery teams.

*Hounslow Waste Recycling Depot is another example of our expertise for building industrial facilities*


*Our team delivered the first new grammar school extension in 50 years, with an annex in Sevenoaks to the Weald of Kent Grammar School*

## Construction (continued)

This can be demonstrated through a range of solutions created to support customer need:

- Adoption of the use of our leading range of standard products and details in our 'Yellow Book'
- The creation of a range of three standardised custody suites, under the 'Code' brand, for our police authority customers, with two live projects under construction in Grimsby and Lincoln
- Adding a secondary school model and a sports hall model to our Sunesis range of pre-designed regulation-compliant solutions
- Each solution created to reduce risk in procurement, project delivery and solve the performance gap of completed buildings

Whilst Construction delivers upwards of 100 projects each year, those are not all new buildings. Our business has a long-held and strong reputation for the renovation and adaptation of historically important landmarks around the country, often resulting in a complete change of use and the preservation of an iconic building.

Heritage buildings typically make up around £250 million of our workload each year, across a range of sectors. Entertainment venues such as Colston Hall in Bristol, the Hippodrome in Darlington, Alexandra Palace in North London and the Globe Theatre, Stockton are typical of the scale and complexity of our projects.

The £80 million transformation of the Old Admiralty Building in Whitehall into the head office of the Department for Education and the amalgamation of a number of Grade II Listed buildings, with a state of the art extension, to create The Box in Plymouth, are examples of strategic changes in use of existing properties. In doing so, our project teams return value to often void facilities, translating them into sustainable buildings offering exceptional performance, of which we are immensely proud.

The future for Construction within Willmott Dixon is strong and exciting; it is our past, our present and our future, it is our DNA.

# Interiors

## Turnover £128m, 2016 £101m

It is no coincidence that Interiors, under the astute direction of Mike Hart, has had another year of steady planned progress and evolved to become a specialist asset at the core of our 'contracting' offer to customers. Mike and his team have focused their approach under the 'Everything Completed with Pride' philosophy and change programme, which is central to the strategic plan for Interiors. Interiors' aspiration is to become the very best interior 'fit-out' business in the market place.

The company offers specific fit-out services to suit a range of customer needs, in a wide array of differing properties and locations.

Interiors' 'Rollout' teams work nationwide to remodel branded property portfolios; typically in the banking, hotel and fitness sectors. These relationships and opportunities are cyclical by nature, and often intense when commissioned to rollout a new 'house style' or brand concept. Such changes are generally driven by brands responding to customer demands, technology advances or new entrants to a brand's market place.

But the majority of Interiors' annual volume is made up of major project awards, currently biased towards London and the South East. This workload is well balanced between public and private sector customers and predominantly involves working within existing building envelopes.

As with Construction, the method of procurement utilised by an Interiors' customer is considered critical; the majority of the Group's procurement framework appointments are accessible by both Construction and Interiors, and there are increasing opportunities for both companies to work together to deliver projects based on expertise and capability, rather than lowest price. This is perhaps best demonstrated by the Old Admiralty Building, where Construction has been responsible for the major structural conversion and enabling phase, whilst Interiors is appointed to fit-out and complete each of the 600 offices.

The progress at Interiors over the last two years has been clearly evident in its financial performance, its customer satisfaction and its high level of repeat business. Following the successful completion of the office for the Department for Health and Social Care in central London, our teams have been requested to continue their work at the Department's administrative headquarters building in Leeds.

So, whilst to date Interiors' business development focus has been rooted in London and the South East, there are emerging opportunities across the rest of the country that should not be overlooked – and it is in response to those that a new local delivery office has been established in Birmingham, to begin a new phase of expansion that aspires to double the scale of the business by 2021, from a platform of customer relationships that maintain both margin and volume consistency.

As I reported last year, succession and strategic planning is well advanced in this part of our Group, and we look forward to its ambitious yet thoughtful advances in scale and geography.

*Interiors carried out the refit of 1895-built Bridge House on 181 Queen Victoria Street to provide Grade A office space for the City of London Corporation*

*We have now built over 100 homes in Doncaster for the council as we work together to create a new generation of homes for all tenures*

## Summary

We have demonstrated many times over the years that the act of restructuring should not be seen as a negative response to an emerging problem. Restructuring in Willmott Dixon is considered as a strategic step to better achieve our corporate aspirations, by ensuring we deliver continuously improved services and products for our customers.

So whilst we demerged former subsidiaries from the Group at the start of 2017, our business has stepped forward in scale to remain not only one of the largest private contractors in the UK but also one of the largest privately owned businesses in the country.

This perennial success is driven by our people, who embrace our culture and the values that we consider essential to the way we deliver our business goals. This is well demonstrated by the commitment and achievements of each company in supporting both sustainability and community investment initiatives, led by our Re-Thinking and our Foundation teams. I remain astounded by their commitment and delighted by their success.

I am sincerely thankful to all of our people and remain profoundly grateful to my Board colleagues and our leadership teams around the Group for their continued support and endeavour.

We look forward to another fulfilling year.

**Rick Willmott**
Group Chief Executive

GROUP STRATEGIC REPORT
# Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are outlined in the Group Chief Executive's Report, namely:

- A volatile UK construction market.
- The impact of Brexit on our supply chain and exchange rates.
- Potential regulatory changes following the Grenfell Tower tragedy.
- A declining appetite for exposure to the construction sector from the bond, banking and insurance markets.

In addition the Group is exposed to the 'business as usual' risks associated with its core operations:

- The operational delivery of large, complex projects in an industry characterised by low margins.
- Changes in the outlook for the UK economy and the impact on customer demand and supply chain costs.
- The credit risk associated with completing works ahead of being paid.
- The availability of sufficient skilled people.
- Competition in securing contracts and frameworks.
- The inflation risk associated with delivering fixed price contracts.
- The health and safety of our people in challenging operating environments.
- Changes in legislation or government policy.
- The impact of a material reduction in workload (in light of relatively high fixed operating costs).

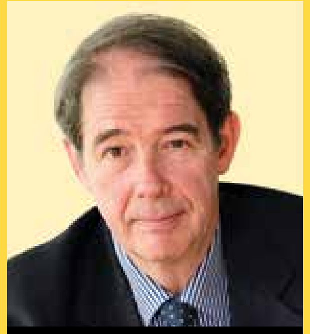
The board is confident that these risks and uncertainties are appropriately managed and mitigated by the Group's strategies, procedures and commercial arrangements, through regular monitoring and by employing and continuously training people with the appropriate skills, qualifications, commitment and passion in their roles.

By Order of the Board:

**Wendy McWilliams**
Secretary

25 April 2018


*People are our biggest asset; they are the reason customers keep using us again and again*



Jonathon Porritt
*CBE*
Non-Executive Director

# Making the connections between diversity and sustainability

The beginning of the new financial year, when we verify our sustainability data, gives us a good opportunity to reflect on our achievements. And there were plenty in 2017. Our remarkable reductions in carbon emissions and construction waste intensity are rightly causes for celebration. Behind those headline figures lies a lot of hard work, right across the business.

However, I believe that our greatest achievement this year is the way that our people have galvanised behind the issue of gender diversity. This may, in part, be a reflection of the snowballing events of the past year – whether it's equal pay in so many sectors, the realisation of the extent of the gender pay gap following mandatory reporting, or the #metoo movement. But credit where it's due: it's also because our business has taken a (long overdue) hard look at itself, realised that current approaches weren't working well enough, and chosen a much more radical approach. Oh, and we've set ourselves a pretty tough new target too: gender parity by 2030, at all levels in the company, including Director level.

As someone who has spent most of their career campaigning on green issues, I am sometimes asked why I get so exercised about gender diversity. What's it got to do with saving the planet?

Well, I would argue that gender is as much part of the sustainability agenda as carbon or waste. Gender inequality is one of the worst stop-signs along the road to social progress. We cannot tackle global issues like poverty, hunger and violence until we sort out the fundamentals – the millions of girls denied an education (and their children who grow up in poverty), parliaments where decision-makers remain overwhelmingly male, the one in three women who are victims of gender-based violence, the constant sexual harassment that remains the norm in so many workplaces. Whether you think about this in terms of human rights or of economic potential, the end result is the same: through oppression, discrimination, harassment and underpayment, we are ignoring the talent and potential of half the world's population.


*We joined up with the CIOB and our customer the Department for Education to champion the diversity agenda at the launch of Open Doors week in the Old Admiralty Building*




*Senior project surveyor Hana Hassan is just one example of a former trainee now progressing to a senior position within the company*

# Sustainable Development

CONTINUED


*Health and safety trainee Kay Ortatepe is one of over 130 of our people trained as mental health first aiders for sites and in offices, as part of our ethos to safeguard the well-being of our workforce*

Improving gender equality in every walk of life is the right thing to do for the greater good. But for us at Willmott Dixon, there are compelling reasons much closer to home. As a business operating in a sector facing existential skills shortages, it hardly makes sense to be "fishing" in just half of the talent pool. There's a lot of research showing a direct correlation between gender diversity in leadership, operating profits and share price. Gender-diverse companies significantly outperform their male-dominated competitors.

And there are many other, less tangible benefits. There's strong evidence that teams of people with more diverse backgrounds and perspectives make better decisions. Men and women have different viewpoints, ideas, and market insights, which makes for better problem-solving.

There's also an interesting link between improving gender diversity and innovation.

Poor workplace gender diversity is partly due to what is often referred to as "unconscious bias". As a result of millions of years of evolution, we are instinctively drawn towards people who are like us, and away from those who are different. If we're not careful, these subliminal prejudices affect our decisions everyday – including who we choose to hire and promote.

Addressing unconscious bias means challenging our basic assumptions. Do I want to appoint this person because of the unique skill-set they can bring to the job, or because they make me feel comfortable? Is it necessary for everyone to work in the same way, or can we make adjustments to accommodate the needs of different employees?

This culture of encouraging diversity and internal challenge quickly starts to permeate the way we do our day-to-day business. Do we follow this process because it's the right one, or is it just because we've always done it this way? What would happen if we did it differently? It's this sort of thinking which makes us different, creative, innovative – and market leaders.

So I'm very proud of the progress that Willmott Dixon has made this year. But it's just the start. Ultimately, our aim must be to make our company a reflection of the society that we operate in. Gender is just one of the areas that we need to tackle, if our company is to benefit from the rich and varied talents which true diversity brings.

