putting people first

building a low carbon future

strategic partner

responsible business

relationship focused

regeneration

a great place to work

proud to be private

preserving our environment

openness

deep rooted values

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involved in the community

Annual Report & Accounts 2011

WILLMOTT DIXON

SINCE 1852

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Willmott Dixon Holdings Limited

Directors and Officers

Colin Enticknap
FCIOB, MRICS
Group Chairman

Rick Willmott
MCIOB
Group Chief Executive

Chris Durkin
MCIOB
Executive Director

John Frankiewicz
FCIOB
Executive Director

Andrew Telfer
ACA, BSc (Eng)
Executive Director

Jonathon Porritt
Non-Executive Director

Christopher Sheridan
FCIB, MSI
Non-Executive Director

Chief Finance Officer
Duncan Canney

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Wendy McWilliams, LLB, ACIS
Robert Eyre, ACIS
Laurence Holdcroft, FCIS

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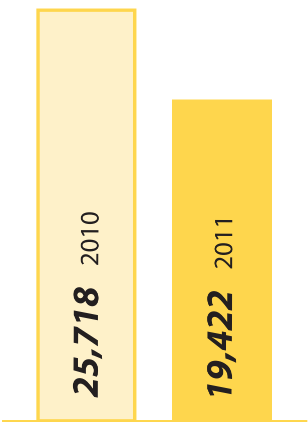
EC1M 3AP

Summary of Results

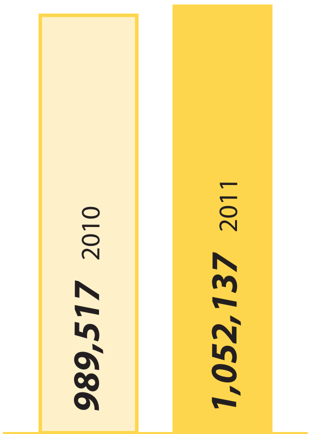
Year Ended 31 December 2011

	2011 £000	2010 £000
Group turnover	***1,052,137***	989,517
Operating profit excluding amortisation	***22,869***	28,907
Operating profit	***19,422***	25,718
Profit before tax excluding amortisation	***24,595***	29,752
Profit before tax	***21,148***	26,563
Net current assets	***86,537***	86,535
Equity shareholders' funds	***144,703***	142,944



Operating profit

£000



Group turnover

£000

Group Chairman's Statement

Overview

In my interim statement I said that the first half of 2011 had been much as we expected; the full year picture has been much the same.

We saw the market for capital works continue to get tougher as the long tail of schemes commissioned ahead of the government's deficit reduction plans have progressively been completed. As we retain a strong position across a number of government and local authority frameworks, Willmott Dixon Construction ('Construction') has continued to secure a steady stream of publicly funded projects, often primary, secondary or further education related, but volumes have shrunk and competition has intensified. Relationships are being enhanced with private sector customers whose property portfolios offer potential for volume once business confidence improves, but with major investment decisions remaining sporadic we can expect a net shortfall of major new build opportunities over the shorter term.

Lower capital costs and shorter lead-in periods can mean that interior upgrades and minor refurbishments are first to recover post recession. We saw that during the early 1990s, and we have seen recent indications of a similar pattern emerging for Willmott Dixon Interiors ('Interiors'), reflected through a material increase in the number and scale of projects coming through their pipeline. Time will tell whether this is a temporary or more sustainable trend.

Whilst there remains a strong underlying need for new housing, economic uncertainties and funding shortages have continued to affect both the sale and rental markets. There are, however, early signs that confidence and political will are improving, supporting our belief that this sector will offer counter cyclical resilience in the medium term, with potential for Willmott Dixon Housing ('Housing') to target growth from our core markets in London and the south east and through geographic expansion into the midlands, north and west. With this in mind, the past twelve months have seen operating structures modified, management teams strengthened and resources reallocated to support growth. The change process has not been entirely painless but once completed we shall be much better placed to service expected demand.

Colin Enticknap, Group Chairman FCIOB, MRICS

Part of that demand is already self generated through Willmott Dixon Regen ('Regen'), and we have been working hard to ensure that this trend starts to gather pace. Those efforts have been rewarded with more housing-led mixed-use development opportunities coming our way, fuelled in part by our growing reputation in the sector. As a result, we now have a sizeable pipeline of schemes at various stages of development, several of which offer significant scale. As most are complex and require considerable time, specialist skills and financial investment to bring them to fruition, we filter them carefully seeking to strike a balance between potential development and contracting returns, scheme certainty and the need to maintain strong cash reserves. Even so, we will need to remain patient; because we expense management and design costs until schemes become 'virtually certain' but do not book income until homes are eventually sold, there will inevitably be a time lag before profit from completed developments exceeds investment costs on new schemes coming through.

2011

One major highlight in 2011 was delivering the UK's first BREEAM outstanding health facility; Houghton Primary Care Centre in Houghton-le-Spring, Sunderland

Group Chairman's Statement

Having enjoyed a particularly successful period securing new housing maintenance contracts, Willmott Dixon Partnerships ('Partnerships') has more recently been prioritising the associated mobilisation programmes. With those now completed or at least well in hand, we once again have the capacity to target further growth. Market conditions naturally remain competitive, but we continue to see a strong pipeline of tender enquiries and growing pragmatism amongst customers, many of whom have suffered operational failures when accepting overly aggressive bids from competitors.

As part of our diversification strategy, we have sought to broaden our support services offering, forming a small portfolio of businesses alongside Partnerships. Whilst Southside was only a small acquisition, it was integrated quickly and effectively and enhanced our ability to upgrade void social housing units using new skills that should now be scalable. The launch of Willmott Dixon Energy Services ('Energy Services') represented a more significant investment and potentially offers much greater returns. We recognise, of course, that the sustainability agenda remains heavily dependent upon government interventions to provide the legislative framework, incentive structures and funding models required, but we are well positioned to support the philosophical and technical debate and to capitalise as the market matures.

Willmott Dixon Partnerships tenant liaison officer (TLO) Marie Hope, centre, was named by TPAS as its TLO of the year for the central region

Financial results

Despite these tough market conditions and ongoing investments in Regen and Energy Services, the Group has continued to deliver satisfactory financial results, fully in line with what was predicted at the half year.

Group turnover showed a modest increase, rising 6% to reach £1,052.1 million (2010: £989.5 million). With operating margins now under intense pressure, profit before tax was squeezed by 20% to £21.1 million (2010: £26.6 million). However, with this still representing a return of more than 2.0% on Group turnover we remain above the longer term norm. Profit after tax was more robust at £14.3 million (2010: £17.2 million), helped by recent reductions in the rate of corporation tax.

Just as importantly, we have continued to strengthen our Consolidated Balance Sheet. As at 31st December 2011, equity shareholders' funds had increased to £144.7 million (2010: £142.9 million), net current assets were stable at £86.5 million (2010: £86.5 million) and our cash and bank balances grew further to reach £66.7 million (2010: £62.2 million).

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

Future prospects

Turning to the future, we expect the tougher trading environment to continue for the next two or three years. Because we have anticipated this challenge for some time, we have been working hard to ensure that we are strategically positioned to deal with it – and with some success.

In contracting terms, we now have good visibility of 2012 revenues across all parts of the Group, with 90% of our predicted order book categorised as 'secured or probable', the latter relating to projects where we are in sole negotiating position and confident of finalising contracts. Looking further ahead, the pipeline of new opportunities remains satisfactory and capable of supporting 2013 and 2014 revenues, although we will need to improve competitiveness if we are to maintain tender conversion rates and margins at acceptable levels. With this in mind, scrutinising costs and testing operational efficiency will become priority themes over the balance of this year.

In development terms we also have sufficient opportunities to satisfy current capacity; the priority here is to optimise the project management process, where site assembly, planning and funding negotiations are inevitably complex, time consuming and protracted. Our aim is to build sufficient 'sales momentum' to ensure revenues balance investments by 2013 and provide a material contribution to Group profit by 2014.

Involving communities on projects is central to our approach and ethos

People

As always, I am extremely grateful to my board colleagues for their considerable efforts during the year – particularly to Rick Willmott for his pragmatic leadership and sound judgement; to Jonathon Porritt and Christopher Sheridan for their objective critique and independent guidance; and to Chris Durkin, John Frankiewicz and Andrew Telfer for their experienced divisional focus and sheer hard work.

Like me, they all recognise that it is our front line businesses and the central technical teams who support them, who generate our income, earn our reputation, and ultimately determine our success. Whilst there are far too many individuals to mention by name, our immense thanks go to all our company MDs, functional heads, and their superb teams for their outstanding commitment, professionalism and effort.

Colin Enticknap,
Group Chairman

Group Chief Executive's Report

A Changing Tide

Relative position has always been of vital importance when tides change.

To begin to benefit from a tide change, and believe in an upturn in our core markets requires a medium term view. Casting a glance forward at the shorter term provides little comfort that the UK's construction and social housing sectors will 'bounce back' sustainably for a number of years.

Our resilience to the troubled economy will come through a blend of lower margin, high volume, cash generative capital projects balanced by higher margin property asset regeneration and the longer term revenue and profit streams afforded by an increasingly diverse support services offering.

