ANNUAL REPORT & ACCOUNTS **2014**

WILLMOTT DIXON

SINCE 1852

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Contents

WILLMOTT DIXON HOLDINGS LIMITED

Directors and Officers

COLIN ENTICKNAP
FRICS, FCIOB
Group Chairman

RICK WILLMOTT
MCIOB
Group Chief Executive

PAUL SMITH
Executive Director

ANDREW TELFER
ACA, BSc (Eng)
Executive Director

CHRIS DURKIN
MCIOB
Non-Executive Director

JONATHON PORRITT
CBE
Non-Executive Director

CHRISTOPHER SHERIDAN
FCIB, MSI
Non-Executive Director

CHIEF FINANCE OFFICER

Duncan Canney, BSc (Hons), CEng, FCA

JOINT SECRETARIES

Wendy McWilliams, LLB, ACIS
Laurence Holdcroft, FCIS

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AUDITOR

BDO LLP, 55 Baker Street
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SUMMARY OF RESULTS

	2014 £000	2013 £000
Group turnover	**1,258,688**	1,023,610
Profit before tax excluding amortisation	**26,075**	16,163
Profit before tax	**22,977**	12,974
Net current assets	**117,191**	82,314
Equity shareholders' funds	**164,755**	147,673
Cash and bank balances	**76,139**	70,206

Group turnover
£000

2014	**£1,258,688**
2013	£1,023,610

WILLMOTT DIXON SINCE 1852

GROUP CHAIRMAN'S STATEMENT FOR 2014

Overview

COLIN ENTICKNAP
FRICS, FCIOB
Group Chairman

I am pleased to report that the Group's overall performance improved during 2014, much in line with the sentiment expressed in my interim statement, and built mainly upon strong results from Willmott Dixon Construction ('Construction') which has continued to nurture a robust pipeline of predominantly public sector work, and from Prime Place which has capitalised on the strong residential development market in London and the South East. Willmott Dixon Interiors ('Interiors'), Willmott Dixon Partnerships ('Partnerships') and Be:here also performed well, providing valuable profit contributions and demonstrating excellent growth prospects. Even Willmott Dixon Energy Services ('Energy Services') performed slightly better than expected, delivering a small profit from a market that remains difficult but is now maturing to become less dependent upon government induced subsidy.

As predicted, our most serious challenges remained centred around Willmott Dixon Housing ('Housing'), in particular completing the handful of loss making projects secured at extremely low prices just ahead of the residential market overheating across the South East, inducing severe inflationary pressure and resource shortages. That task has proved more difficult and taken much longer than we had hoped or expected, but we are at last approaching the point where the remaining 'legacy projects' will soon be completed, removing what has been a disproportionate source of distraction and de-motivation, and allowing those involved to focus upon the pipeline of much better quality work now in hand.

Regenerating town centres; new offices, retail and leisure facilities in the heart of Redcar


this is
your business
opportunity

GROUP CHAIRMAN'S STATEMENT FOR 2014

Continued

Financial Results

As one might expect, the improved operational performance has been translated into much better financial results. Group turnover including our share of joint ventures grew by 28% to reach £1,325.4 million (2013: £1,038.5 million), helped by a significant contribution from our growing development activity which, for the first time, exceeded £100 million.

Pre-tax profit before amortisation of goodwill grew even more, rising 61% to reach £26.1 million (2013: £16.2 million); with this representing 2% of Group turnover, we are now back within our target range. After amortisation of goodwill, pre-tax profit rose 77% to £23.0 million (2013: £13.0 million) and profit after tax rose 93% to £17.1 million (2013: £8.8 million).

This, in turn, has materially strengthened our consolidated balance sheet, with equity shareholders' funds increasing to £164.8 million (2013: £147.7 million). Cash and bank balances also improved to £76.1 million (2013: £70.2 million).

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

Investing in the future; our 2014 Trainee of the Year Lucy Hedley with fellow finalists at Wembley Stadium

New library at Imperial College was just one high-profile university project for our Interiors company

GROUP CHAIRMAN'S STATEMENT FOR 2014

Continued

Board

The end of 2014 saw an important and carefully planned succession change, with John Frankiewicz stepping down from his executive role to start a sabbatical ahead of an intended return to the board as a non-executive director in a year's time. John has been an able colleague and friend to many of us over a career that has spanned almost 28 years, much of which has been spent shaping and overseeing our hugely successful Construction business; I am very grateful for his enormous contribution whilst in that role, and wish him well in now pursuing his wider interests. John is following a similar path to that previously taken by Chris Durkin, who we were pleased to welcome back in his new non-executive capacity at the beginning of January, to sit alongside Jonathon Porritt and Christopher Sheridan.

Both these changes reflect a subtle shift in the composition of our board, which is evolving towards a more compact and strategically focused executive team, subjected to greater non-executive scrutiny, but better supported by stronger COO leadership at subsidiary level.

We undertake over 400,000 responsive repairs each year for our clients' residents on a 24/7 basis

Structure

Most of our strategies have borne fruit over recent years, and the decision to align Housing more closely alongside Construction was no exception; it provided greater flexibility to integrate systems and to share people and processes across our capital works contracting businesses, which was an important and necessary task.

With that work now well progressed, we have turned attention to our next priority - to foster better working relationships and operational efficiencies between Housing, Prime Place and Be:here. We see interdependences and also opportunities to extract synergy across these businesses growing substantially, illustrated by two further significant mixed-tenure development deals having been secured in recent weeks at Kew Bridge and Barking. To support this aim and improve interaction, we have just repositioned all three businesses together within a refreshed *'residential'* sector team, leaving Construction and Interiors within a streamlined *'public & commercial'* team alongside Partnerships & Energy Services in a retained *'support services'* team.

Strategy

Now that market conditions have improved for most parts of our business, our strategy is being realigned with the aspiration of delivering controlled, profitable and consistent growth.

'Public & commercial' is well placed to meet that challenge and remain the bedrock of Group activity, with Construction continuing to capitalise on its strong relationships with like-minded customers owning sizeable property assets, and delivering predominantly through an expanding and replenished portfolio of public sector frameworks or through bespoke private sector relationships. They already have an excellent service capability across the whole of England and Wales, and are giving more serious thought to now extending that service across Scotland. Interiors offers particular prospects for sector growth, and also for helping rebalance the work profile through a strong pipeline that has a predominance towards the rejuvenated private commercial sector.

'Support services' now needs to start replicating that success, in line with our declared aim to see all three parts of our business achieve significant scale and make a meaningful contribution to Group results. Partnerships has been challenged to lead the way, delivering bottom line

Craven Park in Neasden was the final phase of our long-term transformation of Church Road estate for Catalyst

growth through a combination of account wins, account renewals, account expansions and account improvements; the renewal of the hugely important Birmingham City Council account is perhaps the most important target for this year. With a degree of clarity and maturity at last developing in its market, Energy Services should also now begin to reward our patient investment over the past three years.

'*Residential*' has the greatest potential for longer term growth, once the expanding pipeline of Prime Place and Be:here developments can be translated into sales completions, and Housing moves beyond its legacy issues. These factors will feed positively into 2016 and beyond, but shorter term prospects have been hampered by a shortfall of sales completions during 2015, the consequence of both development businesses having acquired insufficient new plots over the past two or three years whilst land prices were overheating. This has emphasised the pressing need to assemble a substantial and longer dated land bank of plots capable of development, in order to provide forward visibility, scope to flex outputs, and thereby create a more robust and resilient business model. We will need additional funds to fuel that investment - more than can sensibly be diverted from working capital generated from contracting operations - and we are therefore formulating our strategy and exploring options with that in mind.

GROUP CHAIRMAN'S STATEMENT FOR 2014

Continued

Prime Place used the latest design concepts from the hotel industry to create a stunning reception and atrium at its Greenwich development

Future

All things considered, we are pleased with the overall outcome for last year, and we aim to build upon that achievement, making further progress and delivering even better results in 2015. There are issues to be faced and much work to be done across all parts of the Group, but we believe we have robust plans in place and, even more importantly, an exceptionally talented and enthusiastic team able to rise to that challenge.

As always, I am immensely grateful to all our people for the huge effort they have put into delivering these results. Particular thanks go to my main board colleagues; to Rick - for bringing inspiration to our people, pragmatism to our decision making, and reality to our culture; to Andrew, Paul and John - for the enthusiasm and hard work they bring to our divisional leadership, always with sleeves rolled up and feet planted firmly on the ground; and to Christopher and Jonathon - for continuing to provide a sensible balance of sound advice, honest critique, patience and good humour.

But I know I speak for all of us in saying that it is our COOs, MDs, functional heads, and all their teams across the country who deserve the real thanks - they have worked so hard to get us through the past few difficult years, and we hope they will share the excitement and the benefit as our sights now move back towards growth.