Jonathon Porritt

**Jonathon Porritt**
Non-Executive Director


*Our annual company bike ride for Action Medical Research again raised over £50,000 to help this important charity find cures and treatments for medical conditions affecting children*

# 2018 Highlights

## Investing In Communities

- Well on track to meet our 2020 community target to enhance the life chances of 6,185 young people
- The value of our community investment through the Willmott Dixon Foundation was £1.95m
- 80% of our people took part in community activities
- Nearly 47,000 hours of staff time volunteered on community activities
- Our people raised nearly £200k for good causes

## Reducing Carbon Emissions

- Reduced our carbon emissions, relative to turnover, by 22% between 2016 and 2017, and by 58% since 2010, smashing our 2020 target of a 50% reduction, three years early
- Carbon neutral for the 5th year running
- Paid nearly £23k in green bonuses to employees choosing low emissions cars
- Retained The Carbon Trust Standard
- Still the only company in our sector to achieve The Carbon Trust's Supply Chain Standard
- Average company car emissions 107g$CO_2$/km

## Reducing Waste

- Reduced construction waste relative to project turnover by 11% between 2016 and 2017, and by 56% since 2012
- Diverted 97% of non-hazardous construction waste from landfill

## Being A Good Neighbour

- Our average Considerate Constructors Scheme score across all projects was 41.26 out of 50 – 14% higher than the industry average

## Developing Our People

- World-leading employee engagement score of 79/100
- Came 14th in the Sunday Times Top 100 Companies to Work For, and received a special 'Giving Something Back' award

## Leading The Sustainability Agenda

- Group CEO, Rick Willmott, was appointed a Trustee of the UK Green Building Council
- Our people spoke at a range of industry events including Ecobuild, UK Construction Week, CIBSE Build2Perform, and BSRIA Soft Landings Conference
- We developed an approach to understanding the total value of the contribution that our business makes to society
- We were part of the discussion at the House of Commons debate on the future of Social Value with Chris White (author of Social Value Act)
- We represented our industry at the Government Property Unit's Soft Landings consultation meeting, and with Defra to influence its waste strategy
- We published a range of sustainability blogs, films and articles via a range of media platforms, including the Aldersgate Group website and Public Executive Magazine

THE QUEEN'S AWARDS FOR ENTERPRISE: PROMOTING OPPORTUNITY 2018

*Rick Willmott with the trainees who led teams delivering our Trainee Challenge event for 2017. This saw a series of projects carried out to improve the life opportunities of people in their local communities*


# People

## Community investment through The Willmott Dixon Foundation

In 2013 we set ourselves an industry-first target: 'to enhance the life-chances of 3,000 young people by 2015'. Our target energised our business and we met it three months early. We then extended the target to 10,000 by 2020.

In early 2017, our residential and property maintenance businesses became separate companies. We therefore split our target between Willmott Dixon and sister companies, Fortem and Be. Willmott Dixon's share of the target is to enhance the life chances of 6,185 young people.

By the end of 2017 we had enhanced the life-chances of 5,112 young people and were 83% of the way towards our 6,185 target. The financial value of the year's community activities was £1.95m – equivalent to nearly £900 per employee.

As part of our work to meet our target, we:

- Provided almost 900 work experience opportunities
- Attended 63 school and college careers events visited by nearly 12,000 young people
- Delivered over 1,000 mock interviews
- Visited over 60 schools and other organisations

An amazing 80% of our people took part in these and other activities in support of their local communities.

## 2017 Management Trainee Challenge

We held our fourth Management Trainee Challenge in 2017, where trainees from across our business identified, planned and delivered local community projects on behalf of the Willmott Dixon Foundation.

In 2017, eleven of our trainees entered the challenge. They were supported by 339 of their colleagues, and at least 107 of our valued supply chain partners. As a result, local communities benefitted from time, gifts and donations worth over £243k.

The winning challenge brought together colleagues, supply chain partners, a charity and long-term homeless and socially-excluded people to refurbish Age UK's Healthy Living Centre in Bermondsey.

# People (continued)

## Calculating the value of our contribution to society

In order to better understand the value of the contribution our company makes to society, we adapted the Crown Estate's Total Contribution methodology. By doing so, we were able to demonstrate that the annual net value of our societal contribution is approximately £150m, making us almost Net Neutral.

## Sustainable supply chain partners

Building stronger, more collaborative relationships with our supply chain partners continued to be a key priority for 2017. Our Better.Together.Academy and our Product Academy have provided platforms for our people and our supply chain partners to work more closely together, tackling issues like modern slavery and gender diversity collectively, so that we can learn and improve.

We are a founder member and partner of the Supply Chain Sustainability School and remain committed to supporting this important and growing initiative. At the end of 2017, 1,472 of our supply chain partners were members of the School, including 317 from our Category A list.

## Modern Slavery Act

We have a key role to play in preventing hidden labour exploitation because many of the estimated 11,000 people currently affected by modern slavery in the UK today work in construction. In 2017 we launched Right to Work videos, in conjunction with the CITB, to provide guidance to supply chain partners on how to check that their people have the right to work in the UK. We trialled an audit process that can be used on sites. We also began to roll out training to our people, so that they can spot the warning signs of forced labour and know how to report any suspected incidences.

In 2017 we signed up to the Gangmasters' and Labour Abuse Authority's Construction Protocol. This means that we have agreed to protect vulnerable workers, by sharing information with the Authority and by working to raise awareness with our supply chain partners.

*Our project teams regularly host visits from members of the public to showcase the opportunities available by choosing a career in construction*

*We believe our people thrive when in mixed-gender teams that provide a good balance of complementary skills. Women now comprise nearly 25 per cent of our workforce and we are the first construction company to set a target to achieve gender parity by 2030*

# People (continued)

## We're a Sunday Times Best Company to Work For

In 2017 we came 14th in the Sunday Times Best 100 Companies to Work For list, and were awarded 3 stars. This is their top accolade, only achieved by companies thought to be "extraordinary". We were also awarded a special 'Giving Something Back' award.

## Gender balance and diversity

While we have always worked hard to ensure that we are a company where people are given the opportunity to succeed – whoever they are and regardless of their background – Willmott Dixon, like the industry in general, has a gender imbalance.

During 2016/17 we conducted a series of workshops with men and women from across our business, and their feedback has helped shape our comprehensive gender diversity strategy. We've been inspiring the next generation, through talks and workshops in schools, to consider careers in construction. We've been challenging assumptions about the way we work, trialling agile working practices in some of our offices and sites. We've been advertising jobs on sites that women are likely to visit, and we've set targets for our management trainee intake (our future leaders). In 2017 our target was 33% female. We achieved 38%. We are aiming for 40% in 2018 and 50% beyond that.

In 2017 we became a headline partner for Construction News' campaign 'Inspire Me', which aims to improve gender diversity in the construction industry.

Two of our people were recognised at the 2017 Women in Construction Awards – director of Re-Thinking, Julia Barrett, won the Green Leadership award, and assistant project surveyor, Sarah Mills, won the Rising Star award.

Based on the work we started in 2016, we've already seen some improvement in our gender balance – but we still have a long way to go to reach gender parity – particularly among more senior roles.

*Gender diversity/ethnicity*

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| % female employees | 21.2% | 22.2% | 21.7% | 22.8% | 24.3% |
| % workforce from minority ethnic backgrounds | 6.6% | 6.9% | 7.1% | 6.9% | 7.0% |

Sustainable
Development
CONTINUED

# People (continued)

## We are a Disability Confident Employer

Following our completion of a disability self-assessment, we are now an approved Disability Confident employer, and are able to use the badge on our communications. The Disability Confident logo replaces the 'two ticks' logo that we used to display.

We continue to be a member of the Business Disability Forum.

## RICS inclusive employer

We have signed up to the RICS inclusive employer scheme. This means that we have committed to drive behaviour change, and to look carefully at our employment practices, to ensure that we place inclusivity at the heart of what we do.

## Supporting young people into the industry

Our industry needs more skilled people, so we are playing our part in developing the construction workers of the future.

To encourage young people to consider a career within the construction industry, we are increasing the number of work experience placements we provide and we are attending more careers fairs and events at educational establishments. Our trainees have produced video blogs of their experiences at Willmott Dixon, which we have posted on social media. These attracted over 14,000 views in 2017.

Our management trainee programme is a key way in which we are supporting young people into the industry. Young people can enter the programme with or without a degree.

We aim to train up our management trainees as STEM or Construction Ambassadors. 152 of our people are Construction Ambassadors and 12 are trained as STEM Ambassadors.

*Management trainees and apprentices employed*

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|
| **Management trainees** | 87 | 100 | 99 | 123 | 119 | **134** |
| **Directly-employed apprentices** | 7 | 17 | 13 | 5 | 3 | **8** |


*The recent Open Doors week gave hundreds of people the chance to visit our projects, meet the teams and find out more about what we are building in their community*

*Jonathon Porritt and Rick Willmott join Ben Silsby and Anna Koukoullis, who were declared our 2017 Sustainability Champions at the annual Good Business awards*


## Inspiring our people

2017 saw us roll out more training to our people on a range of sustainability topics, including Selling Sustainability, Designing Out Waste, Tackling the Performance Gap, and Biodiversity. At our 2017 *Superpowers for Sustainability Leaders* conference we brought together our sustainability teams and representatives from across the business, to share best practice and celebrate successes.

# People (continued)

## Members of the 5% Club

In 2015 we joined the 5% Club. As members of the club, we pledged that by 2020 at least 5% of our workforce will be in formalised apprenticeships, sponsored student or graduate development schemes. At the end of 2017, 7% of our employees fulfilled those criteria.

## Being an employer of choice

Happy people are more efficient and productive, and play an important role as ambassadors for our company. So we measure our people's levels of engagement with the business annually, through our staff survey, and with regular pulse checks in between. Our 2017 employee engagement score was 79/100. This is a world-class score – but we continue to strive for ways of ensuring we remain an employer of choice. All feedback from our survey is analysed and comments suggesting possible improvements are incorporated into forward plans.

*Annual 'Your Say' Staff Survey employee engagement score (weighted score out of 100)*

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| 74 | 75 | 77 | 79 | 80 | **79** |

Both our Construction and Interiors businesses hold the Gold Investors In People accreditation.

## Personal development of all employees

Continuous learning is critical to the success of our business, and we continue to lead the industry in the amount we invest in the development of our people. The £3.1m we spent in 2017 represents over £1,500 per employee.

*Total amount spent on employee learning and development*

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| £1.1m | £1m | £1.5m | £1.8m | £2.5m | **£3.1m** |

In 2017 we introduced My Learning, a new learning management system, which enables our people to take ownership of their development and access the training they need directly. My Learning has helped our people take a more holistic approach to their regular meetings with their line managers, where they are prompted to reflect on work challenges and their own personal wellbeing.

