ANNUAL REPORT
& ACCOUNTS 2013

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WILLMOTT DIXON

SINCE 1852

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Contents

WILLMOTT DIXON

SINCE 1852

Willmott Dixon Holdings Limited

Directors and Officers

COLIN ENTICKNAP
FRICS, FCIOB
Group Chairman

RICK WILLMOTT
MCIOB
Group Chief Executive

JOHN FRANKIEWICZ
FRICS, FCIOB
Executive Director

PAUL SMITH
Executive Director

ANDREW TELFER
ACA, BSc (Eng)
Executive Director

JONATHON PORRITT
Non-Executive Director

CHRISTOPHER SHERIDAN
FCIB, MSI
Non-Executive Director

Following his retirement as an Executive Director on 31 December 2013, Chris Durkin will attend his first board meeting as a non-executive director in January 2015.

Chief Finance Officer

Duncan Canney, BSc (Hons), CEng, FCA

Joint Secretaries

Wendy McWilliams, LLB, ACIS
Laurence Holdcroft FCIS

Registered Office

Spirella 2, Icknield Way,
Letchworth Garden City
Hertfordshire, SG6 4GY

Auditor

BDO LLP, 55 Baker Street
London, W1U 7EU

Summary of Results

	2013 £000	2012 £000
Turnover	**1,038,451**	1,044,855
Operating profit excluding amortisation*	**15,640**	18,905
Operating profit*	**12,451**	14,515
Profit before tax excluding amortisation	**16,163**	20,068
Profit before tax	**12,974**	15,678
Net current assets	**82,314**	86,609
Equity shareholders' funds	**147,673**	147,325

*Includes share of joint ventures and associates operating profit

Behind a 1920s façade in Farringdon, we provided City & Guilds with a bright, modern new office

Group Chairman's Statement

Overview

COLIN ENTICKNAP
FRICS, FCIOB
Group Chairman

We shall look back on 2013 with mixed feelings. Much of the optimism expressed in my Interim Statement proved to be well founded, with confidence returning to many of our markets and, as a result, business prospects improving for most parts of the Group. For the first time in several years we are now starting to plan for growth rather than for resilience, with our initial emphasis on housing where our longstanding belief that the sector would eventually lead the recovery, driven by the severe shortage of supply in London and the South East, has proved to be well founded.

Against this backcloth, it is all the more disappointing that results for the second half-year were below expectation, the effect of closing out problem contracts at Willmott Dixon Housing ('Housing') having proved even more challenging and protracted than predicted. That said, with their Bermondsey Spa project - which proved particularly difficult - now complete, more prudent financial forecasts adopted for the handful of schemes yet to be finished, and a strengthened executive team in place, we are hopeful that this unhelpful setback is now behind us. Coupled with the strongest housing order book we have seen for several years, this part of our business should now be much better placed to deliver what we expect.

Willmott Dixon Partnerships provides a quick and efficient repairs and maintenance service to thousands of households across the country

Group Chairman's Statement

Overview *(continued)*

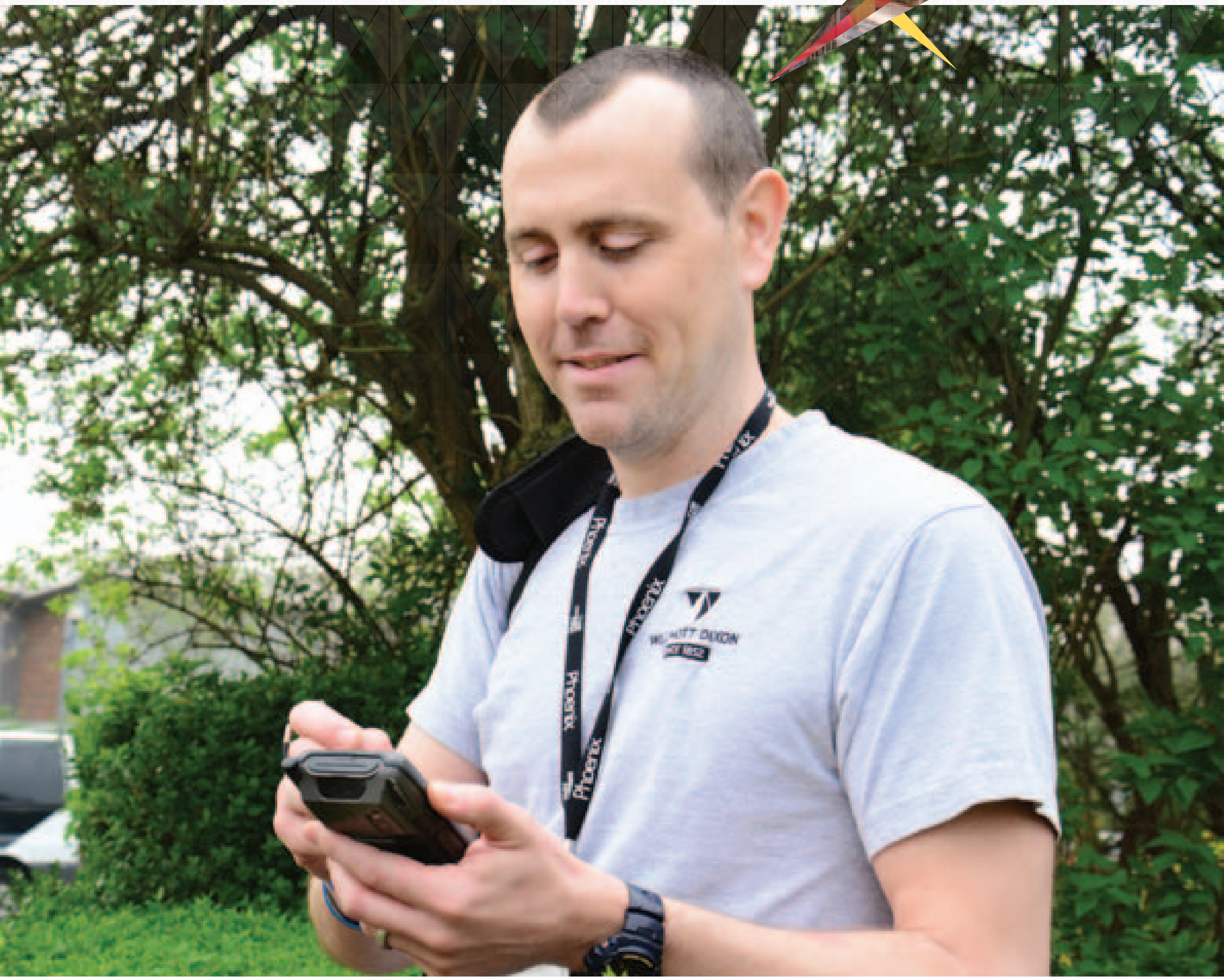
Whilst the issues at Housing were unwelcome, they should not be allowed to disguise another year of robust performances across other parts of the Group, especially from Willmott Dixon Construction ('Construction'), which once again provided the 'bedrock' to our overall results. This team has delivered consistent and reliable results throughout the recession, built upon acute market awareness, strong customer relationships, and a competitive, flexible and professional service. They remain dependent upon public infrastructure investment for a large majority of their work, but having been reappointed during the year as sole contractor under the Scape national framework for major projects, and having continually refreshed an equally important portfolio of predominantly regional frameworks, they have an excellent pipeline of work to see them through 2014 and beyond.

Willmott Dixon Interiors ('Interiors') has similarly seen its fortunes improve over the past twelve months, with activity levels increasing in its core London fit-out market and for national portfolio clients in the banking and hotel sectors. As we entered 2014, its order book was well above the recent norm, holding the business in good stead to pursue a growth plan aimed at 'scaling up' its contribution to Group to a more material level.

We also saw an encouraging performance from Willmott Dixon Regen ('Regen') where, for the first time, both of its activities - the newly branded Prime Place 'housing for sale' business and new be:here 'housing for rent' business - made positive profit contributions. Prime Place now has developments under way at Godalming, Greenwich, Reading and Tower Hamlets, planning applications submitted for two sites in Westminster, and a major scheme under negotiation at Kew Bridge. There are, as always, still important challenges to be tackled - protracted planning and inflated land prices being most topical - but they have already created good visibility of unit completions through to 2016.

Achieving financial close on its first open market 'housing for rent' development was a significant milestone for be:here. Because the income will be drawn progressively over the construction phase, the full benefit will not be felt for some time, but these schemes are intended to become a growing feature of Regen's success. Indeed, with our financial model now well developed, we remain hopeful of closing our second scheme at Hayes during Q2:2014.

For Willmott Dixon Partnerships ('Partnerships'), last year's priority was to progress and embed 'turnaround performance' programmes across a wave of contracts awarded during 2012. With that process now bearing fruit, attention has more recently reverted to winning new business and with some early success. Since the autumn, new contracts have been secured with a combined value of £112 million,



rising to £170 million if permissible extensions are exercised. Willmott Dixon Energy Services ('Energy Services') has not fared so well, having continued to be affected by government indecision on its environmental commitments, most recently the U-turn on its own Energy Company Obligation (ECO) targets, intended to encourage energy companies to fund energy efficiency measures in low-income households. With continued uncertainty surrounding this market, we are nearing the point where we may need to rethink our strategy if we are to gain best advantage from our very able, but also very frustrated, specialist resources.

Group Chairman's Statement

Each year we celebrate the contribution of management trainees with our Trainee of the Year event, held in 2013 at the Williams F1 conference centre

Financial results

In overall terms, turnover including our share of joint ventures held up well at £1,038.5 million (2012: £1,044.9 million), reflecting in particular the ongoing benefit of the Scape framework successfully re-secured during the year and now increasingly being used to procure housing as well as construction activity. For the reasons already explained, pre-tax profit before amortisation of goodwill fell by 19% to £16.2 million (2012: £20.1 million), which represented 1.6% of Group turnover. As shareholders might expect, we were very disappointed that this fell below our target minimum of 2%, but took some comfort from the fact that this was only the second occurrence during what has been a severe and prolonged recession, and also that the consolidated return over the same period remained above our target at 2.2%.

After amortisation, pre-tax profit was £13 million (2012: £15.7 million), and profit after tax was £8.8 million (2012: £11.1 million).

We were pleased to see our Consolidated Balance Sheet remain very strong, with Equity Shareholders' Funds stable at £147.7 million (2012: £147.3 million). Just as importantly, cash and bank balances grew to £70.2 million (2012: £68 million) despite continued investment in land and development interests held through Willmott Dixon Regen, and average supplier payment terms having been accelerated by four days as part of our drive to strengthen supply chain relationships.

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

Group Chairman's Statement

Board succession

The end of 2013 saw Chris Durkin, who has been an able colleague and good friend to many of us, retire from his executive role as Divisional Chief Executive ('DCE') of our support services division. I am immensely grateful to Chris for his major contribution to the Group over 31 years, and wish him well with whatever new challenges he pursues. One of those, I am pleased to say, will be to return to the board as a non-executive director at the beginning of 2015.

Regen's transformation of Dee Park in Reading is modernising a 1960s era estate with new homes

His successor as DCE of the support services division is Paul Smith, who I am delighted to welcome to the board. Having been shadowing Chris since last June, Paul is already making an important contribution to both Group and divisional thinking, and is a respected member of the team.

During 2014, our succession focus will turn to the capital works division, where we expect to appoint a Chief Operating Officer ('COO') designate for Construction. The successful candidate will sit alongside Charlie Scherer and Mike Hart, the incumbent COOs at Housing and Interiors respectively, completing a strong and experienced executive team to support John Frankiewicz.

Group Chairman's Statement

A new retirement community in Romford built for East Thames Group

Future prospects

Having faced a few unexpected challenges during the second half of last year, we are naturally more cautious in relation to our future forecasts. That said, we do believe that the worst is now behind us, and that we can look forward with greater confidence and higher expectation. Most of our businesses are in good shape, with clear strategies supported by robust order books and strong management teams. Just as importantly, these businesses are increasingly 'joined up' and able to create and realise value from the synergy between them, and this will undoubtedly become a common theme. Housing, Prime Place and be:here best illustrate the point, with all three working successfully 'hand in hand' at Aberfeldy Village in Tower Hamlets; our development joint venture with Westminster City Council will provide the opportunity for Prime Place, Housing and Construction to do likewise.