Colin Enticknap
Group Chairman

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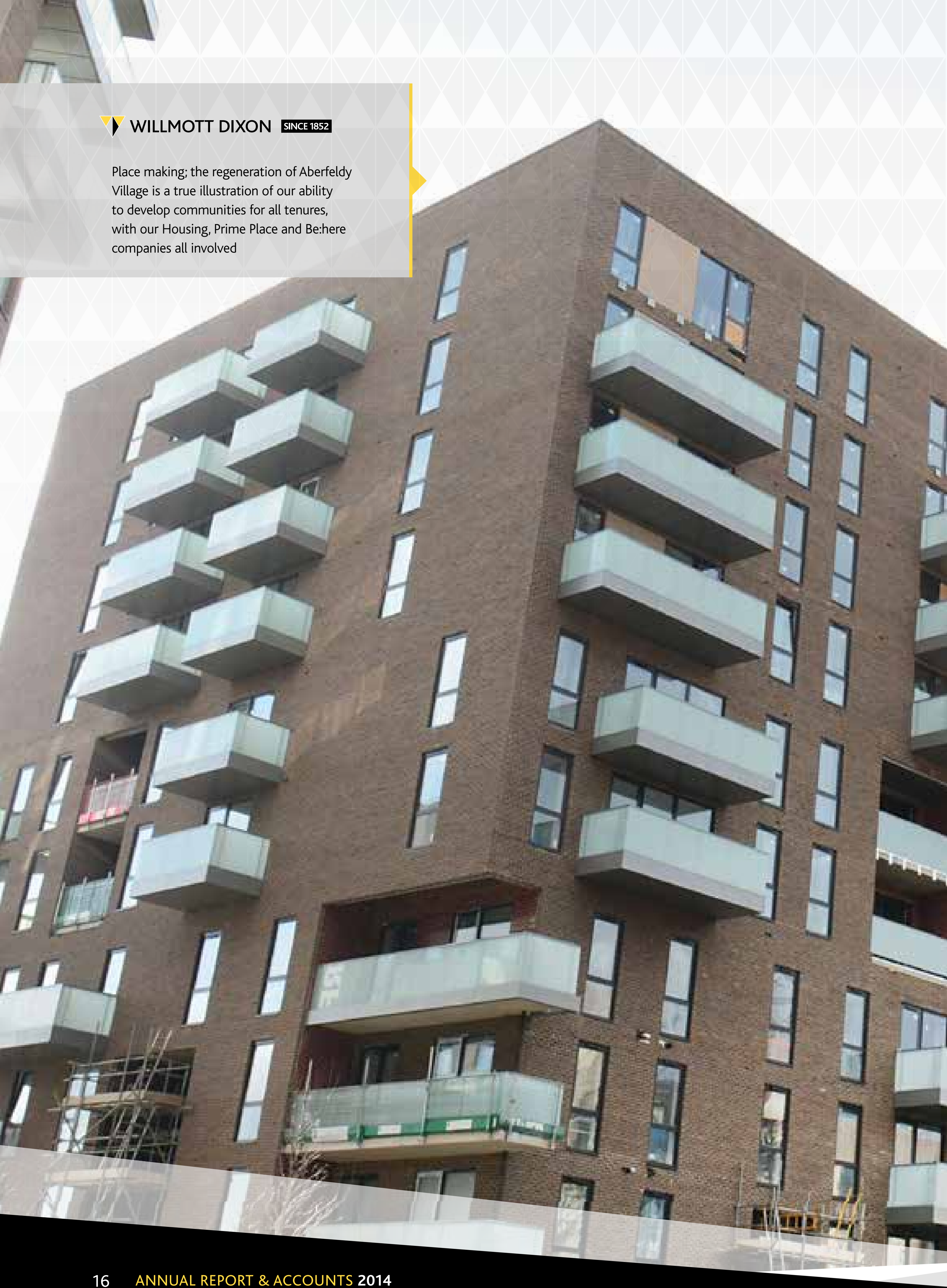
Place making; the regeneration of Aberfeldy Village is a true illustration of our ability to develop communities for all tenures, with our Housing, Prime Place and Be:here companies all involved



WILLMOTT DIXON SINCE 1852

GROUP CHIEF EXECUTIVE'S REPORT

RICK WILLMOTT, MCIOB
Group Chief Executive

In last year's report I reflected on those matters which we had recognised in previous years as requiring action in order to shelter the Group from inherent risks during periods of both recession and economic recovery.

Looking back on the last twelve months' trading, it would be wrong to suggest to anyone that it had been 'plain sailing' and impossible not to caution that our market in recovery has been just as dangerous as the journey into recession. But the reality behind these words is not necessarily apparent from our financial metrics, as we delivered our profit budget, exceeded our turnover aspirations, enhanced shareholders' funds and strengthened our balance sheet cash position.

So my sentiments flowing from last year are therefore mixed. I am pleased that we recorded a successful 'on budget' set of figures, but also disappointed because they might have been materially better. Like many of our sector peers, we have struggled to successfully control and conclude the final handful of large, long duration contracts procured at the tipping point in the market; projects that have experienced unrecoverable double digit cost escalation, supply chain failure and, as a consequence, lost time. As the old adage goes, 'time is an assassin' and particularly so in relation to costs.

Equally, I do not want to downplay what has, for many reasons, been an important and very successful year with some clear performance highlights, combined with a timely Group re-structure to better fit our future shape and direction.

A new Novotel in Hounslow is just one major project our companies have delivered in this London borough


NOVOTEL
VOTEL

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GROUP CHIEF EXECUTIVE'S REPORT

Continued

2014 Highlights

- Construction continued its exceptional performance
- Contracts exchanged to develop a new stadium for Brentford Football Club, together with the enabling residential development of 1,000 homes. One of London's top three development deals in 2014
- A step-change in the Private Rented Sector (PRS) residential market as financial institutions now recognise this genre of development asset as 'investment grade'; our schemes at Hayes, Brentford and, recently, Barking being current and future examples
- Continued Housing expansion in the Midlands and the North, with Construction expanding into the South West with projects in Exeter, Plymouth and Bournemouth
- Our EarlyPay supply chain finance model was launched and well received, with very positive take-up already by 120 suppliers and over £100m of spend being directed through it annually
- The dissolution of the Capital Works division, coinciding with the appointment of our third Chief Operating Officer, as our long established and well respected Divisional Chief Executive John Frankiewicz stepped down at the end of the year
- The restructuring of the Group and the creation of the Residential entity, where our house building and development companies are drawn together to maximise their synergy potential
- The Group's continued retention of its Carbon Neutral status
- Building magazine rated the Group as the fastest growing major contractor since 2007, increasing turnover 151% to £1.04bn from £413m in 2007, and by a further 28% in 2014

A sensitive restoration of Bolton Market provides a vibrant new retail hub in the town

Coffee
Grind

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A clever restoration of a Grade 2 listed building helped create a new headquarters for Newcastle Police Force

GROUP CHIEF EXECUTIVE'S REPORT

Continued

Construction

Turnover £753m; 2013 £636m

I was delighted to welcome John Waterman to the Chief Operating Officer (COO) team at the end of the year, to lead Construction alongside Mike Hart at Interiors and Charlie Scherer at Housing. This is another important phase in John's 20 plus year career within the Group, and one where he assumes the leadership of our largest, most historically significant company.

Construction had a very successful 2014 across all five local company offices (LCOs), continuing to support existing and new customers across many sectors but always maintaining a strong foothold in every facet of the education market.

We saw expanding universities workload with repeat projects at Birmingham City, Bournemouth, West London and Cambridge, as each used our skills to develop and enhance their estates.

With access to superb procurement frameworks, we are behind the first ever schools commissioned by Birmingham and Cambridge Universities in support of their own residential development agendas.

We have recently entered a joint venture with Scape Venture to continue honing the design and delivery of our standardised range of Sunesis school buildings. Sunesis continues to market and sell its unique solution well, with 23 orders placed for schools by the end of the year, 8,500 student places created and significant cost and time savings generated for local authorities. In the case of Derby and Rotherham councils, their Sunesis schools are the first new primary schools in a generation, thanks to the cost affordability and certainty we can offer. Our product is now also seeing growing demand from residential developers who are required to deliver primary schools in support of their Section 106 commitments to local authorities. Berkeley Homes is one company we are in talks with who see the value of this economic, 'ready to deliver' and non-contentious package.

In addition, our roll-out of a new style and concept of secondary schools in Liverpool continues to progress to plan with the Archbishop Beck school completed and Archbishop Blanch now on site. This will bring to three the secondary schools, and to around 4,000 the student places, we have created in this city since 2013.

Also, multiple contracts were completed in the year for the Free School movement, including the first free school for boarders, Holyport College in Berkshire, sponsored by Eton College and delivered ready for the start of the new academic year.

'Blue Light' emergency services capital programmes continue to present opportunities to deliver complicated and specialist projects. Those completed include Kingswood Fire Station in Bristol, West Norwood Fire Station on Knight's Hill, the complex Newcastle Police Station and the new Custody Suite for South Wales Police, whilst new appointments include the Lloyd House refurbishment in Birmingham for West Midlands Police and a new custody suite in Sheffield.

continued...

Our team rejuvenated a former fire station in Norwich into the new home for Sir Isaac Newton Sixth Form


Sir Isaac Newton Sixth Form
FIRE STATION

Construction *(continued)*

We have a growing list of transformational town centre regeneration schemes - following on from Tesco's Woolwich Central, we can now record schemes at Keynsham, Redcar Community Heart and the Flemingate retail and leisure complex in Beverley – where our build projects often become a catalyst for wider change in regional towns. Other public realm projects include Leicester City Council's newly renovated 1930s City Hall building and a new regional headquarters for the Department for Education in Darlington.

Of course, private clients in commercial property development, institutional investment, hotels and leisure, research and technology, manufacturing and the retail sector are all material contributors to Construction's secured forward order book which now stands at around £556m, with a further £253m where we are in exclusive negotiation, often having signed pre-construction agreements.

Recent appointments on the Southern Construction Framework and the North West Construction Hub provide fantastic volume opportunities over a number of years ahead and, as Colin has already suggested, we will now turn our attention to opportunities afforded by the Scottish construction market and formulate plans for a strategic incursion there.

The stunning new Student Centre at Bournemouth University is one of several projects in the town delivered through the Scape framework


BU
Bournemouth
University

GROUP CHIEF EXECUTIVE'S REPORT

Continued

Interiors

Turnover £74m; 2013 £50m

With growth of over 45% in the year, Mike Hart, COO at Interiors, is already transforming the way that our interior fit-out company does business. This market is notorious for unpredictable, fast track, high volume projects that ebb and flow with economic sentiment. Mike has been challenged to change that model within Willmott Dixon by balancing his portfolio of work between private and public sectors, one-off projects and national 'roll-outs', by not losing sight of the education and health sectors and by tapping into the volume potential of national procurement frameworks – always ensuring that the company's specialism is Category 'A' and 'B' internal fit-out, and not general refurbishment.

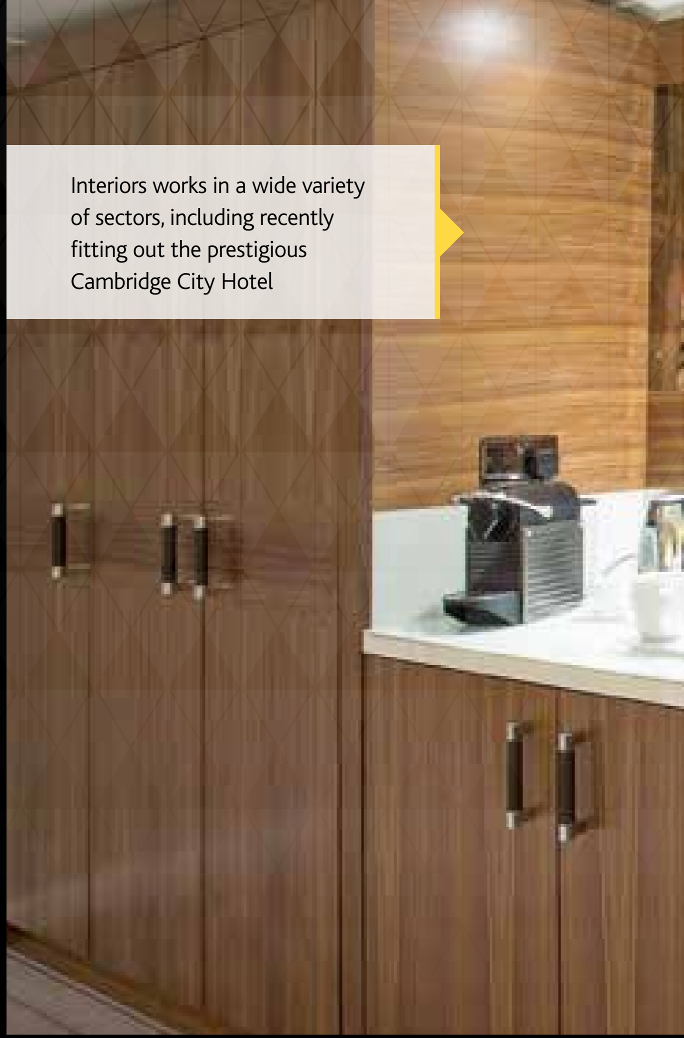
To date this new approach has created greater workload visibility, certainty and scale. The recent, circa £20m, appointment to fit-out the Design Museum is a timely high profile example.

