Annual Report & Accounts 2009

WILLMOTT DIXON HOLDINGS

2009

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Willmott Dixon Holdings Limited

Directors and Officers

Colin Enticknap
Group Chairman

Rick Willmott
Group Chief Executive

Chris Durkin
Director

John Frankiewicz
Director

Andrew Telfer
Director

Jonathon Porritt
Non-Executive Director

Christopher Sheridan
Non-Executive Director

Chief Finance Officer
Duncan Canney

Secretary and Registered Office
Wendy McWilliams
Spirella 2,
Icknield Way,
Letchworth Garden City,
Hertfordshire, SG6 4GY
Registered Number:
198032

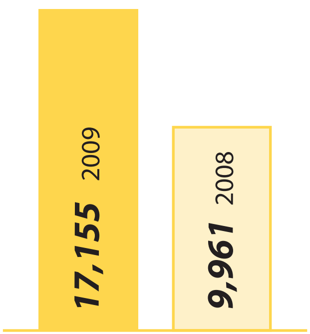
Auditors
PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

2009

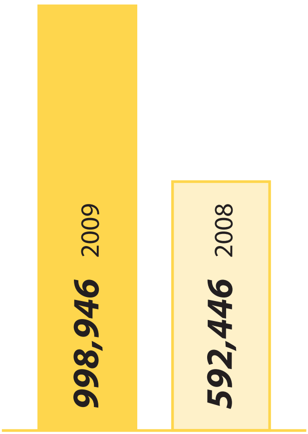
Summary of Results

Year Ended 31 December 2009

	2009 £000	2008 £000
Group turnover	*998,946*	592,446
Operating profit excluding amortisation	*20,344*	9,961
Operating profit	*17,155*	9,961
Profit before tax excluding amortisation	*21,372*	11,971
Profit before tax	*18,183*	11,971
Net current assets	*73,179*	28,983
Equity shareholders' funds	*137,619*	30,915



Operating profit
£000



Group turnover
£000

Group Chairman's Statement

Overview

2009 has been something of a mixed year. Market conditions have continued to deteriorate but not as quickly nor as sharply as we expected, with businesses like ours – heavily reliant upon public sector investment – undoubtedly benefiting from government's continued support for the economy through high levels of public spending. That said, we have seen progressive signs of an inevitable shift in policy; with spiralling public sector debt and growing debate surrounding national credit ratings, all political parties now seem to be agreed on the need for severe cuts in public spending. The only remaining questions revolve around when, where and how deep? Whatever the answers, we shall almost certainly start to feel the effect once the May election results are announced.

With this in mind, we have naturally continued to concentrate on filling our order books, and with some success; as these accounts were closed we had succeeded in securing over 84% of our budgeted workload for 2010, allowing focus to shift towards the more difficult challenge of 2011.

Just as importantly, we have also completed the re-shaping of our Group, integrating all subsidiaries under the Willmott Dixon name, and within three more streamlined operating divisions:

- our Capital Works division containing our three design & build businesses, Willmott Dixon Construction, Willmott Dixon Housing and Willmott Dixon Interiors, each supported by the sustainability experts within our 'Rethinking' team;
- our Regeneration division containing our two development businesses, Willmott Dixon Homes and Willmott Dixon Developments, alongside our two property investment businesses, Willmott Dixon Investments and Willmott Dixon Properties; and
- our Support Services division containing our bespoke property maintenance business, Willmott Dixon Partnerships.

Colin Enticknap, FCIOB, MRICS

As part of this process we decided to exit the generic nationwide maintenance market to occasional private sector clients, where reducing sales volumes could no longer justify the national infrastructure required. Whilst such decisions are never easy or cheap to make, it has already paid dividends, eliminating an unhelpful management distraction and allowing us to reallocate valuable resource into more productive areas.

More disappointingly, and alongside most other major contractors, we were faced with an unjustified and exorbitant fine from the OFT in relation to their investigation into the practice of cover pricing – acknowledged by them to have been endemic across the UK construction industry for many years. Whilst we seriously considered appealing their decision, our concern that reputational damage from protracted publicity could potentially have caused more damage than the fine itself, led us to decide otherwise.

Against this backcloth, I believe that we can be proud to have delivered another excellent set of results and to have materially strengthened our balance sheet.

2009

The newly regenerated Wolverton Park, near Milton Keynes

Group Chairman's Statement

Financial results

With all Group activity now consolidated under Willmott Dixon Holdings Limited, Group turnover grew substantially by 69% to reach £998.9 million (2008: £592.4 million). In scale terms, we are now positioned amongst the UK's Top Ten in our sector, and amongst the Top Three when compared against those privately owned.

Profit on ordinary activities before taxation but excluding amortisation increased 79%, growing even faster than turnover, to reach £21.4 million (2008: £12.0 million). Even after amortisation, profit on ordinary activities before taxation still grew 52% to £18.2 million (2008: £12.0 million).

These excellent trading results, together with the expansion of our Group structure to include all subsidiaries and the issue of additional share capital, have combined to substantially strengthen our Consolidated Balance Sheet. As at 31st December 2009, equity shareholders' funds had increased to £137.6 million (2008: £30.9 million), net current assets had increased to £73.2 million (2008: £29.0 million) and, with liquidity so critical at a time of severe economic conditions and tight credit markets, cash and bank balances had grown to reach £59.9 million (2008: £7.9 million).

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

People

Excellent results invariably demand excellent teams, and 2009 has been no exception. Rick's overall leadership, characterised by his approachability, sound judgement, unflappable nature and appetite for hard work, has been instrumental in our success, helping create a cultural environment where our people understand and share our vision, and are motivated to play their part in helping us to achieve it.

As always, Rick has been superbly supported by our divisional CEOs; John Frankiewicz, who heads our enlarged Capital Works division, deserves particular mention and continues to earn widespread respect through his intuitive understanding of his businesses and their people, and his passion to ensure their continued success; Andrew Telfer, who now heads our Regeneration division, has adapted well to his new challenge, his financial sector experience, attention to detail and entrepreneurial appetite proving invaluable; and despite having been on sabbatical for most of 2009, Chris Durkin, who returns in May 2010 to head our Support Services division, has remained fully involved with our strategic planning process behind the scenes.

Both Rick and I equally value the support of our non-executive directors who add considerable breadth to Board discussion and balance to our decision making. Christopher Sheridan's contribution has proved invaluable over several years, spanning both Willmott Dixon and Inspace boards; whilst Jonathon Porritt's appointment has been more recent, his deep understanding of sustainability issues, so fundamental to our current and future service proposition, and his objective and forthright interventions are already of immense value.

But our thanks naturally go much deeper than just our Board colleagues; it is, of course, our growing portfolio of front line businesses – and our central technical teams who support them – that generates our income, earns our reputation, and ultimately determines our success. Whilst there are far too many individuals to mention by name, our immense thanks go to all our company MDs, functional heads, and their superb teams for their outstanding commitment, professionalism and hard work.

Future Prospects

With our core public sector market expected to contract, and tender prices to become even more competitive as government spending cuts start to bite, our future prospects are very dependant upon the strength of our forward order book, and our flexibility to switch operations into other sectors.

Capital Works

Because of its scale and current dependence on educational work, Willmott Dixon Construction has perhaps the greatest exposure, and is working hard to develop relationships with private sector customers who offer the prospect of providing high volumes of future workload. We do not see this as a quick or easy fix capable of entirely substituting for lost public sector work in the short term – it will take time for corporate spending confidence to properly return and for relationships to develop – but we believe that effort invested now will help this part of the Group return to growth in the medium term.

The 'bottleneck' that was seriously delaying the majority of social housing schemes has now eased and, as a result, Willmott Dixon Housing's workload position has substantially improved. Indeed, whilst future public spending constraints will inevitably also affect social housing grants to some degree, this is still seen as one of the more robust areas of public sector spend, perhaps capable of soaking up spare capacity from Construction when education budgets are cut. As expected, the elderly care homes and private extra care markets have also held up well and are likely to remain resilient over the medium term.

Willmott Dixon Interiors' workload is likely to remain volatile for the next year or so, with commercial fit-out being heavily supported by our two new niche markets – retail and hotel refurbishment.

Regeneration

The private housing market remains difficult, although prices do appear to have bottomed out and have shown marginal growth in recent months. Whilst we need to remain cautious, we sense that now is the right time for Willmott Dixon Homes to be seeking opportunities for the medium to longer term. We therefore hope to conclude negotiations on the Dee Park joint venture scheme at Reading over the next few months, and to secure additional redevelopment options whilst competition is less intense.

The new Harmony residential development, Isleworth

Willmott Dixon Developments is also experiencing a 'window of opportunity' – in their case as illiquid developers seek investment partners to complete land assembly and fund design costs. Negotiations are still at an early stage, but we will be striving to secure a stake in a major mixed-use redevelopment scheme during the course of this year.

With some uncertainty surrounding the future of non-housing PFI generally and the Building Schools for the Future programme specifically, Willmott Dixon Investments now sees rounds five and six of the social housing PFI programme as its short term priority.

Group Chairman's Statement

Support Services

The social housing maintenance market has held up reasonably well, with contracts continuing to be re-tendered in line with usual renewal cycles. With the recent award of the Birmingham South contract, Willmott Dixon Partnerships has demonstrated its ability to compete on major schemes, and whilst price competition has intensified, there are signs that abnormally low tenders are sometimes being dismissed. We therefore plan to grow this part of our business over the next two years, through a platform of substantial social housing maintenance contracts supplemented by a select portfolio of public non-housing maintenance contracts, but all delivered through bespoke branch teams.

Sustainability

Despite the severe economic climate, sustainability issues have remained on the political agenda, both nationally and internationally. Whilst government targets have been reduced and timetables slipped, it is nevertheless encouraging that both political will and public opinion remain focused in this area. We therefore remain confident that our growing 'sustainability credentials' will remain a valuable differentiator over the medium to longer term.

Summary

Despite the difficult challenges we have faced from the severe economic climate and the OFT, we have managed to deliver an excellent set of results for 2009, to re-shape ourselves into a leaner and better integrated Group structure, to exit underperforming markets, and to build a robust platform of work for 2010.

We remain less confident about 2011 – it is likely to be a difficult year – but we will face it with a clear strategy, a strong balance sheet and, most importantly, an excellent team of people.