As ever, I am extremely grateful to Rick and my other main board colleagues for their unstinting commitment, energy and mutual support. Collectively, they manage to foster a unique culture that defines our business - balancing leadership with approachability, pragmatism with aspiration, practicality with innovation, and critique with good humour - whilst always 'leading from the front' when it comes to sheer hard work.

But most of all, and on behalf of all of us on the main board, I would like to thank all our people for another year of huge effort. I make no apology for repeating what we often say and always mean - it is those at the sharp end of our business, on our sites and in our branches, who really make the difference. Their professionalism, enthusiasm and loyalty are second to none, and our genuine thanks go to each and every one of them.

Colin Enticknap
Group Chairman

Group Chief Executive's Report

A line in the sand

RICK WILLMOTT, MCIOB
Group Chief Executive

If we were to define, for shareholders, the nature of the business they own, we would say that we consider Willmott Dixon to be a contracting, residential development and property support Group. And as such, an organisation with an interest in a range of complementary markets, each at a distinctly different point of the economic recovery cycle. This was the ambition of our strategy to create three operating divisions back in 2009 and one which has, to this point, served us well.

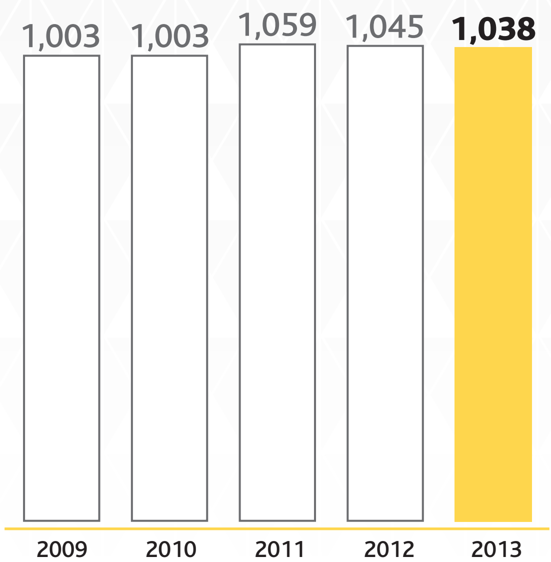
When I consider the detail and the sentiment of my report to shareholders for each of the last three years I take no comfort from knowing that as an organisation we predicted, with reasonable accuracy, the varying phases of a sector in economic 'free-fall', the likely 'lag' effect in the construction market's recovery and the spectre of real cost inflation as capacity is stretched, driven by growth in house building.

The following extracts from my annual reports from 2009 to 2012 represent matters which we had defined as requiring attention, action or avoidance to shelter the Group from the effects of recession and recovery; all have proved perceptive and remain highly relevant today:

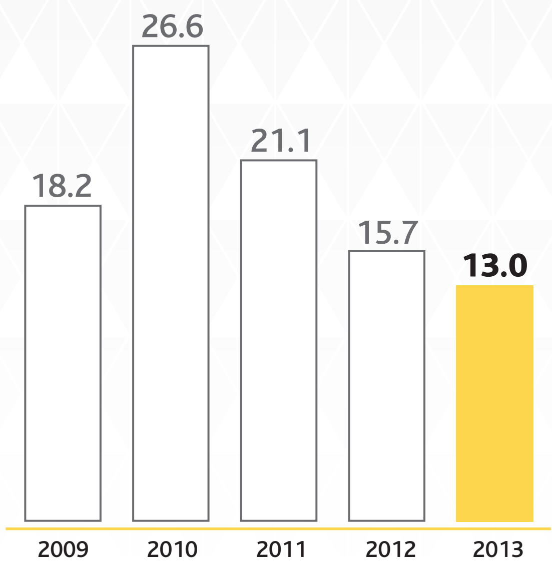
- "Acting to motivate and help retain our people"
- "Underpinning shareholder confidence in our corporate ability and tenacity"
- "Reminding markets that it is sustainable quality, culture and principles that drive workload, not short term suicidal tender prices"
- "Risk of commodity and labour rate inflation when our own income may be fixed"
- "Diminishing public spend on capital projects"
- "A strong order book underpinned by framework agreements"
- "A determination to remain competitive without diluting our fundamental approach to business"
- "Proactively assessing customer and supply chain risk ahead of contract"

Anticipation is crucial, but timely action even more so; being a very self-critical organisation we recognise that, on discrete occasions, we were dilatory to follow our own advice. But where we did, and through endeavour, diversity and strategy we have contained and emerged from the worst recession for a generation with the scale, capacity, ability and determination to continue to drive value and income for shareholders through remaining to be a force to be reckoned with in each of our target markets.

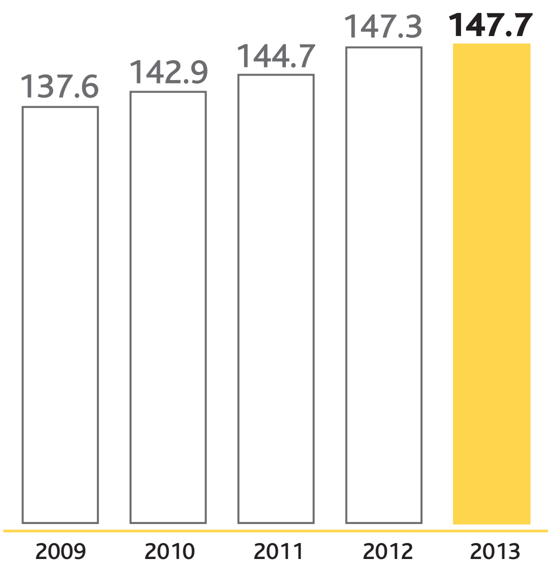
Whilst 2013 was undoubtedly a difficult and trying year, we have continued to maintain our profile as a well-respected business not only by being named Building magazine's Major Contractor of the Year for the second time in three years, but also recently being awarded the coveted Queen's Award for Enterprise for our exemplary work in the field of Sustainable Development, a new and exciting pan industry benchmark for the Group.



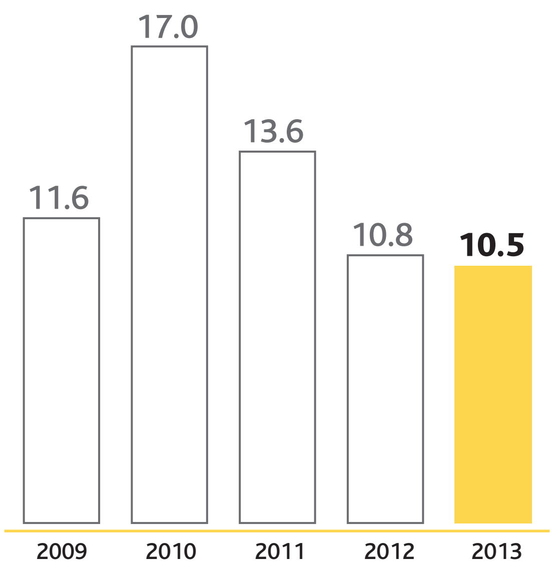
Turnover (£millions) for the Group
during the past five years



Profit before tax (£millions) for the Group
during the past five years



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



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

The new BREEAM Outstanding UK headquarters for WWF

Group Chief Executive's Report

Willmott Dixon Capital Works

JOHN FRANKIEWICZ, FRICS, FCIOB
Divisional Chief Executive, Willmott Dixon Capital Works

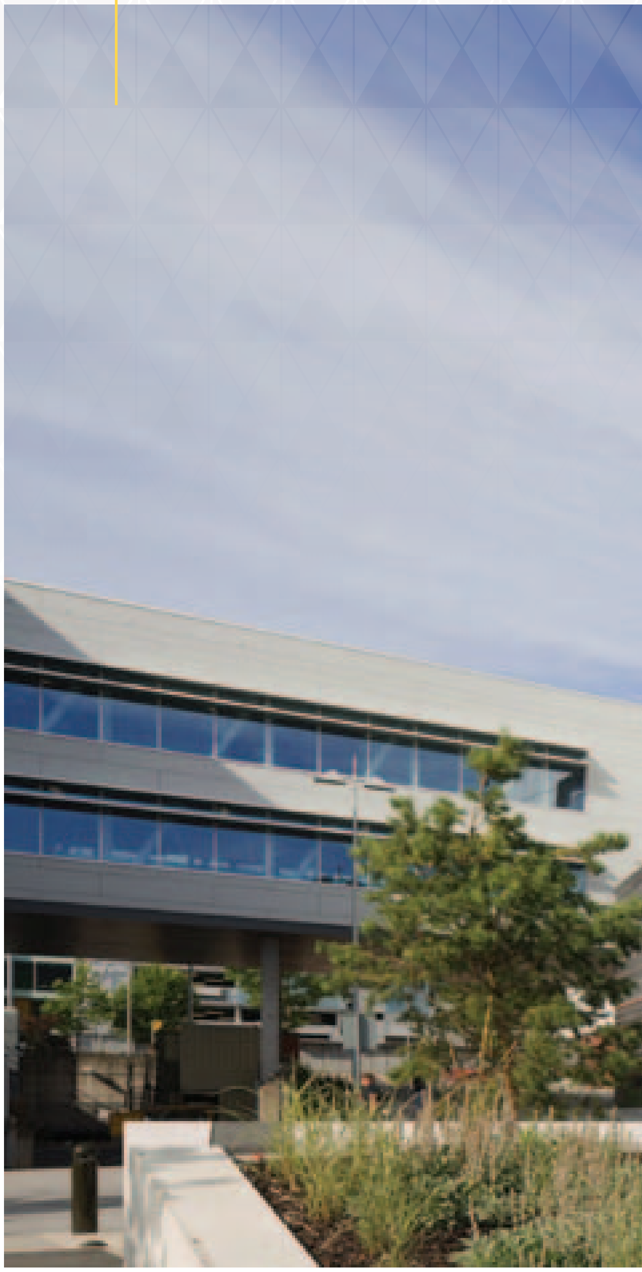
Our capital works division delivers contracting turnover through three separate specialist companies which do, however, share geography, process, structures and – when flexibility is needed – people.

The division's turnover decreased fractionally in 2013 to £899 million (2012: £903 million) which continues to be a remarkable achievement in light of sustained shortages of project opportunities available, at economic prices, in markets that have still to recover to pre-recession levels.

John Frankiewicz continues to lead the division for me in his Divisional Chief Executive ('DCE') role, and also to take business wide responsibility as Group Director of Health and Safety. The wider division had a somewhat mixed year in operational and commercial terms; it produced some genuinely exceptional results, both positive and negative, but importantly it has done much over the course of the year to prepare itself for better and greater opportunities, and ultimately improved predictability, in 2014.

The Dock in Leicester is a new hub for high tech and innovation businesses

The Parkside Building for Birmingham City University; the team are now building phase two of the university's estate masterplan



Group Chief Executive's Report

Willmott Dixon Construction

2013 turnover of £636 million (2012: £641 million)

Construction is a national company operating through five local offices and six satellite locations.

It draws its workload from a variety of disparate sources as well as a number of high volume, high opportunity frameworks such as iESE, Procure 21 Plus and Scape. At the time of publishing our accounts last year we were just ahead of receiving confirmation of our appointment for the third consecutive time as the sole contractor on Scape's major contract framework, capable of delivering £1.25 billion of orders up to mid-2017.

The real attractiveness of Scape to Willmott Dixon is the ability it gives us to offer better, faster and more economic service to our existing local authority customers, for whom the process of efficient capital project procurement has become even more challenging as a result of the Government's continued austerity drive.

There have been a number of notable events and successes.