In my report last year I resolved to provide a cautious view of future prospects; that message remains relevant, perhaps with even more emphasis, in this report. Specific concerns in relation to our core capital works market can be summarised as:

- Risk of commodity and labour rate inflation when our own income may be fixed
- Increased risk of supply chain failure as businesses are starved of cash
- A decreasing number of projects in excess of £20 million available in the market
- Increased competition across all contract sizes
- A general client drift back to lowest tender price selection
- A growing acceptance by competitors of excessive risk transfer as they fight to preserve volumes
- Diminishing public spend on capital projects

Whilst we monitor and respond to these and other external factors, there are equally a number of internal business metrics which remain firmly within our control and which affect our overall performance as a Group:

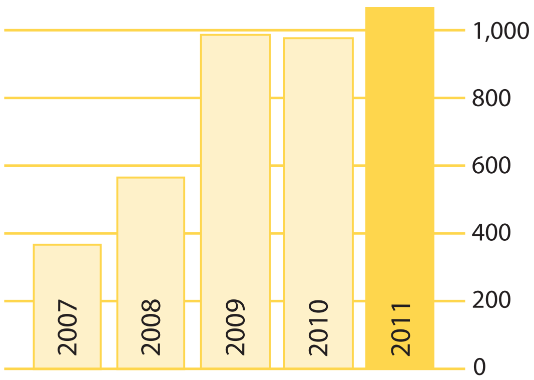
- Corporate structure
- Market sector exposure
- Cost base

Rick Willmott, Group Chief Executive MCIOB

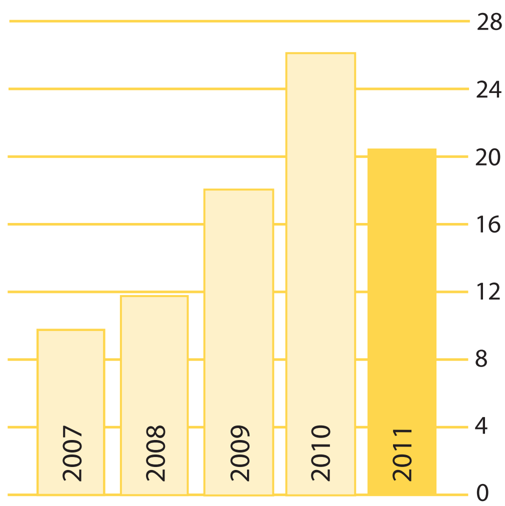
Both during recession and as markets begin to recover, there is a need for us to challenge all of these metrics, to test our logic, and to ensure that each part of the Group is capable of competing with increased, if not market leading efficiency.

The board is acutely aware of all these issues, and is both ready and prepared to respond quickly to changing circumstances. Our goals remain aligned, we continue to operate a group of companies designed to sustain Willmott Dixon now and in the future, companies which will increasingly work together to provide integrated, innovative outcomes for our customers and in time, margin enhancement and increased returns for our shareholders.

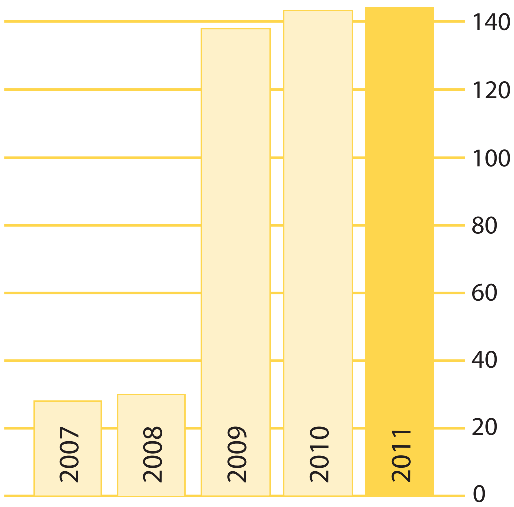
Colin's Group Chairman's Statement has provided a summary of our financial and strategic highlights during the course of 2011 and my report will now focus on the operational performance of our three divisions highlighting many of the tactical responses we have made to improve performance in our ever changing markets.



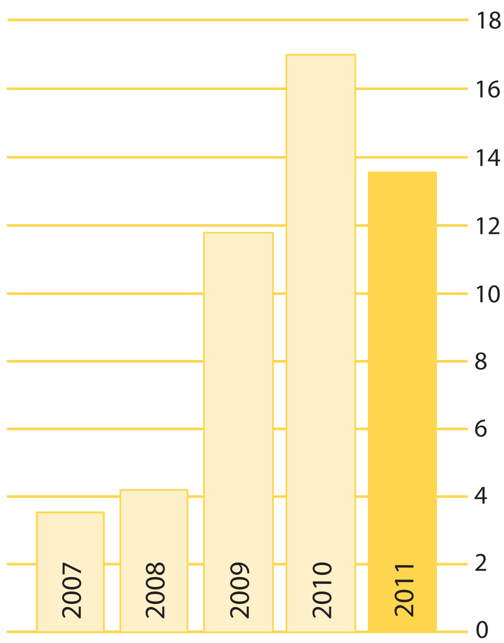
Turnover (£millions) for the Group during the past five years



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



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



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

Capital Works Division ('Capital Works')

Perhaps against the odds and certainly contrary to the trend in the market place, Capital Works has increased its turnover during 2011 to £966 million (2010: £890 million), reinforcing the Division as the core of our organisation in terms of volume and scale. It was also through the efforts of Capital Works that we achieved national recognition by being named Building Magazine's Major Contractor of the Year.

John Frankiewicz, Divisional CEO, Willmott Dixon Capital Works

I have been strongly supported by John Frankiewicz whose unstinting commitment as Divisional CEO and as Group director responsible for Health and Safety I greatly appreciate. John has had to contend with a rapidly changing market place, a progressive reduction in public sector spend and a surprising intensity of bidding activity as the private sector recognises that capital projects can currently be procured at a considerable discount to prices that might have been achieved two years ago. It is very much a "buyers' market".

John too has been ably supported by Divisional directors Mike Hart and Simon Leadbeater who between them have responsibility for ensuring the operational compliance of Capital Works' three branded companies and the accuracy and competitiveness of the Division during the bidding phase of major capital projects and, with increasing importance, in bidding support of our Regen division.

During the year strategic plans have been refreshed for the three operating companies within Capital Works and I will provide comment on each within my report.

2011

Our projects continue to be model neighbours. We achieved an average Considerate Constructor Scheme score of 35.5 out of 40, well above average, with one scheme being a national runner-up, four more achieving gold awards, 10 awarded silver and 21 reaching the bronze standard. We also achieved a near 100 per cent rate for our site workforce possessing CSCS cards, the industry standard for safety competence

Work in progress at Woolwich Central

Willmott Dixon Construction ('Construction')

2011 turnover of £682 million (2010: £661 million)

It has been a year where the depth of the recession has been felt, as we suspected it would be, by Construction as customers across our sectors have pared back or reduced their investments in capital projects.

However, to provide a clear message of what the company is capable of achieving in today's market, we secured the largest ever mixed-use construction contract let by Tesco's development arm, Spen Hill. The £85 million project in Woolwich comprises 80,000 sq ft of superstore with 259 residential apartments over 17 storeys and is due, and on course, for successful completion in 2013.

In parallel to the ongoing delivery of schools through a variety of local and national frameworks, Construction became the first contractor in the UK to physically roll out a range of standardised school designs branded as 'Sunesis' with our partner Scape. Sunesis is an intelligent and innovative solution to local authority budgetary constraints, offering new school buildings at 30% less than when procured through normal routes in response to the 'more for less' challenge from government. Construction has over £100 million of Sunesis enquiries in the system and two projects on site in Warwickshire and the Isle of Wight. In particular, the Warwickshire solution meant that instead of simply refurbishing existing facilities the local authority was able to commission a new school building. The education sector, be it in primary, secondary, higher or further education, remains an important market where we will continue to offer innovative solutions for our customers.

Our market leading performance in the delivery of exceptionally efficient buildings has been further enhanced through working on a number of unique projects, two examples being:

- Working with the Sunderland Teaching Primary Care Trust to achieve their ambitions to create the UK's first BREEAM outstanding health facility with the Houghton Primary Care Centre, and;
- With Islington Borough Council on the Crouch Hill Community Park School where we are currently creating the UK's first zero carbon 'in use' school with a community energy centre that will also provide heat to an adjacent housing estate.

In the health sector, Construction has been one of the most active companies on the government's P21 Plus framework with nine schemes secured with an initial value of £100 million with several more projects in the pipeline.

2011

The 1,700 capacity G Live in Guildford is now hosting some of the best entertainment acts in the country

Group Chief Executive's Report

Our project teams continue to make an impact in the community, including building a new shed near our Westminster Lodge Leisure Centre project for Prae Wood Primary School in St Albans. We also achieved Gold status in the respected Business In The Community Corporate Responsibility index

Each of Construction's Managing Directors - Anthony Dillon, Peter Owen, Neal Stephens, Chris Tredget and John Waterman - have worked tirelessly not only in support of the company's strategic goals and in providing resource and sharing relationships to assist the other two companies within Capital Works – Willmott Dixon Housing and Willmott Dixon Interiors. Up to fifty percent of their time has been focused on developing sector expertise to ensure that when project opportunities are identified we are capable of winning bids and influencing design through researched knowledge and experience.

Whilst this has been an important development phase to broaden the company's horizons, there is now a need however to redirect attention to the business fundamentals. The next 12 months will require control, patience, concentration and absolute attention to detail as markets, prices, and contract conditions continue to harden. And of course the tightening of business control measures should not detract in any way from achieving high levels of customer satisfaction, positive interaction with the public and, of course, upholding our extremely high levels of health, safety and environmental performance. These standards will not be diminished.

As we look to the future we do still see significant volume opportunities from the numerous local and national frameworks where Construction has been selected as a supply chain partner, it is important to retain these positions and add to them where possible as they do provide visibility of workload and some shelter from the extreme pricing levels found in the single stage design and build market.

Willmott Dixon Housing ('Housing')

2011 turnover of £232 million (2010: £202 million)

Housing saw some volume growth despite the affordable housing market continuing to languish in the doldrums. This growth has been achieved by:

- Focusing on good levels of service and delivery quality to long established repeat business customers with ongoing development programmes in both affordable housing and residential care.
- Through the creation of new relationships to construct housing for sale for private developers.
- By being appointed to deliver multi-phase regeneration projects.
- By being the construction partner to Willmott Dixon Regen as it expands its portfolio of residential schemes under development.

Despite these successes I do not anticipate growth in Housing volume during 2012 as there is still no definitive direction or funding available from government to stimulate the expansion in affordable housing provision that Registered Providers and the house building industry require and expect. We shall use 2012 as a period to reinforce our expertise and refine our structures to ensure that we are well placed to exploit the first signs of an improving market.

We forecast that 2012 will see 60% of our workload coming from the traditional sources of affordable housing, 20% from care home operators in both the public and the private markets and the balance with private housing developers of which half will be drawn from direct contracts with Willmott Dixon Regen.

Within a widening array of projects we continue to deliver schemes that are both innovative and sustainable. Two examples being:

- Bridport House for Hackney Council; at eight storeys it was the UK's largest residential project built with cross laminated timber. The timber's embodied carbon allowed the local authority to relax the planning condition from 20% of energy from renewable sources to 10% renewable energy based upon the embodied carbon already in the structure.

Working with Catalyst Housing to regenerate South Acton estate in Ealing

- Chester Balmore for London Borough of Camden to construct the UK's largest Passivhaus residential scheme, utilising the latest technology and leading design to create highly energy efficient and sustainable homes.