COLIN ENTICKNAP
Group Chairman

2009

Celebrating at Rogiet Primary School, the highest scoring BREEAM project in the UK

Group Chief Executive's Report

Maintaining Forward Momentum

Despite the pitiful state of the national economy, I am delighted to report that as an organisation, and against all the odds, we have achieved the critically important feat of maintaining 'forward momentum'.

Forward momentum is relevant to us on so many levels, but particularly by:

- Acting to motivate and help retain our people
- Underpinning shareholder confidence in our corporate ability and tenacity
- Demonstrating that we retain our ability to deliver projects and services with no change to our core style and ethos
- Reminding our key 'competitors' that sustainable quality, culture and principles drive workload, not short term suicidal tender prices

Of course I am not suggesting that we have got everything right, no business ever can, but what I can suggest is that the people who make Willmott Dixon the business it is today have gone the 'extra mile', have 'answered the call' and ultimately have made important decisions with the company's best interests in mind.

I truly believe that we remain on course (and I have held this aspiration for over a decade now) to be the best company in which to develop a career and the best business in which to invest.

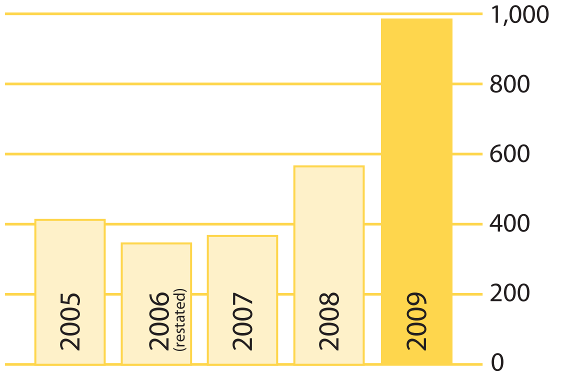
In my report last year I intimated that we would take the opportunity in 2009 to hone strategy and re-engineer our business model as a positive response to an increasingly difficult market. Accordingly, I am pleased to report that at the end of the year we successfully re-structured the company around a 'three division' delivery model. It is in the context of this new structure – namely Capital Works, Regeneration and Support Services – that I will report divisional performance to shareholders.

Rick Willmott
MCIOB

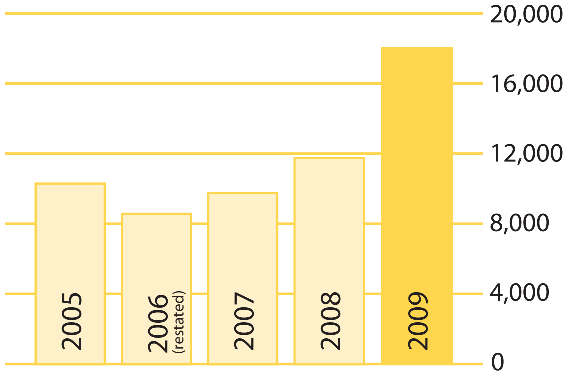
Equally importantly, and as part of the restructuring, all three divisional CEOs have now joined the Holdings board to help ensure better 'integration' through aligned and supportive strategies and greater knowledge sharing – I am delighted that we are harnessing the skills of such a strong complementary team.

Of course there have been painful and costly decisions to make along the way including our exit from the generic nationwide maintenance market and accepting, without appeal, the wholly disproportionate penalty from the OFT. But good decisions tend to lead to positive outputs and with both these decisions we have been able to protect customer relationships and the vast majority of our people.

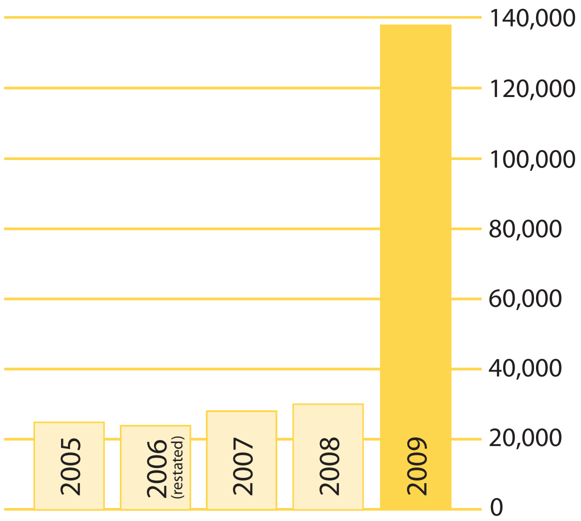
Colin's Group Chairman's report has already covered the financial and strategic highlights of the year. I intend, with my report to focus on the operational performance of our three new divisions, each of which played an important part in our overall 'blended' Group results.



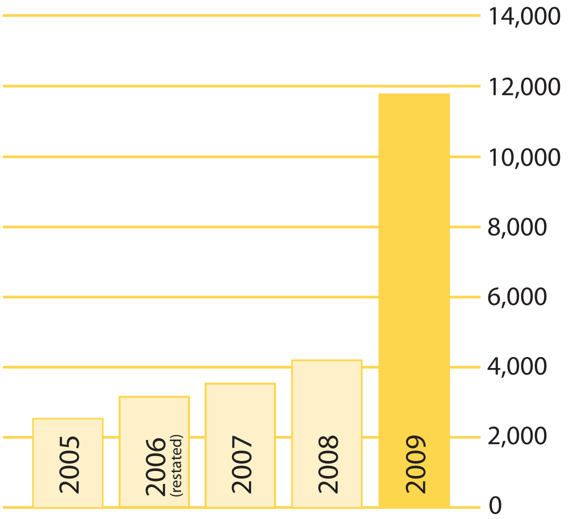
Turnover (£millions) for the Group during the past five years



PBT excluding exceptionals (£000) for the Group during the past five years



Shareholders' funds (£000) during the past five years



Incentive payments to staff (£000) during the past five years

Group Chief Executive's Report

Willmott Dixon Capital Works ('Capital Works')

I am privileged to receive the support of John Frankiewicz as a director of the board and in his role as divisional CEO of Capital Works.

John Frankiewicz, CEO, Willmott Dixon Capital Works

John is a very skilled leader who has crafted a substantial Construction business capable of superb performance, even in the harshest economic environment. I am confident that he can now replicate that success with the enlarged Capital Works division. As part of that process John has already taken the opportunity to re-craft and strengthen his senior management team in preparation for the challenge ahead, by promoting Mike Hart to the role of Executive Director of Capital Works; his experienced support and well honed commercial and operational delivery skills will help ensure that the best possible performance can be drawn from the following constituent brands within the Capital Works division.

Willmott Dixon Construction ('Construction')

2009 turnover of £690 million

What stands Construction apart from many national businesses is that each of our six local company offices, around the country, has performed significantly ahead of budget whilst delivering industry leading levels of customer satisfaction. John has received huge loyalty and substantive strategic input from his team of managing directors – Anthony Dillon, Robert Lambe, Peter Owen, Neal Stephens, Mark Tant and Chris Tredget – who between them have recorded over 100 years service with the company. It is this strength in depth, combined with the well embedded knowledge of what we seek to achieve, that allows our teams to do the very best for our customers.

Construction has delivered a 36% growth in turnover and a 34% growth in profit during 2009. The company is epitomised by an acute awareness of its market sector where an understanding and visibility of procurement opportunities, characterised by 'framework' agreements has allowed it, up until this point, to generate a predictable volume of high quality contracts.

In total, as a part of the government's National Academies Framework, we have been appointed on fourteen academy schemes across the country. This year we will bid for further academy projects worth in excess of £500 million, underlining our experience and expertise in the design and construction of educational facilities. This track record places the company amongst the very best in the sector.

The Improvement and Efficiency South East Framework (IESE) has delivered in excess of £207million of projects following our recent appointment for the £12.8 million Mid-Sussex Special Educational Needs School in Burgess Hill, West Sussex. A special feature of this framework is our success in reducing the volume of waste produced and ensuring that maximum levels are diverted away from landfill sites; we currently average over 95%.

2009

Theatre Severn
in Shrewsbury

Group Chief Executive's Report

A visually stunning new office for the Welsh Joint Education Committee in Cardiff.

2009

Our involvement with the first SCAPE Framework has just drawn to a close having delivered around £180 million (its full capacity) of capital projects over a three year period. The largest project is Houghton Primary Care Centre, in Tyne and Wear, which is destined to become the UK's first BREEAM 'outstanding' health facility. As the incumbent contractor, the task of re-securing an existing contract can be even more difficult, but Construction have prevailed and recently been re-appointed as sole delivery partner for the next fours years on this expanded £350 million capacity framework.

These and many other long term relationships have afforded Construction the chance to continue to expand even in a compromised market. The example of our local company office in Manchester is impressive; having only launched in 2007, it is now approaching optimum capacity and likely to turn over around £140 million in 2010.

I believe that our expressed view last year that this element of the construction market would be 'last in and last out' of recession will prove to be accurate. Whilst Construction is currently well placed, from a workload perspective, we now see tenders continuing to harden aggressively, giving a clear indication of tougher times ahead.

Willmott Dixon Housing ('Housing')

2009 turnover of £189 million.

Shareholders will recall from last year's report that this part of our business (formerly Inspace Partnerships Regeneration and New Homes) had already begun to feel the impact of the collapse of the private residential market which, for so long, had provided vital cross subsidy to the social housing movement to enable projects to be successfully funded. Housing therefore had entered 2009 with significantly less workload secure than we would have wished. We spent the first half of the year ensuring that, with the leanest viable structure, we maintained customer relationships, nurtured any opportunity that displayed 'signs of life' and remained flexible and positive.

This significant hiatus began to ease in the second half as the Housing and Communities Agency's 'kick start funding' began to gain traction and projects were resurrected.

I am therefore delighted to report that Housing's volumes matched last year's at £189 million and its margins held up exceptionally well to deliver a year end result ahead of budget.

Huge credit for this goes to Managing Directors John Campion and Tim Carpenter who, along with their teams, not only held their nerve, keeping focused on existing customers, but also managed to establish new client relationships in subtly different markets that should stand them in very good stead for the future.

We are privileged to count many of the major Registered Social Landlords as customers; we remain incredibly grateful for their continued support and business.