With Travelodge, over 40 roll-out projects have been commissioned or completed and with Barclays, 24 individual contracts commissioned across the country.

The project at No4, The Square, Stockley Park for Legal & General was the first non-domestic fit-out to achieve a 2014 BREEAM Excellent rating, creating a new benchmark for energy efficiency in 'second use' buildings.

The strong and continuing relationship with the London Clinic, one of the world's most exclusive private hospitals in the heart of London, has provided several further phases of intense, high quality fit-out in the most sensitive of locations; underlining the capability of the Interiors team to operate in the most testing of environments.

We continue to predict year-on-year growth at Interiors, as capability and reputation increase and the prospect of regional expansion is contemplated.



Interiors works in a wide variety of sectors, including recently fitting out the prestigious Cambridge City Hotel

The fit-out of No 4 The Square at Stockley Park for Legal & General was the first non-domestic fit-out to achieve the new 2014 BREEAM Excellent rating

GROUP CHIEF EXECUTIVE'S REPORT

Continued

Residential

The Residential sector team has been assembled to maximise the synergy that exists between our sister companies operating in a strong housing market that clearly carries the support of all political parties. There appears to be unanimous recognition that there is a widening shortfall in the supply of new homes across the country and, as a result, increased demand is likely to remain prevalent. Our opportunity is twofold; firstly to 'place make' sustainable communities, which are an intended and valuable consequence of our work; secondly, to drive this element of our business strategy as developer and as contractor, ensuring that each sister company is responsible for generating individual levels of profit, with no intention of considering a 'blended' return. The residential market in the UK now provides us the chance to deliver against these two opportunities well into the future.

Turning first to our contract house building company:

Housing

Turnover £279m; 2013 £197m

Colin has already confirmed that 2014, for Housing, was a difficult year. Plagiarising a familiar term I would go as far as to describe it as an 'annus horribilis' as the company struggled to close out what have, industry wide, become known as 'legacy' projects. Our 'clutch' of legacy schemes has caused disproportionate problems for our people and unacceptable difficulties for a number of our clients and their end occupiers. From a financial perspective the impact has been felt acutely at Housing and by their supply chain, as all parties have battled to find economic solutions to rampant cost inflation and resource shortages; indeed many suppliers have struggled to remain viable and ceased trading, generating another level of intense complication for those responsible for trying to deliver 'our' commitments.

Maywood in Wombourne, Staffs, for Wrekin Housing Trust continues our track-record as a market leader in building accommodation for the specialist retirement market

However, in facing these problems we have the benefit of a strong team of capable house builders lead by COO Charlie Scherer and his three Managing Directors, who are working extremely hard to ensure that problems are overcome, mistakes not repeated and that all new contracts are secured on favourable terms; capable of absorbing the more predictable cost inflation of today's market. This team of four individuals have over 65 years of experience with the Group and once

their 'legacy' task is completed, they will be vital in maximising the synergy potential as a subsidiary company within Residential.

Indeed, there is already much to give us confidence for the future of Housing.

In the external market we continue to grow our expertise in the delivery of Low Carbon housing, particularly that expressed by the Passivhaus design at Chester Balmore, London's largest project of this type, and at Bicester, the zero carbon eco town with our multi-decade client, A2Dominion Housing Group.

Whilst the majority of Housing's workload remains in the South East, the last twelve months has seen geographic expansion from our Birmingham office into the North West and Liverpool with Liverpool Mutual Homes, meaning we are now building homes as well as academies in this great city. From a start-up in 2012, this LCO is now delivering in excess of £50m per annum and continuing to grow.

continued...

GROUP CHIEF EXECUTIVE'S REPORT

Continued

Housing *(continued)*

The care and retirement sectors are demonstrating high growth trends as the nation's demographic profile continues to alter. We are delivering retirement villages in the southern Home Counties, care apartment schemes in Nottingham (St Anne's Chase for Asra Housing Group), Maybourne Extra Care in Wombourne for Wrekin Housing Trust, Yates Court in Evesham for Rooftop Housing Group and on-going work for Housing 21 in the Midlands. In Manchester, we have just recently contracted to deliver an extra care facility for Trafford Housing.

To ensure that our operational teams are fully in tune with emerging innovation and well prepared to inspect the quality of installations by new supply chain members, Housing has created a series of quality verification pods at our 4Life Academy in Birmingham to provide real-time, hands-on quality training for all our operational people.

Perhaps most important of all, however, is the developing relationship with Regen, the Group's development division within Residential, represented by Prime Place (private housing for sale) and Be:here (private housing for rent) where Housing is both sister company and contractor of choice. Projects worked on successfully during the year include phase one of Aberfeldy Village for both Prime Place and for Be:here, the completion of Greenwich along with Godalming, Dee Park and Hayes all under construction currently. Numerous other schemes are being actively planned together, including the pre-construction activity around the £500m Kew Bridge development.

Mount Pleasant Hostel in the Hatton Garden conservation area made a key contribution to the area's unique architectural style

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Chester Balmore in Camden is the UK's largest residential scheme to achieve Passivhaus standard for energy efficiency

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GROUP CHIEF EXECUTIVE'S REPORT

Continued

Regen

Turnover £113m; 2013 £32m

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

Timing, as the saying goes, is everything. We have been fortunate that our exposure to the housing market was well balanced in 2014. Dramatic cost escalation at a contracting level has been mitigated by strong sales value escalation, as London's residential development market exceeded all expectations.

Andrew Telfer, as Divisional Chief Executive (DCE) has continued to lead and grow two very professional and complementary development teams at Prime Place and Be:here. Our products, brands and people are becoming well thought of in their market, and we are beginning to gather good traction with a range of land owners who are looking for creativity, value, integrity and certainty in a market that has a poor reputation for doing so.

As Colin has already alluded, Regen is typical of a relatively young development company in that it has an insufficiently secured pipeline of future sites such that 2015 will see a shortfall in both sales and rental completions. Excitingly however, from 2016 onwards we expect to see the number of units sold increasing from in excess of 300 to approaching 600 by 2018, and units packaged for rent following, if not improving, on these metrics. All the evidence to hand would suggest that Regen, within Residential, is clearly going to be an important and sustainable contributor for shareholders into the future and is receiving an enormous amount of attention and scrutiny at a senior level, to ensure that it is best placed to do so.

The opportunity with Kew Bridge will illustrate the true capabilities of Regen by combining both Prime Place and Be:here products in one location, to accelerate the delivery of 1,000 new homes alongside a new stadium for Brentford Football Club in West London. We truly believe that this twinned approach sets us apart from our rivals as major master-planned regenerations can become reality quicker than by a staged approach.

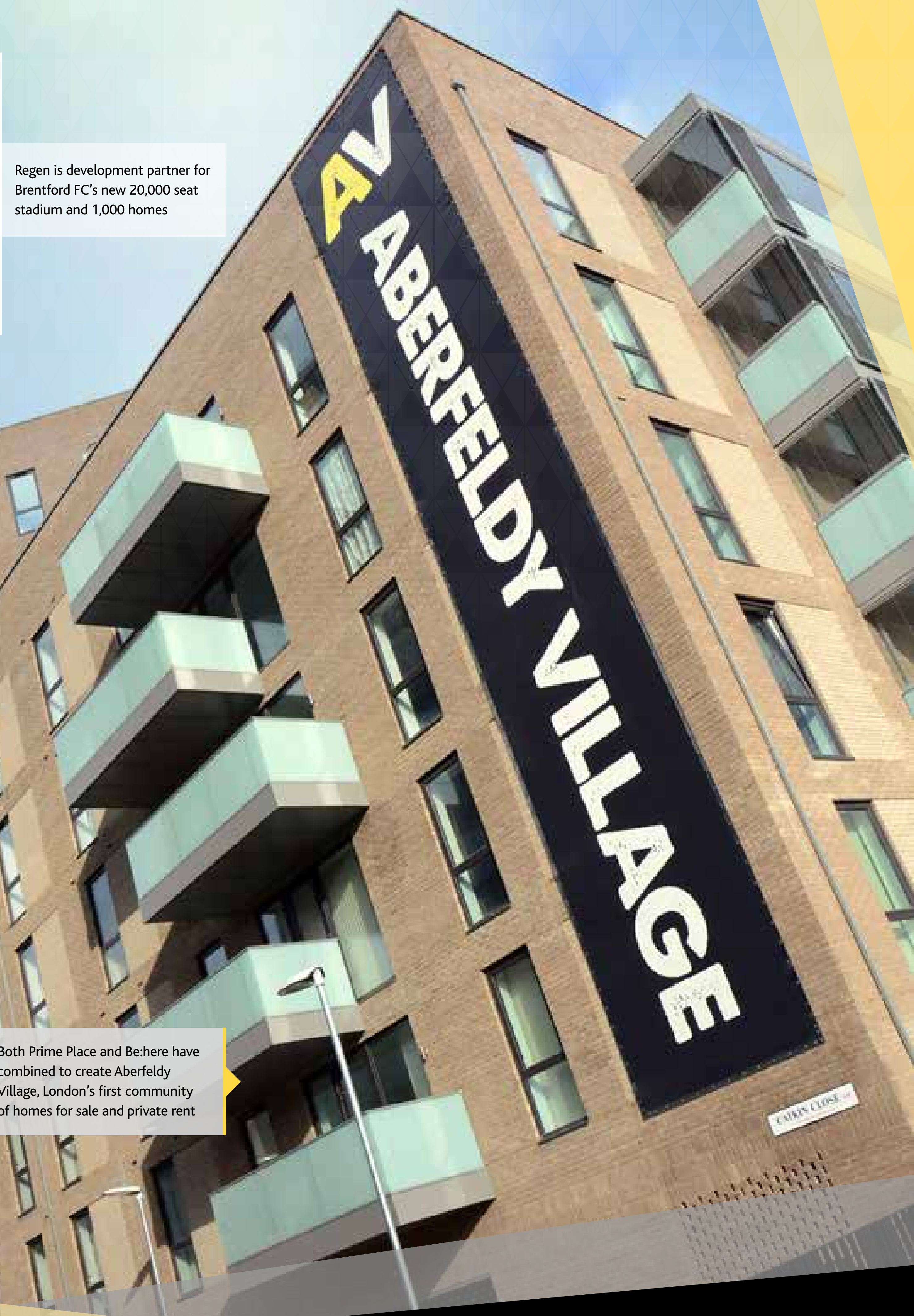
This same capability is accelerating the delivery and completion of Aberfeldy Village, in joint venture with Poplar HARCA, by three years and now already delivering phase 2.