To underline Housing's focus in this area of low carbon expertise, we were delighted to achieve 2nd place in the Next Generation awards created to identify the UK's most sustainable

2011

house builder. This was a major success as the company outshone many of the other higher profile, larger volume national housing names.

We anticipate that when growth returns it is likely to be strongest in London and the South East. We are well established in this region, with Tim Carpenter and David Issott leading our Local Company Offices (LCOs) in Bedfordshire and London Borough of Barnet respectively.

Both LCOs are privileged to enjoy long-term customer relationships that remain both strong and productive, with growth potential.

Our LCO serving Birmingham and the East Midlands is in 'start up' phase but beginning to develop new relationships in the local market whilst continuing to nurture existing Housing customers. It will benefit from the first 'Private Market Rent' project to emanate from our own Regen Division which is a substantial project of around 400 new homes specifically targeting Birmingham's appetite for good quality privately rented accommodation.

Willmott Dixon Interiors ('Interiors')

2011 turnover of £42 million (2010: £30 million)

Our Interiors company (and its Kanvas interior design team) has had success in 2011 by growing its market share and by increasing turnover some 40%, albeit at relatively fine margins.

Gerry Graville, Managing Director, has worked hard to enhance brand clarity in the market place by determining that Interiors will be the branded entity which delivers all projects to our customers; either using the customer's design consultants or in those situations where it is requested, using Kanvas. The company operates in the 'pure' interiors market of Category 'A' and Category 'B' fit out where there is no material structural or external element to the works.

It is often conjectured that the interiors market place can be an early indicator of a return to confidence in commercial markets. While our pricing teams have experienced an upturn in available projects to bid for, the market remains extremely competitive with a high failure rate amongst smaller competitors and the very largest found to be competing for even the smallest opportunities.

Interiors provided a make-over to a number of Little Chef restaurants

Interiors has benefited from continuing its serial contract relationships with both Travelodge and LA Fitness during 2011. And, following the direction indicated in last year's report, has seen an increase in landlords and tenants seeking to improve the cost-in-use and environmental performance of the buildings they own or occupy. This is highlighted by two new relationships, with Interiors being appointed by The Carbon Trust and Mott Macdonald to deliver their fit-out projects which both qualify for the highly regarded Royal Institute of Chartered Surveyors sustainable interior rating of 'Ska gold' for their new London office interiors.

Interiors was also responsible in 2011 for the fit-out of an exemplar Morrisons 'green supermarket' in Peterborough which is the first supermarket in Europe to be entirely lit by LED lighting.

We maintain aspirations for both revenue and margin growth from Interiors over the coming year, but recognise that the market remains fragile. We do however start 2012 strongly with an important project win of £10 million for the London School of Economics which is an exciting new customer opportunity that will, when successfully completed, enhance our interiors reputation and capability.

2011

Interiors created the first ever H2 Club, in Soho, designed for the growing number of people in London who run or cycle to work

Willmott Dixon Regen ('Regen')

Creating foundations for success with over £500 million of development deals in the pipeline

Regen has pulled together four subsidiary companies (Homes, Developments, Investments and Properties) under one brand and is our development and investment business. The Division is increasingly playing a vital role in providing profitable building contracts to both Construction and Housing but more importantly has the potential to give the Group a different and exciting range of profit streams as our strategic plans gain traction.

As my report suggested last year, during the current 'front-end' phase of development, Regen resource and financial investment is being focused on schemes which we believe offer the best opportunity of delivering substantial, predictable and sustainable long term profit flow for the Group. Each project is also anticipated to provide a diverse and valuable social dividend, in the locality of each development, through the creation of employment, training and homes.

Andrew Telfer, Divisional CEO, Willmott Dixon Regen

Andrew Telfer, our Divisional CEO, has continued to build a strong professional team and a range of schemes at varying stages in the development or investment process. Brian Brady, Managing Director of Development and Matthew Pullen, Managing Director of Investment, have both provided vital expertise to the growing momentum and belief we have in the potential of the Division.

Regen has two developments in the build and sell phase, with the build phase imminent on a third.

- Dee Park Estate in Reading is a multi-phase residential regeneration project working in joint venture with Catalyst Housing Group and Reading Borough Council. The first phase is well under way with good sales rates and values being achieved. Phase one delivers 264 units in total, with 140 destined for private sale. Phase two has planning approval with Housing due to commence on site during the first half of 2012.
- Brenley Park in Mitcham is a single phase development of 106 apartments for sale in joint venture with Notting Hill Housing Trust. Sales have been brisk and ahead of forecast in terms of both numbers and values.
- A land purchase contract has been exchanged at Prime Point in the London Borough of Greenwich for the residential element of 'The Movement' mixed-use regeneration scheme which has been assembled by Cathedral Group Plc and Development Securities Plc over a number of years. Regen will develop the 181-home, 11 storey Residential Quarter adjacent to Greenwich High Road. Housing will be appointed under a £30 million building contract in the summer of 2012.

It has also secured, or is in prime position to secure, a number of other regeneration projects.

- In Walthamstow, East London, Regen is preferred bidder in a joint venture with Morrisons to develop a 1.5 hectare site for residential and food retail uses on an existing local authority car park.
- In Tower Hamlets we have secured the multi-phase regeneration of the Aberfeldy Estate in joint venture with Poplar HARCA housing association, the site is currently in the process of gaining planning consent. We anticipate construction of Phase 1 to start during 2012 with a further 12 years of development to create almost 1,200 new homes.

2011

The first homes on our eight year transformation of Dee Park estate in Reading have been sold by Regen

In parallel with our joint venture development activity, a huge amount of effort has been put into creating a contractual and financial model that will enable Regen to establish a portfolio of homes for market rent in joint venture with Registered Providers (RPs) and local authorities, harnessing a reliable 20-30 year income stream underpinned by a strong public sector covenant.

The first tangible output of these efforts is the formation of a Limited Liability Partnership with WM Housing Group and Birmingham City Council to develop 10 acres of council land-owned near the city centre to create over 400 homes for private rent. We anticipate an acceptable planning consent will be achieved by the end of 2012. These are true value creation opportunities not only for the Group but also for our public sector joint venture partners, who will share the rewards of financial success and the creation of social dividend.

Regen also holds within its Properties subsidiary a number of strategic land assets prior to them becoming suitable for development and two completed developments prior to onward sale.

Both completed developments remain income producing:

- Mica Point, close to the centre of Birmingham is a self developed 62 apartment scheme that has seen 98% occupancy throughout 2011 and may eventually be sold on to a 'private rented' fund.
- East Shore, a seven unit 'village centre' style retail development in County Durham anchored by a Sainsbury subsidiary continues to deliver rental income yield approaching 10%.

Willmott Dixon Support Services ('Support Services')

2011 Turnover of £83 million (2010: £75 million)

Support Services, under the direction of Chris Durkin, Divisional CEO, has had a year of growth and, as suggested in last year's report, strategic diversification.

Chris Durkin, Divisional CEO, Willmott Dixon Support Services

The bulk of Support Services business is channelled through 'Partnerships' in repairs and maintenance contracts with public sector organisations where service delivery, and therefore spend, is obligatory.

To supplement Partnerships' workload and to target specific strategic opportunities Chris negotiated the acquisition of the relatively small but highly efficient Southside business during the second half of 2011. The Southside management team have stayed on post-acquisition and the company is contributing both operationally and financially as expected.

Strategic diversification has followed the path alluded to in my report last year. We have established a new Energy Services subsidiary within Support Services to provide the Group with the capability of addressing the 'retrofit' market which we are confident will become a distinct market sector with almost infinite potential if the government's carbon targets are going to be met.

Allied to Energy Services, Chris in his additional Group–wide role of Director responsible for Sustainable Development, also provides leadership to Re-Thinking, our Sustainable Development consultancy whose activities will be picked up in Jonathon Porritt's Sustainable Development report, later in this document.

2011

Domestic energy efficiency will become a key issue as fuel prices rise. We undertook one of the first Green Deal pilot projects with South Cambridgeshire District Council to retrofit a number of owner occupied homes at Longstanton to assess how they perform over two years

Group Chief Executive's Report

Tenant liaison officer Melanie Watson is part of a Partnerships team that is active in bringing positive benefits to local communities

Willmott Dixon Partnerships ('Partnerships')

I suggested in my last report that Partnerships represented a continued opportunity for growth over the coming years due to a number of relevant factors including:

- A decline in the number of similar scale competitors, due partly to the demise of some high profile businesses over the last two years.
- A spate of exciting contract renewals coming to market, most target contracts span at least five years.
- Increased interest from local authority and RP customers in adopting our bespoke 'joint venture model' for delivering repairs and maintenance.

Partnerships is already our largest operating company by 'head count', employing some 1,078 people in 2011, with further substantial growth in both directly employed and managed workforce envisaged over the coming two year period.

Mick Williamson, Managing Director, his directors and branch managers have diligently supported the company's aspirations and actively assisted in both securing and mobilising a number of new contracts during 2011, the effect of which will become more evident in 2012 and in future years.

We are privileged to have gained the following major new clients for whom we are now providing a full repairs and maintenance service, which contribute new revenue streams of over £200 million during the next 5-7 years:

- Affinity Sutton
- Home Group
- Guinness Trust
- ACIS

Each new contract takes some time to structure, mobilise and subsequently improve. The process of establishing a new venture of this type is hugely complicated, resource hungry and inevitably prone to some initial tension. Creating new IT interfaces, operating technology and systems, embedding an inherited and transferred workforce, becoming acquainted to a customer's housing stock and its tenants' needs and expectations is not for the faint hearted. Whilst transformations are not immediate, we are confident we have the right teams, experience and systems to overcome these challenges and deliver a superb service.

Partnerships is currently responsible for maintaining over 150,000 homes from South London, across the Midlands and up to Cumbria and is committed to supporting the communities within which it works. One example of the social dividend that flows from our activities is our 'Opening Doors' campaign which has provided over 100 people with vital work experience to help them find full-time jobs and careers.

Willmott Dixon Energy Services ('Energy Services')

As mentioned above the Energy Services business has been launched with Robert Lambe as Managing Director. Inevitably this phase of the company's life is about resource and skill development whilst identifying contract opportunities to provide strategic support to commercial and private property/home owners seeking to reduce their energy consumption and to develop sustainable, renewable energy options.