Our relationship with Housing 21 has matured very well in 2009 having been engaged as delivery partner on a series of care homes in the Midlands worth around £60 million.

For Thames Valley Housing Association, we have continued to regenerate the student and key worker campus at St George's Hospital in Tooting where contract awards in excess of £50 million have made this

2009

Denham Garden Village, a new retirement village for Anchor Trust

a fantastic long term series of projects in Housing's core market.

A major project at Bermondsey Spa, for Hyde Housing Group, delayed by planning and funding has just made a meaningful start on site, further projects with Circle Anglia at Orchard Village in Havering and Bell Green in Kent have also passed through the hiatus, reached contract award and started on site. Our exceptional long-term relationship with Catalyst Housing Group continues to strengthen and reap mutual benefit as substantial regeneration projects such as Page Road in Hounslow, the South Acton Estate and Harrow Road have become progressively ready for occupation.

Having personally visited the majority of these projects recently I can confirm to shareholders that the quality of the finished product being offered to our customers is to a very high standard and a credit to our operational delivery teams who have had to tread very cautiously through a market place that is strewn with corporate failure at supplier and supply chain level. We are very fortunate, for the most part, to benefit from long term 'partnered' relationships with many of our subcontractors that recognise that our commitment to them is to provide superbly run projects where every member of the delivery team can work safely and efficiently, expect and receive timely payment and ultimately profit from the relationship with us. We will never underestimate the beneficial impact of the support of our supply chain partners.

It has been equally encouraging to see the development of a number of new customer relationships. In the private residential market we are building for Berkeley Homes at Beaufort Park in Hendon North London and for the Extra Care Charitable Trust at Shenley Wood in Milton Keynes; an organisation with which we already sense a close cultural and philosophical alignment.

Now, under John Frankiewicz's stewardship, we begin to contemplate Housing's two existing local company offices at Shefford and Southgate being joined eventually by a new housing office dedicated to Birmingham and the Midlands where the Willmott Dixon foothold becomes ever stronger.

Group Chief Executive's Report

Willmott Dixon Interiors ('Interiors')

2009 turnover of £33 million

Interiors is a new company within the Capital Works division which incorporates Kanvas Interiors, our design led fit-out company.

Interiors has seen a strong year of growth, increasing turnover by 62% and profit by 51%. This has become possible by redefining the company's operational boundaries, extending its remit and creating new areas of specialism to meet the evolving needs of its customer base.

It now counts Morrisons, Travelodge and LA Fitness as serial customers in the food retail, hotel and leisure sectors.

Flexibility has been the key to success over the past twelve months in a fit-out market that has seen declining volumes for many of our competitors. Gerry Graville, Managing Director at Interiors has, with John's support, strengthened his senior team through 'intra-divisional transfer' and internal promotion, allowing the company to adopt the tried and tested control systems and procedures that already exist in Construction.

As confidence has grown, so has geographic coverage, with projects now being delivered for a range of customers across the country, and as far north as Glasgow.

Within the retained Kanvas brand, a number of prestigious design led commercial office fit-outs have been completed for customers such as FremantleMedia, Barbican Insurance, SABMiller and solicitors RJW, the latter two repeat business customers. All these examples highlight our reputation for interpreting the customers' needs successfully.

Whilst this market is highly competitive, quick to be influenced by a changing economy and to that end relatively volatile, we remain reasonably confident that 2010 will prove to be another year of growth where we anticipate larger refurbishment projects being added to the portfolio of superbly delivered contracts.

Re-Thinking

Re-Thinking is the organisation within Capital Works with responsibility for crafting, advising and monitoring our approach to sustainable development. The detail of Re-Thinking's outputs and Willmott Dixon's approach to sustainable development will be covered in some detail by Jonathon Porritt, in his report, later in this document.

Willmott Dixon Regeneration ('Regeneration')

I was delighted when Andrew Telfer accepted his promotion to divisional CEO of the new Regeneration division, and have been impressed by both the speed and ease with which he has adapted to his new role. I look forward with some anticipation to the success that I truly believe Andrew and his teams will create for our company.

Andrew Telfer, CEO, Willmott Dixon Regeneration

Colin has already referred to Regeneration containing our two development companies, Willmott Dixon Homes and Willmott Dixon Developments, alongside our two property investment businesses, Willmott Dixon Investments and Willmott Dixon Properties. I will endeavour to capture the growing scope of their activity in the following section.

2009

A transformed interior, Lucknam Park Hotel and Spa in Bath.

Group Chief Executive's Report

The Harmony development in Isleworth, West London. Just one example of how Willmott Dixon Homes is creating superb new living accommodation in popular urban locations.

Willmott Dixon Homes ('Homes')

2009 turnover of £14 million

Homes provides us with a hugely experienced team capable of creating a substantial residential development company over the next few years.

The past two years have proved to be very challenging for Homes, the parlous state of the economy has, as we are all aware, had a very noticeable impact on the private residential market, even at the affordable end. We budgeted prudently in 2009 and through taking a pragmatic approach to all of our projects, Brian Brady, Managing Director, has delivered a result well ahead of budget.

When writing this report last year, the Mica Point development in Birmingham had just been completed, and we had taken the decision to retain and let the units rather than sell at heavily discounted prices. Since then the Homes team has worked very hard to ensure that the 62 available units have been fully let throughout the year with minimal voids. The entity holding this scheme has now been transferred in to Willmott Dixon Properties as an income generating property asset pending onward sale at the appropriate point.

The Northpoint apartment project was fully sold out by mid summer 2009, albeit at modestly discounted prices.

For some time Homes has been a delivery partner within the London Wide Initiative (LWI), a programme intended to provide 'fast tracked' key worker accommodation within London. Our first LWI project has been the Harmony scheme in Isleworth. We took sole responsibility for the delivery and sale of 106 apartments within the scheme, some 50 units are now either exchanged or legally completed with the balance being actively marketed for sale; this position places us ahead of both our forecasts and our funding covenants. The build phase at Harmony does not fully complete until autumn 2010 but we remain relatively optimistic that the current sales rates will continue.

Whilst the LWI has now been withdrawn by the Housing and Communities Agency (HCA) as a delivery vehicle, we have retained one final scheme at Brenley Fields in Mitcham which will, should our consortium achieve planning during 2010, be a very attractive and viable project providing turnover and profit in 2011/2012.

At the time of writing, Homes remains in intricate negotiation with Reading Borough Council, Catalyst Housing Group, the HCA and RBS to finally enter contract for the nine year regeneration of the Dee Park estate in Reading which, if successfully concluded, will be a fantastic opportunity to transform a very dated estate.

Whilst the new Strategic Plan for this division is currently being drafted, I expect to see Homes target a more diverse range of development partners, with greater emphasis on those able to support our drive towards substantial mixed use regeneration schemes. That said, we will remain open minded to any good opportunities and will consider all in the context of the strategic plan. Equally, because we remain very conscious of the need to carefully manage both risk and gearing, it is clear to us that we need to seek alternative funding partners to jointly finance schemes across the Regeneration portfolio.

Willmott Dixon Investments ('Investments')

Investments continues to be the conduit through which the Group will make equity investments into PFI projects. We have found the market to be highly competitive and awash with experienced investors and operators. Many consortia have worked successfully together several times over and this, in itself, creates a significant barrier to entry in the more established PFI markets such as education, health and prisons.

With PFI in education currently being delivered through the Building Schools for The Future programme it will, in all likelihood, be dissolved by an incoming Conservative government, if statements made by the Party hold true.

Where we do see strategic opportunity is Round Six of Housing PFI projects launched at the end of 2009. This sector is far less mature and we believe that there is room for a fresh consortium that will bring together all of the skills and strengths within our Group, together with a highly experienced PFI investor and operator. I know that Andrew and Matthew Pullen, Managing Director, are working hard to make this aspiration a reality with a uniquely placed joint venture partner.

In the interim, Investments is actively engaged in the bidding process for an extra-care facility in the south east and to establish robust relationships with a panel of advisors and funders for future opportunities.

Willmott Dixon Developments ('Developments')

Shareholders will recall that Developments already holds a portfolio of strategic land assets that will be advanced through the planning process when the time is right.

In addition, the market now appears open and willing to discuss further development opportunities with us at a time when traditional funding routes have almost disappeared. We are particularly interested in the concept of complicated mixed-use urban regeneration, where the skills retained within the Capital Works division can be harnessed to generate highly valued engineered solutions, but packaged by Developments in partnership with other equity investors to create unique, sustainable developments. With this in mind, we are actively working to bring a major scheme to the market in 2010 and hope that our plans can be made public in the near future.

Willmott Dixon Properties ('Properties')

Properties has been created as a subsidiary of Regeneration to hold any income producing property assets for future sale. For example, we have recently transferred the entity holding our income producing retail development in County Durham into this company.

Group Chief Executive's Report

2009

Mobilising for the new 40,000 property repair & maintenance contract for Birmingham City Council. The company already provides a similar service to 20,000 properties in the city

Group Chief Executive's Report

Excellent service and good relationships with residents are the cornerstone of Willmott Dixon Partnerships' success.

Willmott Dixon Support Services ('Support Services')

Chris Durkin is returning from sabbatical at the start of May as divisional CEO of Support Services.

Chris Durkin, CEO, Willmott Dixon Support Services

I very much look forward to welcoming Chris back to the board as a co-director and to him re-taking responsibility for our Support Services offering. This division is ripe for growth and diversification, and should act in part as a balance to any recession derived volume reductions in other elements of the Group.

Support Services currently has one subsidiary – Willmott Dixon Partnerships.

Willmott Dixon Partnerships ('Partnerships')

2009 turnover of £65 million

Partnerships is our responsive repairs and planned maintenance company, providing these services to Local Authorities, government bodies, Arms Length Management Organisations (ALMOs) and selected commercial organisations through its network of dedicated local branches.

Partnerships has had a very good year; despite the planned 19% reduction in turnover it surpassed its profit budget by some way.

The company's focus in 2009 was to ensure that the new commercial and operational controls, designed during the latter part of 2008, were fully tested and replicated across each and every branch. This roll out has been successfully completed and the transformation in net cash inflow has been both remarkable and sustained.