# Project Sustainability

## Health and safety

Safeguarding the health, safety and welfare of our employees, those who work with us and anyone affected by our works, is always a top priority. Our core belief is that no one should suffer from ill health or an accident at work.

In 2017 we continued our work to promote a culture where everyone is prepared to speak up and challenge unsafe practices. In 2017, our accident frequency rates went up slightly, but our overall trend is downwards. The statistics below include sub-contractors as well as those directly employed by Willmott Dixon.

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **Fatal** | 0 | 0 | 0 | **0** |
| **Accident frequency rates*** | 0.17 | 0.19 | 0.08 | **0.11** |

** number of reportable accidents per 100,000 hours worked.*

In 2017 we launched a new and innovative campaign to improve mental health on our sites. All Safe Minds aims to combat the stigma associated with mental illness – particularly among men – and encourages our people, and those we work with, to seek help if they are experiencing mental health issues such as stress or depression.

We also employed the health and safety campaigner Dylan Skelhorn as an All Safe ambassador. Throughout 2017, Dylan has been giving talks to our people across the country, bringing his hard-hitting message to all our construction projects, urging people to challenge any action that could potentially be unsafe.

## Considerate Constructors Scheme

We are associate members of the Considerate Constructors Scheme, and register all our eligible sites. Contractors signing up to the scheme agree to abide by its voluntary Code of Considerate Practice, which covers site appearance, community engagement, safety, care for the environment and care for the workforce.

Our 2017 average Considerate Construction Scheme score across all projects was 41.26 out of 50 – 14% higher than the industry average.

*Considerate Constructors Scheme Score – average marks out of 50 across all projects*

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **Willmott Dixon Considerate Constructors average** | 38.71 | 39.87 | 40.29 | 40.58 | **41.26** |
| **Industry Considerate Constructors average** | 35.16 | 35.51 | 35.59 | 36.00 | **36.12** |

## Environmental systems

We aim for 100% compliance with our environmental management systems, and in 2017 we met all our legal environmental obligations. However, there were a couple of instances where we could have done better. We undertook an investigation regarding water standpipe compliance at one of our sites, and are sharing the resultant learning across our business. Noise nuisance was another issue which came up, despite us following industry standards. We are reviewing our systems and processes, to make sure that they are fully compliant with current legislation.

We continue to encourage our people to report any potential environmental issues they spot (observations), because we know that a culture of openness, where everyone recognises risk and sees it as their responsibility to address it, is the best way to prevent incidents on site.

## 10 Point Sustainability Plan

To support our Sustainable Development Strategy, each construction project has its own 10 Point Sustainability Plan. The plan sets project-level goals and targets, which are widely considered to be among the most challenging in the industry. Projects starting before 2017 were expected to achieve at least six of the plan's ten points. From 2017, projects are expected to achieve at least seven points, and at the same time, we set new, harder targets for our projects. 73% of our projects achieved 7/10 points. Further analysis and discussions are now underway, to help us understand what we can do to improve in 2018.

*Average 10 Point Plan score across all projects, out of 10*

| 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| 4.8 | 4.7 | 5.9 | 6.9 | **6.4** |


Connor Lambourne with Katrina Jinadu at Age UK after he led a team that refurbished the charity's Lewisham and Southwark Healthy Living Centre. The task, which included helping disadvantaged, homeless and excluded women get back into work by giving them work experience during the refurbishment, won our 2017 Trainee Challenge

# Carbon

## Our performance

In 2015 we set a new, industry-leading target to halve carbon emissions intensity by 2020 (compared with 2010). Between 2016 and 2017 we reduced our emissions intensity by 22%, meaning that since 2010 we have reduced emissions by 58% – surpassing our 2020 target three years early.

The reductions are mainly due to improvements made by our site teams. By ensuring early grid connections, they are reducing reliance on carbon-intensive diesel (our diesel usage has halved since 2012). Emissions from business travel have also decreased. Our people are choosing more fuel efficient cars, and initiatives like videoconferencing, and deploying people on sites closest to where they live are also having an impact.

*Total emissions ($tCO_2e$)*

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **Total Willmott Dixon emissions** | 14,141 | 14,239 | 14,337 | 13,659 | 11,449 | 11,294 | 9,227 | **8,568** |
| **Intensity - emissions relative to turnover ($tCO_2e$/£m)** | 15.8 | 15.7 | 15.7 | 15.2 | 13.8 | 10.1 | 8.6 | **6.6** |

## Carbon Trust certification

In 2017 we were re-accredited to The Carbon Trust Standard. Companies which achieve the Standard must show continuous improvement over a three-year period.

We also continued our pioneering work on The Carbon Trust's Supply Chain Standard – for companies managing emissions from their supply chain. We remain the only company in our sector to hold this certification.

# Carbon (continued)

## Carbon-reducing initiatives in 2017

In 2017 we:

- Paid out nearly £23,000 in bonuses for employees choosing low emissions company or private cars
- Continued to offer generous car share and bicycle mileage
- Offered employees public transport commute mileage at the same rate as car commute mileage
- Broadened the choice of electric cars on our company car list, offering substantial bonuses for employees choosing them, to cover the cost of installing home-charging points
- Continued to prioritise electrical zoning and out-of-hours master switches on our construction sites
- Increased the proportion of construction projects avoiding the need to use carbon-intensive generators for temporary supplies
- Used hybrid generators
- Promoted agile working
- Reduced average company car emissions from 108 $gCO_2$/km to 107$gCO_2$/km

In 2016 we signed a deal to power all our offices, where we are responsible for energy procurement, with renewable energy. In 2017 we turned our focus to sites. All of our new grid-connected construction sites (where we are responsible for providing power supplies) are now powered by renewable energy, and we are turning our attention to the remaining sites which are powered by other sources.

## Tackling the performance gap

Reducing the gap between a building's expected energy performance and its actual performance in use is a key challenge for our industry. In 2017 we continued our work on a holistic approach to improving energy performance. Our 'Energy Synergy' approach seeks to improve certainty of outcomes for customers through a systematic focus on energy performance – from design approach and modelling, through to supply-chain partner knowledge and capacity. We also carry out a short post-occupancy evaluation on each construction project, and complete more in-depth studies on selected key projects, to help us improve future performance.


*For the second successive year, our company was again acclaimed the best to work for at the Construction Enquirer awards. We gained more votes than any other company at the awards to win the 'Best Main Contractor to Work For' category for companies with turnover above £250m*

## A carbon neutral company since 2012

In 2017 we invested in three carbon-reducing projects to offset our 2016 carbon emissions.

Working with Natural Capital Partners we chose projects which provide additional social benefits to local communities, in line with the aims of the Willmott Dixon Foundation.

All the projects we invest in undergo rigorous investigation to certify that they achieve measurable and permanent reductions in emissions. We self-declare our carbon neutrality according to PAS 2060 guidelines.

These are the projects in which we invested:

- **Improved Ugandan cookstoves project**
  Nearly all Ugandans rely on solid fuels such as charcoal or wood for cooking, which emit high levels of $CO_2$ and air pollution. This project subsidises the sale of cleaner, more efficient cookstoves, and provides finance for those who cannot afford upfront costs.
- **Rimba Raya Biodiversity Reserve**
  This project, on the Indonesian island of Borneo, helps to preserve carbon-dense tropical peat swamps by conserving 47,000 hectares which were originally going to be converted to palm oil plantations. Now the area has become an important natural buffer for the Tanjung Puting National Park, protecting many endangered species, including the Borneo orangutan.
- **Kitambar Renewable Biomass Fuel Switch project**
  This project has helped the Kitambar ceramics factory in north-eastern Brazil to switch their fuel source of forest wood to renewable biomass, protecting endangered ecosystems.

# Natural Resources

## Waste

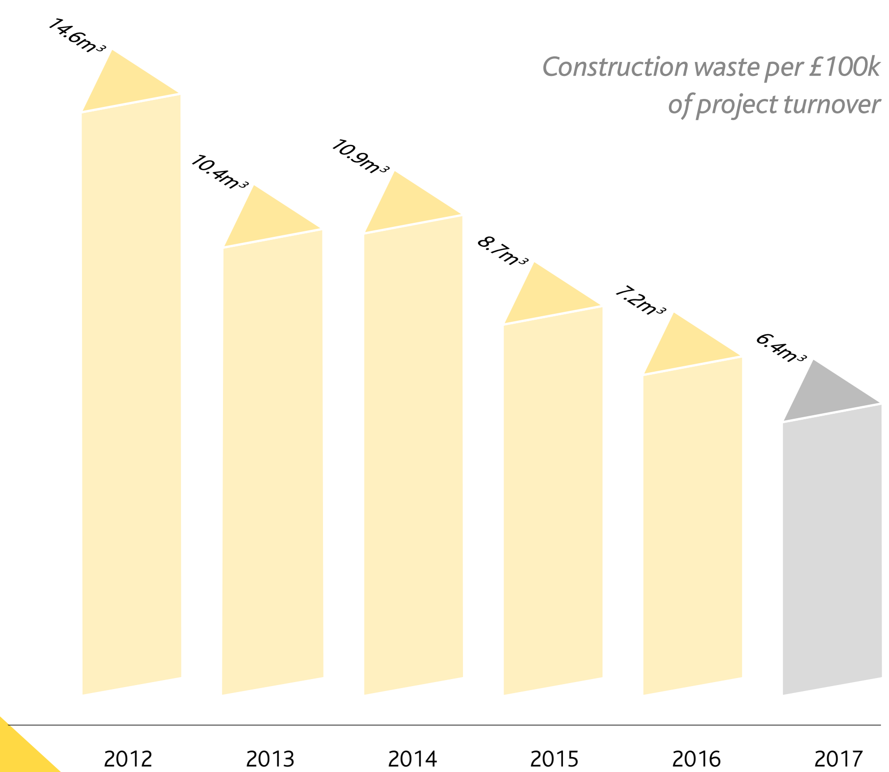
Between 2016 and 2017 we reduced construction waste intensity by 11% - and since 2012, the baseline for our 60% reduction target by 56%. This means that we are well on the way to our 2020 target.

*Waste diverted from landfill*
*(non-hazardous construction waste only)*

| 2015 | 2016 | 2017 |
|---|---|---|
| 90% | 97% | 97% |

Progress has been achieved through a range of interventions, including:

- workshops to look at how to prevent waste, through smarter design
- use of a waste prediction tool to provide a more accurate forecast of waste, based on previous projects
- working with manufacturers and suppliers to design out waste
- use of incentives to encourage collaboration with supply chain partners to reduce waste
- an increased focus on off-site fabrication
- real-time analysis of project waste data to address issues early




*Construction waste per £100k of project turnover*

## Timber

We retained our top score of three trees in WWF's 2017 Timber Scorecard. This means we are purchasing timber and wood products responsibly, that we have publicly committed to prioritising FSC and recycled timber and wood products, and that we are sourcing over 70% certified material.