Given the scale of the likely market of 25 million existing homes that require substantial efficiency upgrades, our business plan requires a minimal proportion of the available market to be successful, so we have high expectations of material and sustainable business performance within three years.

Our senior team at Energy Services includes David Adams, one of the sector specialists and advisers to the government's Green Deal initiative, and we have already developed both a track record and expert 'know-how' with Rampton Drift Green Deal pilot project to upgrade a number of owner occupied homes and to also contribute to research and development with South Cambridgeshire Council.

Group Chief Executive's Report

Group People

Of primary importance, to me and to the board, is the quality and the character of our people and how specifically they feel working for Willmott Dixon.

We have continued to follow through on our training and learning development commitments and we have not diluted or diminished our various staff incentive programmes. Feedback from new staff joining us from competitor organisations suggest that in other businesses these constituent parts of a successful employer/employee relationship have been the first to be cut back as the market has hardened.

We are not immune to market pressures and it is not difficult to identify stress points across every aspect of work that the Group is involved with. There is no escaping the fact that trading conditions have worsened, it is significantly harder to secure the volume of new work that is required to maintain the shape of the Group than it was 18 months ago. As a result our people have to work harder and smarter, perhaps more so than they have ever done before. We are all in the same position.

But we do know that many of our customers see our people and the Group as strategic partners, bringing skills that help to unlock opportunities and assets that make tight budgets go further.

This gives me great hope for the future. Our parent board, our divisional boards and our local company boards all rely on the input, the integrity, the humility and the sheer professionalism of all of our people.

From a personal perspective, I receive huge support from my Divisional CEOs who have contributed so much to Willmott Dixon becoming a £1 billion turnover business and to Colin Enticknap whose unique and unparalleled business instincts have guided the Group for the last twenty years.

Summary

Whilst 2011 represented a record breaking year in terms of absolute scale it also represented, as we believed it would, a year in which the tide changed. The bottom of a recession and the consequential return to growth is the most challenging period for any organisation that derives the majority of its volume from building contracts. We enter this phase, aware and prepared to nurture the Group through it with an un-yielding focus on preserving our culture, our client relationships and our market presence.

Rick Willmott,
Group Chief Executive

2011

Proudly holding his trophy, Matthew Dickens was Trainee of the Year in 2011, our Group-wide competition to highlight the huge contribution trainees make to our company

Our MDL Leadership Development Programme continues to nurture and train middle to senior management to equip them with the skills required of our future leaders

Sustainable Development

We made some good progress in 2011 during a busy period of activity both in terms of government policy and market evolution.

While our key successes (highlighted separately on the next page) give great encouragement, they were achieved against a background of change which has proved to be fairly problematic.

For instance, the government's decision to reduce the feed-in tariff for energy produced by photo-voltaic (PV) technology attracted much media scrutiny. But it was the more profound work going on behind the scenes in areas like the National Planning Policy Framework and the Green Deal that have occupied us. Both these initiatives come into force in 2012 and present opportunities for the Group which we are preparing for, including the launch of our Energy Services business mentioned previously.

While we have not been affected by the tariff cut to PV, it does show the important influence that government decisions have on the market and we hope the good intentions it has to drive sustainable living through new policies like Green Deal translates into tangible incentives that encourage market take-up. Unfortunately, there remains considerable uncertainly over whether aspirations for growth and the need to drive deficit reduction will override aspirations to encourage the 'green economy'. Willmott Dixon will continue to engage in a constructive way through forums like the UK Contractors Group, Aldersgate Group, UK Green Building Council and Green Construction Board on initiatives to encourage investment in energy efficient low carbon buildings and homes.

Being sustainable is about being lean, the less waste we produce the more competitive we'll be. I'm delighted we managed to divert 96% of our waste away from landfill and in the process saved £2.8m in disposal costs and landfill tax. Likewise for our customers, solutions like Sunesis respond to the 'more for less' agenda by demonstrating a 30% cost saving in delivering cleverly designed, thermally efficient, lower cost in use new schools. Sunesis schools are gaining real traction among local authorities.

Jonathon Porritt, Non-Executive Director

Lastly, the need to achieve the kind of social dividend that Rick mentions is an integral part of our strategy. 2011 saw the formation of the Willmott Dixon Foundation which will become our main vehicle through which Willmott Dixon continues to invest on community initiatives.

Supporting all this is Re-Thinking, our 'engine room' of knowledge and expertise, which gives the Group its capacity to achieve the highlights set out on this page. During 2011, Re-Thinking and in particular Rob Lambe and David Adams have provided essential industry support to the development of the government's Green Deal legislation, working with DECC officials and industry to ensure that an economically viable and fair market solution is established.

2011

Our Swindon Triangle project for Kevin McCloud achieved a diversion of waste from landfill rate of 97.2 per cent

Highlights

2011's achievements...

- 96% of total site waste diverted from landfill
- £2.8m saved in disposal costs and landfill tax
- 128g/CO2/km average company car emission[1]
- £77,000 paid to staff for choosing lower-carbon cars
- 10,000 miles claimed under our bicycle mileage reimbursement scheme
- £2.2m invested in training our employees, equivalent to £792 per employee
- 87% of employees think we are a leader in our approach to environmental management[2]
- 35.5: average points out of 40 scored under Considerate Constructors Scheme (CCS)[3]
- 99.9% compliance with Construction Skills Card training programme – the industry-leading figure
- Accident frequency rate reduced by 14%, and accident incident rate down by 13% in our Capital Works division
- £338,000 donated in staff time and donations for good causes
- 2,565 hours young people spent gaining experience on our sites
- 36 apprentices directly employed, more than 200 engaged across the Group
- 95 trainees employed in our management training scheme
- 3.39 training days per employee
- 19.5% female employees[4]
- 6.7% employees from ethnic minorities[5]

Recognition from others

- NextGeneration – sustainability benchmark for the top 25 housebuilders – Willmott Dixon achieved joint **second place**
- Business in the Community (BITC) Corporate Responsibility Index – **Gold Status**
- Houghton Primary Care Centre - achieved first **BREEAM Healthcare "Outstanding"** rating in the UK, also winner of BREEAM Award Healthcare category and winner of Local Authority Building Control Sunderland award
- Code for Sustainable Homes Levels five and six schemes, Peartree Way and Cotney Croft, won **Sustain Magazine** award in the best construction category.

1. 139g average for UK's 200 biggest car fleets
2. according to a survey conducted by the Sunday Times
3. against industry average of 31
4. UK Contractors Group (UKCG) average: 13% female employees
5. UK construction industry average: 3.3% ethnic minorities

Sustainable Development

Carbon & Energy Efficiency

Planning for energy efficiency and carbon emission reduction

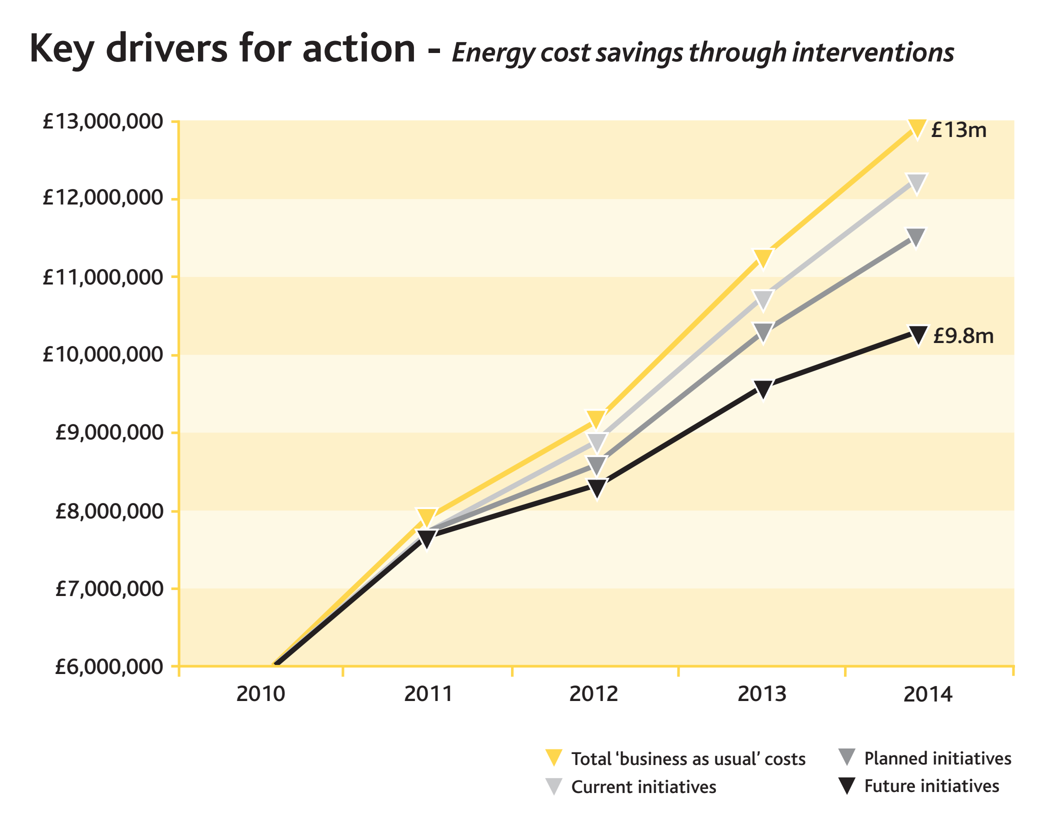
In 2011, the Board approved our Carbon Management Plan (CMP) which commits us to reducing our relative carbon footprint by 15% by 2014 compared to a 2010 baseline.

We are also committed to being a Carbon Neutral Company, in accordance with the recognised standard PAS 2060. In 2012 we will purchase carbon offsets through a verified scheme, with the particular type of project selected to align with our broader business objectives of community investment and protection of the natural environment.

The rise in energy costs resulted in a significant increase in our fuel spend; emphasising the need to drive business efficiency and use of alternative and renewable fuels.

With our growth forecast, we predict our fossil fuel costs will rise to £13m if we adopt a 'business as usual' approach. Though our CMP, we will mitigate this increase and keep costs below £10 million (detailed in graph).

Where there is carbon, there is cost and to improve measurement of our carbon footprint, we've developed an Environmental Data System that connects our various methods of recording and reporting carbon to give us real-time data to target areas where performance is at odds with expectations.