With Be:here, their recent contract exchange on a significant site at Barking means that we have over 1,300 rental units under control and in the pipeline. This newly accepted institutional investment grade product is generating much investor interest, with strong demand.

For Prime Place, the recent Sevenoaks deal illustrates growth in the Home Counties and a continued relationship with Development Securities as a land/development opportunity provider.

The key for future success is the acquisition, over time, of longer dated land assets capable of being brought forward successfully for development at all points of an economic cycle. To support this philosophy, we are delighted to have been selected as a development partner on the recently announced Social Infrastructure Development framework, which is formulated to make better use of public land assets by cross subsidising capital projects through the margin generated by enabling development, primarily residential.

Regen is development partner for Brentford FC's new 20,000 seat stadium and 1,000 homes



Both Prime Place and Be:here have combined to create Aberfeldy Village, London's first community of homes for sale and private rent

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GROUP CHIEF EXECUTIVE'S REPORT

Continued

Support Services

Turnover £143m; 2013 £121m

PAUL SMITH
Divisional Chief Executive, Willmott Dixon Support Services

It is important, and also a strategic intention, that each part of our business provides both scale and a meaningful contribution to Group results year on year. Our Support Services division operates in highly competitive sectors of the market, where success is achieved through drawing together a number of often competing factors such as:

- Single contracts, vast geography
- Large directly employed workforce, initially aligned culturally to the local authorities or competitor organisations from which they have transferred
- Multi archetype properties in challenging environments with poorly maintained records
- Inconsistent approaches to repair reporting and diagnosis
- Mobile workforce logistics
- Complex local authority landscape

It is a far from straightforward task but our teams, led by Paul Smith in his role as Divisional Chief Executive, are well equipped to continue to drive performance improvements here and we anticipate both 'top' and 'bottom line' growth in future years.

Our ability to deliver a fast and efficient repairs service to residents is supported by highly dedicated back office teams

GROUP CHIEF EXECUTIVE'S REPORT

Continued

Partnerships

Bearing the above challenges in mind, our repairs and maintenance company continued to perform well for its customers; consistently achieving stringent key performance measures and generating vital incentive earnings through shared savings and variable profit mechanisms.

We believe that we are amongst the industry leaders in delivering community initiatives with social investment programmes that have created:

- 26,618 hours of training placements to local people
- Real jobs, with seven people who received work placements through our Opening Doors programme joining us in full time employment
- 58 apprentices currently employed being trained to NVQ level

All these outputs have been achieved by the same teams that carry out the vital repairs to around 160,000 households throughout the country.

In addition to existing long duration contracts, new contracts with Midland Heart and Orbit Heart of England that started in 2014 are progressing well, and both provide opportunities to expand account volumes.

Partnerships' key target in the coming year is to be re-selected as one of Birmingham City Council's front line repairs and maintenance contractors, as this contract is re-tendered at the end of its term. Another priority will be to seek to improve operational interaction on our two contracts with Home Group, where a variety of issues (many outside of our own control) are hampering efficiencies and prejudicing our ability to deliver a satisfactory and profitable service.

In support of our improved carbon efficiency agenda, we are currently trialling electric powered vans for Birmingham.

Training skills of the future; two apprentices learning their trade at the 4Life Academy in Birmingham

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Our teams pride themselves on being an integral part of our clients' services to their residents

GROUP CHIEF EXECUTIVE'S REPORT

Continued

Our homes upgrade work with Golden Gates Housing Trust in Warrington is bringing down the cost of fuel for hundreds of people

Energy Services

I described, in last year's report, the frustration of our Energy Services team that had initially been established to deliver what promised to be a vast programme of work to be funded by the government's Green Deal and from Energy Company Obligations. A political 'about turn' decimated those opportunities, but we resolved to re-group, to retain the expert team that we had established and to find alternate contract opportunities to grow reputation and experience. I am delighted to confirm that whilst suitable opportunities remain scarce, Energy Services has acquired a number of important contract wins in the year and delivered a small but welcome profit contribution to Group.

As Energy Services' long running contract to provide domestic energy efficiency improvements to homes in North Wales for the Welsh Government draws to its natural conclusion, we have been appointed by Hull City Council for a £60m Green Deal and ECO partnership to deliver energy improvements to 3,000 homes across the city, which also benefits from direct local authority funding.

In addition to this important 'win', the team has followed up by being selected for the "Better Homes Yorkshire" programme to deliver efficiency improvements to over 12,000 homes across the Leeds City Region, and appointed for a similar scheme by Bristol City Council for another 3,000 homes.

The signs are good and we remain committed to the sector and will work hard to achieve greater penetration in this specialist and potentially vast market.

We are working in partnership with many councils to help residents make their homes warmer, healthier and cheaper in the cold months

Summary

We are a multi-faceted organisation which continues to learn and adapt to our economic surroundings.

We are at our best when we unravel complexity and focus on the simple application of the 'basics'.

Colin has already offered his gratitude to our Board and to our people which I fully endorse. I, in turn, offer my thanks and gratitude to him for his strategic guidance, his adept interventions and his passion for keeping us all focused on always doing the right things better.

Our ambition is strong, our people are brilliant ambassadors for the Group and together we will continue to be the organisation of choice to develop careers, maximise personal potential and to achieve outstanding and sustainable investment returns.

Rick Willmott
Group Chief Executive

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Creating the infrastructure for communities to thrive; following our work building homes at Blackbird Leys estate in Oxford during the 1990's, our teams were back to create Leys Pools and Leisure Centre within the estate

WILLMOTT DIXON SINCE 1852

SUSTAINABLE DEVELOPMENT

Introduction

JONATHON PORRITT CBE
Non-Executive Director

Engaging employees in sustainability is probably one of the most important things a responsible business can do. Whether it's cutting carbon, reducing waste, or making a difference in local communities, it's people that make it happen. But getting people on board – and keeping them there – is tough. An annual seminar, training session or module is a good start. But it can be challenging for a business to ensure that the topic is kept front of mind when the phone is ringing off the hook, or there's a struggle to make the books balance.

In last year's Annual Report and Accounts, I mentioned the improvements that we were making to our sustainability reporting. We wanted to improve the frequency, granularity and visibility of our data – and we have achieved that. But what we hadn't predicted was the impact of better data on the engagement of people across the business.

Now that we are able to pinpoint our environmental impact with considerable accuracy, individual site and office teams are benchmarking their carbon and waste performance against one another. And that kind of friendly competition is generating stronger leadership for our sustainability programme. This, in turn, is leading to more interest in new technologies and a greater willingness to innovate.

I'm not saying that our outstanding carbon performance is entirely attributable to changes in data, but it has certainly helped us target activities. I hope planned improvements on water and waste data in the coming year will help us raise the bar in these areas too.

Gathering data on our community work has similarly helped to drive performance. We've become adept over the past few years at calculating the financial value of our social investment, and this year's £2.27m total is an achievement which any company would be very proud of. Being able to put a figure to the work we do has captured the imagination of people across the business.

However, an input value is, at best, a proxy measure. What we really want to know is whether, and how effectively, we are improving people's lives.

The problem is that people are not nearly as easy to evaluate as carbon emissions! And 'improving people's lives' is a broad ambition.

Delivering £2.27m of social value in 2014; one such project saw our Housing team regenerate the Chickenshed Theatre in Southgate for local people

Indeed, it may never be possible to establish a link between an intervention and subsequent improvements in self-esteem, behaviour or ambition.

But just because we can't easily quantify it, it doesn't mean we should stop trying.

In 2013 we set an industry-leading impact target of 'enhancing the lives of 3,000 young people by the end of 2015'. This target is encouraging our teams to think about the difference between output and impact measures.

We know that the rewards to our business of employees who are engaged in sustainability are immense. Many have become enthusiastic, curious and innovative – qualities which can make a real difference to a business' competitiveness. And a strong sustainability culture can impact far beyond the workplace.

The right data – and the expertise to be able to tease out the story that the data is giving – is a vital tool in the armoury of a responsible business.

Jonathon Porritt

Jonathon Porritt
Non-Executive Director

SUSTAINABLE DEVELOPMENT

Continued

Always looking to trial new ways to save carbon, including testing the use of electric vans

2014 Headlines

REDUCING CARBON EMISSIONS

- 30% reduction in carbon intensity compared to 2010, smashing our 2014 15% target.
- Carbon neutral business for the third year running.
- Record 94 people purchased bicycles through our bike4work scheme.

REDUCING WASTE

- Slight increase in construction waste per £100k of project turnover – from 10.36m³ in 2013 to 10.87m³ in 2014, but we are still 12% ahead of our 2014 target.
- 96% landfill diversion – a 3% improvement on 2013.

BEING A GOOD NEIGHBOUR

- Average Group Considerate Constructors' score of 39.90 out of 50 – 12% above industry average.

INVESTING IN COMMUNITIES

- £2.27m invested in communities.
- Enhanced the lives of 1,546 young people, making us more than halfway towards our 2015 target.
- Mentored 1,854 young people.
- Provided work experience opportunities to 326 young people.
- Organised over 500 fundraising events for charity.
- Participated at 57 careers events and interacted with 3,700 young people.
- Arranged and facilitated site visits for 1,700 students and school children.
- Organised 372 community events across the country.

RAISING MONEY FOR WORTHY CAUSES

- £133,000 raised for good causes.
- £55,000 raised independently by our employees for personal causes, most of which was through the Willmott Dixon Foundation's JustGiving site.

DEVELOPING THE CONSTRUCTION WORKERS OF TODAY – AND OF THE FUTURE

- 60 directly employed apprentices.
- 110 management trainees.
- Average 3.13 training days per employee.
- £2.4m spent on training – a record amount.
- 2% increase in our employee engagement score.