## Biodiversity

In 2016 we were one of the first construction companies to produce a biodiversity strategy. In 2017 we continued to work with our people to raise awareness, through communications and roadshows at our local company offices, of our ambition to enhance biodiversity on all of our sites. Biodiversity has now been included in our Project Environmental Plan and, from 2018, it has been included as a new point in our 10 Point Project Sustainability Plan.

## Water

We set water targets for each construction project via our 10 Point Project Sustainability Plan. In 2016 our overall water intensity improved. We will be increasing our focus on water in 2018, and aim to get our water data verified to an auditable standard.

*Water intensity (m³ per £100k project turnover)*

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| 9.6 | 9.7 | 9.6 | 9.2 | 8.7 | 7.3 |

## Our 2013-2020 Sustainable Development Strategy

By the end of 2017, of the 142 actions in our Sustainable Development Strategy, we had achieved, or were on track to achieve, 116. Since 2017 marked the halfway point of our Strategy, we consulted with industry partners and our leadership teams to ascertain whether, in the light of changes to our business and our industry, our Strategy remained relevant and continued to provide challenge. The resulting updated Strategy excludes completed actions, removes those specific to our sister companies (Be Living and Fortem, who are producing their own strategies) and removed those actions which are no longer thought a priority (for example, there hasn't been the customer appetite for embodied carbon that we predicted, but life cycle costing has become increasingly important). The remainder have been consolidated under 34 headline actions.

Sustainable Development
CONTINUED

# Independent Verification Statement

## Introduction

Bureau Veritas UK was commissioned by Willmott Dixon to verify its performance against selected sustainability Key Performance Indicators (KPIs), thereby providing assurance to stakeholders on the accuracy and reliability of this data.

## Scope and Methodology

The KPI period assessed is from 1st January 2017 to 31st December 2017. Verification of performance data was carried out through a process of document review, data sampling, interrogation of supporting databases and associated reporting systems and telephone and email exchanges.

## Assessment of Achievement

The table below reflects Willmott Dixon's Key Performance Indicators as verified by Bureau Veritas:

| KPI | Verified Performance |
|---|---|
| Carbon footprint | 8,568 $tCO_2e$ |
| Total Construction Waste Diverted from Landfill [i] | 96.68% |
| Construction Waste Generated [ii] | 6.44 $m^3$/£100k |
| Average Considerate Constructor Scheme (CCS) score | 41.26 |
| Value of Community Investment (Company Contribution) | £1,947,438 |
| Average Training Days per employee [iii] | 3.34 |

[i] Non-hazardous waste
[ii] Based on m3 per £100k of project value
[iii] Based on average number of employees throughout 2017

## Bureau Veritas Opinion

Based on our investigations, it is our opinion that the table opposite is a reliable reflection of progress against these KPIs.

Bureau Veritas is confident that no material information has been withheld which could affect stakeholders' ability to make informed judgments on Willmott Dixon's 2017 performance.

## Limitation and Exclusions

Excluded from the scope of our work was:

- Any information not directly linked to the selected KPIs
- Company strategy and position statements (including any expression of opinion, belief, aspiration, expectation or aim)

A limited sample of site specific source data and records were reviewed as part of this assessment.

This statement should not be relied upon to detect all errors or omissions that may exist within the data sets reviewed.

## Statement of Independence

*Bureau Veritas is an independent professional services company that specialises in quality, health, safety, social and environmental management advice and compliance with over 180 years history in providing independent verification and assurance services. Bureau Veritas has implemented a code of ethics across its business which ensures that all our staff maintain high standards of integrity and independence. We believe our verification assignment did not raise any conflicts of interest. Our team completing the work has extensive knowledge and experience of conducting verification over sustainability information and systems.*

**Bureau Veritas UK Ltd**
March 2018


*Focused on the future - the National College for High Speed Rail in Birmingham was one of two such facilities we built, the other in Doncaster, that will help make the UK a world leader in building high speed railways*

# Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

## Results

The Group profit for the year, before taxation and goodwill amortisation, amounted to £35,528,000 (2016: £31,149,000). Goodwill charged in the year amounted to £2,018,000 (2016: £3,189,000), and the tax charge in respect of this result is £3,896,000 (2016: £6,695,000).

## Distributions in respect of the year

The Directors do not recommend the payment of a dividend for the year (2016: £18,000,000).

During the year, the Company distributed its investment in Be Living Holdings Limited by way of a dividend in specie as described in note 13.

## Directors

The current Directors are listed on page 1.

The following changes in directors have occurred since 1 January 2017:

| | **Resigned** |
|---|---|
| Chris Durkin | 1 January 2017 |
| Andrew Telfer | 1 January 2017 |

## Employees

It is the policy of the Group to employ the most suitably qualified persons regardless of age, religion, gender, sexual orientation or ethnic origin or any other grounds not related to a person's ability to work safely and effectively for the Group.

The Group believes that the most successful companies are those that embrace inclusion, equality and diversity for their people by creating truly complementary teams. The Group is leading in support for the 'Inspire Me' campaign to attract more women into the construction sector and has high aspirations to improve gender balance across all roles in the future. The Group encourages the employment and career development of disabled persons and the continued employment of employees who may be injured or disabled in the course of their employment.

The Group recognises the importance of ensuring that relevant business information is provided to employees. This is achieved through the regular operation of a communications programme. The Group operates a number of performance related pay schemes for staff.

## Taxation policy

The Group believes that it has a duty to shareholders to seek to minimise its tax burden, but to do so in a manner which is consistent with its commercial objectives and meets its legal obligations and ethical standards.

While effort is made to maximise the tax efficiency of business transactions, including taking advantage of available tax incentives and exemptions, the Group has regard for the intention of the legislation concerned rather than just the wording itself.

The Group is committed to building open relationships with tax authorities and to follow a policy of full disclosure in order to effect the timely settlement of its tax affairs and to remove uncertainty in its business transactions. Where appropriate, the Group enters into collaborative consultation with its Customer Relationship Management team appointed by the tax authorities.

The Group monitors and reviews this policy on a regular basis to ensure that it remains appropriate for the changing environment within which the Group operates.

## Financial instruments

The Group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through robust credit control procedures. Dedicated credit control teams operate in each trading subsidiary. The nature of its financial instruments means that the price risk to which they are subjected is minimal. The Group carries out daily cash flow and working capital monitoring which, together with regular cash flow forecasting, ensure that it has adequate cash in order to make bank loan repayments and therefore to manage the liquidity risk to which it is exposed. The Group used derivative financial instruments to manage its exposure to interest rate risk on term loans. The Group did not hold any derivative financial instruments at the year end.

## Disclosure of information to the auditor

So far as each of the Directors is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## Disclosures included in the Strategic Report

The Company has elected to include information on future developments as per schedule 7 of the "Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008" in the Strategic Report, as the directors consider those matters to be of strategic importance to the Company.

By Order of the Board

**Wendy McWilliams**
Secretary
25 April 2018

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent Auditor's Report to the Members of Willmott Dixon Holdings Limited

## Opinion

We have audited the financial statements of Willmott Dixon Holdings Limited (the Parent company) and its Subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated and company balance sheet, the consolidated and company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, 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 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the 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.

## Use of our report

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

## Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Director's Report.

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

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

# Independent Auditor's Report to the Members of Willmott Dixon Holdings Limited

CONTINUED

## Responsibilities of Directors

As explained more fully in the Directors' Responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Kieran Storan** (Senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor

London, United Kingdom
25 April 2018

BDO LLP is a limited liability partnership registered in England and Wales
(with registered number OC305127).

# Consolidated Statement of Profit and Loss and Other Comprehensive Income

Year Ended 31 December 2017

| | Notes | 2017 £000 Before Goodwill Amortisation | 2017 £000 Goodwill Amortisation | 2017 £000 Total | 2016 £000 Continuing Activities | 2016 £000 Discontinued Activities | 2016 £000 Goodwill Amortisation | 2016 £000 Total |
|---|---|---|---|---|---|---|---|---|
| **TURNOVER** | 3 | **1,296,414** | **-** | **1,296,414** | 1,074,457 | 148,542 | - | 1,222,999 |
| Cost of sales | | **(1,181,990)** | **-** | **(1,181,990)** | (964,984) | (128,828) | - | (1,093,812) |
| **GROSS PROFIT** | | **114,424** | **-** | **114,424** | 109,473 | 19,714 | - | 129,187 |
| Administrative expenses | | **(91,330)** | **(2,018)** | **(93,348)** | (82,692) | (24,182) | (3,189) | (110,063) |
| | | **23,094** | **(2,018)** | **21,076** | 26,781 | (4,468) | (3,189) | 19,124 |
| Profit on sale of subsidiary | | **11,315** | **-** | **11,315** | - | - | - | - |
| Share of profit of joint ventures | 13 | **8** | **-** | **8** | 46 | 7,779 | - | 7,825 |
| Share of profit of associate | 13 | **-** | **-** | **-** | - | 268 | - | 268 |
| **OPERATING PROFIT** | | **34,417** | **(2,018)** | **32,399** | 26,827 | 3,579 | (3,189) | 27,217 |
| Interest payable and similar charges | 4 | **(295)** | **-** | **(295)** | (311) | - | - | (311) |
| Interest receivable and similar income | 5 | **1,406** | **-** | **1,406** | 386 | 668 | - | 1,054 |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | 6 | **35,528** | **(2,018)** | **33,510** | 26,902 | 4,247 | (3,189) | 27,960 |
| Tax on profit on ordinary activities | 9 | | | **(3,896)** | | | | (6,695) |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR** | | | | **29,614** | | | | 21,265 |

The notes on pages 77 to 100 form part of these financial statements.

For details of discontinued activities, see note 13.

All 2017 activities are continuing activities.