I have been very impressed in the way in which Mick Williamson, Managing Director, and his senior team have stuck to the challenge and I am truly delighted to report that the business is in excellent shape, in control and delivering a superb service to around 100,000 households around the UK together with planned maintenance services to a number of recently transferred non-housing Group customers.

The vast majority of our work is 'self' delivered by a directly employed team of nearly 800 dedicated engineers, only calling on the services of the supply chain in times of extraordinary demand.

Our most significant customer partner in this market is Birmingham City Council where, following a recent contract win, we now look after around 60,000 homes across the city.

As part of our drive for 'continuous service improvement' we are working hard to improve production efficiency for all our customers, and that increasingly means literally working more closely with them – about half of our branches are now 'co located' in our customers' offices. This close interaction pays dividends at many levels and must be our aspiration for the future.

We are very fortunate to retain so many valued customers amongst whom are Scarborough Homes, London Borough of Hammersmith and Fulham, Trent and Dove Housing Association, the Phoenix ALMO in Lewisham, Suffolk County Council, Her Majesty's Court Service and Colchester Garrison; to name but a few.

Our intention is to continue to focus on those tender opportunities where we believe we can truly improve the efficiency and quality of service whilst protecting our margin aspirations. There are currently many bidding opportunities that fulfil this intention and we will be careful and selective in the way that we grow this part of the organisation in existing sectors, whilst seeking alternative markets in which to expand.

Group Chief Executive's Report

People, Culture and Awards

I have made sure that over the past few months I have met with a significant cross section of our customers, mainly on projects or at branches. The message I receive clearly and consistently is that Willmott Dixon people are different, they demonstrate a consistent style of customer service across the Group, they seek to provide the best possible advice, they are professional, ethical and honest. Our people relish engagement with local communities, they are proud of their industry, they are proud of what they do. Many have joined us from other industries having realised that had they stayed in their original professions, they would find it hard, at the end of their careers, to demonstrate what their life's work had produced.

We are a company that, I truly believe, presents itself through its people, never with arrogance but always with confidence, humility and service to the fore. Our very best customers recognise these traits, and perhaps unsurprisingly share them.

The photos opposite demonstrate just a small selection of personal and corporate successes that we have shared over the year.

Sustaining Progress

The company is stronger today than it was twelve months ago. It is united as 'one business' under the Willmott Dixon brand. All of our key metrics, through which we monitor our progress, suggest that we continue to perform well. Our judgement however tells us that change is coming; the start of the recession, for our particular core sector, may well be dated 6 May 2010.

We continue to work tirelessly to build an order book in an attempt to 'span' the worst of what we anticipate will be a public sector moratorium on capital projects that have yet to secure committed funding.

During this time our commercial teams will continue to research the financial viability of supply chain partners and customers alike to ward against the negative impact of a vital relationship being forced in to administration.

We will continue to strategically plan, to invest in personal development and to identify the future leaders of the company, as we review succession planning over the next few months.

We cannot provide shareholders with a definitive assurance that we can sustain 'forward momentum' but we can absolutely confirm that we will do everything within our power to ensure that we achieve it. From both a corporate and personal perspective we are privileged to retain Colin Enticknap as our Group Chairman. Colin remains one the most intuitive business leaders in our sector, it is his steely nerve, commercial astuteness and risk management, working behind the scenes, that guides our course. I am, as ever, immensely grateful for his collaboration and direction.

Summary

We are preparing to enter the most challenging economic downturn in the last two decades, whilst we carry concerns for the future we also believe that ultimately our customers value what we offer and that, where they are able, they will choose to work with us.

RICK WILLMOTT
Group Chief Executive

2009

Sunday Times Best Companies

Sunday Times Green Companies


BRE BREEAM award for Rogiet School


Construction Manager of the Year Awards


Women in Construction Awards

North West Contractor of the Year

Construction Excellence Awards – WINNER: Willmott Dixon and Monmouthshire CC – collaborative working

Operations manager Stephen Harnett, right, and senior building manager Dave Towner, inspect the green roof at John Perryn School in Ealing. The school is the most air tight ever built according to the Building Research Establishment.

2009

Jonathon Porritt

Jonathon Porritt, Non-Executive Director

A successful business should also be responsible and sustainable. Achieving third place in the 2009 Sunday Times Best Green Companies list suggests we are demonstrating this through our actions, although this will be a long-term journey.

Delivering sustainable projects is challenging. It means setting high targets, having a culture where everyone is aligned with our aspirations, where we support our initiatives by training our people and our supply chain, and where we plan for year-on-year improvement.

I've been very encouraged by the leadership I've seen at board level to drive this and by the willingness of colleagues at Willmott Dixon to embrace sustainability in their day-to-day work. The Sustainable Development Group (SDG) is chaired by Rick Willmott, and gives direction for our sustainable policy across the company as a whole.

Taking forward policies and procedures agreed by the SDG are four Working Groups, each headed by a Managing Director or Head of Department, covering the key areas of: Putting People First; Responsible Business; Climate Change and Energy Efficiency; and Sustainable Use of Natural Resources.

Being sustainable is about successfully operating in harmony with our environment, not to its detriment. Our headline commitments of zero waste to landfill and carbon neutrality by 2012 have set the right kind of ambition for every part of the company.

Zero Waste to Landfill by 2012

The construction process consumes vast quantities of natural resources – over 400 million tonnes per annum according to government statistics. Our industry also generates more than 30% of the UK's waste, of which only 50% is currently reused or recycled, with 60 million tonnes being sent to landfill.

Reducing waste to landfill means reviewing the whole construction process, from design, demolition through to completion. It's not just achieving the highest recycling rates from waste management companies, although this is important. It's about designing out waste in the first place. That's been our focus in 2009.

Many developments in the public sector are governed by requirements that go beyond those of the private sector. For example, social housing has to meet rules on space and adaptability in addition to the Code for Sustainable Homes and Building Regulations. Historically, the consequences of complying with these rules have been very difficult to identify until projects are being physically delivered on site, which has lead to significant design modifications whilst buildings are being constructed. This is a wasteful process.

To overcome this, Housing introduced its unique software – Thinkspace. Helping designers comply with regulations and legislation, before work starts on site, dramatically reduces the waste of time, cost and materials.

Another initiative in 2009 was the Waste Minimisation Design Review Exemplar undertaken on our Calderdale leisure projects, where a thorough analysis, at the design stage, of how best to reduce construction-related waste resulted in saving 245.85 tonnes of waste, 450.61 tonnes of embodied carbon, and £29,879 in hard cash.

Zero Waste to Landfill: Waste Management

Our record in waste management continues to improve on projects, and many sites are now diverting more than 95% of waste from landfill. Currently the average construction-based activities for 2009 are managing to divert over 85% of waste from landfill. This compares with 72.2% in 2008.

Forty-four waste contractors have been audited to ensure we work with the best performing companies, with performance figures applied to detailed Site Waste Management Plans (SWMP) data to calculate diversion from landfill performance. All Construction data is reported to WRAP's Waste to Landfill Reporting Portal.

To ensure effective use of SWMPs, all pre-construction teams have received training and all sites have at least one trained Waste Champion. We also provide training to our subcontractors to help them obtain a recognised environmental management system such as Acorn, Green Dragon or ISO 14001.

Carbon Neutral by 2012

We cannot escape using energy derived from fossil fuels – in offices, on site, in our van fleet, maintaining 100,000 homes, and through our fleet of company cars.

But we can reduce our reliance on fossil fuel energy and 2009 saw some decisive steps taken to reduce our carbon footprint.

Company Cars and Car Allowance

Acknowledging that our company car fleet has been a large producer of carbon, we have taken steps to progressively reduce the availability of higher end carbon emitting cars available to staff. Since July 2009, only cars emitting less than 160 g/km of CO2 have been available, and this will reduce year on year, as seen below:

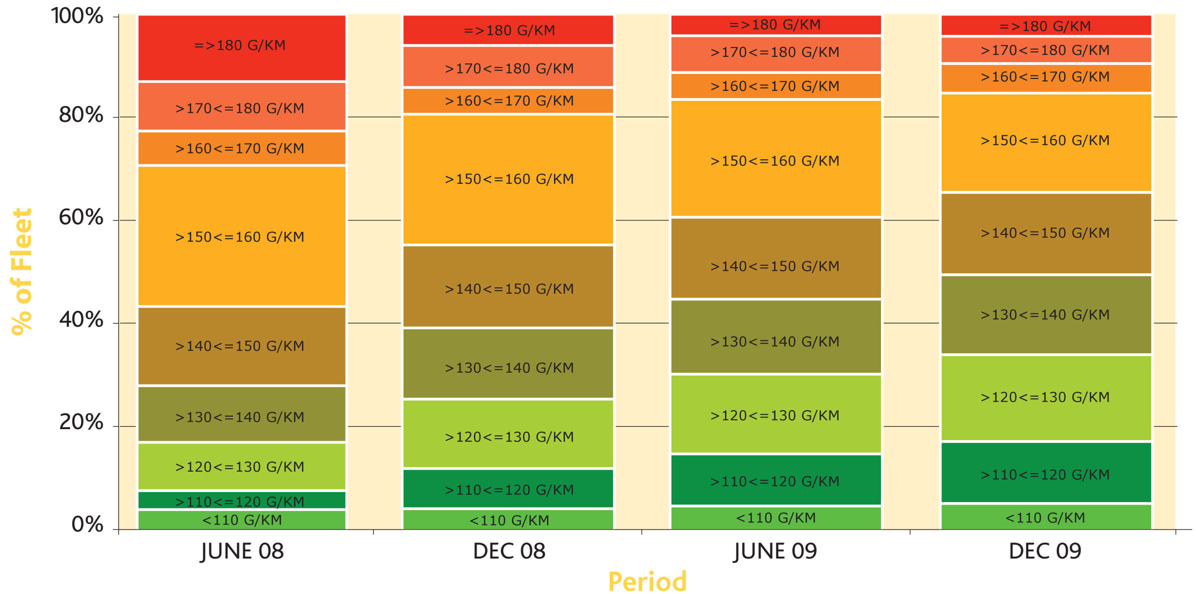
July 2010	> *150g/km of CO_2*
July 2011	> *140g/km of CO_2*
July 2012	> *130g/km of CO_2*

Emissions are also reducing and by the end of 2009 the average across the company car fleet had dropped to 142 grams of carbon dioxide per kilometre. This also provides benefits through Capital Allowances and Corporation Tax by having a greater number of fleet vehicles under 160 grams of carbon dioxide per kilometre.