Having successfully completed the technically demanding Phase 1 Parkside Building, a part of Birmingham City University's £180 million estate masterplan, Construction is now in the early stages of the equally complex Phase 2 building. And as such, continues to anchor itself as one of the major contributors to local spend in the Birmingham economic region. These two projects having a combined value in excess of £88 million.

On a similar theme we have delivered what has been categorised by scientists as one of the worlds' quietest and most vibration free research facilities; the Material Sciences and Metallurgy faculty for the University of Cambridge, designed and built to provide the exacting conditions required for nanotechnology research projects.

Construction is a renowned specialist in the provision of all aspects of the built environment in the education sector, and has been a prolific builder of University Technical Colleges and Free Schools, having completed seven in 2013 with a further 15 due for completion in 2014.

To complement these skills, the roll out of our Sunesis brand of standardised designs continues apace with nine projects completed and another eight currently on site, providing

demonstrable material savings for the public purse compared to alternative procurement routes and building methodology. This work is contributing to the easing of the critical shortage of primary and secondary school places across the country.

And, of course, we remain committed to delivering exemplary projects in the sustainable, low energy arena with the UK headquarters building for WWF in Woking being completed during the year. This complements our achievements at Ashmount Primary School, the UK's first zero carbon 'in use' school for Islington, and the successful commencement of the UK's largest non-residential Passivhaus project at the University of Leicester College of Medicine.

Much of Construction's success has been influenced by its ability to remain both locally and customer focused, and that has only been possible through the drive, determination and leadership of our local Managing Directors - Anthony Dillon, Peter Owen, Neal Stephens, Chris Tredget and John Waterman - who continue to secure the right volume and quality of new workload to satisfy our strategic needs.

Continuing to build a solid track record for education in Wales with St Teilo's Church in Wales High School

Group Chief Executive's Report

Willmott Dixon Housing

2013 turnover of £197 million
(2012: £171 million)

Shareholders may recall that this element of my report last year was titled 'Transforming Housing' and that we were in the process of concluding a number of challenging projects. I am disappointed to report that we continued to wrestle with the financial implications of one or two of those schemes for longer than expected; indeed through to the end of 2013. However, importantly, they are now resolved and the task to complete Housing's transformation is much closer.

Charlie Scherer, our Chief Operating Officer at Housing, and his three local Managing Directors David Issott, Simon Leadbeater and David Smith now have some exciting opportunities ahead, and are determined to build a better specialist housing company. An important part of that journey has been to redesign and reinvigorate 'housing specific' control mechanisms, to instil an absolute determination to 'keep things simple', and to address the obvious, by 'designing right, pricing right and building right'. Whilst there is still much to be done, these initiatives are well under way, and being supported by a drive to strengthen senior teams in each local office, scheduled for completion during the first half of 2014.

As Colin has said previously, we should not disguise the good work and the significant progress that has been made.

We can record the successful and profitable first year of trading from Housing's new Birmingham office as a notable achievement. Here we have been able to capitalise on the fast growing market for retirement and care home accommodation, with schemes in Derbyshire for Chevin Housing Association and Housing 21 in Warwickshire.

On a related theme, Housing is ensuring that it grows its reputation as a company capable of delivering substantial retirement villages with a new project in Hampshire for repeat business customer The Anchor Trust, and also at Ascot for the charity BEN - the Motor and Allied Trades Benevolent Fund.

Rohal Gardens in Warwick, an extra-care development for Housing 21 that was one of Inside Housing's Top 50 developments

Our on-going reputation and experience in transformational work in regenerating existing housing estates like Orchard Village in Dagenham for Circle Anglia, the Aberfeldy New Village scheme in Tower Hamlets for the Poplar HARCA and Willmott Dixon Regen joint venture, and at Dee Park in Reading for the Catalyst Housing Group and Willmott Dixon Regen joint venture, sets us apart from many competitors and calls

upon the depth in experience of our community teams working in tandem with operational teams to enhance estate life before, during and after our building work is complete.

For the first time, Housing is creating opportunities to market the possibilities of the Scape framework directly to local authorities and London boroughs on their 'home build' programmes and we see this as a real area of growth for the future, alongside blossoming relationships delivering high quality homes for sale, with our own Prime Place brand and Taylor Wimpey.

There is no doubt that the housing market in the South East and the Midlands is currently providing plentiful opportunities for our company. But this is also a time to be cautious and alert to rapid cost escalation and material supply constraints, as the recession has depleted both skilled trades and production capacity.

Group Chief Executive's Report

Willmott Dixon Interiors

2013 turnover of £50 million
(2012: £46 million)

There has been excellent progress at Interiors during the course of 2013 under Mike Hart's leadership as Chief Operating Officer. Mike and his senior team have done much to build on their performance in 2012 to create a fit-out business that truly understands, and sticks to, its target market with an absolute focus on the end customer; recognising and responding to the pressure and complication of often working in occupied space.

Our repeat business relationship with The London Clinic, one of the world's most prestigious private hospitals, is testament to the skill and client focus our project teams demonstrate in delivering high quality, highly sensitive fit-out work in unique and often highly demanding environments.

Interiors continues to be able to balance successful delivery of bespoke 'one off' contracts with the repetitive 'roll out' contracts that are required by national clients. We are proud to remain engaged on frameworks with both Barclays and Travelodge, across a number of regions, to upgrade and refresh their respective property portfolios.

We remain confident that Interiors will continue to swell its scale and market presence; the company's strategic plan confirms this ambition, whilst at the same time not losing any focus on its aspiration to drive margin improvement.

To support this plan, we will inevitably see projects of larger value and more projects where the Scape framework can be adopted by clients to fast-track the procurement process; our long standing relationship with the City of London Corporation being a prime example of this.

Another bright new interior for Travelodge, this time in Kew

Group Chief Executive's Report

Willmott Dixon Regen

Regen continues to play an increasingly significant role in our future ambitions. Not only because it has the potential of generating a far greater return on group cash reserves than our other divisions, but also because it provides an in-house 'end to end', develop, build, sell continuum which has many inherent benefits.

Andrew Telfer as Divisional Chief Executive has established two new brands for the division; Prime Place, our 'housing for sale' company and be:here, our 'housing for rent' company. I'm delighted that Andrew heads very strong, experienced and professional teams to push both companies forward, led by Brian Brady at Prime Place and Matthew Pullen at be:here.

Prime Place continues to secure and deliver some superb development opportunities, with around 550 sale units under development or under our control, and a further 565 awaiting planning or funding decisions.

Prime Place is currently selling units at three locations:

- In Greenwich the 183 unit project will be both built and sold out by the end of the summer. This has been a very successful scheme with a Gross Development Value (GDV) of circa £70 million, and has become the template for the working relationship between Prime Place and Housing.
- At Aberfeldy New Village in Tower Hamlets, sales on the first phase of the development have commenced briskly, and planning for Phase 2 has just been secured. Over the course of the next ten years we will have regenerated this area and sold or rented around 1,200 units, with an overall GDV approaching £300 million in joint venture with Poplar HARCA Housing Association.
- At Dee Park in Reading we continue to roll through this multi-phase regeneration project with sales rates continuing to hold up well, assisted no doubt by the Government's 'Help to Buy' schemes which are providing much welcome equity assistance to buyers.

ANDREW TELFER,
ACA, BSc (Eng)
Divisional Chief Executive,
Willmott Dixon Regen

- In Westminster and Brent we have illustrated the innovation that Regen can bring to the public sector in an era of tight fiscal restraint, to renew ageing leisure assets using the Scape framework to generate cross subsidy from private housing sales, with a projected GDV of some £70 million. We expect planning consents for both schemes imminently with the aim of being 'on site' in 2014. This is such an innovative model that our ambition is to promote its effectiveness to a number of other local authorities, who share a similar appetite to extract benefit through the renewal of ageing public amenities.
- There are several other substantial developments in the pipeline, the most significant of which currently is a £300 million GDV 1,000 unit scheme at Kew Bridge which will also involve the relocation of Brentford Football Club to a new stadium in Brentford.

Prime Place in Greenwich is taking shape

be:here launched its first scheme in 2013, at Aberfeldy, the start of many across the country for private renters

Group Chief Executive's Report

Willmott Dixon Regen *(continued)*

At be:here there has been a huge amount of work undertaken, much behind the scenes, to give this company the potential to make a meaningful impact on the private rented sector. Matthew Pullen has assembled a bespoke team with market leading ability and experience and has now completed a full suite of legal documentation, to ensure that our Private Rented Sector ('PRS') product and service is considered as 'institution grade' quality; and therefore readily fundable.

Having completed this all important preparation work, the team is now able to focus on identifying opportunities, bidding to acquire land and negotiating funding; at the moment on a project by project basis. During the year we achieved financial close on our first scheme at Aberfeldy New Village, Tower Hamlets, delivering some of London's first homes specifically designed for market rent. Here, working alongside Prime Place and Poplar HARCA, we are able to offer long term, multi-phase, true mixed tenure regeneration capability that will no doubt be a template for the future.

And in Hayes, proximate to what will be an important new Cross Rail terminus, we remain on track to financially close our second development of 132 market rent units in Q2:2014.

We believe that Regen is a very exciting business prospect, incorporating two complementary themes of housing provision, of margin generation and of cash utilisation.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Group Chief Executive's Report

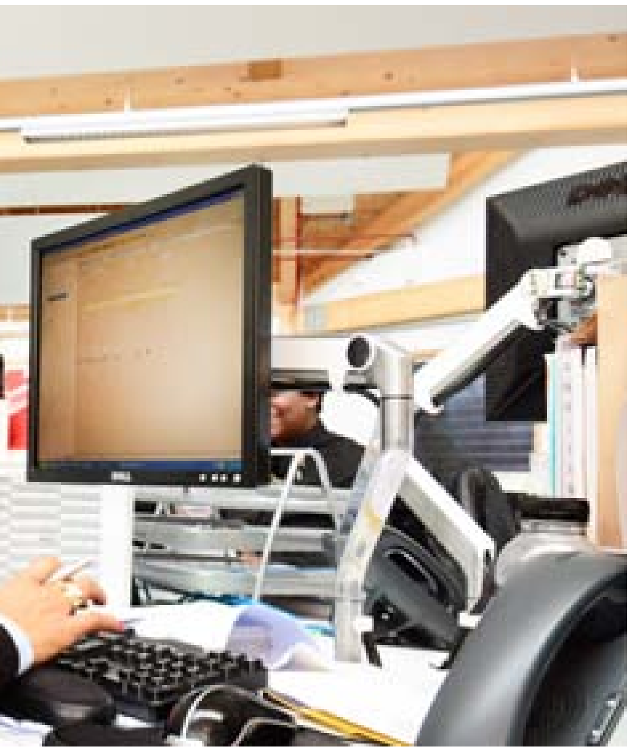
Willmott Dixon Support Services

2013 turnover of £121 million
(2012: £110 million)

PAUL SMITH
Divisional Chief Executive, Willmott Dixon Support Services

As Colin has already mentioned, 2013 represented a 'changing of the guard' period at Support Services, as Chris Durkin retired from his role as Divisional Chief Executive after three decades of exceptional commitment and service to the group. We have of course been anticipating and planning for this eventuality, and I am delighted that we were able to introduce Paul Smith into the business to replace Chris at the right time to provide an enormously valuable overlap, induction and handover period. This has ensured a seamless transfer of responsibility and an effective transition for Paul into his role as both Divisional Chief Executive and board director.

Partnerships repairs and maintains over 150,000 homes



Willmott Dixon Partnerships

In my report last year I spoke of the 'stretch' being felt by Partnerships' Managing Director Mick Williamson and his team in turning around business performance by:

- embedding and stabilising those new contracts secured during the previous year
- creating cultural alignment and incentivisation of 400 new recruits
- adapting our business model to cater for a greater geographical spread of property assets requiring maintenance
- exiting, by mutual agreement, an unviable and unworkable contract

I am pleased to report that the focus of those efforts has brought demonstrable success, which can be evidenced by review of Partnerships achievements against key performance indicators at each client branch where there has been notable improvement. As a result, attention has returned to securing new contracts that correctly fit our volume and margin targets and provide a number of years of visible workload (capable of both account expansion and permissible period extension).