AWARDS AND BENCHMARKS

- Queen's Award for Enterprise (sustainable development category).
- 3 stars (92%) in the 2015 Business in the Community's Corporate Responsibility Index.
- Business in the Community's CommunityMark.
- Gold Investors in People for our Construction business.
- 'Best Private Sector Fleet' at the Energy Saving Trust's Fleet Hero Award.
- BusinessGreen Leaders' Sustainability Team of the Year for our Re-Thinking team.

Governance & Reporting

In 2014 we transformed the way we collect, monitor and report our carbon data, giving us amongst the most comprehensive, timely and transparent data in the sector.

Data on carbon and waste can now be displayed by location or business unit, on our bespoke online sustainability dashboard. The improved quality and reliability of data has increased confidence in making business decisions.

In 2014 we also reinvigorated the framework through which we encourage sustainability on our construction projects. Our 10 Point Plan contains challenging new targets for a range of sustainability criteria, including procurement, community investment, carbon, waste and water. We know that the earlier on a project we consider sustainability, the more sustainable it will be. We have therefore extended our 10 Point Plan so that it applies to the planning stages of a project, as well as during its construction.

A Sustainable Development Framework has also been launched in our Partnerships business to help focus their sustainability endeavours.

WILLMOTT DIXON SINCE 1852

Industry Leadership

A key ambition in our Sustainable Development Strategy is:

> *…to 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.*

We made considerable progress on this ambition in 2014.

GROWN IN BRITAIN

Our work to support this important campaign for British timber went from strength to strength in 2014. The scheme saw a number of important adopters, including The Crown Estate and Torbay Borough Council. Research carried out by Grown in Britain showed that 92% of major UK contractors would back an industry-wide commitment to use more home-grown timber, and over 60% would specify it in their contracts.

To mark the second Grown in Britain Week, Secretary of State for Environment, Food and Rural Affairs, Elizabeth Truss MP visited one of our sites in Kilburn to see how home-grown timber was being used on one of our projects.

GREEN CONSTRUCTION BOARD

Energy Services MD, Rob Lambe, was appointed to the Board of the UK Green Construction Board, an organisation which is playing an important role in bringing Government and industry together to focus on how to meet the UK's target of a 50% reduction in greenhouse gas emissions by 2025.

continued…

Discussing the sustainable credentials of our project for City & Guilds with former Chairman of the Olympic Delivery Authority John Armitt


WILLMOTT DIXON

Kingsgate House was the world's first project certified by the Programme for the Endorsement of Forest Certification (PEFC) for its use of sustainable timber

Industry Leadership *(continued)*

SUPPLY CHAIN SUSTAINABILITY SCHOOL

We are a founding member of this collaborative virtual school, and we continued to encourage our supply chain to sign up and take advantage of its free training and tools to improve their sustainability knowledge.

MAKING ENERGY EFFICIENCY A MAJOR UK INFRASTRUCTURE PROJECT

We continued to support the Energy Bill Revolution campaign, and sponsored research which laid out the economic case for the Government to make domestic energy efficiency a national infrastructure project. Modelling, conducted by Verco and Cambridge Econometrics, found that investment in home energy efficiency represented high value for money as a form of capital investment by the Treasury, with every £1 spent stimulating £3.20 in increased GDP and £1.25 in tax revenues.

BUSINESS OPPORTUNITIES FROM TACKLING CLIMATE CHANGE

We supported the UK Green Building Council's defence of the UK's world leading Climate Change Act. We signed a letter highlighting the clear rationale for action that the most recent evidence from the Intergovernmental Panel on Climate Change (IPCC) has provided. The letter was published in the Daily Telegraph on 3 November 2014.

AN ECONOMY THAT WORKS

Through our membership of the Aldersgate Group, we are part of An Economy That Works, an alliance of businesses, NGOs, think-tanks and thought leaders whose fundamental belief is that a healthy economy is only possible if it addresses key social and environmental challenges. The alliance has published a report of the same name which identifies six key characteristics of a sustainable economy that should be measured and become central to government policy.

SOCIAL SUSTAINABILITY

We participated in a number of industry and cross-sector groups on social value and signed up to Turn Around to Work – a new work experience programme to help rehabilitate young people who have been in the criminal justice system. We contributed to the Review of the Social Value Act, and were highlighted as an example of best practice for our community investment work.

RESEARCH AND DEVELOPMENT

We continued to invest in research and development projects in a range of areas, including social return on investment, as-built performance and energy performance in our Sunesis schools.

One project saw us partner with the BRE and two British hardwood sawmills. The project, led by Grown in Britain, considered how to improve the durability of ash so that it could be used externally – for example as cladding.

Sustainable Projects

We worked on a number of projects during 2014 which have exemplary aspects.

At the beginning of the year, **Kingsgate House** was named the world's first project certified by the Programme for the Endorsement of Forest Certification (PEFC). This seven-storey residential project in West London contains 1092m^3 of cross laminated timber (CLT), with the wood acting as a natural, low carbon and renewable alternative to steel and concrete.

We continued work on **Keynsham Town Hall**, a project remarkable for energy efficiency, and for innovative contracting arrangements based on energy in-use targets.

Legal and General's **Stockley Park** became the first pilot project to achieve an "Excellent" rating at design stage through the new BREEAM UK Non-Domestic Refurbishment and Fit-out 2014 Scheme (launched in March 2015). The new scheme aims to take account of the challenges of improving existing buildings, ensuring projects are assessed against the issues that each project can reasonably be expected to influence, and not on factors outside of their control.

Work continued on Circle Housing Group's £80m master-plan to replace the 1960s high-rise Mardyke estate with **Orchard Village** – a development of lower-rise, family friendly homes featuring green roofs, permeable paving systems, electric car charging points and district heating.

In 2014, work started on site to build the exemplar stage of A2Dominion's new **EcoTown in Bicester,** Oxfordshire, and the UK's biggest non-residential Passivhaus project for **Leicester University's Centre for Medicine.**

Our Energy Services business helped reduce UK carbon emissions and tackle fuel poverty in homes in disadvantaged areas, by working in partnership with social housing providers and local authorities.

We donated skills and materials to help victims of Somerset floods

People

THE WILLMOTT DIXON FOUNDATION: INVESTING IN COMMUNITIES

At the end of 2013, under the chairmanship of Group Chief Executive Rick Willmott, the Foundation set an industry-leading impact target – to enhance the life chances of 3,000 young people by the end of 2015. By the end of 2014 we were more than halfway there.

Enhancing the lives of 1,546 young people

2013	2014 cumulative	2015 target
452	1,546	**3,000**

The value of our gift of time and skills, donations and other 'in-kind' services, through the Willmott Dixon Foundation, was £2.27m.

The value of our community investment activities

2012	2013	2014
£1.10m	£1.37m	**£2.27m**

We are immensely grateful for the support of our supply chain in our community investment activities. Their contribution – with a value of £109,000 – was in addition to our community investment total.

The Willmott Dixon Foundation was formed in late 2011 to maximise the impact of our community investment activities. Since then, the Foundation has helped the Group:

- achieve Business in the Community's prestigious CommunityMark for the work we do in local communities,
- become nationally regarded as a business leader in the field of social value, and a frequent contributor to forums which are shaping Government policy and strategy,
- be cited as an example of best practice in the Government's Review of the Social Value Act.

Working with young people in Coventry to improve facilities at St Barnabas Church.

Using our skills to improve the life chances of 3,000 young people is a target for the Foundation

SUSTAINABLE DEVELOPMENT

Continued

People *(continued)*

CONSIDERATE CONSTRUCTORS

All our construction sites are registered with the Considerate Constructors Scheme. We have seen strong performance across the Group, with each division exceeding their targets, and performing significantly higher than the industry average.

Considerate Constructors average scores – marks out of 50

	2013	2014 actual
Willmott Dixon Group	38.71	**39.90**
Willmott Dixon Construction	38.92	**40.02**
Willmott Dixon Housing	38.71	**40.42**
Willmott Dixon Interiors	37.54	**38.71**
Industry Average	35.16	**35.51**

A SUSTAINABLE SUPPLY CHAIN

We continued to support the award-winning Supply Chain Sustainability School. 883 of our supply chain members are now signed up.

In 2014 we launched an early payment scheme to help our top-tier suppliers and subcontractors with cash-flow. The scheme enables them to access early payments for a small interest fee.

ATTRACTION, DEVELOPMENT AND RETENTION

We work hard to attract and retain the best people in the industry and so we continually review all aspects of working life at Willmott Dixon. In 2014 we particularly focused on ensuring Willmott Dixon is a place where individuals are able to develop their careers, introducing an extended programme of events designed to improve employee wellbeing.

Our "Role of the Manager at Willmott Dixon" training programme, which reinforces our culture and values, was successfully rolled out to all managers with fewer than 5 years service and is now a regular feature at Group induction. This focus on leadership behaviour and values is demonstrated through our employee engagement feedback score, which continues to increase across all parts of our business.

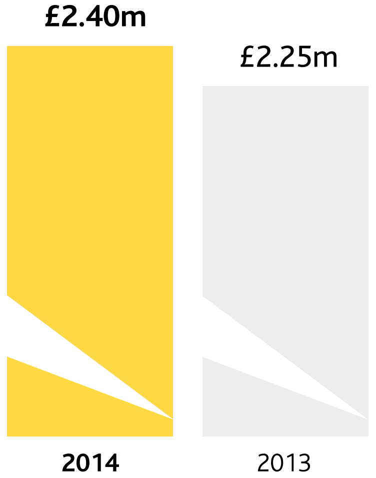
In 2014 we invested a record amount in training and development to ensure that our employees have the right set of skills to meet the rapidly changing requirements of our industry. To this end we implemented a comprehensive technical training programme for our Construction, Interiors and Housing Divisions.

Our 4Life Academy provided 5,917 career-enhancing training placements in 2014

2014 also saw us develop a new sustainability induction training module, 'Everybody Plays a Part', a blend of facts, figures, quizzes and interviews with people across the business. 99% of our employees have completed the module and made a personal commitment to integrate sustainability principles into their workplace decision making.

Career development will be a priority for us over the coming year in order to open as many doors as possible for our people. A Career Development programme is being developed and promoted across the Group.

Amount invested in employee development



Nearly 20% of our staff are women, which exceeds the industry average and underlines our strong focus on diversity

People *(continued)*

We believe that diverse, complementary teams are the most effective, so we work hard to ensure that our company is one where people are given the opportunity to succeed – whoever they are and regardless of their background.