We are also tackling the amount of miles driven and 2010 will see business mileage limits introduced, starting at 25,000 and reducing to 20,000 in 2011.

These limits are backed up by a business unit penalty system of fines to encourage alternate forms of transport and reductions in carbon emissions as well as reduce any risk to the health and wellbeing of drivers.

CO2 Emissions by Percentage of Fleet



An Efficient Fleet of Vans

We must not forget our commercial fleet. By tailoring the types of vans chosen, average emissions across the fleet now stand at 202 grams per kilometre. This is combined with the introduction of technology that allows us to see where each van is located, who is driving the vehicle and which trade they are skilled in.

This allows us to send the closest, best equipped and best qualified person to carry out repairs for each assignment, thereby reducing fuel consumption by up to 40% in some maintenance contracts.

Sustainable Development

Delivering Sustainable Developments

Our in-house expertise at Re-Thinking plays a key part in engaging early with clients to deliver sustainable outcomes for their projects.

We want to be involved as early as possible to influence the use of materials and the design to achieve sustainable buildings. High BREEAM or Code for Sustainable Home ratings are the yardstick for this, and we aim to deliver assessments on every project we undertake.

High performing BREEAM or Code for Sustainable Home projects include:

Project	Rating	Features
Rogiet School	BREEAM Excellent	The highest score ever achieved on a school in England and Wales.
John Perryn School	BREEAM Excellent	The most airtight school built in the UK which helps it in terms of energy efficiency.
City Academy, Hackney	BREEAM Very Good	This building won the CIBSE low carbon award for its Outstanding performance being 25% more efficient than building regulation requirements.
Staines Road	Code for Sustainable Homes Lvl 6	This development which is just starting construction is the first zero carbon housing development to gain planning permission in London.

More buildings in the pipeline are expected to surpass even these achievements. Hope Academy in St Helens will be the first Academy to achieve BREEAM Outstanding, while Houghton Primary Care Centre for Sunderland Primary Care Trust is set to be the first health centre designed to achieve BREEAM Outstanding.

The retrofit opportunity

Constructing efficient new buildings is only part of the solution. We also need to tackle emissions from existing buildings, and this presents a huge opportunity for Willmott Dixon.

With homes and non-residential property likely to require major investment to meet the low carbon targets set for 2050, we have the skills, experience and ability to provide the work this entails.

We have already invested in research and development. In Barnsley, we transformed a 1930s-built semi-detached home into a model of low carbon thermal efficiency by equipping it with new materials and technologies designed to turn it from an E rating in environmental impact and energy efficiency to an A rating.

We also refurbished our demonstration school building at the BRE, and turned it into a low-carbon health facility with a light, well-ventilated and energy efficient functional building.

Both of these projects provided valuable learning and we anticipate funding models to emerge in the next few years to facilitate the large-scale upgrading of property to meet the low-carbon, energy efficient requirements of the future.

Looking ahead

Whilst I am encouraged by what we have achieved to date, I know that the Group does not underestimate the significance of the challenge ahead. The challenge is enormous.

JONATHON PORRITT
Non-Executive Director

2009


The newly regenerated South Acton estate in Ealing.

Sustainable Development

2009

The Hauser Forum at University of Cambridge, a mixed-use development to stimulate innovative collaborations between academics, start-up businesses and established industries.

putting people first

building a low carbon future

communities

responsible business

relationship focused

regeneration

a great place to work

proud to be private

preserving our environment

openness

deep rooted values

integrity and trust

entrepreneurial

visible

The Directors submit their report with the audited accounts for the year ended 31 December 2009.

Results
The Group profit for the year before amortisation and taxation amounted to £21,372,000. The profit for the year before taxation was £18,183,000. The tax charge in respect of this result is £6,754,000.

Dividends
Dividends of £225,000 were paid in the year.

Review of the Business and Future Developments
A general review of the Group's activities and future prospects are included in the Group Chairman's Statement on pages 4 to 9 and the Group Chief Executive's Report on pages 10 to 27.

Group Reorganisation
On 1 January 2009, the Group finalised the restructuring exercise following the acquisition of Inspace Limited in 2008. The effect of the restructuring was to transfer all the subsidiaries previously held by Walsworth Limited (formerly Inspace Limited, a fellow subsidiary) to the Willmott Dixon Holdings Limited Group. These subsidiaries included Willmott Dixon Housing Limited, Willmott Dixon Partnerships Limited and Willmott Dixon Homes Limited.

Willmott Dixon Investments Limited and Willmott Dixon Developments Limited (also fellow subsidiaries) were also transferred to the Group. The allotted share capital of Willmott Dixon Holdings Limited was increased to £100,000,000.

Further, on 29 April 2009, the name of the Company was changed from Willmott Dixon Limited to Willmott Dixon Holdings Limited.

Directors
The current Directors are listed on page 2.

The following changes in directors have occurred since 1 January 2009:

	Appointed	Resigned
Duncan Canney		1 April 2009
Christopher Durkin	1 January 2010	
Sir Michael Latham		1 April 2009
Jonathon Porritt	1 January 2009	
Christopher Sheridan	1 January 2009	
Andrew Telfer	1 January 2009	

As part of the restructuring process John Frankiewicz and Jonathon Porritt stood down between 1 April 2009 and 1 January 2010.

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 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.

Payment of Suppliers
It is Group policy to agree the terms of payment as part of the commercial arrangements negotiated with suppliers and to then pay according to those terms. Trade creditor days, based on creditors at 31 December 2009, were 64 days (2008: 66 days).

Donations
The Group made donations in the year to charities amounting to £22,664 (2008: £4,642).

Financial Instruments
The Group does not actively use financial instruments as part of its financial risk management. It 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 subsidiary and the Group carries out daily cashflow and working capital monitoring. The nature of the Group's financial instruments means that the price risk or liquidity risk to which they are subject is minimal.

The Group does not use derivative financial instruments for speculative purposes.

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

By Order of the Board
Wendy McWilliams 21 April 2010
Secretary

The directors are responsible for preparing the directors' 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 period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Report of the Independent Auditors to the Members of Willmott Dixon Holdings Limited

We have audited the financial statements of Willmott Dixon Holdings Limited for the year ended 31 December 2009 which comprise the consolidated profit and loss account, the consolidated and parent Company balance sheets, the consolidated cash flow statement, the consolidated and parent Company reconciliations of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2009 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

David Pomfret (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditors

London, UK

21 April 2010

Consolidated Profit and Loss Account

2009

Year Ended 31 December 2009

	Notes	2009 £000 Total	2008 £000 Total
Turnover: Group and share of joint ventures	2	**1,003,413**	592,446
Less: share of joint ventures		**(4,467)**	–
Group turnover *		**998,946**	592,446
Cost of sales		**(901,362)**	(533,060)
Gross profit		**97,584**	59,386
Administrative expenses		**(80,429)**	(49,425)
Operating profit **		**17,155**	9,961
Share of operating profit of joint ventures		**546**	–
Share of operating loss of associates		**(40)**	–
		17,661	9,961
Interest payable and similar charges	3	**(83)**	–
Interest receivable	4	**605**	2,010
Profit on ordinary activities before taxation	5	**18,183**	11,971
Tax on profit on ordinary activities	8	**(6,754)**	(3,853)
Profit on ordinary activities after taxation		**11,429**	8,118
Profit for the financial period		**11,429**	8,118

The above figures relate exclusively to continuing operations. The Group has no recognised gains or losses other than the profit for the financial period shown above. There was no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

* including turnover of acquired business of £260,270,000

** including operating profit of acquired business of £5,178,000

Consolidated Balance Sheet

As at 31 December 2009

		2009		2008	
	Notes	£000	£000	£000	£000
Fixed assets					
Goodwill	10		**60,624**		–
Tangible assets	11		**3,754**		1,972
Investment in joint ventures	12				
Share of gross assets		**20,823**			–
Share of gross liabilities		**(20,769)**			–
Loans		**1,501**			–
			1,555		–
Investment in associates	12		**104**		104
			66,037		2,076
Current assets					
Stocks	14	**8,644**		244	
Debtors	15	**252,365**		164,515	
Investments	16	**–**		20,000	
Cash and bank balances		**59,913**		7,939	
		320,922		192,698	
Creditors: amounts falling due within one year	17	**(247,743)**		(163,715)	
Net current assets			**73,179**		28,983
Total assets less current liabilities			**139,216**		31,059
Provisions for liabilities and charges	18		**(1,597)**		(144)
			137,619		30,915
Capital and reserves					
Called up share capital	19		**100,000**		4,500
Share premium account	20		**2,083**		2,083
Profit and loss account	20		**35,536**		24,332
			137,619		30,915

These financial statements were approved and authorised for issue by the Board of Directors on 21 April 2010 and were signed on its behalf by:

Colin Enticknap Group Chairman

Company Balance Sheet

2009

As at 31 December 2009

Company Number 0198032

		2009		2008	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		1,343		–
Investments	12		112,877		6,245
			114,220		6,245
Current assets					
Debtors	15	1,994		10,250	
Investments	16	–		20,000	
Cash and bank balances		47,270		7,423	
		49,264		37,673	
Creditors: amounts falling due within one year	17	(30,225)		(10,876)	
Net current assets			19,039		26,797
Total assets less current liabilities			133,259		33,042
Provisions for liabilities and charges	18		(434)		–
			132,825		33,042
Capital and reserves					
Called up share capital	19		100,000		4,500
Share premium account	20		2,083		2,083
Profit and loss account	20		30,742		26,459
			132,825		33,042

These financial statements were approved and authorised for issue by the Board of Directors on 21 April 2010 and were signed on its behalf by:

Colin Enticknap Group Chairman

Consolidated Cash Flow Statement

Year ended 31 December 2009

	Notes	2009 £000	2008 £000
Cash flow from operating activities	26	**69,877**	40,596
Distributions from joint ventures and associates		**1,104**	–
Returns on investments and servicing of finance	26	**346**	2,010
Taxation	26	**–**	(3,852)
Capital expenditure and financial investment	26	**(2,067)**	(1,449)
Acquisitions and disposals	13,26	**(71,909)**	(71,689)
Equity dividends paid	9,26	**(225)**	(6,274)
Cash flow before use of liquid resources and financing		**(2,874)**	(40,658)
Management of liquid resources	16,26	**24,704**	(20,000)
Financing	26	**30,144**	–
Increase / (decrease) in cash		**51,974**	(60,658)
Reconciliation of net cash flow to movement in net funds	26		
Increase / (decrease) in cash		**51,974**	(60,658)
(Decrease) / increase in current asset investments		**(20,000)**	15,290
Loans acquired with subsidiaries		**(7,260)**	–
Repayment of borrowings		**3,297**	–
Movement in net funds		**28,011**	(45,368)
Net funds at 1 January 2009		**27,939**	73,307
Net funds at 31 December 2009		**55,950**	27,939

Reconciliation of Movements in Equity Shareholders' Funds

Year ended 31 December 2009

Consolidated	Notes	**2009 £000**	2008 £000
Profit for the financial period		**11,429**	8,118
Issue of new share capital	19	**95,500**	–
Movement on Employee Share Trust reserve		**–**	1,548
Ordinary dividends	9	**(225)**	(6,274)
Movements in equity shareholders' funds		**106,704**	3,392
Equity shareholders' funds at 1 January 2009		**30,915**	27,523
Equity shareholders' funds at 31 December 2009		**137,619**	30,915

Company	Notes	**2009 £000**	2008 £000
Profit for the financial period		**4,508**	10,250
Issue of new share capital	19	**95,500**	–
Ordinary dividends	9	**(225)**	(6,274)
Movements in equity shareholders' funds		**99,783**	3,976
Equity shareholders' funds at 1 January 2009		**33,042**	29,066
Equity shareholders' funds at 31 December 2009		**132,825**	33,042

Notes on 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, in accordance with applicable UK accounting standards and are 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 2009 using acquisition accounting. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes.

Goodwill is recognised as the difference between consideration paid and the fair value of the assets 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 up to a maximum of 20 years.

Willmott Dixon Holdings Limited has taken advantage of Section 408 of the Companies Act 2006 allowing it not to publish a separate profit and loss account.

c) 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:

Freehold and long leasehold buildings – 2% per annum.

Short leasehold buildings – 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.

d) Stocks

Stocks are valued at the lower of cost and net realisable value. In respect of work-in-progress, cost includes direct interest and production overheads and is stated after deduction of amounts received and applications for payments receivable.

e) Long term contracts

Turnover and profit on long term 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. All foreseeable losses are provided in full.

Amounts recoverable on contracts are valued at cost with an appropriate addition or provision for estimated profits or losses and after deduction of amounts received and applications for payments receivable. Where amounts invoiced exceed the amount of work completed, the excess is included within payments on account.

Preconstruction costs are expensed, and associated income deferred until such time as the related contract becomes virtually certain.

f) Investments

Interests in associates are stated at the Group's share of net assets. Interests in joint ventures are stated at the Group's share of the gross assets and gross liabilities. Interests in associates or joint ventures with net liabilities are disclosed within provisions for liabilities and charges.

Parent Company investments in subsidiaries are stated at cost less provision for any impairment.

Current asset investments are stated at cost.

g) 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.

h) Leased assets

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

i) Research and development

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

j) 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. The schemes are accounted for as defined contribution schemes; contributions have been expensed as they fall due and no other liability has been recognised.

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

2 Turnover

Turnover represents revenue recognised in respect of services provided during the period, stated net of value added tax.

Revenue from the sale of housing is recognised when the Group has transferred to the buyer the significant risk and rewards of ownership of the property. This is achieved when legal title is transferred to the buyer.

3 Interest payable and similar charges

	2009	2008
	£000	£000
Bank loans and overdrafts	**83**	–
	83	–

4 Interest receivable

	2009	2008
	£000	£000
Cash on deposit	439	–
Interest receivable from joint ventures	166	–
Interest receivable from group companies	–	2,010
	605	2,010

5 Profit on ordinary activities before taxation is stated after charging:

	2009	2008
	£000	£000
Depreciation of tangible fixed assets	2,441	914
Loss on disposal of tangible fixed assets	44	84
Amortisation of goodwill	3,189	–
Operating lease rentals – plant and machinery	2,408	1,962
– other rentals	5,825	1,263
Directors' remuneration (see note 7)	2,006	961
Auditors' remuneration – for parent company audit services	21	20
– for subsidiary company audit services	114	42
– for taxation services	24	7
– for corporate finance services	24	–

6 Employees

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

	2009	2008
	No.	No.
Office and administration	1,042	469
Site and production	1,631	1,001
	2,673	1,470

	2009	2008
Staff costs during the year amounted to:		
Wages and salaries	102,260	56,846
Incentive payments to staff	11,614	4,269
Pension contributions	3,947	965
Social security costs	12,599	7,094
	130,420	69,174

7 Directors' remuneration

	2009 £000	2008 £000
Fees	234	42
Remuneration	440	289
Profit share payments	1,332	630
	2,006	961

The remuneration of the highest paid Director was £740,956 (2008: £755,405).

8 Taxation

	2009 £000	2008 £000
a) Analysis of charge:		
Current tax		
Corporation tax at 28% (2008: 28.5%)	6,494	3,922
Payments made for group relief	562	–
Share of tax of joint ventures	6	–
	7,062	3,922
Deferred tax		
Origination and reversal of timing differences	(308)	(69)
	6,754	3,853
b) Factors affecting tax charge for year		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (28%). The differences are explained below:		
Profit on ordinary activities before tax	18,183	11,971
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008: 28.5%)	5,091	3,412
Expenses not deductible for tax purposes	673	448
Amortisation of goodwill	893	–
Capital allowances for year less than depreciation	127	62
Share of associate	3	–
Other timing differences	275	–
Current tax	7,062	3,922

8 Taxation *(continued)*

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.

The deferred tax asset of £308,000 (2008: £69,000) was transferred to Hardwicke Investments Limited.

c) Factors that may affect future tax charges

The Group is not aware of any significant factors that may affect future tax charges, other than the continued amortisation of goodwill.

9 Dividends

	2009	2008
	£000	£000
Ordinary dividends	225	6,274

10 Goodwill

	2009
	£000
Group	
Cost	
1 January 2009	–
Acquisitions (see note 13)	63,813
31 December 2009	63,813
Amortisation	
1 January 2009	–
Charge for the year	3,189
31 December 2009	3,189
Net Book Value	
31 December 2009	60,624
31 December 2008	–

The Directors' consider that the useful life of the goodwill on the acquisitions made in 2009 is at least 20 years and therefore in accordance with UK Generally Accepted Accounting Practice is being amortised over 20 years.

11 Tangible assets

Group	Land and buildings £000	Computer equipment £000	Plant and equipment £000	Furniture and fittings £000	**2009 Total £000**
Cost					
1 January 2009	1,080	2,634	859	709	**5,282**
Acquisition of subsidiaries	484	1,076	523	290	**2,373**
Transfers from group companies	885	1,864	214	493	**3,456**
Additions	340	1,458	150	124	**2,072**
Disposals	(586)	(459)	(458)	(71)	**(1,574)**
31 December 2009	2,203	6,573	1,288	1,545	**11,609**
Depreciation					
1 January 2009	685	1,706	666	253	**3,310**
Acquisition of subsidiaries	403	788	452	103	**1,746**
Transfers from group companies	565	1,024	131	168	**1,888**
Depreciation in the year	428	1,611	224	178	**2,441**
Eliminated on disposals	(563)	(447)	(458)	(62)	**(1,530)**
31 December 2009	1,518	4,682	1,015	640	**7,855**
Net Book Value					
31 December 2009	685	1,891	273	905	**3,754**
31 December 2008	395	928	193	456	**1,972**

	2009 £000	2008 £000
The Group net book value of land and buildings comprises:		
Freehold land and buildings	**15**	–
Short leasehold land and buildings	**670**	395
	685	395

11 Tangible assets (continued)

Parent Company	Short leasehold land and buildings £000	Computer equipment £000	Plant and equipment £000	Furniture and fittings £000	**2009 Total £000**
Cost					
1 January 2009	–	–	–	–	**–**
Additions	122	303	24	–	**449**
Transfers from fellow group companies	885	1,864	214	493	**3,456**
Disposals	–	–	(18)	–	**(18)**
31 December 2009	1,007	2,167	220	493	**3,887**
Depreciation					
1 January 2009	–	–	–	–	**–**
Depreciation in the year	172	400	51	51	**674**
Transfers from fellow group companies	565	1,024	131	168	**1,888**
Eliminated on disposals	–	–	(18)	–	**(18)**
31 December 2009	737	1,424	164	219	**2,544**
Net Book Value					
31 December 2009	270	743	56	274	**1,343**
31 December 2008	–	–	–	–	**–**

12 Investments

Group	Joint Ventures £000	Associates £000	2009 Total £000
Investments			
At 1 January 2009	–	–	–
Acquisitions	442	–	**442**
Profit for the year	716	–	**716**
Distributions received	(1,104)	–	**(1,104)**
31 December 2009	54	–	**54**
Loans			
1 January 2009	–	104	**104**
Acquisitions	2,002	–	**2,002**
Additions	1,291	–	**1,291**
Provisions	(496)	–	**(496)**
Repayments	(1,296)	–	**(1,296)**
31 December 2009	1,501	104	**1,605**
Total Investments			
31 December 2009	1,555	104	**1,659**
31 December 2008	–	104	**104**

The Group's investments in joint ventures and associates with net liabilities are disclosed within Provisions (see note 18). At 31 December 2009 investments comprise:

Those with net assets	1,555	–	**1,555**
Those with net liabilities	–	(40)	**(40)**
	1,555	(40)	**1,515**

Net assets acquired on the acquisition of Willmott Dixon Homes Limited included investments in joint ventures and associates. The acquisition is detailed in note 13.

The Group through its investments in joint ventures has entered into development contracts of which £2,079,000 (2008: £nil) has not yet been recognised in the financial statements.