Our first successes under Paul's direction have been new contracts secured with housing associations Midland Heart and Orbit Heart of England. We are also delighted to have been re-appointed for another term with Paragon Community Housing Group. All three of these contracts are being used to embed next generation IT controls and systems which will pave the way for greater efficiency, better interaction with client data and the capacity to target larger and more integrated contracts in the future.

Recognising the way Partnerships interacts with the communities within which it works, we were proud to be the first and only contractor to be asked to sign Birmingham City Council's Business Charter for Social Responsibility.

As a responsible business and a major supply chain partner to many of our customers, our teams make an extraordinary effort to ensure that we give something back to each region or community that we support, this is typified by:

- Regular community engagement events
- A cohort of 80 locally employed trade apprentices, growing year on year
- A commitment to providing trades training through our 4Life Skills Academy, with over 4,000 individuals trained in the first year
- Helping to shape customer thinking in relation to delivering their obligations under the Social Value Act, through our Transforming Communities report

Partnerships invests heavily in apprentices to equip them with life-long skills within communities in which they are active

Group Chief Executive's Report

Willmott Dixon Energy Services

Energy Services was launched in 2012 in response to a growing belief, backed by contemporary legislation, that this Government's support for a continual drive towards a low carbon economy was both credible, prescriptive and linked to wider European commitments; as such a sustainable business opportunity.

During 2013, Robert Lambe, as Managing Director, completed the assembly of what is probably the most capable team of sector specialists in the UK market to tackle the emerging opportunities.

It is therefore immensely frustrating for Rob, his team, and the wider business that the Government's downgrading of the obligations on energy companies to fund energy efficiency measures in low-income households by around 75% has impacted hard on our growth ambitions for this part of our business. Whilst clearly a set-back, there have been some notable successes for Energy Services:

- Significant progress with the National Assembly of Wales as managing agent for the "Arbed" programme of domestic energy efficiency improvements in North and mid-Wales. Last year our team worked on six projects, and in 2014 attention is switching to improvements to Nantlle, an isolated village in Snowdonia, and Holywell, a market town in north east Wales.
- Another partner is Greater London Authority, where its "Re:New" programme is delivering energy efficiency advice to 8,000 homes. Last year Energy Services carried out energy efficiency assessments to 600 households.
- Places for People created a "Green Services Hub" with Energy Services selected to supply and install all projects procured through this OJEU compliant framework, with the first, Leeds Federated Housing Association, embarking on energy improvement work to 400 Victorian-era terraced properties.
- Leeds City's "Wrap Up Leeds" ECO programme will see our engineers installing insulation and boilers into dozens of homes to help residents struggling to pay their fuel bills. Other appointments include those by Rotherham MBC, Association of Greater Manchester and London Borough of Havering as Green Deal/ECO partner.

Cavity wall insulations are a key part of Energy Services' work

The Energy Services team carrying our home assessments in North Wales

Summary

An organisation of our scale and diversity will never be free of complicated challenges, often created by an economic environment that is outside our sphere of control.

What we have to strive to achieve, and maintain, is full control over our own performance and direction by following our own advice. More easily said than done, but I believe emphatically that by applying the basic ingredients of:

- Right people
- Right price
- Right time
- Right quality

in all that we do, across every part of the Group, without superfluous distractions, then we will continue to perform strategically, operationally and culturally in a way, I hope, that our staff and our shareholders will find compelling and rewarding. Ultimately this is our goal.

I remain immensely grateful to all of our people around the country for their unstinting commitment and support, knowing that their daily intent is to do the right thing for the business. But of course my special gratitude is extended to Colin for his innate ability to make the complicated simple with calm critique and to my board colleagues who year after year demonstrate huge resolve and loyalty in driving our company forward.

Rick Willmott
Group Chief Executive

Notre Dame Catholic College in Liverpool, one of several projects in the city

Sustainable Development

Introduction

We have a number of notable achievements to report this year, across a range of areas. These include a 20% increase in the value of our community investment activities; a significant reduction in our carbon emissions; another year of improvements in our accident frequency rate (AFR); and a reduction in our waste volumes relative to turnover.

In 2013, we completed a number of building projects which set new standards, including the UK's first zero carbon 'in use' school, the World Wildlife Fund's Living Planet Centre, and the UK's largest residential Passivhaus project for the London Borough of Camden.

JONATHON PORRITT
Non-Executive Director

The release of our new Sustainable Development Strategy, which sets out our ambitions to 2020, with milestone targets to keep us focused in the shorter term, is the culmination of extended dialogue and challenge across the business. Our Strategy shows how we will continue to reduce the negative impact of our own operations, while setting out how our company can use its influence and example to become an even greater force for good within society.

Work is continuing behind the scenes to drive sustainability across the organisation. Better systems of governance and monitoring are improving our understanding of where we are doing well and where we need to do better. Better reporting is making our performance more visible, and our business more accountable.

So far, so good! Unfortunately one issue that we were increasingly preoccupied with in 2013 was policy uncertainty. The cut to the Energy Company Obligation in December, and pushing the scheme out to 2017 was a blow – to our UK carbon emissions targets, to households in fuel poverty, and to businesses which have invested to meet the anticipated demand for low-energy retrofit services.

Willmott Dixon is not the only business to find the regulatory landscape increasingly challenging. In the course of my work I engage with many companies across many sectors. Representing the best of British business, they are competitive, energetic and innovative. They care about their social and environmental impact, and want to make a positive difference to communities beyond their core activities. The message I am getting from all of them is the same: "we understand the need for legislation, and want to play our part in making the country a healthier, wealthier and happier place to live. Whether it's energy policy, Carbon Reduction Credits, landfill tax, or one of any number of environmental or social changes – new policy is not the problem. Policy uncertainty is."

Businesses in the built environment sector play a critical role in responding to the changing needs of our communities. Over the years, well-managed companies are confident about committing capital to projects, as long as they are able to see how doing so will establish a competitive advantage.

But repeated moving of the policy goalposts is penalising those that are quick to act, and is leading to a culture of cynicism. As a result, the risk is that the private sector will be less responsive, less willing to invest and will leave it to the last minute to comply with regulations. Can UK PLC afford to take the risk of inaction when there is so much to be done to address fuel poverty, energy supply capacity and greenhouse gas emissions?

A team from Interiors doing community work in London

Our team in Wales lend their full backing to Comic Relief

Sustainable Development

2013 highlights

Investing in communities

- Increased the value of our community investment activities through the Willmott Dixon Foundation from £1.13 million in 2012 to £1.37 million in 2013
- Trained 4,250 people through the Willmott Dixon 4Life Academy
- Employed 83 apprentices either directly or shared with other organisations
- Organised over 160 fundraising events for charity
- Mentored nearly 1,500 young people
- Participated at over 60 careers events which were attended by well over 10,000 young people
- Arranged and facilitated visits to our sites for 2,400 students and school children
- Provided work experience opportunities to 350 young people
- Gave 50 presentations at schools to over 5,500 children of all ages
- Group Considerate Constructors score nearly 10% higher than industry average

Creating opportunities and looking after our workforce

- Increased the number of women employed to 18.54% (compared with industry average of 13%)
- Employed 98 management trainees
- Employee engagement index score of 75%
- Invested more than £2.25 million in our employees' development, with each employee receiving an average of 2.5 days' class-based training

Reducing waste

- Reduced waste volumes from 13.9m³ per £100k of project value in 2012 to 10.4m³ per £100k of turnover in 2013

Reducing carbon emissions

- A 6.1% reduction in carbon intensity relative to turnover since 2012.
- Maintained our carbon neutrality by investing in projects to offset our carbon emissions
- Successful completion of projects which set new standards in carbon budgeting and energy efficiency, including the UK's first zero carbon 'in use' school, the World Wildlife Fund's Living Planet Centre and the UK's largest residential Passivhaus project

Health and safety

- 18.5% decrease in accidents across our car and van fleet since 2009.
- Continued to reduce our accident frequency rates

Governance

- Release of 'Transforming Tomorrow', our 2013-2020 Sustainable Development Strategy, which has set out our ambitions and headline targets for the coming years

Leadership and strategy

Sustainable development strategy 2013-2020

The end of 2013 saw the launch of 'Transforming Tomorrow', our Sustainable Development Strategy. It's what will help us reduce our costs, become more efficient, reduce the environmental impact of our operations and ensure that we continue to meet our clients' needs in a changing world.

Locally based action plans are now driving performance in each region. Progress is reported to local management teams and Boards each month. Group progress is reported monthly to the Holdings Boards.

Transforming Tomorrow – our Sustainable Development Strategy 2013-2020

One aim: to be a leader in sustainable development
Three headline targets up to 2015:

1 | Reduce carbon intensity by 15% by the end of 2014 compared to 2010
2 | Reduce construction waste intensity by 15% by 2015 compared to 2012
3 | Enhance the life chances of 3,000 young people in the three years to 2015

Nine ambitions to 2020:

1 | Leave a lasting legacy in communities, helping them to thrive and prosper by enabling and creating a sustainable built environment.
2 | Inspire young people, particularly those who are socially excluded, by providing opportunities for them to improve their lives.
3 | Add social value to the communities in which we work, aligned to local needs within the context of wider social environment.
4 | Nurture a workforce which is safe, healthy, challenged and contented.
5 | Leave a sustainable legacy across the built environment, through collaboration across the sector, to influence government and improve design and building quality and environmental standards.
6 | Drive continuous improvement and the delivery of innovative solutions by working with our clients and supply chain to maximise collaboration and integration.
7 | Champion whole life assessment as our overarching approach to projects, so that the true cost of a building's use is visible to clients and end-users.
8 | Reduce our carbon footprint, maintaining carbon neutrality and working towards de-coupling carbon emissions from business growth.
9 | Reducing the intensity of construction waste and achieving zero waste to landfill.

Sustainable Development

Working together

In 2013 we have continued to engage with national organisations aimed at improving environmental standards and the quality of the built environment, including:

- **Aldersgate Group:** Rob Lambe, Managing Director for Re-Thinking and Energy Services, is a Director of the Aldersgate Group, an alliance of leaders from business, politics and society that drives action for a sustainable economy.

- **The Green Construction Board:** Rob Lambe is a member of the Board and Chair of the Knowledge and Skills Group for this body, which comprises Government and industry representatives, working collaboratively to drive forward the actions in the Low Carbon Construction Action Plan.

- **UK Green Building Council (UKGBC):** Group Chief Executive Rick Willmott is a member of the leadership group, and Divisional Chief Executive John Frankiewicz is a trustee of this membership organisation which campaigns for a sustainable built environment.

- **UK Contractors' Group (UKCG):** Rob Lambe chairs the UK Contractors' Group's Environmental sub-group, and Principal Sustainable Development Manager Steve Cook chairs the UKCG's Materials Task Group. The UK Contractors' Group (UKCG) is the primary association for contractors operating in the UK, representing over 30 leading contractors operating in the UK.

- **Grown in Britain:** Steve Cook, Principal Sustainable Development Manager, co-chairs Grown in Britain – a campaign to support the UK's forests and woodlands by creating a bigger market pull for home-grown timber. Under his leadership the campaign has secured commitment from companies with a combined UK turnover of £22bn to procure with a preference for UK timber.

- **Forum for the Future:** We have strong links to this independent non-profit organisation which works globally with business and government to inspire new thinking, build creative partnerships and develop practical solutions.

- **Business in the Community:** We are a member of this business-led charity which brings together over 330 of the most senior business leaders from UK and global companies to help build resilient communities, diverse workplaces and a more sustainable future.

- **Considerate Constructors Scheme:** We are registered with this non-profit organisation and our sites comply with their codes of considerate practice.

- **Supply Chain Sustainability School:** We are one of the founding members of this virtual school which launched in 2012, with the aim of providing a consistent approach to sustainability and reducing the burden of training on the supply chain.