What we agreed in the Carbon Management Plan

Monitoring our work place
We have installed remote monitoring in our offices to capture energy and water use where possible so we can use the data to influence behaviour and create improvement plans. All our major offices also have a Display Energy Certificate.

Changing behaviour over time
The behaviour of our people impacts not only their direct energy usage, but also the way they interact with suppliers, sub-contractors, clients and home occupiers. Research indicates that up to 10% efficiency gains can be made through behavioural change and we will help staff make the changes within their control so we can reach our goal and become a more efficient business.

Cutting construction energy use
2010 saw a large increase in our carbon emissions from our construction activities, and whilst this has fallen slightly in 2011, reducing this remains a tough challenge. We now have a robust plan to deliver savings, including only using the most efficient modular site cabins available.

Carbon reduction through greener travel and offices

Our Green Transport Policy continues to pay dividends and in 2011:

- The average company car emitted 128g CO_2/km, with 96% of our fleet below 160g
- 177 employees used our Bike4work initiative to buy a bike, with 10,000 miles travelled that would otherwise have been driven by car
- £77,000 was paid as green bonus to employees choosing a low carbon car

Sustainable Development

Health & Safety

Always aiming for zero
In 2011, we continued to target a reduction in our accident frequency rate by 10% every year.

Capital Works' accident statistics for 2011 showed reductions in both the accident frequency rate (AFR) down from 0.28 to 0.24, a 14% reduction and the accident incident rate (AIR) which is down from 116 to 101, a 13% reduction.

We achieved this downward trend through our attention on worker involvement and housekeeping standards on sites. This includes people on our sites having Construction Skills Certification Scheme cards and in our October 2011 audit we achieved 99.9% compliance – an industry best. Also, all subcontractors have a qualified Site Safety Supervisor (SSS) on each project.

Achieving such improvements in Support Services has been more challenging where the process of embedding our health and safety culture to material numbers of inherited or TUPE transferred staff is ongoing.

More group visits for safer projects
In order to continue driving up health and safety standards throughout Willmott Dixon in 2011, our Group safety inspectors carried out 100 more visits than the year before. We made 1,105 visits as far apart as St Andrews in Scotland to the Isle of Wight.

Taking safety to the next level
In 2011, we unveiled plans for our AllSafe behavioural change initiative to make sure our emphasis on health and safety reached people in our offices, on the road and in the communities where we work.

Staff

Investing in our staff
Our reputation and quality of our work relates directly to the abilities of our people so their ongoing training is essential. 2011 saw £2.2m invested in their development, equivalent to £792 or over three days training for every employee. Our staff turnover was 9%, lower than our benchmark level of 10%, but slightly up on 2010.

Harnessing potential
We also have a diverse workforce, with the proportion of women at 19.5% (up from 18.7% in 2010.) We also employ 6.5% more women than the industry average and 41% more of our people are from ethnic minorities than the industry average – 6.7% versus 3.3%.

We also invest seriously in the future, and have 95 trainees in our management trainee scheme and a further 36 apprentices.

Great work recognised

- Willmott Dixon was again recognised for the quality of its staff, with our project managers picking up three silver medals at the 2011 Construction Manager of the Year awards.
- Marie Hope was named Tenant Liaison Office of the year at the TPAS Central awards and was runner up nationally.

2011

Our SafeDriver programme is cutting down on incidents involving our fleet

Safer driving

Our SafeDriver programme was introduced last year to improve the safety and wellbeing of people driving for us and other drivers they shared the road with. As a result of the campaign, accidents within our van and car fleets were reduced by 20% and 2% respectively.

As part of the campaign we have validated every driver's licence, insurance and MOT and provided handouts to reinforce messages and 'just in case' accident kits.

A positive contribution

Business in the Community CORPORATE RESPONSIBILITY INDEX

The Group has the equivalent of 20 full-time posts supporting community liaison and voluntary work and the Group raised, donated or volunteered time worth over £338,000 for good causes in 2011, including over 15,000 hours spent doing community work.

We achieved gold status in Business in The Community (BITC)'s Corporate Responsibility Index showing openness and transparency through effective public reporting of our environmental and social issues, CR programmes and performance.

Sustainable Development

We like to get actively involved in helping local schools spread the environmental message

Natural Resources

New Sustainable Procurement Policy
During 2011 we set out to review and amend our policy on sustainable procurement and the resulting policy includes clear aims and objectives governing our procurement of goods, works and services. It also shows how they should strike a responsible balance between social, economic and environmental factors.

It covers responsible sourcing, embodied impacts, recycled content, global warming potential, volatile organic compounds, paper, timber, PVC and energy supply.

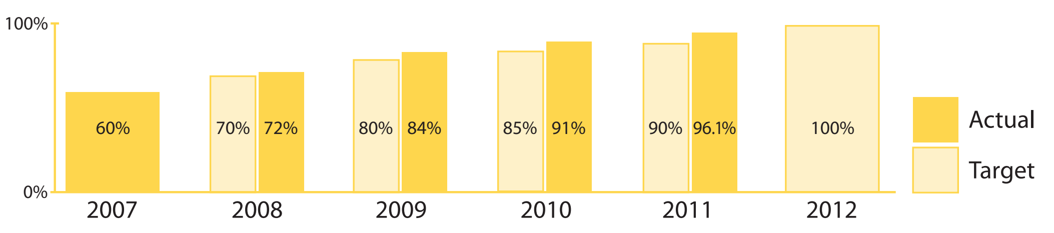
Pioneering a standard for sustainable reinforcement steel
Our preference is to procure products which are able to demonstrate compliance with a recognised responsible sourcing scheme. Willmott Dixon is a council member for Eco-Reinforcement which is a third-party certification scheme developed by the reinforcing steel industry inline with BRE Global's BES 6001

Environment also matters
While our environmental work was supported by our adoption of ISO 14001, the industry standard, we also appointed a Group Environment Manager to develop our strategic approach further beyond regulatory compliance and pollution prevention.

Driving resource efficiency and managing waste
Procurement of goods, materials and services inevitably leads to the creation of waste; both in the installation process and in the removal of existing materials.

In 2011, 96% of all waste generated on our construction sites was diverted from landfill. This was above our target for the year of 90%, and an increase from 91% the previous year.

Diversion of waste from landfill performance



Sustainable Development

We continue to work towards our commitment to zero waste to landfill, with a number of projects achieving over 97%:

Notable projects that completed during 2011	
Project	**Waste diverted from landfill**
Coulsdon College	99.2%
Netherhall ATP	98.9%
Red Lion Street	98.6%
Grange SEN School	97.5%
Royal Welsh College of Music & Drama	97.5%
Bridport House	97.3%
The Triangle, Swindon	97.2%

Key to achieving our goal is identifying which waste streams are still being sent to landfill, eliminating them or finding ways these materials can be reused, recycled or recovered.

Some of the ways we did this last year were:

- More supplier-sponsored take-back schemes for surplus and waste materials.
- Encouraging remediation of contaminated land over disposal.
- Continued training of Willmott Dixon staff and awareness-raising by our environmental management team.

In 2011 Designing Out Waste training was delivered to many employees. Construction waste generated for every £100,000 project value was reduced to 9.8m^3 in 2011, down from 10.5m^3 in 2010.

Reducing water use
We are constantly striving to reduce water consumption related to our activities, and in 2011 our water consumption per £100,000 fell 14% from 11.7m^3 to 10.0m^3.

Industry-leading data tracking
We have collected some of the most detailed environmental performance data in the construction industry since 2007. And during 2011 we took significant steps to further improve this through the development of a bespoke, internet-based Environmental Data System (EDS).

Our new system will provide a wide range of benefits to the business, including:

- Improved flexibility for sites to record environmental key performance indicator (eKPI) data.
- Increased accuracy and robustness of data measurement and reporting.
- Real-time reporting pan business accessible by all WD staff.

The tool will also allow the business to track all carbon emissions across the business, following the introduction of systems to capture transport emissions, and emissions from offices.

Waingels College in Woking used a timber based structural system that produced almost no site waste and is just one way we are cutting out waste from the construction process

Setting a clear strategy
Last year, with support from Forum for the Future, we carried out a 'Futures Scenario' exercise to identify emerging risks and opportunities and test our business strategy against the findings.

Our overarching Group Headline Strategy has been extended to incorporate the intention of being a sector leader in sustainable development by:

- Reducing our carbon footprint and decoupling our business growth from carbon emissions.
- Reducing our environmental impacts and our use of natural resources.
- Investing in communities and the wellbeing of people.

Working with third parties

We engage with several organisations to improve environmental standards and boost design and building quality.

The Aldersgate Group
We contribute to the board of this alliance of leaders from business, politics and society that drives action for a sustainable economy.

UK Contractors Group (UKCG)
Rob Lambe has continued to chair the UKCG's environmental working group and helps senior industry participants share best practice on sustainability, develop common standards and skills, and measure and aggregate results to demonstrate continual improvement.

UK Green Building Council (UKGBC)
John Frankiewicz is a board member on the UK's leading membership organisation campaigning for a sustainable built environment.

Independent Verification Statement

Bureau Veritas was commissioned to verify Willmott Dixon's progress against selected sustainability Key Performance Indicators (KPIs) and the reliability of associated information and data.

Scope and Methodology
To form our opinion Bureau Veritas conducted the activities outlined below;

- Interviews with KPI owners;
- Review of supporting documentation (e.g. policies, procedures, reports, email correspondence);
- Review of aggregated project and divisional data sets (e.g. waste and carbon);
- Interrogation of spreadsheets and selected data sampling;
- Review of processes for data collection and aggregation.

The KPI period assessed relates to 1 January 2011 to 31 December 2011, covering all Willmott Dixon Group businesses.

Assessment of Achievement

KPI	Level of Achievement
Willmott Dixon has a robust process for gathering and reporting its carbon footprint.	Processes are applied which permit the Group to determine its carbon footprint. The verification exercise has enabled the processes to be tested and strengthened, which has resulted in more robust data and associated carbon footprint.
Diversion of 90% or more waste from Landfill.	Capital Works Central Projects – 99.8% Construction – 95.5% Interiors – 97.3% Housing – 96.6%
An average score for the Considerate Constructor Scheme which exceeds 34 out of 40.	Fully achieved (average score of 35.5).
Invested £338,000 in community support activities during 2011.	Fully achieved.
To capture Accident Frequency Rate and Accident Incidence Rate for 2011.	**Capital Works** 2011 AFR 0.24 and AIR 101 **Support Services** 2011 AFR 0.97 and AIR 856.23
Willmott Dixon invested £2,200,832 in training staff during 2011.	Fully achieved.