# Consolidated Balance Sheet

As at 31 December 2017
Registered Number: 00198032

| | Notes | 2017 £000 | 2017 £000 | 2016 £000 | 2016 £000 |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 11 | | **23,781** | | 39,773 |
| Tangible assets | 12 | | **4,004** | | 4,772 |
| Investments | 13 | | **96** | | 17,285 |
| | | | **27,881** | | 61,830 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 14 | **2,652** | | 179,733 | |
| Debtors | 15 | **372,719** | | 301,553 | |
| Cash at bank and in hand | | **82,819** | | 81,169 | |
| | | **458,190** | | 562,455 | |
| **CREDITORS**: amounts falling due within one year | 16 | **(327,324)** | | (412,064) | |
| **NET CURRENT ASSETS** | | | **130,866** | | 150,391 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **158,747** | | 212,221 |
| **CREDITORS**: amounts falling due after one year | 17 | | **(16,580)** | | (34,882) |
| | | | **142,167** | | 177,339 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 20 | | **100,000** | | 100,000 |
| Share premium account | 20 | | **2,083** | | 2,083 |
| Profit and loss account | | | **40,084** | | 75,256 |
| | | | **142,167** | | 177,339 |

The notes on pages 77 to 100 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 25 April 2018 and were signed on its behalf by:

**Colin Enticknap**
Group Chairman

# Company Balance Sheet

As at 31 December 2017
Registered Number: 00198032

| | Notes | 2017 £000 | 2017 £000 | 2016 £000 | 2016 £000 |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 11 | | **1,467** | | 834 |
| Tangible assets | 12 | | **421** | | 321 |
| Investments | 13 | | **88,368** | | 160,875 |
| | | | **90,256** | | 162,030 |
| **CURRENT ASSETS** | | | | | |
| Debtors | 15 | **42,542** | | 2,123 | |
| Cash at bank and in hand | | **72,795** | | 62,918 | |
| | | **115,337** | | 65,041 | |
| **CREDITORS:** amounts falling due within one year | 16 | **(7,272)** | | (46,241) | |
| **NET CURRENT ASSETS** | | | **108,065** | | 18,800 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **198,321** | | 180,830 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 20 | | **100,000** | | 100,000 |
| Share premium account | 20 | | **2,083** | | 2,083 |
| Profit and loss account | | | **96,238** | | 78,747 |
| | | | **198,321** | | 180,830 |

The notes on pages 77 to 100 form part of these financial statements.

The profit after tax of the Parent Company for the year ended 31 December 2017 is £31,515,000 (2016: £29,531,000).

These financial statements were approved and authorised for issue by the Board of Directors on 25 April 2018 and were signed on its behalf by:

**Colin Enticknap**
Group Chairman

# Consolidated Statement of Changes in Equity

Year ended 31 December 2017

| | Notes | Share capital £000 | Share premium account £000 | Profit and loss account £000 | Total equity £000 |
|---|---|---|---|---|---|
| 1 January 2016 | | 100,000 | 2,083 | 71,991 | **174,074** |
| Profit and total comprehensive income for the financial year | | - | - | 21,265 | **21,265** |
| CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS: | | | | | |
| Ordinary dividends | | - | - | (18,000) | **(18,000)** |
| Total contributions by and distributions to owners | | - | - | (18,000) | **(18,000)** |
| 31 December 2016 | | 100,000 | 2,083 | 75,256 | **177,339** |
| 1 January 2017 | | 100,000 | 2,083 | 75,256 | **177,339** |
| Profit and total comprehensive income for the financial year | | - | - | 29,614 | **29,614** |
| CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS: | | | | | |
| Dividend in specie on Group reorganisation | 13 | - | - | (64,786) | **(64,786)** |
| Total contributions by and distributions to owners | | - | - | (64,786) | **(64,786)** |
| 31 December 2017 | | 100,000 | 2,083 | 40,084 | **142,167** |

# Company Statement of Changes in Equity

Year ended 31 December 2017

| | Notes | Share capital £000 | Share premium account £000 | Profit and loss account £000 | Total equity £000 |
|---|---|---|---|---|---|
| 1 January 2016 | | 100,000 | 2,083 | 67,216 | **169,299** |
| Profit and total comprehensive income for the financial year | | - | - | 29,531 | **29,531** |
| CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS: | | | | | |
| Ordinary dividends | | - | - | (18,000) | **(18,000)** |
| Total contributions by and distributions to owners | | - | - | (18,000) | **(18,000)** |
| 31 December 2016 | | 100,000 | 2,083 | **78,747** | **180,830** |
| 1 January 2017 | | 100,000 | 2,083 | 78,747 | **180,830** |
| Profit and total comprehensive income for the financial year | | - | - | 31,515 | **31,515** |
| CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS: | | | | | |
| Dividend in specie on Group reorganisation | 13 | - | - | (14,024) | **(14,024)** |
| Total contributions by and distributions to owners | | - | - | (14,024) | **(14,024)** |
| 31 December 2017 | | **100,000** | **2,083** | **96,238** | **198,321** |



# Consolidated Cash Flow Statement

Year ended 31 December 2017

| | Notes | 2017 £000 | 2016 £000 |
|---|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Operating profit | | **32,399** | 27,217 |
| Profit on sale of subsidiary | | **(11,315)** | - |
| Depreciation of tangible fixed assets | 12 | **1,732** | 2,065 |
| Loss on disposal of fixed assets | 6 | **85** | 20 |
| Goodwill amortisation | 11 | **2,018** | 3,189 |
| Amortisation of other intangible fixed assets | 11 | **326** | 1,167 |
| Other non-cash movements | | **(17)** | 12 |
| Decrease/(increase) in operating investments | | **8** | (5,930) |
| Decrease/(increase) in stocks | | **508** | (95,782) |
| Decrease in debtors | | **2,188** | 6,255 |
| Increase in creditors | | **20,380** | 29,449 |
| CASH FLOW FROM OPERATING ACTIVITIES | | **48,312** | (32,338) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net cash disposed of with subsidiary | | **(8,351)** | - |
| Purchases of tangible fixed assets | 12 | **(1,386)** | (1,253) |
| Purchases of intangible fixed assets | 11 | **(982)** | (1,022) |
| Interest received | 5 | **1,406** | 386 |
| Loans to joint ventures | 13 | **-** | (6,705) |
| Repayment of loans from joint ventures | 13 | **-** | 4,449 |
| CASH FLOW FROM INVESTING ACTIVITIES | | **(9,313)** | (4,145) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Repayment of bank loan | | **-** | (471) |
| New bank loans | | **-** | 41,334 |
| Finance lease capital repayments | | **(23)** | (274) |
| (Advances to)/repayment from group companies | | **(37,031)** | 15,131 |
| Interest paid | 4 | **(295)** | (311) |
| Dividends paid | 10 | **-** | (18,000) |
| CASH FLOW FROM FINANCING ACTIVITIES | | **(37,349)** | 37,409 |
| INCREASE IN CASH AND CASH EQUIVALENTS | | **1,650** | 926 |
| Cash and cash equivalents 1 January 2017 | | **81,169** | 80,243 |
| Cash and cash equivalents 31 December 2017 | | **82,819** | 81,169 |

# Notes to the Accounts

## 1 Accounting policies

The following accounting policies have been consistently applied in dealing with items that are considered material in relation to the financial statements.

**a) Accounting convention**

The accounts are prepared under the historical cost convention, or fair value where required, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Companies Act 2006.

On the basis of the projected trading results and cash flows of the Group, and substantial cash balances, the accounts have been prepared on a going concern basis.

**b) Basis of consolidation**

The Group accounts consolidate the accounts of Willmott Dixon Holdings Limited and its subsidiaries for the year ended 31 December 2017. An entity is considered to be a subsidiary where it is controlled by the parent. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes.

Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the entity, rather than rights to its individual assets and obligations for its individual liabilities. Associates are those entities over whose financial and operating policies the Group has significant influence, but not control or joint control. The results, assets and liabilities of joint ventures and associates are incorporated in the financial statements using the equity method of accounting. Investments in joint ventures and associates are initially carried in the balance sheet at cost (including goodwill arising on acquisition) and adjusted by post-acquisition changes in the Group's share of net assets of the joint venture or associate, less any impairment in the value of individual investments. Losses of joint ventures and associates in excess of the Group's interest in those joint ventures and associates are only recognised to the extent that the Group is contractually liable for, or has a constructive obligation to meet, the obligations of the joint ventures and associates. Unrealised gains and losses on transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the relevant joint venture or associate.

Goodwill is recognised as the difference between consideration paid and the fair value of the identifiable assets and liabilities acquired. Goodwill is amortised over its useful economic life which is the period over which the value of the underlying business acquired is expected to exceed the values of its identifiable net assets, the period being 10-20 years.

In preparing the financial statements of the parent company, advantage has been taken of the following disclosure exemptions under FRS 102 and section 408 of the Companies Act 2006:

- No profit & loss account or cash flow statement has been presented for the Parent Company;
- Certain disclosures in respect of the Parent Company's financial instruments have not been presented as these are included in the disclosures made in respect of the Group;
- No disclosure has been given in respect of the Parent Company's aggregate remuneration of key management personnel as these are included in the disclosures made in respect of the Group;
- No disclosure of related party transactions entered into between two or more wholly owned members of the Group has been given.
- Certain disclosures in respect of the Company's financial instruments have not been presented as these are included in the disclosures made in respect of the Group.



## 1 Accounting policies (continued)

**c) Turnover**

Turnover on construction contracts is measured at the fair value of consideration receivable and ascertained in a manner appropriate to the stage of completion and the anticipated final value of the contract.

Turnover and profit from the sale of new homes is recognised when contracts are exchanged and the building work is physically complete.

Turnover from services is measured at the fair value of consideration receivable for goods and services provided during the year.

All turnover is stated net of VAT.

**d) Construction contracts**

Turnover and profit on construction contracts is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned when the outcome of work under the contract can be assessed with reasonable certainty. Stage of completion is measured by completing surveys of work done. All foreseeable losses are provided in full.

Amounts recoverable on contracts represent the excess of the value of surveyed work over amounts invoiced or certified at the balance sheet date. Where amounts invoiced or certified at the balance sheet date exceed the amount of work completed, the excess is included within payments on account.

**e) Computer software**

Computer software is capitalised as an intangible asset and amortised over its useful economic life. Cost is measured at the purchase price of the asset. The expected useful life of software is assessed as 2-5 years.

**f) Tangible fixed assets**

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets, other than land, at rates estimated to write off the cost of each asset over the term of its expected useful life as follows:

| | |
|---|---|
| Leasehold improvements | - the earlier of 5 years or until the first breakpoint in the lease |
| Computer equipment | - between 20% and 50% per annum |
| Plant and equipment | - 25% per annum |
| Furniture and fittings | - 10% per annum |

# Notes to the Accounts
CONTINUED

## 1 Accounting policies (continued)

**g) Debtors and financial instruments**

Debtors comprising basic financial instruments are stated at amortised cost, reflecting adjustments for amounts not considered to be recoverable.

Trade debtors falling due after more than one year in respect of the government 'Help to Buy' initiative are stated at fair value with any change in fair value during the year recognised in the profit and loss account within interest payable and similar charges and interest receivable and similar income.