Re-Thinking was an early supporter of Grown in Britain to champion sustainable timber from UK sources. Steve Cook, second from right, is the co-chair

- **Next Generation:** In 2013, we were ranked the fourth most sustainable housebuilder and the most improved among the members of this group which benchmarks many of the UK's largest housebuilders.

- **Carbon Trust:** We continue to work with this organisation, which helped us become the first in our sector to receive the Carbon Trust Standard.

- **Constructing Excellence:** We are a member of this organisation, which aims to improve industry performance in order to produce a better built environment.

- **Zero Carbon Hub:** David Adams, Technical Director for Willmott Dixon Energy Services, is Director and Founder of the Zero Carbon Hub, an organisation dedicated to supporting the delivery of low and zero carbon new homes.

- **Institute of Environmental Management and Assessment:** We are corporate members of IEMA and are working in partnership on training programme accreditation, horizon scanning and policy development.

- **Energy Bill Revolution:** We have signed up to this campaign for warm homes and lower energy bills for all.

- **LBG:** We are member of this group of international businesses who set standards for the measurement, monitoring and reporting of community investment.

Responding to Government consultations

As a responsible business we are regularly invited to respond to consultations on topics affecting our sector. In 2013, these included:

- BIS Corporate Responsibility
- DECC Energy Savings Opportunity Scheme
- Housing Standards Review
- NHS Sustainable Development Strategy
- Sentencing Council Environmental Offences
- Biodiversity offsetting

Sustainable Development

People

The Willmott Dixon Foundation: investing in communities

Following the enactment of the Public Services (Social Value) Act, 2013 saw an increasing importance placed on added social value by existing and potential clients. We have been well placed to respond. The creation of the Willmott Dixon Foundation in 2012 set a more strategic direction for the community investment work we have always done, and this has helped us maximise the positive impact of our work. In tandem with the creation of the Foundation, we put in place better systems for capturing the work that we do, so for the second year running we are now able to put a financial value to our community investment work. 2013 has seen us better our 2012 total by 20%.

For the first time, in 2013 we have been able to set ourselves a target relating to our community investment: enhancing the life chances of 3,000 young people by 2015.

The end of 2013 saw Group Chief Executive Rick Willmott take up the chairmanship of the Foundation, following the retirement of Chris Durkin.

Value of community investment through the Willmott Dixon Foundation

2013: £1.37 million
2012: £1.13 million

"Our Foundation is important… because it illustrates in a tangible form the aspirations and the values of our company."

RICK WILLMOTT,
Chair, The Willmott Dixon Foundation

Considerate Constructors

All our construction sites are registered with the Considerate Constructors Scheme. The scheme aims to raise the reputation of the construction industry. As industry standards have increased immeasurably since it launched, 2013 saw the scheme introduce new, more rigorous assessment criteria which mark sites on their appearance, safety, environmental impact, community engagement and care for the workforce. Across all our sites, our average score for 2013 was 38.71 out of 50 – nearly 10% higher than the industry average.

Apprentices celebrate graduating at the annual Apprentice of the Year awards

Trainee of the Year Kristian Cartwright with Rick Willmott and Scape Chief Executive Mark Robinson

Our management trainees raised nearly £30,000 for Age UK and Demelza Hospice as part of their annual challenge

People *(continued)*

A more sustainable supply chain

Nearly 1,000 of our supply chain businesses are now benefitting from membership of the Supply Chain Sustainability School, and feedback on the supplier days that we have organised has been excellent. Suppliers tell us that their involvement with the school is improving the sustainability of their operations, which is in turn having a positive impact on the buildings we construct and maintain.

Health and safety

In 2013 we demonstrated our commitment to the health and wellbeing of our employees by signing up to the Government's Health Responsibility Deal for Construction.

We continued to uphold our commitment to health and safety across the business through our All Safe campaign. Capital Works reduced its accident frequency rate from 0.17 in 2012 to 0.16. 85% of projects completed in 2013 had a zero AFR. Support Services' accident frequency rate reduced from 0.79 in 2012 to 0.73. Both figures compare favourably with the industry average AFR of 1.9.

Capital works accident frequency rates

2013: 0.16
2012: 0.17
2011: 0.24
2010: 0.28
2009: 0.33

Support services accident frequency rates

2013: 0.73
2012: 0.79

Investing in our employees

Despite difficult times in the industry over the last few years, our annual staff surveys demonstrate that employees remain engaged with the business.

Employee engagement index

2013: 75%
2012: 74%
2011: 74.1%
2010: 77.1%

We invested more than £2.25m in our employees' development, with each employee receiving an average of 2.5 days' class-based training, rising to 3 training days per person when on the job training is taken into account. Our Willmott Dixon training centre in Basingstoke has welcomed 1,521 people during 2013, who attended 132 events. We also took the first cohort of candidates through the recently accredited Management Development programme, earning themselves 30 credits towards their Post-Graduate certificate in Leadership.

2013 saw us retain and improve our performance in a number of accreditations, including a Gold 'Investors in People' assessment for our Construction Division, and the retention of the disability 'Two Ticks' symbol.

We continued to invest in the future. In 2013 we employed 98 management trainees. We also created 63 directly-employed apprenticeships. In 2013, we began developing schemes to share apprentices with partner organisations.

Building skills for the future; our 4Life Academy in Birmingham trained over 4,000 people in 2013

4Life Academy

The Willmott Dixon 4Life Academy in Birmingham opened its doors on 30 January 2013, providing a major boost to the construction industry, and the local community. The Academy provides training not only for Willmott Dixon employees, but also for people and businesses in the wider community. As an approved training centre for City & Guilds and the British Plumbing Employers' Council (BPEC), it is able to deliver a wide range of career-enhancing skills ranging from courses in electrical compliance and renewable technology to long-term NVQ and City & Guilds qualifications.

In 2013, 4,250 people have improved their skills and knowledge through attendance at the academy – of which nearly 300 were from the local community.

Carbon

Carbon Trust Standard

In 2012, in recognition of emissions reductions from 2009-2011, Willmott Dixon became the first construction and support services company to achieve the Carbon Trust Standard. The Standard requires demonstration of an on-going commitment to carbon reduction and evidence of a programme designed to achieve this. We will be undergoing reaccreditation in 2014.

2013 carbon achievements:

- 47 employees received a Green Bonus
- 1,210 miles claimed under bicycle mileage reimbursement scheme
- 515,790 miles claimed under car sharing reimbursement scheme
- 53 purchased bicycles using our bike4work initiative

Carbon performance

	Units	2010	2011	2012	2013
Intensity	tCO_2e/£m	18.34	18.24	19.76	**18.6**

The nature of our business is such that we will always use fuel and generate carbon emissions. Our ambition over the long-term is to decouple our carbon emissions from business growth altogether. In the meantime, we are working hard to reduce our emissions on the basis of tonnes per £million of turnover. By reducing the intensity of our carbon emissions, we are delivering our operations more efficiently, reducing our energy costs and increasing our profits.

In 2012 we reported an increase in emissions relative to turnover. In 2013, thanks to efforts from across the business, we have regained considerable ground. Our carbon intensity has dropped from 19.76 tCO_2e/£m to 18.6 tCO_2e/£m, meaning that we are heading in the right direction to achieve our Group headline target of 15.59 tCO_2e/£m by the end of 2014.

The following actions taken in 2013 have helped us reduce our carbon emissions and energy costs:

- Improved governance, performance reporting and communication to raise awareness of energy consumption and carbon emissions amongst all our employees
- Reduced the maximum emissions rates for company car selection from 130 g/km of CO_2 to 120g/km of CO_2
- Doubled the green bonus given to employees choosing low-emissions vehicles to £1,000
- Continued to engage with our site accommodation provider to reduce the energy consumption of our site cabins
- Zoning our cabins so that non-essential equipment is automatically turned off at night and weekends
- Invested significant finances and resources into developing the best low-carbon solutions for our transport fleet
- Continued to incentivise more sustainable journeys through schemes such as bicycle mileage and car share mileage reimbursement

Building energy efficient buildings

2013 has seen us become increasingly carbon conscious in project design and construction, enabling us to set new industry benchmarks:

- A detailed independent embodied carbon assessment of our Sunesis schools found that they achieved a 7% reduction in embodied carbon compared to benchmark schools
- Completion of Ashmount Primary School, the UK's first zero carbon 'in use' school – seven weeks early
- The Living Planet Centre, WWF's new HQ, pushed the boundaries of sustainable construction. Robust carbon budgeting at construction stage helped save 5,500 tonnes of carbon over the building's life
- All 53 units at Chester Balmore, the UK's largest residential Passivhaus project, achieved the stringent Passivhaus airtightness requirement of $0.6m^3/m^3hr$ @ 50Pa

Energy Services

Providing low carbon retrofit services is another key way in which we are helping to reduce the UK's carbon emissions, with major schemes up and running in North Wales, Leeds and London.

A cut to the Energy Company Obligation in December, and an extension of the scheme to 2017, was a blow to environmental groups and those in the low-carbon retrofit sphere. Willmott Dixon added its voice to others across the industry in a letter urging the Prime Minister to think again. The biggest impact of this is likely to be felt on solid wall insulation, with a new installation target of just 25,000 a year (compared to the 80,000 delivered in 2012 alone).

Willmott Dixon Energy Services is in the fortunate position of having a substantial workload secured for 2014. However, ECO is an important element of funding for many of the schemes currently under development.

While it is difficult to see any positive aspects of the sudden changes, we remain optimistic about the future growth and success of our Energy Services business.

Carbon Neutral

Our aim is to reduce our energy use and decouple our carbon emissions from business growth. However, it will not be possible to eliminate all of these in the foreseeable future. Last year, we offset our 2012 carbon emissions via the following projects, which reflect our values and align with the Willmott Dixon Foundation's aim of helping to tackle social exclusion and anti-social behaviour.

- A fuel switch project for two building products factories in Brazil, which has enabled the factories to use renewable biomass fuels sourced from locally managed forests, in place of fossil fuels and non-renewable native firewood
- A geothermal power project in Indonesia, where clean, renewable energy is harnessed to displace fossil fuel power generation
- A LifeStraw project in Kenya, providing safe drinking water to 4.5 million people. The project improves public health and reduces water borne diseases, as well as removing carbon emissions resulting from boiling water

We are committed to retaining our carbon neutrality, and are currently developing a portfolio of projects to offset our 2013 emissions.

All the projects we invest in undergo rigorous investigation to certify that they achieve real, measurable and permanent emissions reductions, and our carbon neutrality is in accordance with PAS 2060 guidelines.

Working with organisations like the National Community Wood Recycling Project allows our teams to send waste wood from sites for recycling

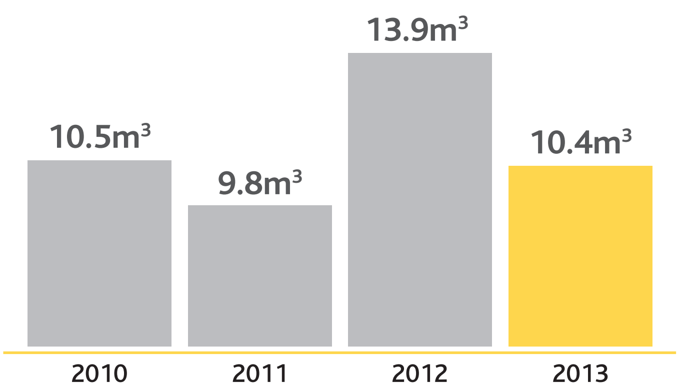
Resources

Waste

Waste remains a key issue for us. So in 2013 we increased our emphasis on reduction by focusing on how construction waste can be minimised at the design stage of a project.

So while our 2013 landfill diversion rate of 92.67% may seem like a step backwards from 2012's rate of 95%, a truer picture is given by the proportion of waste we produced per £100k of project value, which in 2013 decreased by over 25% compared with 2012.