Bureau Veritas Opinion
It is Bureau Veritas' opinion, based on the assessments made and the evidence reviewed, that the above table is an accurate reflection of progress against the KPIs which is representative of the data collected at Group.

Bureau Veritas is confident that no material information has been withheld which could affect stakeholders' ability to make informed judgments on Willmott Dixon's 2011 performance.

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

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. waste transfer notes) and records were reviewed as part of this assessment.

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.

Summary of GHG emissions for the year ended 31 December 2011

CO_2e emissions (tonnes)	Notes	Performance 2010 (Baseline)	Performance 2011	Percentage Change 2010/2011
Scope 1	1	11,665	11,368	(2.5%)
Scope 2	2	4,280	3,183	(25.6%)
Total Scope 1 and 2 emissions		**15,945**	**14,551**	**(8.7%)**
Willmott Dixon Scope 3 emissions	3	2,298	3,053	32.9%
Total Willmott Dixon emissions		**18,243**	**17,604**	**(3.5%)**
Subcontractor emissions	4	3,813	3,773	(1.0%)
Total reported emissions	**5**	**22,056**	**21,377**	**(3.1%)**

Greenhouse gas emission intensity

CO_2e intensity (tonnes/£m turnover)	Notes	Performance 2010 (Baseline)	Performance 2011	Percentage Change 2010/2011	2014 Target Reduction % (2010 baseline)	2014 Target Intensity
Total Scope 1 and 2 emissions	1,2	16.1	13.8	(14.2%)	15.0%	13.7
Total Willmott Dixon emissions	1,2,3	18.4	16.7	(9.3%)	15.0%	15.7
Total reported emissions	5	22.3	20.3	(8.9%)	15.0%	19.0

Notes

1. Includes emissions from:
   a. Company vehicles where fuel is purchased/remunerated by Willmott Dixon.
   b. Direct fuel combustion by Willmott Dixon, for example gas in offices and diesel in generators.
   c. Releases of fugitive emissions from, for example, air-conditioning/refrigeration units (not yet recorded – will be captured during 2012).
2. These are the emissions associated with consumption of purchased electricity.
3. Includes emissions from:
   a. Electricity used in leased assets where we pay a service charge (not yet recorded – will be captured in 2012).
   b. Business travel in third-party transport (not yet recorded – will be captured in 2012) / private car with reimbursement.
4. These are emissions from direct combustion of fuels by sub-contractors on our sites.
5. The emissions associated with the activities noted above have been determined on the basis of measured and estimated energy and fuel use, using Defra/DECC's GHG Conversion Factors for Company Reporting for the relevant period.

How we report our emissions

Boundary
Willmott Dixon's operational boundary for GHG reporting has been determined in line with ISO 14064-1:2006 and PAS 2060:2010. Where any emissions are not yet reported, but will be captured in the future, this is clearly stated. Emissions from any entities acquired during the year are included. Emissions from joint ventures are included based upon the operational control that Willmott Dixon has over the entity. 2010 emissions have been restated based upon the revised boundary and data verification including revised emission factors.

Standards
ISO 14064-1:2006 *Specification with guidance at the organisation level for the quantification and reporting of greenhouse gas emissions and removals* and PAS 2060:2010 *Specification for the demonstration of carbon neutrality,* are recognised standards for the measurement and reporting of emissions.

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

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

Verification
Independent verification of our processes has been undertaken by Bureau Veritas. A copy of the independent assessor's letter may be found on page 38 of this Annual Report and Accounts.

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

Sustainable Development

The iconic Royal Welsh College of Music and Drama is regarded as one of the finest new buildings in Wales

2011


ROYAL WELSH COLLEGE
OF MUSIC & DRAMA
COLEG BRENHINOL
CERDD A DRAMA CYMRU

putting people first

building a low carbon future

strategic partner

responsible business

relationship focused

regeneration

a great place to work

proud to be private

preserving our environment

openness

deep rooted values

integrity and trust

entrepreneurial

involved in the community

The Directors submit their report with the audited accounts for the year ended 31 December 2011.

Results

The Group profit for the year before amortisation and taxation amounted to £24,595,000. The profit for the year before taxation was £21,148,000. The tax charge in respect of this result is £6,889,000.

Dividends

Dividends of £12,500,000 were paid in the year.

Review of the Business and Future Developments

A general review of the Group's activities and future prospects are included in the Group Chairman's Statement on page 4 and the Group Chief Executive's Report on page 8.

Directors

The current Directors are listed on page 2.

There have been no changes in Directors since 1 January 2011.

Employees

It is the policy of the Group to employ the most suitably qualified persons regardless of age, religion, gender, sexual orientation or ethnic origin or any other grounds not related to a person's ability to work safely and effectively for the Group. The Group encourages the employment and career development of disabled persons and the continued employment of employees who may be injured or disabled in the course of their employment.

The Group recognises the importance of ensuring that relevant business information is provided to employees. This is achieved through the regular operation of a communications programme.

Payment of Suppliers

It is Group policy to agree the terms of payment as part of the commercial arrangements negotiated with suppliers and to then pay according to those terms. Trade creditor days, based on creditors at 31 December 2011, were 35 days (2010: 34 days).

Donations

The Group made donations in the year to charities amounting to £29,000 (2010: £47,000).

Financial Instruments

The Group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through robust credit control procedures. Dedicated credit control teams operate in each trading subsidiary and the Group carries out daily cash flow and working capital monitoring. The nature of the Group's financial instruments means that the price risk or liquidity risk to which they are subject is minimal.

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

Disclosure of Information to the Auditor

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

By Order of the Board
Wendy McWilliams
27 April 2012
Secretary

The directors are responsible for preparing the report of the directors 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.

We have audited the financial statements of Willmott Dixon Holdings Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated and Parent Company balance sheets, the consolidated cash flow statement, the consolidated and Parent Company reconciliations of movements in 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 auditor

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

David Pomfret (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK
27 April 2012

Consolidated Profit and Loss Account

Year Ended 31 December 2011

	Notes	2011 £000	2010 £000
Turnover: Group and share of joint ventures	2	**1,059,030**	1,002,512
Less: share of joint ventures		**(6,893)**	(12,995)
Group turnover		**1,052,137**	989,517
Cost of sales		**(942,363)**	(874,220)
Gross profit		**109,774**	115,297
Administrative expenses		**(90,352)**	(89,579)
Operating profit		**19,422**	25,718
Share of operating profit of joint ventures		**614**	109
		20,036	25,827
Interest payable and similar charges	3	**(109)**	(118)
Interest receivable	4	**1,221**	854
Profit on ordinary activities before taxation	5	**21,148**	26,563
Tax on profit on ordinary activities	8	**(6,889)**	(9,379)
Profit for the financial period		**14,259**	17,184

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

Consolidated Balance Sheet

As at 31 December 2011

		2011		2010	
	Notes	£000	£000	£000	£000
Fixed assets					
Goodwill	10		55,445		57,435
Tangible assets	11		4,274		3,412
Investment in joint ventures	12				
Share of gross assets		19,851		8,732	
Share of gross liabilities		(19,508)		(8,830)	
Loans		2,279		2,287	
			2,622		2,189
Investments	12		300		-
			62,641		63,036
Current assets					
Stocks	13	9,666		7,576	
Debtors	14	284,215		264,266	
Cash and bank balances		66,698		62,248	
		360,579		334,090	
Creditors: amounts falling due within one year	15	(274,042)		(247,555)	
Net current assets			86,537		86,535
Total assets less current liabilities			149,178		149,571
Creditors: amounts falling due after one year	16		(4,138)		(4,287)
Provision for liabilities	18		(337)		(2,340)
			144,703		142,944
Capital and reserves					
Called up share capital	19		100,000		100,000
Share premium account	20		2,083		2,083
Profit and loss account	20		42,620		40,861
			144,703		142,944

These financial statements were approved and authorised for issue by the Board of Directors on 27 April 2012 and were signed on its behalf by:

Colin Enticknap
Group Chairman

Company Balance Sheet

As at 31 December 2011

Company Number: 0198032

		2011		2010	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		1,177		1,273
Investments	12		113,149		112,849
			114,326		114,122
Current assets					
Debtors	14	4,838		2,726	
Cash and bank balances		52,738		49,067	
		57,576		51,793	
Creditors: amounts falling due within one year	15	(34,324)		(29,032)	
Net current assets			23,252		22,761
Total assets less current liabilities			137,578		136,883
Creditors: amounts falling due after one year	16		(118)		(237)
Provision for liabilities	18		(337)		(642)
			137,123		136,004
Capital and reserves					
Called up share capital	19		100,000		100,000
Share premium account	20		2,083		2,083
Profit and loss account	20		35,040		33,921
			137,123		136,004

These financial statements were approved and authorised for issue by the Board of Directors on 27 April 2012 and were signed on its behalf by:

Colin Enticknap
Group Chairman

Consolidated Cash Flow Statement

Year ended 31 December 2011

	Notes	2011 £000	2010 £000
Cash flow from operating activities	26	**20,254**	49,694
Distributions from joint ventures		**13**	238
Returns on investments and servicing of finance	26	**849**	719
Capital expenditure and financial investment	26	**(2,563)**	(1,919)
Acquisitions	26	**(1,042)**	-
Equity dividends paid	9,26	**(12,500)**	(12,000)
Cash flow before use of liquid resources and financing		**5,011**	36,732
Financing	26	**(561)**	(34,397)
Increase in cash		**4,450**	2,335
Reconciliation of net cash flow to movement in net funds	26		
Increase in cash		**4,450**	2,335
Finance leases taken		**(3)**	(612)
Finance lease repayment		**154**	153
Increase in borrowings		**(4)**	(18)
Movement in net funds		**4,597**	1,858
Net funds at 1 January 2011		**57,808**	55,950
Net funds at 31 December 2011		**62,405**	57,808

Reconciliation of Movements in Equity Shareholders' Funds

Year ended 31 December 2011

Consolidated	Notes	2011 £000	2010 £000
Profit for the financial period		**14,259**	17,184
Movement on Employee Benefit Trust		**-**	141
Ordinary dividends	9	**(12,500)**	(12,000)
Movements in equity shareholders' funds		**1,759**	5,325
Equity shareholders' funds at 1 January 2011		**142,944**	137,619
Equity shareholders' funds at 31 December 2011		**144,703**	142,944

Company	Notes	2011 £000	2010 £000
Profit for the financial period		**13,619**	15,038
Movement on Employee Benefit Trust		**-**	141
Ordinary dividends	9	**(12,500)**	(12,000)
Movements in equity shareholders' funds		**1,119**	3,179
Equity shareholders' funds at 1 January 2011		**136,004**	132,825
Equity shareholders' funds at 31 December 2011		**137,123**	136,004

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 2011. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes.