The Group has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date.

**h) Creditors and financial instruments**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations.

The Group operates a supply chain finance scheme with Lloyds Bank plc. Amounts made available to supply chain partners ahead of their contractual due date under this arrangement are recorded as trade creditors under supply chain finance. Associated finance charges are recognised as interest payable in the profit and loss account.

**i) Pre-contract costs**

Pre-contract costs are expensed to the profit and loss account until such time that the value of any recovery can be assessed reliably and it becomes probable that the related contract will be awarded to the Group.

**j) Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to complete and costs to sell. In respect of land and developments in progress, cost includes direct interest and production overheads.

**k) Investments**

Interests in joint ventures and associates are accounted for under the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity.

Parent Company investments in subsidiaries and other fixed asset investments are stated at cost less provision for any impairment.

## 1 Accounting policies (continued)

**l) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Deferred tax is not discounted.

Deferred tax assets are recognised to the extent that the Directors consider it more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

**m) Leased assets**

The total payments made under operating leases are expensed to the profit and loss account on a straight line basis over the term of the lease.

Assets held under finance leases are included in fixed assets at the lower of fair value at the date of acquisition and present value of the minimum lease payments. The capital element of outstanding finance leases is included in creditors. The finance charge element of rentals is expensed to the profit and loss account at a constant periodic rate of charge on the outstanding obligations.

**n) Research and development**

Research and development expenditure is expensed to the profit and loss account as it is incurred.

**o) Retirement benefits**

For the duration of its contractual relationships with various local authorities, the Group contributes to appropriate local authority pension schemes in respect of employees working for the Group under TUPE arrangements in accordance with the rates advised by those schemes. These schemes are accounted for as defined contribution schemes as the Group makes contributions only as an admitted body to the scheme and the Group is not commercially exposed to changes in the contribution rates. Contributions are expensed as they fall due and no other liability arises.

Contributions to the Group's defined contribution pension scheme are expensed to the profit and loss account in the year to which they relate.

## 2 Significant accounting judgments and estimates

The preparation of accounts under FRS 102 requires management to make judgments, estimates and assumptions that affect the value of the turnover and profit reported in the profit and loss account for the financial year and the value of assets and liabilities recorded in the balance sheet.

The following items are those that management considers to have the most significant effect on the financial statements:

**a) Construction contracts**

Recognition of turnover and profit on construction contracts requires management judgment regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the balance sheet date. Management undertakes detailed reviews on a monthly basis in order to exercise judgment over the outcome of each contract and the associated risks and opportunities.

The value of work completed at the balance sheet date is assessed by undertaking surveys and completing internal valuations on each element of works completed and in progress. Regular management reviews of contract progress include a comparison of internal valuations to the applications for payment made by supply chain partners and to external valuations completed on behalf of clients. Any material variances are investigated and updates made where appropriate.

The age, nature and recoverability of all debtors and amounts recoverable on construction contracts are reviewed regularly by management and provisions made where appropriate.

Consistent procedures and management tools are in place to ensure that estimates are applied and results determined on a consistent basis.

## 2 Significant accounting judgments and estimates (continued)

**b) Land and developments in progress**

In 2016, the recoverable value of land and developments in progress required the selling price, cost to complete and costs to sell individual developments to be identified.

Forecast costs to complete and to sell are maintained in standard appraisal models and are regularly reconciled with agreements entered into with third parties. Controls are in place to ensure that regular reviews are undertaken by management.

Estimated selling prices are reviewed regularly by management with reference to independent external valuations where appropriate.

Prior to reaching financial close and legal agreement on development schemes, judgement is also required to ascertain whether it is probable that the scheme will progress.

**c) Goodwill**

The value of goodwill arising on acquisition is based upon the fair value of assets and liabilities acquired and is amortised over the useful economic life of the goodwill. The Directors are therefore required to make judgments and assumptions regarding the value of assets and liabilities acquired, the cash generating units (CGUs) to which they relate and the future cash flows forecast from those CGUs.

Management reports, budgets and strategic plans are prepared by management and reviewed and approved by the board for each CGU and are used to assess their future cash flows and useful life.

# Notes to the Accounts

CONTINUED

## 3 Turnover

All turnover is derived in the UK through the following operating activities:

| | 2017 | 2016 Continuing activities | 2016 Discontinued activities | 2016 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| CONSTRUCTION CONTRACTS: | | | | |
| Construction | **1,168,326** | 973,131 | - | 973,131 |
| Interiors | **127,971** | 101,210 | - | 101,210 |
| Fortem projects | **-** | - | 37,270 | 37,270 |
| | **1,296,297** | 1,074,341 | 37,270 | 1,111,611 |
| SALE OF NEW HOMES: | | | | |
| Be Living residential development | **-** | - | 17,792 | 17,792 |
| SERVICES: | | | | |
| Fortem repairs and maintenance | **-** | - | 92,038 | 92,038 |
| Be Living development management | **-** | - | 1,442 | 1,442 |
| | **-** | - | 93,480 | 93,480 |
| OTHER | **117** | 116 | - | 116 |
| | **1,296,414** | 1,074,457 | 148,542 | 1,222,999 |

## 4 Interest payable and similar charges

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Supply chain finance costs | **291** | 291 |
| Finance lease interest | **4** | 20 |
| | **295** | 311 |

## 5 Interest receivable and similar income

| | 2017 | 2016 Continuing activities | 2016 Discontinued activities | 2016 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Interest receivable from cash and bank balances | **363** | 386 | - | 386 |
| Interest receivable from group companies | **1,043** | - | - | - |
| Interest receivable from joint ventures | **-** | - | 615 | 615 |
| Fair value gains | **-** | - | 53 | 53 |
| | **1,406** | 386 | 668 | 1,054 |

## 6 Profit on ordinary activities before taxation

is stated after charging:

| | 2017 | 2016 Continuing activities | 2016 Discontinued activities | 2016 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Depreciation of tangible fixed assets – owned assets | **1,732** | 1,603 | 462 | 2,065 |
| Loss on disposal of tangible fixed assets | **85** | 4 | 16 | 20 |
| Goodwill amortisation | **2,018** | 2,018 | 1,171 | 3,189 |
| Amortisation of other intangible fixed assets | | | | |
| - owned assets | **294** | 574 | 323 | 897 |
| - assets held under finance leases | **32** | 270 | - | 270 |
| Operating lease rentals | **6,191** | 5,184 | 4,167 | 9,351 |
| Auditor's remuneration | | | | |
| - for Parent Company audit | **23** | 23 | - | 23 |
| - for subsidiary company audit | **103** | 117 | 65 | 182 |
| - for other services | **5** | 102 | - | 102 |

Other services comprised £nil in respect of tax advisory services (2016: £11,000) and a further £5,000 (2016: £91,000) of corporate finance and accounting services.

## 7 Employees

The average number of employees, excluding Directors, during the year was made up as follows:

| | GROUP | | | | PARENT COMPANY | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 Continuing activities | 2016 Discontinued activities | 2016 | 2017 | 2016 |
| | No. | No. | No. | No. | No. | No. |
| Office and administration | 743 | 696 | 180 | 876 | 199 | 194 |
| Site and production | 1,319 | 1,255 | 893 | 2,148 | - | - |
| | 2,062 | 1,951 | 1,073 | 3,024 | 199 | 194 |

Staff costs, excluding directors, during the year amounted to:

| | GROUP | | | | PARENT COMPANY | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 Continuing activities | 2016 Discontinued activities | 2016 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Wages and salaries | 115,858 | 108,280 | 40,517 | 148,797 | 9,070 | 7,188 |
| Incentive payments to staff | 20,009 | 13,623 | 2,734 | 16,357 | 1,971 | 1,652 |
| Total wages and salaries | 135,867 | 121,903 | 43,251 | 165,154 | 11,041 | 8,840 |
| Pension contributions | 5,641 | 5,165 | 2,539 | 7,704 | 385 | 321 |
| Social security costs | 15,730 | 14,019 | 4,471 | 18,490 | 1,340 | 1,047 |
| Apprenticeship levy | 402 | - | - | - | 23 | - |
| | 157,640 | 141,087 | 50,261 | 191,348 | 12,789 | 10,208 |

## 8 Directors' remuneration

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Fees | 90 | 220 |
| Wages and salaries | 288 | 730 |
| Profit share payments | 200 | 1,123 |
| Total remuneration | 578 | 2,073 |

The remuneration of the highest paid Director was £528,000 (2016: £732,000). No payments have been made to pension schemes on behalf of Directors (2016: nil).

The total remuneration of other key management personnel was £6,513,000 (2016: £6,179,000).

## 9 Taxation

a) ANALYSIS OF CHARGE:

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Current tax | | |
| Corporation tax charged | 3,275 | 6,402 |
| Payments made for group relief | 1,671 | 721 |
| Intragroup prior year adjustment | (1,112) | (351) |
| Share of joint venture/associate tax | - | 9 |
| | 3,834 | 6,781 |
| Deferred tax | | |
| Origination and reversal of timing differences | (19) | (125) |
| Intragroup prior year adjustment | 81 | (7) |
| Effect of change in tax rate | - | 46 |
| | 3,896 | 6,695 |

# Notes to the Accounts
CONTINUED

## 9 Taxation (continued)

b) FACTORS AFFECTING TAX CHARGE FOR YEAR

| | 2017 £000 | 2016 £000 |
|---|---|---|
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19.25%). The differences are explained below: | | |
| Profit on ordinary activities before tax | 33,510 | 27,960 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19.25% (2016: 20.00%) | 6,448 | 5,592 |
| Sale of subsidiary | (2,178) | - |
| Expenses not deductible for tax purposes | 276 | 733 |
| Goodwill amortisation | 385 | 620 |
| Intragroup prior year adjustment | (1,031) | (313) |
| Other timing differences | (4) | 63 |
| Tax on profit on ordinary activities | 3,896 | 6,695 |

Where applicable, interest has been imputed on intra group balances in the relevant entities corporation tax returns. There is no effect on the tax charge in the individual companies, as the effect of the adjustments are offset by the associated group relief surrenders/claims.

## 10 Ordinary dividends

| | 2017 Pence per share | 2016 Pence per share | 2017 £000 | 2016 £000 |
|---|---|---|---|---|
| Ordinary dividends - interim | - | 18.0 | - | 18,000 |

In addition to ordinary dividends, there was a dividend in specie as set out in note 13.