Construction waste per £100k turnover

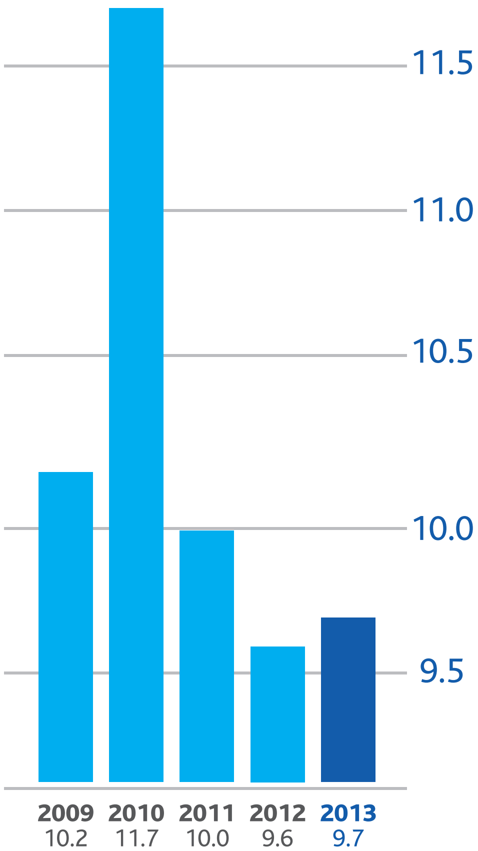


Materials

2013 has seen a number of innovations when it comes to materials. We completed Kingsgate House, a seven-storey residential project in West London. The building contains 1,092m³ of PEFC-certified cross laminated timber – a natural, low carbon and renewable alternative to steel and concrete. This was the first major construction project in the world to achieve PEFC Project Certification.

In 2013 we further refined and embedded our sustainable procurement policy, providing training across the Group. The policy includes clear aims and objectives governing our procurement of goods, materials, works and services. It covers responsible sourcing, embodied impacts, recycled content, global warming potential, volatile organic compounds, paper, timber, PVC and energy efficiency.

Water usage (m³ per £100,000)



Water

It is clear from the past few years that extreme weather events are becoming the norm. Maintaining and improving our resilience to both flooding and drought, of our own operations and of the buildings we construct and maintain, remains a priority.

We keep the amount of potable water we use on site to a minimum by harvesting rainwater where we can. The use of sustainable drainage systems is becoming increasingly important in the buildings we construct and maintain, and where we are responsible for fitting out buildings, water efficient appliances come as standard.

Independent verification statement

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

Scope and Methodology

The KPI period assessed is from 1st January 2013 to 31st December 2013, covering all Willmott Dixon businesses.

Verification of performance data was carried out through a process of document review, data sampling, interrogation of supporting databases and associated reporting systems and telephone and email exchanges.

Bureau Veritas Opinion

Based on our investigations, it is our opinion that the table on page 57 is a reliable reflection of progress against these KPIs.

Bureau Veritas is confident that no material information has been withheld which could affect stakeholders' ability to make informed judgments on Willmott Dixon's 2013 performance.

Bureau Veritas has made a number of recommendations which the Group should address, in order to improve its approach to managing and reporting sustainability activities. These recommendations are provided separately.

Statement of Independence

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

Assessment of Achievement

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

KPI	Verified Performance
Carbon footprint	19,004 tCO_2e
Total Waste Diverted from Landfill	92.67%
Construction Waste Generated*	10.36m^3/£100k
Average Considerate Constructor Scheme (CCS) score	38.71
Value of Community Investment (Company Contribution)	£1,372,514
Health and Safety	Capital Works: AFR 0.16; AIR 159 Support Services: AFR 0.73; AIR 1068
Average Training Days per employee**	2.5

Limitation and Exclusions

Excluded from the scope of our work was:

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

A limited sample of site specific source data (e.g. utility invoices, waste transfer notes) and records were reviewed as part of this assessment.

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

* based on m^3 per £100k of project value.
** based on average no. of employees throughout 2013.

Carbon emissions

Bureau Veritas verified Willmott Dixon's overall carbon emissions for 2013. The table below provides a breakdown of our carbon footprint to Scope 1, 2 and 3 emissions in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard*.

Further information on our organisational boundaries and reporting procedures can be found on the Willmott Dixon Group website**.

Summary of GHG emissions for the year ended 31 December 2013

Absolute emissions

CO_2e emissions (tonnes)	**Performance**		**Percentage change**
	2013	2012	2012/2013
Scope 1	11,557.9	12,067.7	4.2%
Scope 2	4,861.2	6,032.7	19.4%
TOTAL SCOPE 1 AND 2 EMISSIONS	**16,419.1**	18,100.4	9.3%
Scope 3 emissions	2,585.2	2,341.8	(10.4%)
TOTAL EMISSIONS	**19,004.3**	20,442.2	7.03%

Emissions relative to turnover

CO_2e intensity (tonnes/£m turnover)	**Performance**		**Percentage change**
	2013	2012	2012/2013
Total scope 1 & 2 emissions	16.0	17.5	8.6%
TOTAL EMISSIONS	**18.6**	19.8	6.1%

* http://www.ghgprotocol.org/standards/corporate-standard

** http://www.willmottdixongroup.co.uk/sustainability/energy-and-climate-change/carbon-management

How we report our emissions

Boundary

Willmott Dixon's operational boundary for carbon emissions reporting has been determined in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Emissions from any entities acquired during the year are included. Emissions from joint ventures are included based upon the operational control that Willmott Dixon has over the entity.

Standards

The Greenhouse Gas Protocol Corporate Accounting and Reporting standard, with guidance at the organisation level for the quantification and reporting of greenhouse gas emissions and removals, and PAS 2060:2010 specification for the demonstration of carbon neutrality, are recognised standards for the measurement and reporting of emissions.

Measures

Figures are measured and estimated energy and fuel use reported as carbon dioxide equivalent (CO_2e), which includes an uplift for the other common greenhouse gases released as a consequence of combusting fossil fuels.

Conversion factors

The carbon dioxide emissions associated with the activities noted above have been determined on the basis of measured and estimated energy and fuel use, using Defra/DECC's GHG Conversion Factors for Company Reporting for the relevant period.

Verification

Independent verification of our processes has been undertaken by Bureau Veritas. A copy of the independent assessor's verification statement may be found on page 56 of this Annual Report and Accounts.

Targets

Willmott Dixon is targeting a reduction in relative emissions (that is CO_2e tonnes per £million of turnover). Our total emissions may rise as the business grows, and relative emissions are a measure of our efficient use of energy from fossil fuels.

Becoming a sector leader in sustainable development by mitigating risks and maximising opportunities

Internal

Risk	Impact	Opportunity	Benefit	Responsible business
PUTTING PEOPLE FIRST				
Failure to protect and invest in our staff.	Increased costs of construction and regulatory compliance. Poor health and safety performance resulting in increased insurance premiums and costs associated with legal action.	Highly skilled and motivated workforce willing and able to collaborate internally and externally on delivering innovative, highly performing buildings.	Employer of choice, reflecting diversity and demography of the communities in which we operate. Low staff turnover. Increased understanding and capacity through learning and development.	Diversity, learning and development and health and safety performance managed annually by Holdings Board.
TACKLING CLIMATE CHANGE AND ENERGY EFFICIENCY				
Failure to mitigate our impact or to adapt to the effects of climate change.	Increased energy costs and carbon emissions. Increased costs due to programme extensions resulting from adverse weather.	Reduced operating costs. Reduced environmental impact from our operations, our products and their performance in-use.	Excellent company reputation as a leader in sustainable construction operations. Increased shareholder value through cost management, product differentiation and added value, enabling us to become a supplier and employer of choice.	Deliver our Group headline target of "Reduce carbon intensity by 15% by the end of 2014 compared with 2010". Retain Carbon Trust Standard. Remain carbon neutral.
SMARTER USE OF NATURAL RESOURCES				
Unacceptable impact on the natural environment from our operations.	Increased water resource, waste disposal and materials costs. Reputational and regulatory risks relating to adverse environmental impact.	Reduced operating costs and reduced environmental impact from our operations, our products and their performance in-use.	Excellent reputation as a leader in sustainable construction operations and increased shareholder value through cost management.	Reduce our environmental impacts and our use of natural resources by implementing our Sustainable Development Strategy, and delivering our Group headline target of "Reduce construction waste intensity by 15% by 2015 compared with 2012".

External

Risk	Impact	Opportunity	Benefit	Responsible business
PUTTING PEOPLE FIRST				
Failure to meet clients' expectations or to leave a positive legacy as a result of our developments.	Fewer client recommendations. Reputation negatively affected. Loss of repeat business. Diminished reputation with partners and stakeholders.	Delight customers and tenants by identifying, agreeing and delivering added value. Help customers and tenants make sustainable choices through information and advice. Leave a legacy of sustainable buildings that integrate with their surroundings, community and local infrastructure.	Clients and tenants achieve outcomes and benefits over and above those they originally specified. We leave a positive legacy that benefits the local community and the wellbeing of local people.	Community investment performance reported to the Foundation Board. Deliver Group headline target of "enhance the life prospects of 3,000 young people by 2015". Increase our understanding of social value and social impact. Pilot a performance measurement.
TACKLING CLIMATE CHANGE AND ENERGY EFFICIENCY				
Cease to be a leader in sustainable construction..	Fall behind on legislation, technological advancements and design methods. Increased cost of construction and legislative and regulatory compliance. Loss of market share.	Influence Government and the sector. Collaborate with clients and supply chain to increase collective understanding and capability to respond through joint R&D and sharing of best practice.	Increased awareness of whole life costing, life cycle analysis and as-built performance leading to more sustainable investment decisions and a resilient and energy-efficient built environment. Market differentiation of our products leading to increased market share.	Lead the debate by collaborating and networking across the sector in order to improve environmental standards, improve design and building quality and influence Government in favour of sustainable development.
SMARTER USE OF NATURAL RESOURCES				
Unacceptable impact on the natural environment from our suppliers. Failure to procure goods and services responsibly.	Increase in our indirect impact on the natural environment. Reputational risks relating to sustainable sourcing of materials such as timber.	Pro-actively work with our suppliers to develop their understanding and improve approaches to sustainable development. Preferentially procure products which can demonstrate compliance with a recognised responsible sourcing scheme.	Reduced indirect impact of our operations. Supply chain willing and able to continuously improve and collaborate in delivering innovative solutions and highly performing buildings. Product differentiation and added value enabling us to become a supplier of choice.	Work with our supply chain in a manner that reflects our values. Procure goods, materials and services in line with our Sustainable Procurement Policy.

Report of the Directors

The Directors submit their report with the audited accounts for the year ended 31 December 2013.

Results

The Group profit for the year before amortisation and taxation amounted to £16,163,000. The profit for the year before taxation was £12,974,000. The tax charge in respect of this result is £4,126,000.

Dividends

Dividends of £8,500,000 were paid in the year.

Directors

The current Directors are listed on page 4.

Paul Smith was appointed as a Director on 1 January 2014.

Donations

A description of the Group's donations to charitable activities is contained in the Sustainable Development report.

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.

Taxation policy
The Group believes that it has a duty to shareholders to seek to minimise its tax burden, but to do so in a manner which is consistent with its commercial objectives and meets its legal obligations and ethical standards. Every effort is made to maximise the tax efficiency of business transactions and this includes taking advantage of available tax incentives and exemptions. However, the Group has regard for the intention of the legislation concerned rather than just the wording itself.

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

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

Financial Instruments
The Group 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 trading subsidiary. The nature of its financial instruments means that the price risk to which they are subjected is minimal. The Group carries out daily cashflow and working capital monitoring which together with regular cash flow forecasting ensure that it has adequate cash in order to make bank loan repayments and therefore to manage the liquidity risk to which it is exposed.

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

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

By Order of the Board

Wendy McWilliams
Secretary

29 April 2014

Group Strategic Report

Group Strategic Report

The Group Strategic Report comprises the Group Chairman's Statement and Group Chief Executive's Report.