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

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

c) Tangible fixed assets

Fixed assets are stated at historical cost less depreciation.

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

Freehold and long leasehold buildings - 2% per annum.

Short leasehold buildings – the earlier of 5 years or until the first breakpoint in the lease.

Computer equipment - between 20% and 50% per annum.

Plant and equipment - 25% per annum.

Furniture and fittings - 10% per annum.

d) Stocks

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

e) Long term contracts

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

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

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

1 Accounting policies (Continued)

f) Investments

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

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

g) Deferred taxation

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

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

h) Leased assets

The total payments made under operating leases are 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.

i) Research and development

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

j) Retirement benefits

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

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

k) Interest rate hedges

The Group's financial liabilities include a long term bank loan at a floating rate of interest. The Group has therefore entered into contractual arrangements that provide a hedge against increases in interest rates. Such hedge instruments are recognised in the balance sheet at the lower of cost and net realisable value. Receipts from these instruments are deducted from the interest payable in the profit and loss account at the same time as the matched underlying interest cost.

2 Turnover

Turnover represents revenue recognised in respect of services provided during the period, stated net of value added tax. Revenue from the sale of housing is recognised when the Group has transferred legal title to the buyer.

3 Interest payable and similar charges

	2011	2010
	£000	£000
Bank loans	88	97
Finance lease interest	21	21
	109	118

4 Interest Receivable

	2011	2010
	£000	£000
From cash and bank balances	890	535
From joint ventures	331	319
	1,221	854

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

		2011	2010
		£000	£000
Depreciation of tangible fixed assets – owned assets		1,644	1,740
Depreciation of tangible fixed assets – assets held under finance leases		167	112
Loss on disposal of tangible fixed assets		257	94
Amortisation of goodwill		3,447	3,189
Operating lease rentals	– plant and machinery	2,602	2,283
	– other rentals	6,434	5,465
Directors' remuneration (see note 7)		2,674	2,504
Auditor's remuneration	– for Parent Company audit services	21	21
	– for subsidiary company audit services	108	103
	– for taxation services	43	51
	– for other services	2	3

6 Employees

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

	2011	2010
	No.	No.
Office and administration	1,037	1,022
Site and production	1,808	1,685
	2,845	2,707

Staff costs during the year amounted to:	£000	£000
Wages and salaries	115,479	105,759
Incentive payments to staff	13,606	16,987
Pension contributions	4,986	4,856
Social security costs	14,013	13,297
	148,084	140,899

7 Directors' remuneration

	2011	2010
	£000	£000
Fees	190	190
Remuneration	300	300
Pension contributions	120	134
Profit share payments	2,064	1,880
	2,674	2,504

The remuneration of the highest paid Director was £1,134,000 (2010: £1,103,000) including pension contributions of £52,000 (2010: £54,000).

8 Taxation

	2011	2010
	£000	£000
a) Analysis of charge:		
Current tax		
Corporation tax at 26.5% (2010: 28%)	6,066	7,871
Payments made for group relief	852	930
Adjustments in respect of prior years	(100)	154
Share of tax of joint ventures	3	-
	6,821	8,955
Deferred tax		
Origination and reversal of timing differences	39	397
Effect of change in tax rate	29	27
	6,889	9,379

	2011	2010
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 (26.5%). The differences are explained below:		
Profit on ordinary activities before tax	21,148	26,563
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 26.5% (2010: 28%)	5,604	7,437
Expenses not deductible for tax purposes	306	592
Amortisation of goodwill	913	893
Capital allowances for the year less than depreciation	128	39
Other timing differences	(33)	(61)
Profit on sale of investments	-	(99)
Adjustments in respect of prior years	(100)	154
Share of tax of joint ventures	3	-
Current tax	6,821	8,955

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

The deferred tax liability of £68,000 (2010: £424,000) was transferred to Hardwicke Investments Limited.

8 Taxation (Continued)

c) Factors that may affect future tax charges

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

9 Dividends

	2011	2010
	£000	£000
Ordinary dividends	12,500	12,000

10 Goodwill

	2011
	£000
Group	
Cost	
1 January 2011	63,813
Acquisition	1,457
31 December 2011	65,270
Amortisation	
1 January 2011	6,378
Charge for the year	3,447
31 December 2011	9,825
Net Book Value	
31 December 2011	55,445
31 December 2010	57,435

On 1 October 2011, the Group acquired 100% ordinary share capital of Southside Decorators and Refurbishment Limited. This acquisition is not considered material to the Group.

11 Tangible assets

	Land and buildings	Computer equipment	Plant and equipment	Furniture and fittings	2011 Total
	£000	£000	£000	£000	**£000**
Group					
Cost					
1 January 2011	2,505	6,833	1,195	1,520	**12,053**
Additions	644	1,670	199	236	**2,749**
Acquisition of subsidiary	-	39	234	28	**301**
Disposals	(138)	(693)	(56)	(45)	**(932)**
31 December 2011	3,011	7,849	1,572	1,739	**14,171**
Depreciation					
1 January 2011	1,907	4,997	996	741	**8,641**
Depreciation in the year	326	1,196	125	164	**1,811**
Acquisition of subsidiary	-	17	94	9	**120**
Eliminated on disposals	(138)	(439)	(56)	(42)	**(675)**
31 December 2011	2,095	5,771	1,159	872	**9,897**
Net Book Value					
31 December 2011	916	2,078	413	867	**4,274**
31 December 2010	598	1,836	199	779	**3,412**

	2011	2010
	£000	**£000**
The Group net book value of land and buildings comprises:		
Freehold land and buildings	**15**	**15**
Short leasehold land and buildings	**901**	**583**
	916	**598**

The net book value of assets held under finance leases amounts to £333,000 (2010: £500,000), and depreciation of £167,000 (2010: £112,000) has been expensed to the profit and loss account.

11 Tangible assets (Continued)

	Short leasehold land and buildings	Computer equipment	Plant and equipment	Furniture and fittings	**2011 Total**
	£000	£000	£000	£000	**£000**
Parent Company					
Cost					
1 January 2011	1,055	2,736	225	493	**4,509**
Additions	3	609	31	-	**643**
Transfers to fellow Group companies	-	(9)	-	(6)	**(15)**
Transfers from fellow Group companies	36	40	23	42	**141**
Disposals	(138)	(593)	(48)	(37)	**(816)**
31 December 2011	956	2,783	231	492	**4,462**
Depreciation					
1 January 2011	884	1,892	195	265	**3,236**
Depreciation in the year	69	400	15	38	**522**
Transfers to fellow Group companies	-	(8)	-	(3)	**(11)**
Transfers from fellow Group companies	35	33	22	13	**103**
Eliminated on disposals	(138)	(342)	(48)	(37)	**(565)**
31 December 2011	850	1,975	184	276	**3,285**
Net Book Value					
31 December 2011	106	808	47	216	**1,177**
31 December 2010	171	844	30	228	**1,273**

The net book value of assets held under finance leases amounts to £258,000 (2010: £387,000), and depreciation of £129,000 (2010: £86,000) has been expensed to the profit and loss account.

12 Investments

Group	Joint Ventures £000	Fixed Asset Investment £000	2011 Total £000
Investments			
1 January 2011	(98)	-	**(98)**
Profit for the year	454	-	**454**
Distribution received	(13)	-	**(13)**
Additions	-	300	**300**
31 December 2011	343	300	**643**
Loans			
1 January 2011	2,287	-	**2,287**
Additions	1,972	-	**1,972**
Provision	(68)	-	**(68)**
Repayments	(1,912)	-	**(1,912)**
31 December 2011	2,279	-	**2,279**
Total Investments			
31 December 2011	2,622	300	**2,922**
31 December 2010	2,189	-	**2,189**

Parent Company	Subsidiaries £000	Fixed Asset Investment £000	2011 Total £000
Shares at Cost			
1 January 2011	113,440	-	**113,440**
Additions	-	300	**300**
31 December 2011	113,440	300	**113,740**
Provisions			
At 1 January 2011 and 31 December 2011	(591)	-	**(591)**
Total Investments			
31 December 2011	112,849	300	**113,149**
31 December 2010	112,849	-	**112,849**

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

13 Stocks

	Group	
	2011	2010
	£000	£000
Raw materials and consumables	**832**	629
Work in progress	**8,834**	6,947
	9,666	7,576

Included within the work in progress balance is interest amounting to £167,000 (2010: £167,000).

14 Debtors

	Group		Parent Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Trade debtors	**58,344**	40,021	**-**	-
Amounts recoverable on contracts	**41,035**	33,937	**-**	-
Other taxes	**1,078**	-	**1,078**	-
Amounts due from group companies	**176,758**	183,517	**-**	-
Prepayments and accrued income	**7,000**	6,791	**3,760**	2,726
	284,215	264,266	**4,838**	2,726

Group trade debtors include an amount of £935,000 (2010: £893,000) which falls due after more than one year.

15 Creditors: *amounts falling due within one year*

	Group		Parent Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Trade creditors	**211,782**	182,847	**447**	563
Amounts due to group companies	**-**	-	**31,369**	20,259
Payments on account	**42,936**	38,527	**-**	-
Other tax and social security	**129**	4,215	**-**	4,148
Other creditors	**-**	80	**-**	80
Finance leases (see note 23)	**155**	153	**118**	118
Accruals and deferred income	**19,040**	21,733	**2,390**	3,864
	274,042	247,555	**34,324**	29,032

16 Creditors: *amounts falling due after one year*

	Group		Parent Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Bank loan (see note 17)	**3,985**	3,981	**-**	-
Finance leases (see note 23)	**153**	306	**118**	237
	4,138	4,287	**118**	237

17 Bank loan: *matures as follows*

	Group		Parent Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Between two and five years	**3,985**	3,981	**-**	-
	3,985	3,981	**-**	-

The bank loan comprises a term loan of £4,000,000 which is offset by deferred arrangement fees of £15,000.