12 Investments (continued)

	Subsidiaries	Joint Ventures	**2009 Total**
Parent Company	£000	£000	**£000**
Shares at Cost			
At 1 January 2009	6,858	–	**6,858**
Acquisitions (see note 13)	73,882	–	**73,882**
Additions	14,000	–	**14,000**
Group reorganisation	18,750	–	**18,750**
31 December 2009	113,490	–	**113,490**
Loans			
1 January 2009	–	–	**–**
Transfers from group companies	–	1,029	**1,029**
Repayments	–	(1,029)	**(1,029)**
31 December 2009	–	–	**–**
Provisions			
1 January 2009 and 31 December 2009	(613)	–	**(613)**
Total Investments			
31 December 2009	112,877	–	**112,877**
31 December 2008	6,245	–	**6,245**

The list of principal subsidiaries and associates is set out in note 27.

The acquisitions made in the year are detailed in note 13.

13 Acquisitions and disposals

Acquisition of subsidiaries

On 1 January 2009, the Group finalised its restructuring exercise following the acquisition of Inspace Limited in 2008. In doing so, the Group acquired Willmott Dixon Regeneration Limited (with its subsidiaries Willmott Dixon Housing Limited and Willmott Dixon Partnerships Limited), Willmott Dixon Homes Limited, Widacre Limited, Willmott Dixon Investments Limited and Willmott Dixon Developments Limited.

The fair and book value of the net assets acquired, consideration paid, and goodwill arising on acquisition of each company are shown below. In each case the fair value of the net assets acquired has been assessed and no adjustments from book value have been made. All consideration was paid in cash.

	Willmott Dixon Regeneration Limited	Willmott Dixon Homes Limited	Widacre Limited	Willmott Dixon Investments Limited	Willmott Dixon Developments Limited
Fixed Assets	£000	£000	£000	£000	£000
Tangible fixed assets	538	67	–	6	15
Share of JV gross assets	–	12,241	–	–	–
Share of JV gross liabilities	–	(11,799)	–	–	–
	538	509	–	6	15
Current Assets					
Stocks	622	7,695	–	–	1,946
Debtors	43,821	1,752	6,274	411	24
Cash and bank balances	333	173	–	160	–
	44,776	9,620	6,274	571	1,970
Creditors: amounts due within one year	(41,300)	(7,549)	–	(1,387)	(2,729)
Creditors: amounts due after one year	–	(1,245)	–	–	–
Net assets/ (liabilities) acquired	**4,014**	**1,335**	**6,274**	**(810)**	**(744)**
Cost of consideration	**41,513**	**30,961**	**1,377**	**–**	**–**
Goodwill arising	**37,499**	**29,626**	**(4,897)**	**810**	**744**

Total cost of consideration	**73,851**
Goodwill acquired	**63,782**
Further consideration	**31**
Total Goodwill	**63,813**

The further consideration of £31,000 was paid to acquire the minority interests in Willmott Dixon Investments Limited and Willmott Dixon Developments Limited, increasing the goodwill accordingly.

13 Acquisitions and disposals (continued)

The net outflow of cash arising from these acquisitions was as follows:

	Willmott Dixon Regeneration Limited	Willmott Dixon Homes Limited	Widacre Limited	Willmott Dixon Investments Limited	Willmott Dixon Developments Limited
	£000	£000	£000	£000	£000
Cash consideration paid	(41,513)	(30,961)	(1,377)	–	–
Cash acquired with subsidiary	333	173	–	160	–
Net cash (outflow) / inflow	**(41,180)**	**(30,788)**	**(1,377)**	**160**	**–**
Total net cash outflow					**(73,185)**

The consideration paid for each of Willmott Dixon Investments Limited and Willmott Dixon Developments Limited was £1.

The consolidated results of the acquired businesses prior to their acquisition, for the year ended 31 December 2008, were as follows:

	Willmott Dixon Regeneration Limited	Willmott Dixon Homes Limited	Widacre Limited	Willmott Dixon Investments Limited	Willmott Dixon Developments Limited
	£000	£000	£000	£000	£000
Group turnover	268,198	2,110	–	1,017	–
Operating profit / (loss)	9,891	(1,376)	–	440	(82)
Profit / (loss) before tax	9,575	(1,632)	–	411	(82)
Taxation	(2,795)	431	–	10	23
Profit / (loss) after tax	6,780	(1,201)	–	421	(59)

In 2009, the cashflows attributable to the acquired businesses were as follows:

	Willmott Dixon Regeneration Limited	Willmott Dixon Homes Limited	Widacre Limited	Willmott Dixon Investments Limited	Willmott Dixon Developments Limited
	£000	£000	£000	£000	£000
Net operating cashflows	891	198	–	37	80
Interest paid	(77)	(169)	–	(22)	–
Taxation paid	–	–	–	–	–
Capital expenditure	(855)	(2)	–	–	–

13 Acquisitions and disposals *(continued)*

The impact made by each acquired business on the profit and loss account of the Group in the year ended 31 December 2009 is detailed below:

	Willmott Dixon Regeneration Limited	Willmott Dixon Homes Limited	Widacre Limited	Willmott Dixon Investments Limited	Willmott Dixon Developments Limited	Total
	£000	£000	£000	£000	£000	£000
Turnover	254,023	5,605	–	642	–	260,270
Cost of sales	(218,568)	(5,736)	–	(251)	–	(224,555)
Administrative expenses	(28,952)	(1,350)	–	(346)	111	(30,537)
Operating profit	6,503	(1,481)	–	45	111	5,178

The total impact on the profit and loss account of the Group was as follows:

	2009	2008
	£000	£000
Turnover:		
Existing businesses	**738,676**	592,446
Acquired businesses	**260,270**	–
	998,946	592,446
Cost of Sales:		
Existing businesses	**676,807**	533,060
Acquired businesses	**224,555**	–
	901,362	533,060
Administrative Expenses:		
Existing businesses	**46,703**	49,425
Acquired businesses	**30,537**	–
Amortisation of goodwill	**3,189**	–
	80,429	49,425
Operating Profit:		
Existing businesses	**15,166**	9,961
Acquired businesses	**5,178**	–
Amortisation of goodwill	**(3,189)**	–
	17,155	9,961

13 Acquisitions and disposals (continued)

The net inflow of cash arising from the transfer of various assets and liabilities from the parent Company, with effect from 1 January 2009, was as follows:

	£000
Cash consideration received	1,131
Cash transferred	176
Net cash inflow	**1,307**

14 Stocks

	Group	
	2009	2008
	£000	£000
Raw materials and consumables	**540**	244
Work-in-progress	**8,104**	–
	8,644	244

Included within the work in progress balance is interest amounting to £331,000, which had been capitalised in the prior year.

15 Debtors

	Group		Parent Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Trade debtors	**50,170**	40,318	**59**	–
Amounts recoverable on contracts	**38,654**	32,029	**–**	–
Amounts due from group companies	**158,507**	90,960	**–**	10,250
Prepayments and accrued income	**5,034**	1,208	**1,935**	–
	252,365	164,515	**1,994**	10,250

16 Investments – current assets

	Group		Parent Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Other investments	**–**	20,000	**–**	20,000

Other investments at 31 December 2008 comprised investments in UK 4% Treasury Stock which were realised as cash on 15 January 2009.

17 *Creditors:* amounts falling due within one year

	Group		Parent Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Bank loans	**3,963**	–	**–**	–
Trade creditors	**166,268**	104,563	**105**	–
Amounts due to group companies	**–**	12,228	**20,053**	10,876
Payments on account	**48,894**	38,788	**–**	–
Current corporation tax	**24**	24	**–**	–
Other tax and social security	**4,501**	–	**4,481**	–
Other creditors	**475**	–	**469**	–
Accruals and deferred income	**23,618**	8,112	**5,117**	–
	247,743	163,715	**30,225**	10,876

The bank loan is subject to a variable rate of interest based on the London Inter-Bank Offered Rate (LIBOR). The loan is secured on work in progress.

18 Provisions for liabilities and charges

	Group		Parent Company	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Share of net liabilities of associates (see note 12)	**40**	–	**–**	–
Redundant premises provision	**784**	144	**434**	–
Provisions for legal fees	**773**	–	**–**	–
	1,597	144	**434**	–

The redundant premises provision at 31 December 2009 is expected to be utilised over a period of approximately 5 years. The provisions for legal fees relate to claims in respect of contracts and are expected to be utilised within a year.

	Group	Parent Company
	2009	**2009**
	£000	**£000**
1 January 2009	**144**	**–**
Transfer from Group company	**573**	**573**
Provisions utilised	**(283)**	**(139)**
Additional provisions	**1,123**	**–**
Movement in share of net liabilities of associates	**40**	**–**
31 December 2009	**1,597**	**434**

19 Called up share capital

	2009	2008
	£000	£000
Ordinary shares of £1 each		
Allotted, called up and fully paid	**100,000**	4,500

On 29 April 2009, the Company allotted an additional 95,500,000 ordinary shares at par.

20 Reserves

	Share premium account	Profit and loss account
	£000	£000
Group		
1 January 2009	2,083	24,332
Profit for the financial period	–	11,429
Ordinary dividends	–	(225)
31 December 2009	**2,083**	**35,536**

	Share premium account	Profit and loss account
	£000	£000
Parent Company		
1 January 2009	2,083	26,459
Profit for the financial period	–	4,508
Ordinary dividends	–	(225)
31 December 2009	**2,083**	**30,742**

21 Profit attributable to members of the Parent Company

The profit of the parent Company for the year was £4,508,000.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

22 Ultimate parent company

The Company is jointly owned by Walsworth Limited and Hardwicke Investments Limited. The Company's ultimate parent and controlling party is Hardwicke Investments Limited. Hardwicke Investments Limited produces consolidated Accounts which can be found at Companies House. This is both the largest and smallest Group in which the Company is consolidated.

23 Group leasing commitments

Obligations under operating leases at 31 December 2009 were as follows:

	2009	2008
	£000	£000
Land and buildings:		
Commitments payable within one year under leases expiring:		
Within one year	219	86
Within two to five years	998	458
After five years	793	389
	2,010	933
Other leases:		
Commitments payable within one year under leases expiring:		
Within one year	1,032	535
Within two to five years	2,459	1,171
After five years	–	4
	3,491	1,710

No future commitments exist under the terms of leases of vans used by operational field staff.

24 Group guarantees

The Company has, with Hardwicke Investments Limited, Walsworth Limited and certain subsidiaries, entered into multi-lateral financial guarantees of £19,900,000 (2008: £39,400,000) in favour of The Royal Bank of Scotland plc as agent for National Westminster Bank plc to guarantee the ultimate parent Company's indebtedness to the bank.