By Order of the Board

Wendy McWilliams

Secretary

29 April 2014

Statement of Directors' Responsibilities

The directors are responsible for preparing the report of the directors, the strategic report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements the directors are required to:

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

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

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 Auditor 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 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated and company reconciliations of movements in equity 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 BDO LLP, Statutory auditor

London, United Kingdom
29 April 2014

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

Consolidated Profit and Loss Account

Year ended 31 December 2013

	Notes	2013 £000 Before Amortisation	2013 £000 Amortisation	2013 £000 Total	2012 £000 Before Amortisation	2012 £000 Amortisation	2012 £000 Total
TURNOVER: GROUP AND SHARE OF JOINT VENTURES	1	**1,038,451**	-	**1,038,451**	1,044,855	-	1,044,855
Less: share of joint ventures		**(14,841)**	-	**(14,841)**	(10,858)	-	(10,858)
GROUP TURNOVER		**1,023,610**	-	**1,023,610**	1,033,997	-	1,033,997
Cost of sales		**(936,469)**	-	**(936,469)**	(946,943)	-	(946,943)
GROSS PROFIT		**87,141**	-	**87,141**	87,054	-	87,054
Administrative expenses		**(74,578)**	**(3,189)**	**(77,767)**	(68,662)	(4,390)	(73,052)
OPERATING PROFIT		**12,563**	**(3,189)**	**9,374**	18,392	(4,390)	14,002
Share of operating profit of joint ventures		**2,814**	-	**2,814**	503	-	503
Share of operating profit of associate		**263**	-	**263**	10	-	10
		15,640	**(3,189)**	**12,451**	18,905	(4,390)	14,515
Interest payable and similar charges	2	**(130)**	-	**(130)**	(129)	-	(129)
Interest receivable	3	**653**	-	**653**	1,292	-	1,292
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	**16,163**	**(3,189)**	**12,974**	20,068	(4,390)	15,678
Tax on profit on ordinary activities	7			**(4,126)**			(4,556)
PROFIT FOR THE FINANCIAL PERIOD				**8,848**			11,122

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.

The notes on pages 73 to 93 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
FIXED ASSETS					
Goodwill	9		47,866		51,055
Tangible assets	10		4,034		4,591
Investment in joint ventures	11				
Share of gross assets		43,846		20,790	
Share of gross liabilities		(43,028)		(20,484)	
Loans		18,192		11,249	
			19,010		11,555
Investment in associate	11		65		10
Investments	11		300		300
			71,275		67,511
CURRENT ASSETS					
Stocks	12	28,937		9,756	
Debtors	13	244,297		263,494	
Cash and bank balances		70,206		68,036	
		343,440		341,286	
CREDITORS: amounts falling due within one year	14	(261,126)		(254,677)	
NET CURRENT ASSETS			82,314		86,609
TOTAL ASSETS LESS CURRENT LIABILITIES			153,589		154,120
CREDITORS: amounts falling due after one year	15		(4,056)		(4,212)
PROVISION FOR LIABILITIES	17		(1,860)		(2,583)
			147,673		147,325
CAPITAL AND RESERVES					
Called up share capital	19		100,000		100,000
Share premium account	20		2,083		2,083
Profit and loss account	20		45,590		45,242
			147,673		147,325

The notes on pages 73 to 93 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2014 and were signed on its behalf by:

Colin Enticknap
Group Chairman

Company Balance Sheet
As at 31 December 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
FIXED ASSETS					
Tangible assets	10		**1,780**		1,113
Investments	11		**113,049**		113,149
			114,829		114,262
CURRENT ASSETS					
Debtors	13	**3,063**		3,796	
Cash and bank balances		**55,932**		53,884	
		58,995		57,680	
CREDITORS: amounts falling due within one year	14	**(32,983)**		(33,941)	
NET CURRENT ASSETS			**26,012**		23,739
TOTAL ASSETS LESS CURRENT LIABILITIES			**140,841**		138,001
CREDITORS: amounts falling due after one year	15		**(246)**		(222)
PROVISION FOR LIABILITIES	17		**(120)**		(212)
			140,475		137,567
CAPITAL AND RESERVES					
Called up share capital	19		**100,000**		100,000
Share premium account	20		**2,083**		2,083
Profit and loss account	20		**38,392**		35,484
			140,475		137,567

The notes on pages 73 to 93 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2014 and were signed on its behalf by:

Colin Enticknap
Group Chairman

Consolidated Cash Flow Statement

Year ended 31 December 2013

	Notes	2013 £000	2012 £000
CASH FLOW FROM OPERATING ACTIVITIES	26	**(10,028)**	489
DISTRIBUTIONS FROM ASSOCIATES AND JOINT VENTURES		**2,382**	284
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26	**328**	697
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26	**(8,249)**	(9,833)
EQUITY DIVIDENDS PAID	8,26	**(8,500)**	(8,500)
CASH FLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		**(24,067)**	(16,863)
FINANCING	26	**26,237**	18,201
INCREASE IN CASH		**2,170**	1,338
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	26		
Increase in cash		**2,170**	1,338
Finance leases taken		**(428)**	(571)
Finance lease repayment		**449**	315
Increase in borrowings		**(4)**	(5)
Repayment of borrowings		**184**	-
Movement in net funds		**2,371**	1,077
Net funds at 1 January 2013		**63,482**	62,405
Net funds at 31 December 2013		**65,853**	63,482

The notes on pages 73 to 93 form part of these financial statements.

Reconciliation of Movements in Equity Shareholders' Funds

Year ended 31 December 2013

CONSOLIDATED	Notes	2013 £000	2012 £000
Profit for the financial period		**8,848**	11,122
Ordinary dividends	8	**(8,500)**	(8,500)
Movements in equity shareholders' funds		**348**	2,622
Equity shareholders' funds at 1 January 2013		**147,325**	144,703
Equity shareholders' funds at 31 December 2013		**147,673**	147,325

COMPANY	Notes	2013 £000	2012 £000
Profit for the financial period		**11,408**	8,944
Ordinary dividends	8	**(8,500)**	(8,500)
Movements in equity shareholders' funds		**2,908**	444
Equity shareholders' funds at 1 January 2013		**137,567**	137,123
Equity shareholders' funds at 31 December 2013		**140,475**	137,567

The notes on pages 73 to 93 form part of these financial statements.

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 2013. 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 identifiable assets and liabilities acquired. Goodwill is amortised over its useful economic life which is the period over which the value of the underlying business acquired is expected to exceed the values of its identifiable net assets 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) Turnover

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

Revenue and profit from the sale of housing is recognised when contracts are exchanged and the building work is physically complete.

d) 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:

- **Improvements to short leaseholds** - the earlier of 5 years or until the first breakpoint in the lease
- **Computer hardware and software** - between 20% and 50% per annum
- **Plant and equipment** - 25% per annum
- **Furniture and fittings** - 10% per annum

e) Stocks

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

1. Accounting policies *(continued)*

f) 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 until such time as the related contract becomes virtually certain.

g) Investments
Interests in joint ventures are stated at the Group's share of their gross assets and gross liabilities.

Investments in associates are stated at the Group's share of their net assets.

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

h) 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.

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

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

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

k) Retirement benefits

For the duration of its contractual relationships with various local authorities the Group contributes to appropriate local authority pension schemes in respect of employees working for the Group under TUPE arrangements in accordance with the rates advised by those schemes. These schemes are accounted for as defined contribution schemes; contributions have been expensed as they fall due and no other liability arises.

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

2. Interest payable and similar charges

	2013	2012
	£000	£000
Bank loan	96	107
Finance lease interest	34	22
	130	129

3. Interest receivable

	2013	2012
	£000	£000
From cash and bank balances	406	601
From joint ventures	247	691
	653	1,292

4. **Profit on ordinary activities before taxation** is stated after charging:

	2013	2012
	£000	£000
Depreciation of tangible fixed assets - owned assets	2,089	2,062
Depreciation of tangible fixed assets - assets held under finance leases	434	193
Loss on disposal of tangible fixed assets	15	96
Amortisation of goodwill	3,189	4,390
Operating lease rentals - plant and machinery	3,599	2,817
- other rentals	6,346	6,932
Auditor's remuneration - for Parent Company audit services	21	21
- for subsidiary company audit services	119	112
- for taxation services	2	21
- for other services	7	-

5. Employees

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

	2013	2012
	No.	No.
Office and administration	761	764
Site and production	2,309	2,374
	3,070	3,138
Staff costs during the year amounted to:	£000	£000
Wages and salaries	119,036	120,039
Incentive payments to staff	10,457	10,814
Pension contributions	4,661	4,761
Social security costs	14,239	14,066
	148,393	149,680

6. Directors' remuneration

	2013 £000	2012 £000
Fees	**160**	160
Remuneration	**388**	670
Pension contributions	**75**	142
Profit share payments	**-**	703
	623	1,675

The remuneration of the highest paid Director was £213,000 (2012: £558,000) including pension contributions of £50,000 (2012: £50,000). Payments have been made to defined contribution pension schemes on behalf of 3 Directors (2012: 5 Directors).

7. Taxation

	2013 £000	2012 £000
a) Analysis of charge:		
Current tax		
Corporation tax at 23.25% (2012: 24.50%)	**4,245**	4,799
Payments made for group relief	**164**	349
Adjustments in respect of prior years	**14**	(426)
	4,423	4,722
Deferred tax		
Origination and reversal of timing differences	**(351)**	(193)
Effect of change in tax rate	**54**	27
	4,126	4,556

7. Taxation *(continued)*

	2013 £000	2012 £000
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 (23.25%). The differences are explained below:		
Profit on ordinary activities before tax	12,974	15,678
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 23.25% (2012: 24.50%)	3,016	3,841
Expenses not deductible for tax purposes	244	26
Amortisation of goodwill	721	1,054
Capital allowances for the year less than depreciation	160	193
Other timing differences	268	34
Adjustments in respect of prior years	14	(426)
Current tax	4,423	4,722

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.

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.

8. Dividends

	2013 £000	2012 £000
Ordinary dividends at 8.5p per share (2012: 8.5p per share)	**8,500**	8,500

9. Goodwill

	2013 £000
GROUP	
Cost	
1 January 2013 and 31 December 2013	65,270
Amortisation	
1 January 2013	14,215
Charge for the year	3,189
31 December 2013	17,404
Net Book Value	
31 December 2013	47,866
31 December 2012	51,055

Notes on the Accounts

Continued

10. Tangible assets

	Land and leasehold improvements	Computer hardware and software	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000
GROUP					
Cost					
1 January 2013	3,210	8,601	1,534	1,840	**15,185**
Additions	246	1,684	30	142	**2,102**
Disposals	(176)	(318)	(256)	(103)	**(853)**
31 December 2013	3,280	9,967	1,308	1,879	**16,434**
Depreciation					
1 January 2013	2,391	6,039	1,158	1,006	**10,594**
Depreciation in the year	492	1,730	147	154	**2,523**
Eliminated on disposals	(171)	(292)	(182)	(72)	**(717)**
31 December 2013	2,712	7,477	1,123	1,088	**12,400**
Net Book Value					
31 December 2013	568	2,490	185	791	**4,034**
31 December 2012	819	2,562	376	834	**4,591**

	2013	2012
	£000	£000
The Group net book value of land and leasehold improvements comprises:		
Freehold land	**15**	15
Improvements to short leaseholds	**553**	804
	568	819

The net book value of assets held under finance leases amounts to £713,000 (2012: £711,000), and depreciation of £434,000 (2012: £193,000) has been expensed to the profit and loss account.