Diversity and inclusion

	2013	2014	2014 industry average
% Female Employees	18.5%	18.9%	**13%**
% Workforce from Minority Ethnic Backgrounds	6.3%	6.4%	5%

HEALTH AND SAFETY

We continued to uphold our commitment to health and safety across the business through our on-going AllSafe campaign. The campaign aims to empower all employers, whatever their level of seniority, to challenge unsafe practices and instil a belief that all accidents can be prevented. We evidence the success of our campaign through our accident frequency rates, and through the response rate to the annual staff survey question 'I am willing to stop colleagues from working in an unsafe manner'. In 2014, 98% of respondents agreed with this statement.

In 2014 we saw a reduction in our Group AFRs.

*Accident frequency rates**

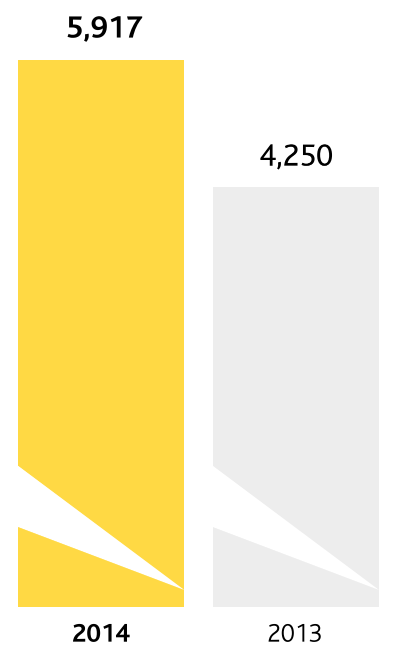
	2012	2013	2014
Group	0.27	0.26	**0.22**
Construction	0.13	0.18	**0.19**
Housing	0.26	0.18	**0.16**
Interiors	0.31	0.13	**0.19**
Support Services	0.79	0.73	**0.42**

*Number of reportable accidents per year x 100,000 divided by number of hours worked in the year.

4LIFE ACADEMY

The Willmott Dixon 4Life Academy provided a major boost to Birmingham's construction industry, and the local community, when it opened in 2013. The Academy provides training not only for our own employees but for people and businesses in the wider community. The Academy is an approved training centre for City & Guilds and the British Plumbing Employers' Council, and delivers a wide range of career-enhancing skills. In 2014 we saw a substantial increase in the volume of training it provided.

Number of training places created through the 4Life Academy



Our Bike4Work initiative is very popular with staff

SUSTAINABLE DEVELOPMENT

Continued

Carbon

2014 was the concluding year of our 2010-2014 Carbon Management Plan. The overarching aim of the plan was to reduce our carbon intensity by 15%.

Our substantial reduction in 2014 has meant we have reduced carbon emissions intensity over the life of the plan by 30%. Since 2014 was the warmest year globally, we carried out further research to ascertain how much of our achievement was down to the weather. Our calculations, based on Met Office 'degree days', shows that approximately a third of our reported reduction in carbon intensity is due to warmer weather. This means that two thirds of our overall carbon reduction (nearly 20%) is attributable to operational improvements.

Intensity Units: $tCO_2e/£m$

2014	**12.74** (15.59 target)
2013	18.58
2012	19.76
2011	18.24
2010	18.34

Total Emissions Units: tCO_2e

2014	**16,888**
2013	19,004
2012	20,442
2011	19,193
2010	18,150

CARBON REDUCING INITIATIVES IN 2014

Transport

Our commercial van fleet accounts for around 25% of Group emissions. 2014 initiatives to improve its efficiency included:

- Updating our fleet telemetry system to further improve accuracy of data on mileage, speed and braking.
- Publishing miles per gallon league tables which help us improve performance by identifying drivers needing to improve, whilst engendering friendly inter-branch competition.

Business travel by car accounts for approximately 30% of group emissions. 2014 initiatives included:

- Spending £23,400 rewarding employees choosing low emissions company or private cars. Since our scheme began in 2008, we have paid out over £400,000 in green bonuses.
- Retaining the 120g/CO_2 per km maximum emissions for cars on our company car list.

We also offer a range of incentives to encourage more sustainable travel. In 2014 these included:

- All-staff access to our Bike4Work initiative with 94 bicycles purchased in the year.
- Reimbursing 18,237 cycle miles.
- Reimbursing 560,293 car share miles.

On site

Site diesel consumption contributes around 17% of Group emissions. This is a key area for action as powering a site on diesel emits approximately 50% more carbon than using grid electricity. In 2014 we made it a priority to apply for temporary electricity supplies on site, and successfully trialled hybrid diesel-generators.

Construction site electricity also accounts for approximately 17% of our emissions. In 2014 we continued to roll out initiatives to minimise unnecessary electricity use. We also continued to research the feasibility of using renewables on site.

Carbon neutral

In 2014, for the third year running, we offset our unavoidable carbon emissions by investing in projects overseas that reduced carbon by an equivalent amount. The projects we chose to invest in reflect our values and support the Willmott Dixon Foundation's focus on 'community transformation' and 'tackling social exclusion'.

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

SUSTAINABLE DEVELOPMENT

Continued

Resources

SUSTAINABLE PROCUREMENT

In 2014 we updated our Sustainable Procurement Policy to ensure it keeps pace with developments in the market and the growing expertise of our supply chain, as well as the knowledge we gain from each project we deliver.

We committed to WWF's Forest campaign, pledging to buy timber and timber products from sustainable sources and to publicly report our performance. We are now working closely with our supply chain to raise awareness and compliance.

WASTE

Although our waste intensity increased slightly in 2014, we are still on track to meet our 2015 target of 11.82m³/£100,000 of project turnover.

Our landfill diversion rate of 96% is due to a continued focus on ensuring that we, and the waste processors we work with, maximise re-use of, and diversion from landfill, of our construction, demolition and excavation waste streams.

	2012	2013	2014
Construction waste per £100,000 of project turnover	13.90m³	10.36m³	**10.87m³**
Landfill diversion rate	95%	93%	**96%**

In our Partnerships business, reducing waste and diverting it from landfill represents particular challenges because of our highly mobile and dispersed workforce. With this in mind, during 2014 we launched Waste Management Plans for all of our Partnerships' Branches, and have set up a new divisional waste task group to identify and implement best practice.

BIODIVERSITY

In early 2014 we signed a nationwide agreement with The Wildlife Trusts, the UK's largest people-powered organisation caring for nature. This established a framework for accessing the ecology consultancy services offered by Wildlife Trusts around the UK.

In harmony with nature: we are the only company in our sector to have a formal collaboration with the Wildlife Trusts to ensure we use the best methods to nurture local ecology around our projects

WATER

Our performance in 2014 may be due to more comprehensive data collection – or it may reflect the fact that our moderate water usage does not currently represent a significant risk to our business, and as a consequence there is little financial pressure on us to reduce it. However, we recognise that there is an increasing burden on the nation's potable water supply, so at the end of 2014 we set new water targets for our construction sites and we have now included these in our refreshed 10 Point Plan. We continue to work with our site teams to improve our understanding of the data.

***Water intensity** (m³ per £100,000 project turnover)*

2010	2011	2012	2013	**2014**
11.7	10.0	9.6	9.7	**13.5**

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 2014 to 31st December 2014, 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 alongside 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 2014 performance.

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	16,888 tCO_2e
Total Waste Diverted from Landfill	95.86%
Construction Waste Generated*	$10.87m^3$/£100k
Average Considerate Constructor Scheme (CCS) score	39.90
Value of Community Investment (Company Contribution)	£2,266,099
Health and Safety	Capital Works: AFR 0.17; AIR 184 Support Services: AFR 0.42; AIR 418
Average Training Days per employee**	3.13

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 2014.

REPORT OF THE DIRECTORS

The Directors submit their report with the audited accounts for the year ended 31 December 2014.

RESULTS

The Group profit for the year before amortisation and taxation amounted to £26,075,000 (2013: £16,163,000). The profit for the year before taxation was £22,977,000 (2013: £12,974,000). The tax charge in respect of this result is £5,895,000 (2013: £4,126,000).

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year (2013: £8,500,000).

DIRECTORS

The current Directors are listed on page 4.

The following changes in Directors have occurred since 1 January 2014:

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

John Frankiewicz resigned as a Director on 31 December 2014.

DONATIONS

The Group made donations in the year to charities amounting to £44,000 (2013: £93,000).

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 use derivative 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.

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

23 April 2015

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

23 April 2015

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 2014 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 2014 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 require 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.

Michael Goldstein (Senior statutory auditor)
For and on behalf of BDO LLP, Statutory auditor

London, United Kingdom
23 April 2015

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 2014

	Notes	2014 £000 Before Amortisation	2014 £000 Amortisation	2014 £000 Total	2013 £000 Before Amortisation	2013 £000 Amortisation	2013 £000 Total
TURNOVER: GROUP AND SHARE OF JOINT VENTURES		1,325,445	-	1,325,445	1,038,451	-	1,038,451
Less: share of joint ventures		(66,757)	-	(66,757)	(14,841)	-	(14,841)
GROUP TURNOVER		1,258,688	-	1,258,688	1,023,610	-	1,023,610
Cost of sales		(1,167,299)	-	(1,167,299)	(936,469)	-	(936,469)
GROSS PROFIT		91,389	-	91,389	87,141	-	87,141
Administrative expenses	2	(82,997)	(3,098)	(86,095)	(74,578)	(3,189)	(77,767)
OPERATING PROFIT	2	8,392	(3,098)	5,294	12,563	(3,189)	9,374
Share of operating profit of joint ventures	2	15,561	-	15,561	2,814	-	2,814
Share of operating profit of associate		513	-	513	263	-	263
		24,466	(3,098)	21,368	15,640	(3,189)	12,451
Interest payable and similar charges	3	(24)	-	(24)	(130)	-	(130)
Interest receivable	4	1,633	-	1,633	653	-	653
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	26,075	(3,098)	22,977	16,163	(3,189)	12,974
Tax on profit on ordinary activities	8			(5,895)			(4,126)
PROFIT FOR THE FINANCIAL PERIOD				17,082			8,848

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 77 to 99 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
FIXED ASSETS					
Goodwill	10		**44,676**		47,866
Tangible assets	11		**4,571**		4,034
Investment in joint ventures	12				
Share of gross assets		**8,515**		43,846	
Share of gross liabilities		**(6,466)**		(43,028)	
Loans		**848**		18,192	
			2,897		19,010
Investment in associate	12		**158**		65
Investments	12		**300**		300
			52,602		71,275
CURRENT ASSETS					
Stocks	13	**31,531**		28,937	
Debtors	14	**295,692**		244,297	
Cash and bank balances		**76,139**		70,206	
		403,362		343,440	
CREDITORS: amounts falling due within one year	15	**(286,171)**		(261,126)	
NET CURRENT ASSETS			**117,191**		82,314
TOTAL ASSETS LESS CURRENT LIABILITIES			**169,793**		153,589
CREDITORS: amounts falling due after one year	16		**(3,554)**		(4,056)
PROVISION FOR LIABILITIES	18		**(1,484)**		(1,860)
			164,755		147,673
CAPITAL AND RESERVES					
Called up share capital	20		**100,000**		100,000
Share premium account	21		**2,083**		2,083
Profit and loss account	21		**62,672**		45,590
			164,755		147,673