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

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.

25 Related party transactions

The list of principal subsidiaries, associates and joint ventures is set out in note 27.

In the opinion of the Directors, the Company is entitled to the exemption from disclosing related party transactions with entities within the Group that are 100% owned in accordance with Financial Reporting Standard 8 'Related Party Transactions'.

The Group's related party transactions are summarised below:

Subsidiaries less than 100% owned	2009 £000	2008 £000
Sales to Rock Project Investments Limited	36	33
Purchases from Rock Project Investments Limited	(575)	(750)
Purchase of associate company from Rock Project Investments Limited	6	(104)

Joint Venture Entities	2009 £000	2008 £000
Sales to Widacre Lifespace Saffron LLP	1,132	–
Sales to Widacre Lifespace Scott LLP	292	–
Sales to Dee Park Partnerships LLP	279	–
Sales to KLA Twickenham Road LLP	22,239	–
Purchases from KLA Twickenham Road LLP	4,295	–

During the year a loan of £496,000 was made to Dee Park Partnerships LLP in respect of pre development contract costs. This balance has been fully provided against.

Associated Companies	2009 £000	2008 £000
Sales to and interest received from BBH Services Limited	18	–
Amounts due from BBH Services Limited	454	366

No Director was materially interested during the year in any contract which was significant in relation to the business of the Group and would have been required to be disclosed under the Companies Act 2006 or Financial Reporting Standard 8.

On 31 December 2009 Colin Enticknap and Rick Willmott, at the Company's request, each sold 7,500 shares in both Willmott Dixon Developments and Willmott Dixon Investments back to the parent Company at par.

26 Notes to the cash flow statement

	2009 £000	2008 £000
Reconciliation of operating profit to net cash flow from operating activities		
Group operating profit	17,155	9,961
Depreciation charges	2,441	914
Loss on sale of tangible fixed assets	44	84
Amortisation of goodwill	3,189	–
Movement in provisions	840	144
Other non cash movements	486	–
Movement in working capital balances:		
Decrease in stocks	1,623	86
Decrease / (increase) in debtors	6,090	(16,878)
Increase in creditors	38,009	46,285
Net cash flow from operating activities	69,877	40,596

	2009 £000	2008 £000
Returns on investments and servicing of finance		
Interest paid	(83)	–
Interest received	429	2,010
	346	2,010

	2009 £000	2008 £000
Taxation		
Corporation tax paid	–	(3,852)

26 Notes to the cash flow statement (cont)

	2009 £000	2008 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(2,072)**	(1,449)
Loans to joint ventures	**(1,291)**	–
Repayment of loans by joint ventures	**1,296**	–
	(2,067)	(1,449)

	2009 £000	2008 £000
Acquisitions and Disposals		
Acquisitions (see note 13)	**(73,216)**	–
Asset transfer (see note 13)	**1,307**	–
Acquisition of Willmott Dixon Limited	**–**	(3,001)
Cash transferred to the ultimate parent company on restructuring	**–**	(68,583)
Acquisition of BBH Services Limited	**–**	(105)
	(71,909)	(71,689)

	2009 £000	2008 £000
Equity dividends paid		
Ordinary dividends	**(225)**	(6,274)

	2009 £000	2008 £000
Management of liquid resources		
Purchase of short term investments	**–**	(20,000)
Sale of short term investments	**24,704**	–
	24,704	(20,000)

26 Notes to the cash flow statement (cont)

	2009	2008
	£000	£000
Financing		
Issue of ordinary share capital	**95,500**	–
Repayment of development loans	**(3,297)**	–
Repayment of amounts due to group companies on restructure	**(62,059)**	–
	30,144	–

Analysis of net funds

	1 January 2009	Cash flow	Loan acquired with subsidiary	**31 December 2009**
	£000	£000	£000	**£000**
Cash and bank balances	**7,939**	51,974	–	**59,913**
Liquid resources:				
Current asset investments (see note 16)	**20,000**	(20,000)	–	**–**
Bank loans	–	3,297	(7,260)	**(3,963)**
	27,939	35,271	(7,260)	**55,950**

27 Principal Subsidiaries and Associated Companies

Subsidiaries

Name	Main Activity	% Holding
Willmott Dixon Capital Works Limited *	Intermediate holding company	100%
Willmott Dixon Construction Limited	General design and build	100%
Willmott Dixon Housing Limited	Housing design and build	100%
Willmott Dixon Interiors Limited	Interiors and refurbishment	100%
Kanvas Interiors Limited	Interiors and refurbishment	100%
WD Re-Thinking Limited	Consultancy services	100%
Willmott Dixon Regeneration Limited *	Intermediate holding company	100%
Willmott Dixon Homes Limited	Development of new homes for sale	100%
Willmott Dixon Investments Limited	Developing, managing and investing in the public private partnership sector	100%
Willmott Dixon Developments Limited	Property development	100%
Willmott Dixon Support Services Limited *	Intermediate holding company	100%
Willmott Dixon Partnerships Limited	Maintenance and stock reinvestment	100%

The above information relates to those subsidiary companies which, in the opinion of the Directors, principally affect the profit or assets of the Group. Companies marked with an asterisk are directly held by Willmott Dixon Holdings Limited.

The percentage holdings shown above represent both the voting rights held and the proportion of issued ordinary share capital held. All subsidiary companies are registered in England and Wales.

27 Principal Subsidiaries and Associated Companies (cont)

Joint Ventures

Name	Main Activity	% Holding
Tredegar Development Company Limited	Development of new homes for sale	66.7%
T3B Development Company Limited	Development of new homes for sale	50%
Widacre Lifespace Scott LLP	Development of new homes for sale	50%
Widacre Lifespace Saffron LLP	Development of new homes for sale	50%
KLA Twickenham Road LLP *	Development of new homes for sale	50%
Dee Park Partnership LLP *	Development of new homes for sale	50%

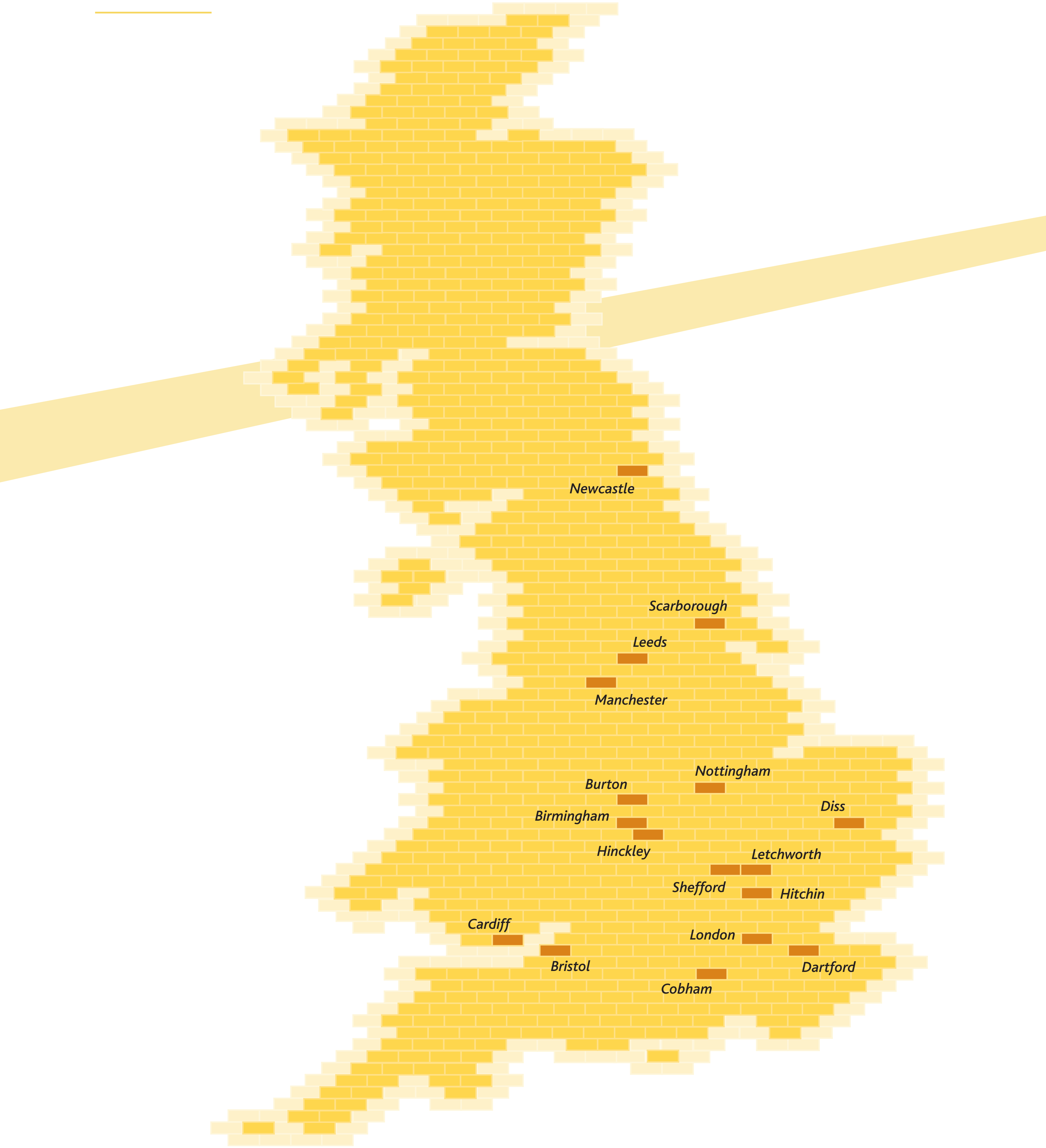
The joint ventures above are registered in England and Wales. Those marked with an asterisk have a financial year end of 31 March.

Associates

Name	Main Activity	% Holding
BBH Services Limited	Supply chain management in the public private partnership sector for health projects	49%

The associated company above is registered in England and Wales.

Locations



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Bristol
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Cobham

putting people first

building a low carbon future

communities

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relationship focused

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a great place to work

proud to be private

preserving our environment

openness

deep rooted values

integrity and trust

entrepreneurial

visible

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