## 11 Intangible assets

| | Goodwill £000 | Computer software £000 | Total £000 |
|---|---|---|---|
| GROUP | | | |
| Cost | | | |
| 1 January 2017 | 65,178 | 7,243 | 72,421 |
| Additions | - | 982 | 982 |
| Disposals | (24,117) | (1,603) | (25,720) |
| 31 December 2017 | 41,061 | 6,622 | 47,683 |
| Amortisation | | | |
| 1 January 2017 | 26,880 | 5,768 | 32,648 |
| Amortisation in the year | 2,018 | 326 | 2,344 |
| Eliminated on disposals | (10,058) | (1,032) | (11,090) |
| 31 December 2017 | 18,840 | 5,062 | 23,902 |
| Net Book Value | | | |
| 31 December 2017 | 22,221 | 1,560 | 23,781 |
| 31 December 2016 | 38,298 | 1,475 | 39,773 |

The net book value of assets held under finance leases amount to £nil (2016: £32,000). Amortisation of £32,000 (2016: £270,000) has been charged to the profit and loss account. All finance lease assets related to computer software.

| | Computer software £000 |
|---|---|
| PARENT COMPANY | |
| Cost | |
| 1 January 2017 | 3,455 |
| Additions | 880 |
| 31 December 2017 | 4,335 |
| Amortisation | |
| 1 January 2017 | 2,621 |
| Amortisation in the year | 247 |
| 31 December 2017 | 2,868 |
| Net Book Value | |
| 31 December 2017 | 1,467 |
| 31 December 2016 | 834 |

## 12 Tangible assets

| | Land and leasehold improvements | Computer equipment | Plant and equipment | Furniture and fittings | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| GROUP | | | | | |
| Cost | | | | | |
| 1 January 2017 | 5,610 | 5,482 | 1,169 | 2,573 | 14,834 |
| Additions | 414 | 597 | 96 | 279 | 1,386 |
| Disposals | (760) | (1,670) | (320) | (753) | (3,503) |
| 31 December 2017 | 5,264 | 4,409 | 945 | 2,099 | 12,717 |
| Depreciation | | | | | |
| 1 January 2017 | 3,042 | 4,781 | 894 | 1,345 | 10,062 |
| Depreciation in the year | 1,001 | 451 | 88 | 192 | 1,732 |
| Eliminated on disposals | (776) | (1,542) | (255) | (508) | (3,081) |
| 31 December 2017 | 3,267 | 3,690 | 727 | 1,029 | 8,713 |
| Net Book Value | | | | | |
| 31 December 2017 | 1,997 | 719 | 218 | 1,070 | 4,004 |
| 31 December 2016 | 2,568 | 701 | 275 | 1,228 | 4,772 |

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| The Group net book value of land and leasehold improvements comprises: | | |
| Freehold land | 15 | 15 |
| Leasehold improvements | 1,982 | 2,553 |
| | 1,997 | 2,568 |

## 12 Tangible assets (continued)

| | Land and leasehold improvements | Computer equipment | Plant and equipment | Furniture and fittings | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| PARENT COMPANY | | | | | |
| Cost | | | | | |
| 1 January 2017 | 1,103 | 2,196 | 332 | 590 | 4,221 |
| Additions | 127 | 65 | 6 | 7 | 205 |
| Transfer from group companies | 66 | (1) | - | 42 | 107 |
| Disposal | - | - | - | (187) | (187) |
| 31 December 2017 | 1,296 | 2,260 | 338 | 452 | 4,346 |
| Depreciation | | | | | |
| 1 January 2017 | 1,055 | 2,039 | 325 | 481 | 3,900 |
| Depreciation in the year | 29 | 118 | 4 | 34 | 185 |
| Transfer from group companies | 2 | (1) | - | 26 | 27 |
| Eliminated on disposal | - | - | - | (187) | (187) |
| 31 December 2017 | 1,086 | 2,156 | 329 | 354 | 3,925 |
| Net Book Value | | | | | |
| 31 December 2017 | 210 | 104 | 9 | 98 | 421 |
| 31 December 2016 | 48 | 157 | 7 | 109 | 321 |

## 13 Investments

| | Joint ventures | Associate | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **GROUP** | | | |
| Investments | | | |
| 1 January 2017 | 6,527 | 111 | 6,638 |
| Share of profit of joint venture | 8 | - | 8 |
| Disposal | (6,489) | (111) | (6,600) |
| 31 December 2017 | 46 | - | 46 |
| Loans | | | |
| 1 January 2017 | 10,647 | - | 10,647 |
| Disposal | (10,597) | - | (10,597) |
| 31 December 2017 | 50 | - | 50 |
| Total Investments | | | |
| 31 December 2017 | 96 | - | 96 |
| 31 December 2016 | 17,174 | 111 | 17,285 |

## 13 Investments (continued)

| | Subsidiaries |
|---|---|
| | £000 |
| **PARENT COMPANY** | |
| Shares at cost | |
| 1 January 2017 | 161,466 |
| Additions | 17,272 |
| Transfer to group companies | (89,779) |
| 31 December 2017 | 88,959 |
| Provisions | |
| 1 January 2017 and 31 December 2017 | (591) |
| Total Investments | |
| 31 December 2017 | 88,368 |
| 31 December 2016 | 160,875 |

The list of subsidiaries and joint ventures is set out in note 25.

The following additions and disposals took place on 1 January 2017:

The Company's investment in Wimpole Equity Holdings Limited was disposed of by way of the sale of shares at the carrying value of the investment. Accordingly, no profit or loss is applicable to the Company but a profit of £11,315,000 is recognised in the Group in 2017, being the excess of the consideration over the net assets disposed.

The Company acquired the remaining 50% of Willmott Partnership Homes Limited from Be Living Holdings Limited and subsequently transferred the investment to a subsidiary company.

The Company's investment in Be Living Holdings Limited was distributed by way of a dividend in specie of £64,786,000 in the Group and £14,024,000 in the Company.

Following the transactions, the Group results of Wimpole Equity Holdings Limited and Be Living Holdings Limited have been reclassified as discontinued activities in the 2016 comparative results.

## 14 Stocks

| | GROUP 2017 £000 | 2016 £000 |
|---|---|---|
| Raw materials and consumables | - | 758 |
| Land and developments in progress | 2,652 | 178,975 |
| | 2,652 | 179,733 |

Included within the 2016 land and developments in progress balance are finance costs amounting to £4,501,000.

## 15 Debtors

| | GROUP 2017 £000 | 2016 £000 | PARENT COMPANY 2017 £000 | 2016 £000 |
|---|---|---|---|---|
| Amounts falling due within one year: | | | | |
| Trade debtors | 55,497 | 61,345 | 35 | - |
| Amounts recoverable on contracts | 22,729 | 44,757 | - | - |
| Retention held under construction contracts | 18,104 | 28,306 | - | - |
| Amounts due from group companies | 249,996 | 142,795 | 40,422 | - |
| Other taxes | - | 714 | - | - |
| Prepayments | 4,945 | 4,562 | 1,396 | 1,364 |
| Accrued income | 82 | 5,623 | 82 | - |
| | 351,353 | 288,102 | 41,935 | 1,364 |
| Amounts falling due after more than one year: | | | | |
| Trade debtors | - | 456 | - | - |
| Retention held under construction contracts | 20,320 | 11,596 | - | - |
| Other debtors | 390 | 390 | 390 | 390 |
| Deferred tax asset (see note 19) | 656 | 1,009 | 217 | 369 |
| | 372,719 | 301,553 | 42,542 | 2,123 |

Amounts due from group companies are unsecured, have no fixed date of repayment and are repayable on demand.

## 16 Creditors: amounts falling due within one year

| | GROUP 2017 £000 | 2016 £000 | PARENT COMPANY 2017 £000 | 2016 £000 |
|---|---|---|---|---|
| Trade creditors | 26,592 | 36,312 | - | - |
| Trade creditors under supply chain finance | 34,363 | 37,487 | - | - |
| Retention held under construction contracts | 22,844 | 39,516 | - | - |
| Amounts due to group companies | - | - | - | 35,176 |
| Payments on account | 50,996 | 39,418 | - | - |
| Other tax and social security | 2,502 | 5,754 | 2,501 | 4,746 |
| Deferred land creditors | - | 7,309 | - | - |
| Other creditors | 79 | 398 | 79 | 229 |
| Finance leases (see note 22) | - | 26 | - | - |
| Bank loans (see note 18) | - | 60,990 | - | - |
| Accruals and deferred income | 189,948 | 184,854 | 4,692 | 6,090 |
| | 327,324 | 412,064 | 7,272 | 46,241 |

Amounts due to group companies are unsecured, have no fixed date of repayment and are repayable on demand.

## 17 Creditors: amounts falling due after one year

| | GROUP 2017 £000 | 2016 £000 |
|---|---|---|
| Retention held under construction contracts | 16,580 | 10,319 |
| Bank loans (see note 18) | - | 11,078 |
| Deferred land creditors | - | 13,485 |
| | 16,580 | 34,882 |

In 2016, deferred land creditors comprised of discounted present value amounts due on deferred payments for land and were expected to mature over the next 24 months.

# Notes to the Accounts

CONTINUED

## 18 Bank loans: bank loans mature as follows:

| | GROUP 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Due within one year | - | 60,990 |
| After one year but no more than two years | - | 11,078 |
| | - | 72,068 |

Bank loans as at 31 December 2016 comprised term loans of £72,843,000 which were offset by deferred arrangement fees of £775,000.

## 19 Deferred tax

| | GROUP 2017 | PARENT COMPANY 2017 |
|---|---|---|
| | £000 | £000 |
| 1 January 2017 | 1,009 | 369 |
| Current year movement | (272) | (19) |
| Prior period adjustment | (81) | (133) |
| 31 December 2017 | 656 | 217 |
| The deferred tax asset comprises: | | |
| Decelerated capital allowances | 502 | 76 |
| Other timing differences | 154 | 141 |
| | 656 | 217 |

Deferred tax assets are held in the legal entity to which they relate.

## 20 Called up share capital

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| GROUP & PARENT COMPANY | | |
| Ordinary shares of £1 each | | |
| Allotted, called up and fully paid | 100,000 | 100,000 |

| | Share premium account |
|---|---|
| | £000 |
| GROUP & PARENT COMPANY | |
| 1 January and 31 December 2017 | 2,083 |

## 21 Reserves

The called up share capital comprises 100,000,000 allotted, called up and fully paid ordinary shares of £1 each. Amounts receivable for share capital in excess of the nominal value of the shares are credited to the share premium account.

## 22 Group leasing commitments

| | 2017 £000 | 2016 £000 |
|---|---|---|
| At the balance sheet date outstanding commitments for future minimum lease payments under non-cancellable operating leases fall due as follows: | | |
| Within one year | **4,839** | 5,170 |
| Within two to five years | **10,484** | 10,829 |
| Over five years | **5,937** | 6,981 |
| | **21,260** | 22,980 |

There were no obligations under finance leases at 31 December 2017 (2016: £28,000).