The notes on pages 77 to 99 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 23 April 2015 and were signed on its behalf by:

Colin Enticknap
Group Chairman

COMPANY BALANCE SHEET

As at 31 December 2014

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
FIXED ASSETS					
Tangible assets	11		**1,236**		1,780
Investments	12		**121,538**		113,049
			122,774		114,829
CURRENT ASSETS					
Debtors	14	**3,713**		3,063	
Cash and bank balances		**61,483**		55,932	
		65,196		58,995	
CREDITORS: amounts falling due within one year	15	**(19,747)**		(32,983)	
NET CURRENT ASSETS			**45,449**		26,012
TOTAL ASSETS LESS CURRENT LIABILITIES			**168,223**		140,841
CREDITORS: amounts falling due after one year	16		**(95)**		(246)
PROVISION FOR LIABILITIES	18		**-**		(120)
			168,128		140,475
CAPITAL AND RESERVES					
Called up share capital	20		**100,000**		100,000
Share premium account	21		**2,083**		2,083
Profit and loss account	21		**66,045**		38,392
			168,128		140,475

The notes on pages 77 to 99 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 23 April 2015 and were signed on its behalf by:

Colin Enticknap
Group Chairman

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2014

	Notes	2014 £000	2013 £000
CASH FLOW FROM OPERATING ACTIVITIES	27	15,763	(10,028)
DISTRIBUTIONS FROM ASSOCIATES AND JOINT VENTURES		15,080	2,382
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	27	659	328
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	27	15,386	(8,249)
EQUITY DIVIDENDS PAID	9,27	-	(8,500)
CASH FLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		46,888	(24,067)
FINANCING	27	(40,955)	26,237
INCREASE IN CASH		5,933	2,170
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	27		
Increase in cash		5,933	2,170
Finance leases taken		(502)	(428)
Finance lease repayment		437	449
Increase in borrowings		(3,278)	(4)
Repayment of borrowings		3,816	184
Movement in net funds		6,406	2,371
Net funds at 1 January 2014		65,853	63,482
Net funds at 31 December 2014		72,259	65,853

The notes on pages 77 to 99 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

Year ended 31 December 2014

CONSOLIDATED	Notes	2014 £000	2013 £000
Profit for the financial period		**17,082**	8,848
Ordinary dividends	9	**-**	(8,500)
Movements in equity shareholders' funds		**17,082**	348
Equity shareholders' funds at 1 January 2014		**147,673**	147,325
Equity shareholders' funds at 31 December 2014		**164,755**	147,673

COMPANY	Notes	2014 £000	2013 £000
Profit for the financial period		**27,653**	11,408
Ordinary dividends	9	**-**	(8,500)
Movements in equity shareholders' funds		**27,653**	2,908
Equity shareholders' funds at 1 January 2014		**140,475**	137,567
Equity shareholders' funds at 31 December 2014		**168,128**	140,475

The notes on pages 77 to 99 form part of these financial statements.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

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

a) Accounting convention

The accounts are prepared under the historical cost convention, 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 2014. 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.

NOTES TO THE ACCOUNTS

Continued

1. ACCOUNTING POLICIES *(continued)*

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:

- **Leasehold improvements** - the earlier of 5 years or until the first breakpoint in the lease
- **Computer hardware and software** - between 20% and 33% 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.

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.

Pre-contract 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.

l) Supply chain finance arrangements

The Group accounts for amounts due to financial institutions under supply chain finance arrangements as trade creditors.

NOTES TO THE ACCOUNTS

Continued

2. ADMINISTRATIVE EXPENSES

The Group's operating activities are often conducted in joint venture with third parties. In accordance with UK GAAP, Group costs directly associated with the management of joint venture operations are included in the profit and loss account as administrative expenses. The net profit derived from joint venture activity is considered by the Directors to be the share of operating profit of joint ventures, less the administrative expenses attributable to their management. The effect of making this adjustment is summarised below:

	2014 £000	2013 £000
ADMINISTRATIVE EXPENSES		
Administrative expenses before amortisation	82,997	74,578
Administrative expenses attributable to the management of joint ventures	(4,157)	(2,704)
Administrative expenses before amortisation and management of joint ventures	78,840	71,874
OPERATING PROFIT		
Operating profit before amortisation	8,392	12,563
Administrative expenses attributable to the management of joint ventures	4,157	2,704
Operating profit before amortisation and management of joint ventures	12,549	15,267
SHARE OF OPERATING PROFIT OF JOINT VENTURES		
Share of operating profit of joint ventures	15,561	2,814
Administrative expenses attributable to the management of joint ventures	(4,157)	(2,704)
Share of operating profit of joint ventures after attributable administrative expenses	11,404	110

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
Bank loan	5	96
Finance lease interest	19	34
	24	130

4. INTEREST RECEIVABLE

	2014 £000	2013 £000
From cash and bank balances	**683**	406
From joint ventures	**950**	247
	1,633	653

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING:

		2014 £000	2013 £000
Depreciation of tangible fixed assets – owned assets		1,758	2,089
Depreciation of tangible fixed assets – assets held under finance leases		506	434
Loss on disposal of tangible fixed assets		25	15
Amortisation of goodwill		3,098	3,189
Operating lease rentals	– plant and machinery	3,203	3,599
	– other rentals	6,289	6,346
Auditor's remuneration	– for Parent Company audit services	22	21
	– for subsidiary company audit services	126	119
	– for taxation services	-	2
	– for other services	25	7

NOTES TO THE ACCOUNTS

Continued

6. EMPLOYEES

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

	2014	2013
	No.	No.
Office and administration	**783**	761
Site and production	**2,420**	2,309
	3,203	3,070
Staff costs during the year amounted to:	**£000**	£000
Wages and salaries	**132,552**	119,036
Incentive payments to staff	**17,549**	10,457
Total wages and salaries	**150,101**	129,493
Pension contributions	**4,924**	4,661
Social security costs	**15,916**	14,239
	170,941	148,393

7. DIRECTORS' REMUNERATION

	2014	2013
	£000	£000
Fees	**200**	160
Wages and salaries	**649**	388
Profit share payments	**1,272**	-
Total remuneration	**2,121**	548
Pension contributions	**21**	75
	2,142	623

The remuneration of the highest paid Director was £813,000 (2013: £163,000). Payments have been made to defined contribution pension schemes on behalf of 2 Directors (2013: 3 Directors). For the highest paid Director, pension contributions of £17,000 (2013: £50,000) were made.

8. TAXATION

	2014 £000	2013 £000
a) Analysis of charge:		
Current Tax		
Corporation tax at 21.49% (2013: 23.25%)	**5,874**	4,245
Payments made for group relief	**125**	164
Adjustments in respect of prior years	**(352)**	14
	5,647	4,423
Deferred tax		
Origination and reversal of timing differences	**201**	(351)
Effect of change in tax rate	**47**	54
	5,895	4,126

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 (21.49%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	**22,977**	12,974
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 21.49% (2013: 23.25%)	**4,938**	3,016
Expenses not deductible for tax purposes	**195**	244
Amortisation of goodwill	**646**	721
Capital allowances for the year less than depreciation	**12**	160
Other timing differences	**208**	268
Adjustments in respect of prior years	**(352)**	14
Current tax	**5,647**	4,423

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.

NOTES TO THE ACCOUNTS

Continued

9. DIVIDENDS

	2014 Pence per share	2013 Pence per share	2014 £000	2013 £000
Final ordinary dividends				
December	-	8.5	-	8,500

10. GOODWILL

	2014 £000
GROUP	
Cost	
1 January 2014	65,270
Deferred consideration adjustment	(92)
31 December 2014	65,178
Amortisation	
1 January 2014	17,404
Charge for the year	3,098
31 December 2014	20,502
Net Book Value	
31 December 2014	44,676
31 December 2013	47,866

The deferred consideration of £92,000 relates to a change in the value paid on the acquisition of Southside Decorators & Refurbishment Limited in 2011.

11. 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 2014	3,280	9,967	1,308	1,879	16,434
Additions	481	2,058	82	205	2,826
Disposals	(685)	(232)	(40)	(113)	(1,070)
31 December 2014	3,076	11,793	1,350	1,971	18,190
Depreciation					
1 January 2014	2,712	7,477	1,123	1,088	12,400
Depreciation in the year	479	1,518	113	154	2,264
Eliminated on disposals	(684)	(226)	(38)	(97)	(1,045)
31 December 2014	2,507	8,769	1,198	1,145	13,619
Net Book Value					
31 December 2014	569	3,024	152	826	4,571
31 December 2013	568	2,490	185	791	4,034

	2014	2013
	£000	£000
The Group net book value of land and leasehold improvements comprises:		
Freehold land	15	15
Leasehold improvements	554	553
	569	568

The net book value of assets held under finance leases amounts to £718,000 (2013: £713,000), and depreciation of £506,000 (2013: £434,000) has been expensed to the profit and loss account.

NOTES TO THE ACCOUNTS

Continued

11. TANGIBLE ASSETS *(continued)*

	Leasehold improvements	Computer hardware and software	Plant and equipment	Furniture and fittings	**Total**
	£000	£000	£000	£000	**£000**
PARENT COMPANY					
Cost					
1 January 2014	1,016	3,789	321	560	**5,686**
Additions	18	151	2	3	**174**
Transfers from fellow group companies	-	(4)	-	-	**(4)**
Disposals	(39)	(4)	(1)	-	**(44)**
31 December 2014	995	3,932	322	563	**5,812**
Depreciation					
1 January 2014	952	2,303	267	384	**3,906**
Depreciation in the year	35	622	27	33	**717**
Transfers from fellow group companies	-	(4)	-	-	**(4)**
Eliminated on disposals	(38)	(4)	(1)	-	**(43)**
31 December 2014	949	2,917	293	417	**4,576**
Net Book Value					
31 December 2014	46	1,015	29	146	**1,236**
31 December 2013	64	1,486	54	176	**1,780**

The net book value of assets held under finance leases amounts to £363,000 (2013: £701,000), and depreciation of £338,000 (2013: £399,000) has been expensed to the profit and loss account.

