

---

**WILLMOTT DIXON HOLDINGS LIMITED**

**GROUP REPORT AND ACCOUNTS**

**YEAR ENDED 31 DECEMBER 2019**

**Registered Number: 00198032**

---

SATURDAY



\*A966H1LC\*

A05

30/05/2020

#171

COMPANIES HOUSE

**Page Number**

1	Company Information
2	Summary of Group Results
3	Group Strategic Report <ul style="list-style-type: none"><li>• Group Chairman's Statement</li><li>• Group Chief Executive's Report</li><li>• Principal Risks and Uncertainties</li><li>• Companies Act 2006 s172 and Stakeholder Engagement</li></ul>
15	Directors' Report
17	Statement of Directors' Responsibilities
18	Independent Auditor's Report
20	Consolidated Statement of Profit and Loss and Other Comprehensive Income
21	Consolidated Balance Sheet
22	Company Balance Sheet
23	Consolidated Statement of Changes in Equity
24	Company Statement of Changes in Equity
25	Consolidated Cash Flow Statement
26	Notes to the Accounts

---

**Directors**

Colin Enticknap, FRICS, FCIOB  
Group Chairman

Rick Willmott, FCIOB  
Group Chief Executive

Graham Dundas, FCMA  
Mike Hart, FCIOB  
Wendy McWilliams, LLB, ACIS  
John Waterman, FCIOB  
Executive Directors

Jonathon Porritt, CBE  
Christopher Sheridan, FCIB, MSI  
Non-Executive Directors

**Secretary**

Wendy McWilliams, LLB, ACIS

**Registered Office**

Spirella 2  
Icknield Way  
Letchworth Garden City  
Hertfordshire  
SG6 4GY

**Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Summary of Group Results**

---

	<b>2019</b>	2018
	<b>£000</b>	£000
Turnover	<b>1,246,373</b>	1,323,226
Profit before tax excluding goodwill amortisation	<b>31,288</b>	37,533
Profit before tax	<b>29,245</b>	35,515
Adjusted EBITDA *	<b>39,566</b>	38,640
Net current assets	<b>174,216</b>	159,718
Shareholders' funds	<b>183,019</b>	170,166
Cash and bank balances	<b>93,079</b>	90,520

---

\* Excluding non-recurring provisions

## **GROUP CHAIRMAN'S STATEMENT**

### ***Background***

Over the past two or three years our business has needed to develop valuable skills in dealing with the unexpected.

In writing my report, there are three sequential events that spring to mind, none of which was predicted but all of which have challenged our people and diluted financial performance; the result of the EU Membership Referendum in June 2016 which became the catalyst for enormous political uncertainty and economic fallout surrounding 'Brexit'; the Grenfell Fire tragedy in June 2017 which understandably transformed public awareness of cladding issues but less helpfully exposed serious inconsistencies and ambiguities in Building Regulations and led to their retrospective reinterpretation by Building Control; and most recently of course, the Covid-19 pandemic that is having an unprecedented impact, not just across business but upon all of our lives.

Whilst it is too early to understand the full (and presently very fluid) implications of the Covid-19 pandemic, we have developed and are implementing plans aimed at protecting the interests of the Group, our customers and wider stakeholders whilst naturally prioritising the health and safety of our people, and I shall come back to those later.

Turning initially to the review of 2019, I am pleased to say we have continued to make good progress managing and addressing the first two challenges, the financial effect of which we hope will soon be behind us.

### ***Financial Overview***

With Brexit uncertainty continuing to dominate the political and economic agenda through the second half of 2019, suppressing business confidence and protracting customer spending decisions, the Group's full year performance remained consistent with that reported in my interim statement and in line with that predicted for the balance of the year.

Turnover therefore followed a curve marginally behind last year closing at £1,246.4 million (2018: £1,323.2 million), the conscious reduction of 5.8% being influenced in no small part by our on-going commitment to pursue quality rather than quantity of work via customers who share our values and value our skills.

Profit naturally remained our financial priority where we were pleased to see an underlying improvement. Whilst in headline terms profit before tax and amortisation fell by 16.6% to £31.3 million (2018: £37.5 million), this was after the inclusion of a new provision of £6.2 million (2018: £nil) for the potential cladding related issues on completed contracts mentioned earlier; whilst we hope that some or all of this provision may not be required, our preference is for prudence at this stage.

Had it not been for this new provision, underlying profit before tax and amortisation was £37.5 million, equalling that achieved last year and representing 3% of the reduced turnover. After amortisation, profit before tax was £29.2 million (2018: £35.5 million) and profit after tax was £22.9 million (2018: £28.0 million).

The combined effect of this additional profit contribution alongside continued emphasis on cash generation helped further strengthen our balance sheet, essential against the backcloth of Covid-19 uncertainty. As at 31 December 2019, shareholders' funds had grown to £183.0 million (2018: £170.2 million) and, just as importantly, cash at bank and in hand had improved to £93.1 million (2018: £90.5 million) with no bank borrowings. We were pleased to see this continued growth in liquidity go hand in hand with further incremental improvements in our supply chain payment record, already acknowledged to be one of the best amongst industry peers.