## 23 Group guarantees

The Company has, with other fellow group companies, entered into a cross-guarantee in favour of Lloyds Bank plc to guarantee any Group indebtedness to the bank and granted a fixed and floating charge to Lloyds Bank plc to secure such liabilities. The guarantee includes amounts drawn under a £25,000,000 revolving credit facility available until 30 June 2018, to another fellow group undertaking. £16,946,000 was drawn at 31 December 2017 with a further £7,161,000 utilised by a further fellow group undertaking in the form of a letter of credit. The £16,946,000 was repaid on 2 January 2018 and no further amounts have been drawn under the facility since.

The Company is a party to a multi-party indemnity given to various sureties that have issued performance bonds in favour of clients of fellow subsidiaries in respect of contracts entered into in the normal course of business.

The Company has entered directly into certain financial guarantees concerning the performance of construction and development contracts entered into by subsidiary companies in the normal course of business. The guarantees provided include the payment of purchase considerations, delivery obligations and overage to vendors and cost shortfall, limited loan guarantees and interest guarantees to financial institutions concerning the acquisition of land and developments.

The Company has given certain guarantees to landlords and finance companies in respect of other non-contract related agreements (such as operating lease agreements) entered into by companies within the Group in the normal course of business.

## 24 Related party transactions

The list of subsidiaries and joint ventures is set out in note 25.

The Group's related party transactions are summarised below:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| **JOINT VENTURES** | | |
| Sales to joint ventures | **12,709** | 29,410 |
| Interest charged to joint ventures | - | 615 |
| Amounts due from joint ventures | - | 7 |
| Loans due from joint ventures | - | 10,214 |
| **ASSOCIATE** | | |
| Sales to associate | - | 1,920 |
| Amounts due from associate | - | 342 |

In addition the Group had commitments relating to joint ventures of £nil (2016: £1,906,000).

All transactions with related parties are conducted on an arm's length basis. All amounts due are secured on the developments to which they relate and will be settled in cash.

| | 2017 £000 | 2016 £000 |
|---|---|---|
| **DIRECTORS** | | |
| Amounts due on Director loan | **100** | 150 |

In 2016, an interest free loan was made to a Director. The loan is subject to a 3 year repayment term. The maximum amount outstanding at any point in the year was £150,000.

The Company is jointly owned by Walsworth Limited and Hardwicke Investments Limited.

The Company's ultimate parent and controlling party is Hardwicke Investments Limited. The consolidated financial statements can be found at Companies House.

# Notes to the Accounts
CONTINUED

## 25 Subsidiaries and joint ventures

Related undertakings of the Group are shown below.

The percentage holdings shown below represent both the voting rights held and the proportion of issued ordinary share capital held.

Directly held related undertakings of the Group are identified by *. All other undertakings are indirectly held.

PRINCIPAL COMPANIES:

| Name | Main Activity | Company Number | % Holdings |
|---|---|---|---|
| Willmott Dixon Construction Limited | General design and build | 00768173 | 100% |
| Willmott Dixon Interiors Limited | Interiors and refurbishment | 04118020 | 100% |
| Willmott Dixon Public & Commercial Limited | Intermediate holding company | 05922246 | *100% |

PRINCIPAL JOINT VENTURES:

| Name | Main Activity | Company Number | % Holdings |
|---|---|---|---|
| Sunesis Build Limited | Provision of standardised school designs | 04203383 | 50% |

OTHER TRADING AND DORMANT ENTITIES:

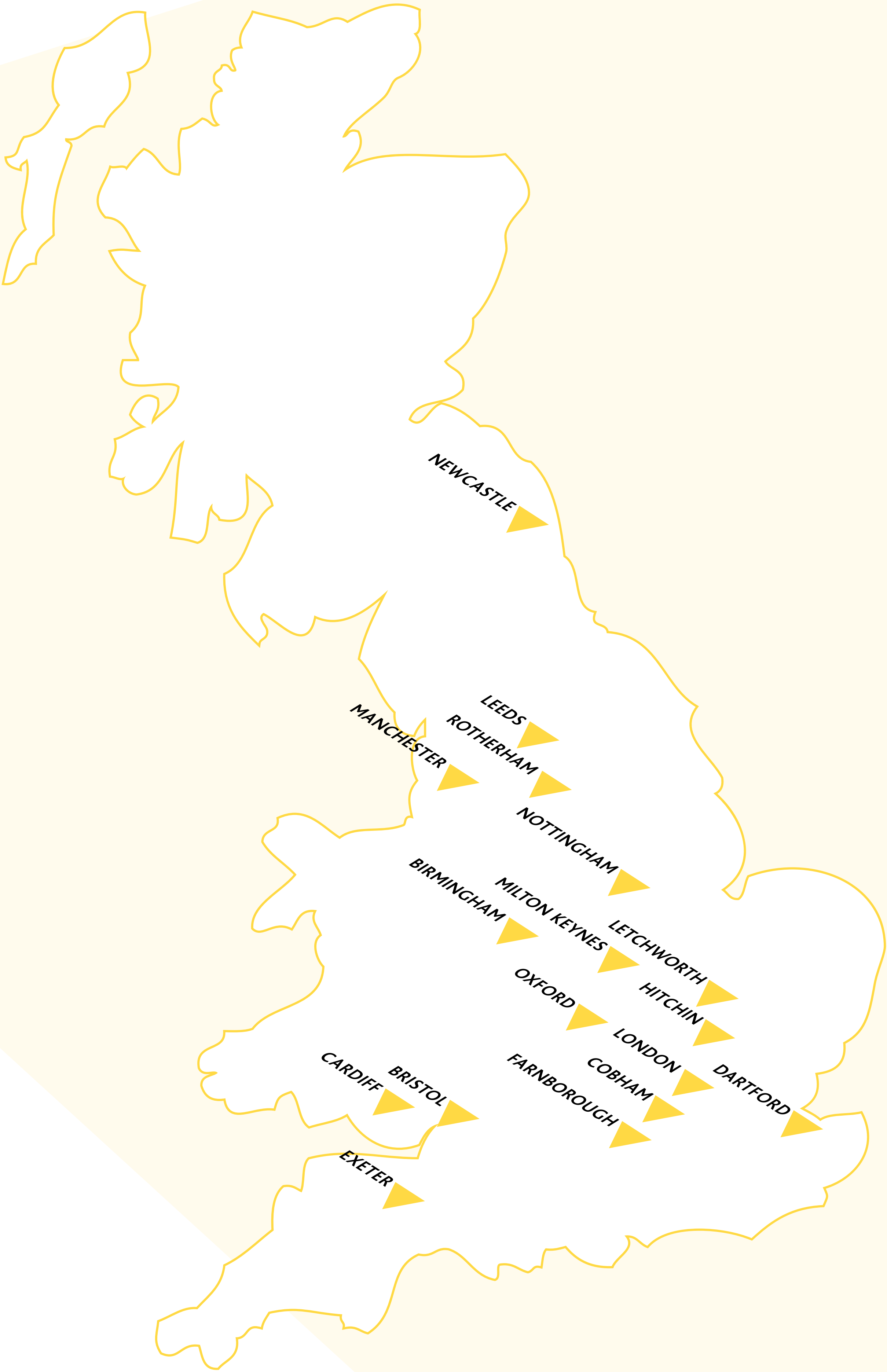
| Name | Main Activity | Company Number | % Holdings |
|---|---|---|---|
| In-Home 24 Limited | Dormant | 07412883 | 100% |
| Inspace Corporate Assets Limited | Dormant | 04283709 | *100% |
| Inspace Environment Limited | Dormant | 04535006 | *100% |
| Inspace Facilities Limited | Dormant | 04118974 | *100% |
| Inspace Homes (Lytham Croft) Limited | Dormant | 06002165 | 100% |
| Inspace Property Services Limited | Dormant | 01205094 | *100% |
| Kanvas Interiors Limited | Dormant | 04118377 | 100% |
| Park House Investments Limited | Non trading | 10066970 | *100% |
| Re-Thinking Communications Limited | Dormant | 03326786 | *100% |
| Re-Thinking Services Limited | Dormant | 05116841 | *100% |
| Rock Project Investments Limited | Dormant | 03462502 | 100% |

OTHER TRADING AND DORMANT ENTITIES (continued):

| Name | Main Activity | Company Number | % Holdings |
|---|---|---|---|
| Southside 1st Limited | Dormant | 07580419 | 100% |
| Southside Associated Companies Limited | Dormant | 07412965 | 100% |
| Southside Decorators and Refurbishment Limited | Dormant | 04803332 | *100% |
| Turner (E.) & Sons Limited | Dormant | 04444762 | *100% |
| WD Interiors Limited | Dormant | 02612923 | *100% |
| Widacre Limited | Dormant | 04118870 | *100% |
| Willmott Dixon Administration Limited | Dormant | 00552069 | *100% |
| Willmott Dixon Chilterns Limited | Dormant | 01245215 | 100% |
| Willmott Dixon Developments (Brunton) Limited | Dormant | 03892460 | 100% |
| Willmott Dixon Developments (Chorley) Limited | Dormant | 03509253 | 100% |
| Willmott Dixon Developments (East Shore) Limited | Development of commercial units for sale | 04798505 | 100% |
| Willmott Dixon Developments (Handsworth) Limited | Dormant | 05151206 | 100% |
| Willmott Dixon Developments (Newton Aycliffe) Limited | Development company | 04009368 | 100% |
| Willmott Dixon Developments Limited | Intermediate holding company | 04224484 | *100% |
| Willmott Dixon Investments Limited | Dormant | 04122743 | *100% |
| Willmott Dixon Overseas Limited | Dormant | 02498590 | *100% |
| Willmott Dixon Projects Limited | Dormant | 02161228 | 100% |
| Willmott Dixon Re-Thinking Limited | Dormant | 05098675 | *100% |
| Willmott Dixon Sustain Limited | Dormant | 04638952 | 100% |
| Willmott Partnership Homes Limited | Housing design and build | 01176322 | 100% |
| Willmott Regeneration Limited | Dormant | 01093332 | *100% |
| Willmott Residential Limited | Intermediate holding company | 02387509 | *100% |
| Wimpenny (J.) & Co. Limited | Dormant | 04118382 | *100% |

The Company and its subsidiaries are registered in England, the registered office being Spirella 2, Icknield Way, Letchworth Garden City, Hertfordshire, SG6 4GY. All companies above are private companies limited by shares.

# Locations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