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

18 Provision for liabilities

	Group		Parent Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Redundant premises provision	**337**	642	**337**	642
Provisions for legal and contract costs	**-**	1,698	**-**	-
	337	2,340	**337**	642

The redundant premises provision at 31 December 2011 is expected to be utilised over a period of approximately 3 years.

	Group	Parent Company
	2011	2011
	£000	£000
1 January 2011	**2,340**	642
Provisions utilised	**(1,696)**	(305)
Provisions released	**(307)**	-
31 December 2011	**337**	337

19 Called up share capital

	2011	2010
	£000	£000
Ordinary shares of £1 each		
Allotted, called up and fully paid	100,000	100,000

20 Reserves

	Share premium account	Profit and loss account
	£000	£000
Group		
1 January 2011	2,083	40,861
Profit for the financial period	-	14,259
Ordinary dividends	-	(12,500)
31 December 2011	**2,083**	**42,620**

	Share premium account	Profit and loss account
	£000	£000
Parent Company		
1 January 2011	2,083	33,921
Profit for the financial period	-	13,619
Ordinary dividends	-	(12,500)
31 December 2011	**2,083**	**35,040**

21 Profit attributable to members of the Parent Company

The profit of the Parent Company for the year was £13,619,000.

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

22 Ultimate Parent Company

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

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

23 Group leasing commitments

Obligations under operating leases at 31 December 2011 were as follows:

	2011 £000	2010 £000
Land and buildings:		
Commitments payable within one year under leases expiring:		
Within one year	**161**	63
Within two to five years	**887**	1,094
After five years	**947**	765
	1,995	1,922
Other leases:		
Commitments payable within one year under leases expiring:		
Within one year	**1,254**	834
Within two to five years	**2,281**	2,483
	3,535	3,317

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

Obligations under finance leases at 31 December 2011 were as follows:

	Group		Parent Company	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Amounts payable in respect of finance leases:				
Within one year	**155**	153	**118**	118
Within two to five years	**153**	306	**118**	237
	308	459	**236**	355

Finance leases are secured on the related assets.

24 Group guarantees

The Company has, with the Ultimate Parent Company and certain fellow subsidiaries, entered into multi-lateral financial guarantees of £4,500,000 (2010: £4,500,000) in favour of The Royal Bank of Scotland plc as agent for National Westminster Bank plc to guarantee the Ultimate Parent Company's indebtedness to the bank.

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

The Company has entered directly into certain financial guarantees concerning the performance of construction contracts entered into by subsidiary companies in the normal course of business.

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

25 Related party transactions

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

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

The Group's related party transactions are summarised below:

	2011	2010
Joint Venture Entities	**£000**	£000
Sales to Widacre Lifespace Saffron LLP	**-**	4
Sales to Dee Park Partnership LLP	**12,427**	7,006
Sales to KLA Twickenham Road LLP	**10**	4,906
Sales to Brenley Park LLP	**8,709**	-
Purchases from KLA Twickenham Road LLP	**5,156**	14,348
Amounts due from Dee Park Partnership LLP	**-**	724
Amounts due from KLA Twickenham Road LLP	**-**	211
Amounts due from Brenley Park LLP	**38**	-

During the year a loan of £280,000 (2010: £303,000) was made to Woking Gateway LLP in respect of pre development contract costs. This balance has been fully provided against.

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

26 Notes to the cash flow statement

	2011 £000	2010 £000
Reconciliation of operating profit to net cash flow from operating activities		
Group operating profit	**19,422**	25,718
Depreciation charges	**1,811**	1,852
Loss on sale of tangible fixed assets	**257**	94
Amortisation of goodwill	**3,447**	3,189
Movement in provisions	**(2,003)**	743
Other non cash movements	**39**	147
Movement in working capital balances:		
(Increase)/decrease in stocks	**(2,090)**	1,068
(Increase)/decrease in debtors	**(26,244)**	13,126
Increase in creditors	**25,615**	3,757
Net cash flow from operating activities	**20,254**	49,694

	2011 £000	2010 £000
Returns on investments and servicing of finance		
Interest paid	**(88)**	(97)
Interest received	**958**	837
Finance lease interest paid	**(21)**	(21)
	849	719

	2011 £000	2010 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(2,749)**	(992)
Loans to joint ventures	**(1,726)**	(927)
Repayment of loans by joint ventures	**1,912**	-
	(2,563)	(1,919)

26 Notes to the cash flow statement *(Continued)*

	2011	2010
	£000	£000
Acquisitions		
Acquisition of subsidiary	(742)	-
Acquisition of fixed asset investment	(300)	-
	(1,042)	-

	2011	2010
	£000	£000
Equity dividends paid		
Ordinary dividends	(12,500)	(12,000)

	2011	2010
	£000	£000
Financing		
Finance lease capital repayments	(153)	(153)
Renegotiation of loan	-	14
Advances to group companies	(408)	(34,258)
	(561)	(34,397)

Analysis of net funds

	1 January 2011	Cash flow	Non cash flow	31 December 2011
	£000	£000	£000	£000
Cash and bank balances	62,248	4,450	-	66,698
Bank loan due after one year	(3,981)	-	(4)	(3,985)
Finance leases due within one year	(153)	1	(3)	(155)
Finance leases due after one year	(306)	153	-	(153)
	57,808	4,604	(7)	62,405

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

27 Principal Subsidiaries and Joint Ventures

The information below relates to those subsidiary companies and joint ventures 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 and joint ventures are registered in England and Wales.

Subsidiaries

Name	Main Activity	% Holding
Willmott Dixon Capital Works Limited *	General design and build	100%
Willmott Dixon Construction Limited	General design and build	100%
Willmott Dixon Housing Limited	Housing design and build	100%
Willmott Dixon Interiors Limited	Interiors and refurbishment	100%
Kanvas Interiors Limited	Interiors and refurbishment	100%
Willmott Dixon Regen Limited *	Property development	100%
Willmott Dixon Support Services Limited *	Intermediate holding company	100%
Willmott Dixon Partnerships Limited	Maintenance and stock reinvestment	100%
Southside Decorators and Refurbishment Limited	Residential repairs, maintenance and property improvement	100%
Willmott Dixon Energy Services Limited	Provision of energy efficiency and renewable energy solutions in the built environment	100%

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

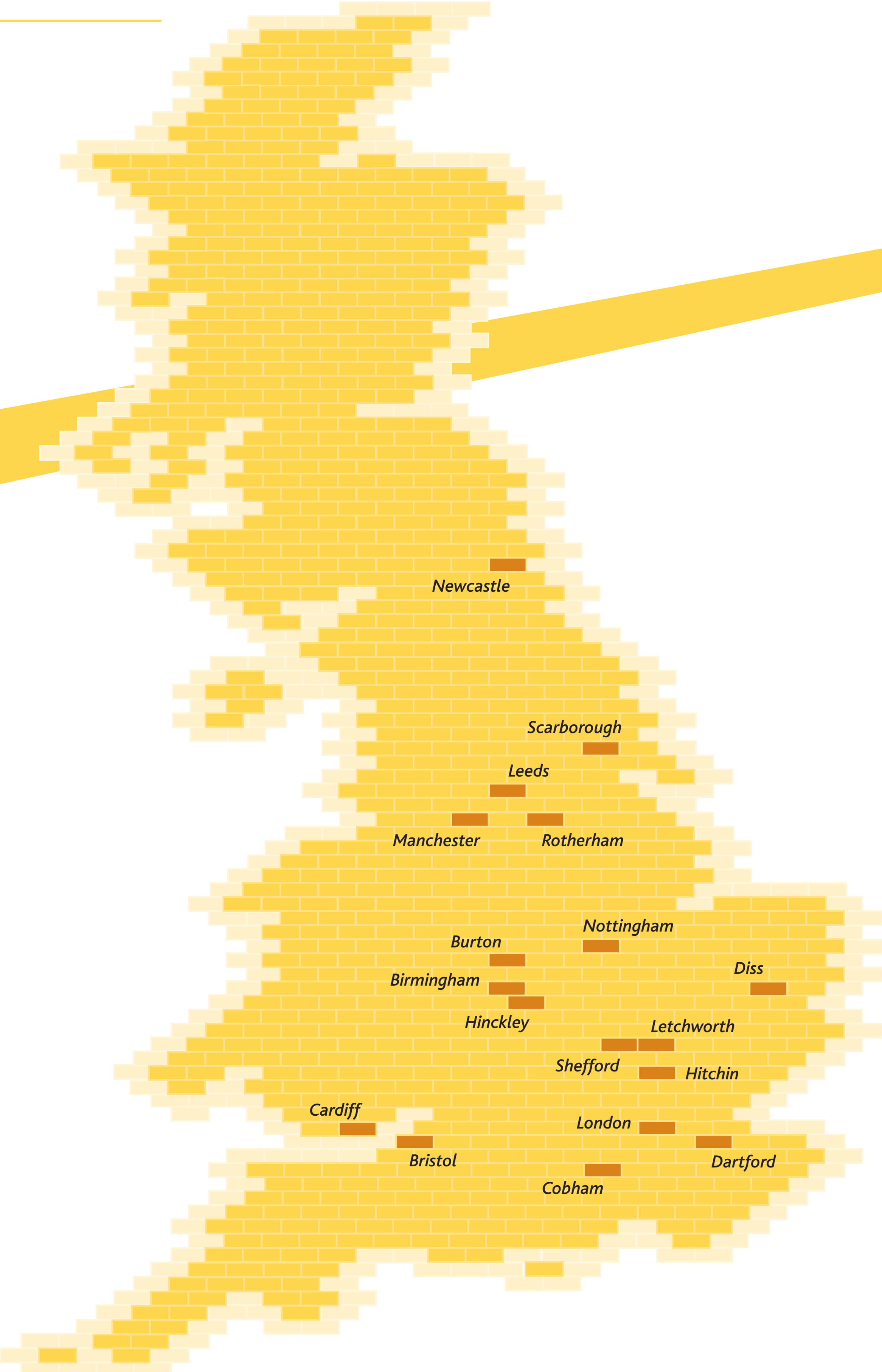
27 Principal Subsidiaries and Joint Ventures (Continued)

Joint Ventures

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

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

Locations



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