### ***Operational Overview***

Notwithstanding unhelpful market headwinds, our teams at both Willmott Dixon Construction ('Construction') and Willmott Dixon Interiors ('Interiors') continued to do a remarkable job. That has translated into an order book position slightly ahead of where we were this time last year; measured in terms of the value of projects fully secured or working their way through our preconstruction teams, this now equates to about 90% of our target for 2020 and approaching 50% of our target for 2021. Public sector frameworks remain the strategic mainstay of that pipeline, helpfully supported by a portfolio of major private sector projects - the new members' complex for the All England Tennis Club at Wimbledon and two major residential schemes within the new Commonwealth Games Village at Birmingham being notable examples.

Our pursuit of greater workload resilience through a wider and more even customer spread is also reaping rewards, with a robust foothold now developing across the Education, University, Health, Blue Light, Heritage, Residential and Leisure sectors.

Sustainability is truly engrained in all aspects of our thinking and a critical feature across all our projects - usually, but not necessarily, in concert with each customer. Having significantly surpassed most of the self-imposed targets set some years ago, we now have the confidence to reset the bar and are in the process of replacing our previous list of 'target aspirations' with a comprehensive list of firm and unequivocal 'sustainability commitments'.

We have been delighted to see the huge effort and considerable achievements of our people across this and many other operational fronts recognised through a wide variety of industry awards and accolades during the year; Rick will expand upon these and many other key features within his Group Chief Executive's report that follows.

### ***Future Prospects***

The clear outcome of the December general election did seem to have the desired impact in reducing Brexit uncertainty, bringing immediate clarity to government decision making, an early improvement in business confidence, and a helpful focus on the urgent need for increased infrastructure investment. The beneficial effect was also muted in the housing market, reflected through a reported stimulus in London and the south-east.

Whilst there remain important questions surrounding the UK's longer-term trading relationship with the EU, the hope is that negotiations might now be conducted in a more rational and pragmatic context, recognising both sides' obvious mutual dependence on finding a satisfactory outcome. If so, this ought to suppress the heightened inflation risk perceived across supply chains during the Brexit turmoil, particularly when viewed alongside an unfolding expectation that interest rates might remain relatively low and stable over the longer term.

Under normal circumstances, these very welcome improvements in market sentiment would be expected to translate into improved business prospects for the Group, and perhaps a welcome return to the pursuit of profitable growth.

However, all this has of course been recently and very suddenly thrown into turmoil by the escalation in the spread of Covid-19 and our Government's urgent and evolving response. With so much present uncertainty, daily policy announcements carrying huge intended and potentially unintended consequences, and no way of knowing how events are likely to unfold and over what timeframe, it is now impossible for us to accurately predict how this might impact upon our business.

We can take comfort from the general theme of what has been said, which suggests a very clear intention by Government to support both businesses and individuals through the most challenging period any of us will have faced. The early announcements and enormous scale of the Covid Corporate Financing Facility ('CCFF') and Coronavirus Job Retention Scheme ('CJRS') are welcome illustrations of that intent, and we shall naturally be seeking to utilise them and any other relevant initiatives that follow. With that in mind, we were pleased to quickly secure confirmation from HSBC that our wider Group was internally rated as 'equivalent to investment grade as at 1 March 2020', announced by the Bank of England to be a key step in becoming eligible to participate in the CCFF.

We have also welcomed Government's recent clarification of its policy on travel and work restrictions; as a major driver of the economy and the essential facilitator of much needed public and social infrastructure, it has declared a wish to see construction sites remain open and productive at the present time. Our position is naturally that we should comply with government policy and advice, and we are therefore doing our best to continue to work on sites as long as operations can be undertaken safely adopting clear rules on social distancing.

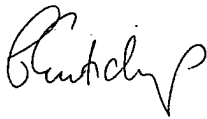
We shall, of course, keep this under continual review at both a Group and local level, responding to evolving Government advice and any significant decline in operational efficiency. In the meantime, we are starting to roll out a variety of measures aimed at giving the business added flexibility and resilience, including taking steps to reduce cost and improve cash flows where we sensibly can, balanced against the need to preserve employment and retain capacity for when conditions improve.

**People**

Strong and experienced leadership is always crucial to a business, and never more so than at times like these. I am extremely grateful to Rick for the exceptional leadership he has given throughout; to John, Mike, Graham and Wendy for having coalesced into perhaps the most able and supportive executive team we have seen; to Christopher and Jonathon for their invaluable insights, critique and support; to our MDs for the remarkable way they juggle focussed local leadership with their wider strategic collaboration, and to our functional heads for their unstinting and reliable expert support.

But, as always, my greatest thanks go to our remarkable teams across the country for their huge commitment, enthusiasm and sheer hard work. Whilst we cannot be sure exactly what the future will bring - although we do know it will test us more than ever before - we can be absolutely confident that our people will continue to rise to those challenges with their characteristic ability, willingness and resilience.

My immense thanks and very best wishes go to all of them.



**Colin Enticknap**  
Group Chairman

## **GROUP CHIEF EXECUTIVE'S REPORT**

### ***Overview and Market Context***

By definition this report will focus on Willmott Dixon's performance during 2019; it is however written in the context of an organisation deep within the Governments' evolving response to the Covid-19 pandemic and therefore significantly more cautionary than would normally be the case.