12. INVESTMENTS

	Joint Ventures	Associate	Fixed Asset Investment	Total
	£000	£000	£000	£000
GROUP				
Investments				
1 January 2014	818	65	300	**1,183**
Profit for the year	15,891	513	-	**16,404**
Distributions received	(14,660)	(420)	-	**(15,080)**
31 December 2014	2,049	158	300	**2,507**
Loans				
1 January 2014	18,192	-	-	**18,192**
Additions	3,428	-	-	**3,428**
Repayments	(20,119)	-	-	**(20,119)**
Transfer to subsidiary	(653)	-	-	**(653)**
31 December 2014	848	-	-	**848**
Total Investments				
31 December 2014	2,897	158	300	**3,355**
31 December 2013	19,010	65	300	**19,375**

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

	2014	2013
	£000	£000
Current assets	**8,515**	43,846
Share of gross assets	**8,515**	43,846
Liabilities due within one year	**5,544**	36,893
Liabilities due after one year	**922**	6,135
Share of gross liabilities	**6,466**	43,028

12. INVESTMENTS *(continued)*

	Subsidiaries	Fixed Asset Investment	Total
	£000	£000	**£000**
PARENT COMPANY			
Shares at Cost			
1 January 2014	113,340	300	**113,640**
Additions	22,014	-	**22,014**
Disposals	(13,525)	-	**(13,525)**
31 December 2014	121,829	300	**122,129**
Provisions			
1 January 2014 and 31 December 2014	(591)	-	**(591)**
Total Investments			
31 December 2014	121,238	300	**121,538**
31 December 2013	112,749	300	**113,049**

The list of principal subsidiaries, joint ventures and associates is set out in note 28.

13. STOCKS

	GROUP	
	2014	2013
	£000	£000
Raw materials and consumables	**1,056**	844
Land and developments in progress	**30,475**	28,093
	31,531	28,937

Included within the land and developments in progress balance is interest amounting to £155,000 (2013: £167,000).

14. DEBTORS

	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	48,940	41,705	3	-
Amounts recoverable on contracts	83,100	75,651	-	2,085
Amounts due from group companies	155,920	121,781	-	-
Prepayments and accrued income	3,975	3,414	1,243	781
Other taxes	2,321	-	2,321	-
	294,256	242,551	3,567	2,866
Amounts falling due after more than one year:				
Trade debtors	777	838	-	-
Deferred tax asset (see note 19)	659	908	146	197
	295,692	244,297	3,713	3,063

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	64,481	76,856	-	-
Amounts due to group companies	-	-	14,251	20,604
Payments on account	35,625	24,404	-	-
Other tax and social security	488	6,496	430	6,472
Other creditors	286	475	286	475
Finance leases (see note 24)	326	297	151	297
Accruals and deferred income	184,965	152,598	4,629	5,135
	286,171	261,126	19,747	32,983

Trade creditors includes £5,946,000 (2013: £nil) due to financial institutions in respect of the Group's supply chain finance arrangements.

NOTES TO THE ACCOUNTS

Continued

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	GROUP		PARENT COMPANY	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loan (see note 17)	**3,272**	3,810	**-**	-
Finance leases (see note 24)	**282**	246	**95**	246
	3,554	4,056	**95**	246

17. BANK LOAN: MATURES AS FOLLOWS

	GROUP	
	2014	2013
	£000	£000
In more than two years but not more than five years	**3,272**	3,810

The bank loan of £3,810,000 outstanding at 31 December 2013 was repaid on 21 February 2014.

The new bank loan taken out in the year comprises a term loan of £3,516,000 which is offset by deferred arrangement fees of £244,000. The bank loan is subject to a variable rate of interest based on the London Inter-Bank Offered Rate (LIBOR) and the loan is secured on land and developments in progress.

18. PROVISION FOR LIABILITIES

	GROUP			PARENT COMPANY	
	Redundant premises provision	Provisions for legal and contract costs	**Total**	Redundant premises provision	**Total**
	£000	£000	**£000**	£000	**£000**
1 January 2014	120	1,740	**1,860**	120	**120**
Provisions utilised	(120)	-	**(120)**	(120)	**(120)**
Provisions released	-	(431)	**(431)**	-	**-**
Additional provisions	-	175	**175**	-	**-**
31 December 2014	-	1,484	**1,484**	-	**-**

18. PROVISION FOR LIABILITIES *(continued)*

The provision for legal and contract costs relates to claims in respect of contracts that are expected to be utilised over the life of contractual warranty periods. The effect of discounting to account for the time value of money is not material.

19. DEFERRED TAX

	GROUP 2014 £000	PARENT COMPANY 2014 £000
1 January 2014	908	197
Credit for the year	(249)	(51)
31 December 2014	659	146
The deferred tax asset comprises:		
Decelerated capital allowances	599	146
Other timing differences	60	-
	659	146

20. CALLED UP SHARE CAPITAL

	2014 £000	2013 £000
Ordinary shares of £1 each		
Allotted, called up and fully paid	100,000	100,000

NOTES TO THE ACCOUNTS

Continued

21. RESERVES

	Share premium account £000	Profit and loss account £000
GROUP		
1 January 2014	2,083	45,590
Profit for the financial period	-	17,082
31 December 2014	**2,083**	**62,672**

	Share premium account £000	Profit and loss account £000
PARENT COMPANY		
1 January 2014	2,083	38,392
Profit for the financial period	-	27,653
31 December 2014	**2,083**	**66,045**

22. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit of the Parent Company for the year was £27,653,000 (2013: £11,408,000).

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.

23. 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.

24. GROUP LEASING COMMITMENTS

Obligations under non-cancellable operating leases at 31 December 2014 were as follows:

	2014	2013
	£000	£000
LAND AND BUILDINGS:		
Commitments payable within one year under leases expiring:		
Within one year	**270**	158
Within two to five years	**656**	1,092
After five years	**1,098**	889
	2,024	2,139
OTHER LEASES:		
Commitments payable within one year under leases expiring:		
Within one year	**624**	853
Within two to five years	**1,563**	1,804
	2,187	2,657

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

Obligations under finance leases at 31 December 2014 were as follows:

	GROUP		PARENT COMPANY	
	2014	2013	2014	2013
	£000	£000	£000	£000
Amounts payable in respect of finance leases:				
Within one year	**326**	297	**151**	297
Within two to five years	**282**	246	**95**	246
	608	543	**246**	543

Finance leases are secured on the related assets.

NOTES TO THE ACCOUNTS

Continued

25. GROUP GUARANTEES

On 21 December 2012 the Ultimate Parent Company agreed a £50,000,000 revolving credit facility with Lloyds Bank plc for the five years ending 31 December 2017. As at 31 December 2014, £5,000,000 of the facility had been utilised.

The Company has, with other material subsidiaries of the Ultimate Parent Company, entered into a cross-guarantee in favour of Lloyds Bank plc to guarantee the Ultimate Parent Company's indebtedness to the bank and granted a fixed and floating charge to Lloyds Bank plc to secure such liabilities.

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

The Company has entered directly into certain financial guarantees concerning the performance of construction contracts entered into by subsidiary companies in the normal course of business and certain guarantees concerning the payment of overage to vendors concerning agreements for the acquisition of various sites 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.

26. RELATED PARTY TRANSACTIONS

The list of principal subsidiaries, joint ventures and associates is set out in note 28.

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:

	2014	2013
	£000	£000
JOINT VENTURES		
Sales to Aberfeldy New Village LLP	7,676	7,559
Sales to Brenley Park LLP	284	499
Sales to Dee Park Partnership LLP	6,638	12,339
Sales to Greenwich Partnership LLP	6,075	21,392
Purchases from Brenley Park LLP	-	3,016
Interest charged to Aberfeldy New Village LLP	142	74
Interest charged to Dee Park Partnership LLP	29	52
Interest charged to Greenwich Partnership LLP	779	121
Amounts due from Aberfeldy New Village LLP	-	3,249
Amounts due from Brenley Park LLP	284	-
Amounts due from Dee Park Partnership LLP	1,689	1,074
Amounts due from Greenwich Partnership LLP	-	15,473
ASSOCIATES		
Sales to Galatia LLP	4,450	3,213
Amounts due from Galatia LLP	702	760

During the year two Directors purchased flats at market value from Greenwich Partnership LLP and Aberfeldy New Village LLP for a total of £1,084,000.

No Director was materially interested during the year in any other 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.

27. NOTES TO THE CASH FLOW STATEMENT

	2014 £000	2013 £000
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Group operating profit	5,294	9,374
Depreciation charges	2,264	2,523
Loss on sale of tangible fixed assets	25	15
Amortisation of goodwill	3,098	3,189
Provisions for liabilities	(256)	(723)
Other non cash movements	(1,923)	(2,395)
Provisions utilised	(120)	-
Movement in working capital balances:		
Increase in stocks	(2,594)	(16,900)
Increase in debtors	(15,135)	(11,605)
Increase in creditors	25,110	6,494
Net cash inflow/(outflow) from operating activities	15,763	(10,028)

	2014 £000	2013 £000
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Loan interest paid	(5)	(96)
Finance lease interest paid	(19)	(34)
Interest received	683	458
	659	328

	2014 £000	2013 £000
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	**(2,324)**	(1,674)
Disposal of fixed assets	**-**	121
Loans to joint ventures	**(1,642)**	(8,335)
Repayment of loans by joint ventures	**18,699**	1,639
Transfer to subsidiary	**653**	-
	15,386	(8,249)

	2014 £000	2013 £000
EQUITY DIVIDENDS PAID		
Ordinary dividends	**-**	(8,500)

	2014 £000	2013 £000
FINANCING		
Finance lease capital repayments	**(437)**	(449)
(Advances to)/repayments from group companies	**(39,785)**	26,870
Bank loan repaid	**(3,816)**	(184)
New bank loan	**3,083**	-
	(40,955)	26,237

ANALYSIS OF NET FUNDS

	1 January 2014	Cash flow	Non cash flow	31 December 2014
Cash and bank balances	70,206	5,933	-	**76,139**
Bank loan due after one year	(3,810)	733	(195)	**(3,272)**
Finance leases due within one year	(297)	147	(176)	**(326)**
Finance leases due after one year	(246)	290	(326)	**(282)**
	65,853	7,103	(697)	**72,259**

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

NOTES TO THE ACCOUNTS

Continued

28. 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 Public & Commercial Limited*	Intermediate holding company	100%
Willmott Dixon Construction Limited	General design and build	100%
Willmott Dixon Interiors Limited	Interiors and refurbishment	100%
Willmott Dixon Residential Limited*	Intermediate holding company	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%
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%

WILLMOTT DIXON SINCE 1852

LOCATIONS



this is


WILLMOTT DIXON

SINCE 1852

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