	Leasehold improvements	Computer hardware and software	Plant and equipment	Furniture and fittings	**Total**
	£000	£000	£000	£000	**£000**
PARENT COMPANY					
Cost					
1 January 2013	980	2,374	302	528	**4,184**
Additions	-	1,125	6	2	**1,133**
Transfers from fellow group companies	112	343	26	66	**547**
Disposals	(76)	(53)	(13)	(36)	**(178)**
31 December 2013	1,016	3,789	321	560	**5,686**
Depreciation					
1 January 2013	932	1,547	239	353	**3,071**
Depreciation in the year	56	671	30	37	**794**
Transfers from fellow group companies	35	138	10	10	**193**
Eliminated on disposals	(71)	(53)	(12)	(16)	**(152)**
31 December 2013	952	2,303	267	384	**3,906**
Net Book Value					
31 December 2013	64	1,486	54	176	**1,780**
31 December 2012	48	827	63	175	**1,113**

The net book value of assets held under finance leases amounts to £701,000 (2012: £665,000), and depreciation of £399,000 (2012: £164,000) has been expensed to the profit and loss account.

11. Investments

	Joint Ventures	Associate	Fixed Asset Investment	Total
	£000	£000	£000	**£000**
GROUP				
Investments				
1 January 2013	306	10	300	**616**
Profit for the year	2,686	263	-	**2,949**
Distributions received	(2,174)	(208)	-	**(2,382)**
31 December 2013	818	65	300	**1,183**
Loans				
1 January 2013	11,249	-	-	**11,249**
Additions	8,530	-	-	**8,530**
Repayments	(1,587)	-	-	**(1,587)**
31 December 2013	18,192	-	-	**18,192**
Total Investments				
31 December 2013	19,010	65	300	**19,375**
31 December 2012	11,555	10	300	**11,865**

The share of gross assets and liabilities of joint ventures is made up as follows:

	2013	2012
	£000	£000
Current assets	**43,846**	20,790
Share of gross assets	**43,846**	20,790
Liabilities due within one year	**36,893**	4,295
Liabilities due after one year	**6,135**	16,189
Share of gross liabilities	**43,028**	20,484

	Subsidiaries	Fixed Asset Investment	Total
	£000	£000	£000
PARENT COMPANY			
Shares at Cost			
1 January 2013	113,440	300	113,740
Additions	100	-	100
Disposals	(200)	-	(200)
31 December 2013	113,340	300	113,640
Provisions			
1 January 2013 and 31 December 2013	(591)	-	(591)
Total Investments			
31 December 2013	112,749	300	113,049
31 December 2012	112,849	300	113,149

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

12. Stocks

	GROUP 2013	2012
	£000	£000
Raw materials and consumables	844	866
Land and developments in progress	28,093	8,890
	28,937	9,756

Included within the land and developments in progress balance is interest amounting to £167,000 (2012: £167,000).

13. Debtors

	GROUP		PARENT COMPANY	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	41,705	42,528	-	-
Amounts recoverable on contracts	75,651	58,081	2,085	736
Amounts due from group companies	121,781	153,075	-	-
Prepayments and accrued income	3,414	8,264	781	2,848
	242,551	261,948	2,866	3,584
Amounts falling due after more than one year:				
Trade debtors	838	935	-	-
Deferred tax asset (see note 18)	908	611	197	212
	244,297	263,494	3,063	3,796

14. Creditors: amounts falling due within one year

	GROUP		PARENT COMPANY	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade creditors	76,856	88,718	-	-
Amounts due to group companies	-	-	20,604	20,771
Payments on account	24,404	22,357	-	-
Other tax and social security	6,496	3,040	6,472	2,736
Other creditors	475	1,314	475	1,314
Finance leases (see note 23)	297	342	297	307
Accruals and deferred income	152,598	138,906	5,135	8,813
	261,126	254,677	32,983	33,941

15. Creditors: amounts falling due after one year

	GROUP		PARENT COMPANY	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loan (see note 16)	3,810	3,990	-	-
Finance leases (see note 23)	246	222	246	222
	4,056	4,212	246	222

16. **Bank loan:** matures as follows

	GROUP	
	2013	2012
	£000	£000
Between two and five years	3,810	3,990

The bank loan comprises a term loan of £3,816,000 (2012: £4,000,000) which is offset by deferred arrangement fees of £6,000 (2012: £10,000).

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 land and developments in progress and was repaid on 21 February 2014.

17. Provision for liabilities

	GROUP		PARENT COMPANY	
	2013	2012	2013	2012
	£000	£000	£000	£000
Redundant premises provision	120	212	120	212
Provisions for legal and contract costs	1,740	2,371	-	-
	1,860	2,583	120	212

	GROUP	PARENT COMPANY
	2013	2013
	£000	£000
1 January 2013	2,583	212
Provisions utilised	(93)	(92)
Provisions released	(1,420)	-
Additional provisions	790	-
31 December 2013	1,860	120

The redundant premises provision at 31 December 2013 is expected to be utilised within a year.

The provisions for legal and contract costs relate to claims in respect of contracts and are expected to be utilised over the life of contractual warranty periods. The provisions for legal and contract costs have been reclassified from accruals in the comparative period.

18. Deferred tax

	GROUP 2013 £000	PARENT COMPANY 2013 £000
1 January 2013	611	212
Credit for the year	386	3
Adjustments in respect of prior years	(89)	(18)
31 December 2013	908	197
The deferred tax asset comprises:		
Decelerated capital allowances	614	197
Other timing differences	294	-
	908	197

The prior year deferred tax asset has been reclassified from amounts due from group companies.

19. Called up share capital

	2013 £000	2012 £000
Ordinary shares of £1 each		
Allotted, called up and fully paid	100,000	100,000

20. Reserves

	Share premium account	Profit and loss account
	£000	£000
GROUP		
1 January 2013	2,083	45,242
Profit for the financial period	-	8,848
Ordinary dividends	-	(8,500)
31 December 2013	**2,083**	**45,590**

	Share premium account	Profit and loss account
	£000	£000
PARENT COMPANY		
1 January 2013	2,083	35,484
Profit for the financial period	-	11,408
Ordinary dividends	-	(8,500)
31 December 2013	**2,083**	**38,392**

21. Profit attributable to members of the Parent Company

The profit of the Parent Company for the year was £11,408,000 (2012: £8,944,000).

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. The consolidated financial statements can be found at Companies House.

23. Group leasing commitments

Obligations under operating leases at 31 December 2013 were as follows:

	2013 £000	2012 £000
LAND AND BUILDINGS:		
Commitments payable within one year under leases expiring:		
Within one year	**158**	71
Within two to five years	**1,092**	998
After five years	**889**	790
	2,139	1,859
OTHER LEASES:		
Commitments payable within one year under leases expiring:		
Within one year	**853**	425
Within two to five years	**1,804**	2,837
	2,657	3,262

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

Obligations under finance leases at 31 December 2013 were as follows:

	GROUP		PARENT COMPANY	
	2013 £000	2012 £000	2013 £000	2012 £000
Amounts payable in respect of finance leases:				
Within one year	**297**	342	**297**	307
Within two to five years	**246**	222	**246**	222
	543	564	**543**	529

Finance leases are secured on the related assets.

24. Group guarantees

The Ultimate Parent Company has agreed a £50,000,000 revolving credit facility with Lloyds Banking Group for the period ending 31 December 2017. As at 31 December 2013, £35,000,000 of the facility had been utilised.

The Company has, with the Ultimate Parent Company and certain fellow subsidiaries, therefore entered into multi-lateral financial guarantees in favour of Lloyds Banking Group 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 fellow subsidiaries in respect of contracts entered into in the normal course of business.

The Company has entered directly into certain financial guarantees concerning the performance of construction contracts entered into by subsidiary companies 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, joint ventures and associates is set out in note 27.

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:

	2013 £000	2012 £000
JOINT VENTURES		
Sales to Aberfeldy New Village LLP	**7,559**	1,137
Sales to Brenley Park LLP	**499**	10,601
Sales to Dee Park Partnership LLP	**12,339**	8,095
Sales to Greenwich Partnership LLP	**21,392**	5,305
Sales to Wimbledon Gateway LLP	**8**	-
Purchases from Brenley Park LLP	**3,016**	6,667
Interest charged to Aberfeldy New Village LLP	**74**	-
Interest charged to Brenley Park LLP	**-**	200
Interest charged to Dee Park Partnership LLP	**52**	80
Interest charged to Greenwich Partnership LLP	**121**	386
Amounts due from Aberfeldy New Village LLP	**3,249**	1,364
Amounts due from Dee Park Partnership LLP	**1,074**	1,587
Amounts due from Greenwich Partnership LLP	**15,473**	9,660
Amounts due from Wimbledon Gateway LLP	**624**	2
ASSOCIATES		
Sales to Galatia LLP	**3,213**	86
Amounts due from Galatia LLP	**349**	24

During the year, no repayment (2012: £17,000) was received from Woking Gateway LLP.

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.

26. Notes to the cash flow statement

	2013 £000	2012 £000
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Group operating profit	**9,374**	14,002
Depreciation charges	**2,523**	2,255
Loss on sale of tangible fixed assets	**15**	96
Amortisation of goodwill	**3,189**	4,390
Movement in provisions	**(723)**	(125)
Other non cash movements	**(2,395)**	(981)
Movement in working capital balances:		
Increase in stocks	**(16,900)**	(90)
Increase in debtors	**(11,605)**	(1,875)
Increase/(decrease) in creditors	**6,494**	(17,183)
Net cash flow from operating activities	**(10,028)**	489

	2013 £000	2012 £000
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Loan interest paid	(96)	(107)
Finance lease interest paid	(34)	(22)
Interest received	458	826
	328	697

	2013 £000	2012 £000
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,674)	(2,096)
Disposal of fixed assets	121	-
Loans to joint ventures	(8,335)	(10,715)
Repayment of loans by joint ventures	1,639	2,978
	(8,249)	(9,833)

26. Notes to the cash flow statement *(continued)*

	2013 £000	2012 £000
EQUITY DIVIDENDS PAID		
Ordinary dividends	(8,500)	(8,500)

	2013 £000	2012 £000
FINANCING		
Finance lease capital repayments	(449)	(315)
Repayment from group companies	26,686	18,516
	26,237	18,201

ANALYSIS OF NET FUNDS

	1 January 2013	Cash flow	Non cash flow	31 December 2013
Cash and bank balances	68,036	2,170	-	70,206
Bank loan due after one year	(3,990)	184	(4)	(3,810)
Finance leases due within one year	(342)	152	(107)	(297)
Finance leases due after one year	(222)	297	(321)	(246)
	63,482	2,803	(432)	65,853

Non cash flow items relate to deferred finance costs and finance leases taken in the year.

27. Principal Subsidiaries, Joint Ventures and Associates

The information below relates to those subsidiary companies, joint ventures and associates which, in the opinion of the Directors, principally affect the profit or assets of the Group.

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

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 Interiors Limited	Interiors and refurbishment	100%
Willmott Dixon Housing Limited	Housing design and build	100%
Willmott Dixon Regen Limited*	Intermediate holding company	100%
Prime Place Developments Limited	Development of new homes for sale	100%
be:here Limited	Development of new homes for market rent	100%
Willmott Dixon Support Services Limited*	Intermediate holding company	100%
Willmott Dixon Partnerships Limited	Maintenance and stock reinvestment	100%
Willmott Dixon Energy Services Limited	Provision of energy efficiency and renewable energy solutions in the built environment	100%

Subsidiaries marked with an asterisk are directly held by Willmott Dixon Holdings Limited.

JOINT VENTURES

Name	Main Activity	% Holding
Aberfeldy New Village LLP*	Development of new homes for sale	50%
Brenley Park LLP	Development of new homes for sale	50%
Dee Park Partnership LLP*	Development of new homes for sale	50%
Greenwich Partnership LLP	Development of new homes for sale	50%

Joint Ventures marked with an asterisk have a financial year end of 31 March.

ASSOCIATES

Name	Main Activity	% Holding
Galatia LLP	Maintenance and stock reinvestment	40%

Locations


NEWCASTLE
LEEDS
ROTHERHAM
MANCHESTER
BURTON
NOTTINGHAM
BIRMINGHAM
LETCHWORTH
SHEFFORD
HITCHIN
CARDIFF
OXFORD
LONDON
DARTFORD
BRISTOL
COBHAM

Contributing more.

WILLMOTT DIXON

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