In 2019, our industry sector saw numerous challenges finely balanced by some great opportunities. What has been particularly noticeable is that those peer organisations most capable of surviving such a volatile market, have sought to simplify operating structures in order to focus on core strengths. That is a process we concluded some three years ago recognising the importance of specialism over generalism, of focus over distraction. There are however many examples, in the last twelve months, of medium sized, long established, regional construction businesses that have failed to similarly adapt to market change, not responded to the evident headwinds below and as a result no longer exist:

- Brexit inertia stalled customer decision making
- Exponential growth of procurement frameworks providing customers with too many options
- Continued Building Regulation re-interpretation and 'moving target' guidance from Government around residential cladding specification post Grenfell
- Insurers have never been less comfortable with the risks that exist in this industry sector, resulting in massively accelerating premium costs and excess levels
- Banks have never had less appetite to provide capital to the industry in general, creating liquidity challenges for many organisations

As an industry we continue to play a vital role in the economic fortunes of the UK. The CBI calculates that every £1 spent on construction equates to £2.84 of value to the wider economy. We employ over 7% of the UK population and if the industry's output was more sensibly construed, by including its relevant professional services and primary materials acquired from other sectors, the industry's contribution to GDP would be around 15%. Whilst our industry continues to underpin society through the creation of fabulous homes, workplaces, learning spaces and the vital infrastructure that we all use daily it continues to be misunderstood by Government, maligned and criticised by many and generally blamed for the poor operational performance of built assets.

I am pleased to say that, whilst these threats remain ever present, as a business we have managed to navigate our way through them and in 2019 delivered an acceptable overall financial result that we can be relatively pleased with. As I suggested last year, we adapted to the chaos ahead, frustratingly we now need to dig even deeper and adapt to the greatest challenge this generation has faced.

### ***2019 Group Highlights***

- Multiple national, regional and local procurement framework awards giving the Group access to public sector capital project volume of £8.5bn
- Lead partner in the Inspire Me campaign to attract women into our industry
- Recorded a 12.5% increase in women employees throughout the Group
- Retained a leading position in the industry's payment profile league reinforcing our absolute commitment to our supply chain
- Our people won three gold and three silver medals at the Construction Manager of the Year awards, more acclaim than any peer organisation
- Carbon Emission intensity reduced by 62% from our 2010 baseline, significantly ahead of target
- Carbon neutral for a seventh consecutive year
- A top 5 Sunday Times Best Company to Work For for the second year with no construction sector peers in sight
- World leading employee engagement scores of 80% groupwide
- Made an early start in additional business continuity planning resulting from Coronavirus

**Construction**

Turnover £1,097m, 2018 £1,198m

Construction, and its 'Building on Better' ideology has continued to benefit from a deliberately considered approach to winning new orders. This is derived from an unwavering determination to focus on supporting repeat business customers, by driving volumes through frameworks and via two stage bidding. The impact of this approach is evident, and it subtly changes the traditional contracting model. Projects of the type referenced above require a far longer gestation period, and correspondingly greater resource investment, before bringing to site. The beneficial flip side of that scenario is that designs can be materially completed, risks mitigated, first class supply chain working in collaboration and locked-in. As a result, and before a project commences, margins become secured and customer certainty assured.

However, the focus on this enhanced way of working has meant that Construction's overall delivered volume in the year has reduced slightly to around £1.1 billion. We all see this as a true example of where we look forward to reaping what we have sown and, but for the Covid-19 epidemic, both 2020 and 2021 were shaping up to be tremendous years. In the current state of virtual lock down we will need to reassess what is possible and work doubly hard to hold teams together, convert orders, find supply chain and manage cash flow. This is rapidly becoming a wasted opportunity through no fault of our own.

However, under COO John Watermans' creative, expressive and strategic leadership, supported by six of the most capable, loyal and engaged managing directors in the industry, Construction continues to be a beacon of what can be achieved in our markets and has, uniquely (for our sector) retained for a second year, a top five position in the Times Best 100 Companies List. It is difficult to explain the importance of this standard, which can only be achieved with world leading levels of employee engagement. It should be noted that no other construction companies featured in this pan-industry list and the handful of businesses placed ahead of Construction each carried less than a third of the people headcount.

For high volume construction companies, such as ours, the emphasis of what we do is focussed on five essential facets:

- Identifying and winning a sustainable volume of quality work in each region
- Effecting the most efficient high-quality, low carbon, project delivery
- Collaborating with the best supply chain
- Maximising cashflow through the entire supply chain
- Attracting, developing and retaining the best people in the industry

I am delighted to say that each of Local Company Offices (LCOs) have become adept at delivering against these five key focal points.

Construction has done amazingly well to continue to secure places on the majority of local, regional and national frameworks that it bids for, 2019 being a particularly successful year with places secured across the country on new sector frameworks from South Wales across to Essex, repeat business frameworks with University customers at Birmingham, Oxford and Warwick and with national frameworks such as with Crown Commercial Services and Pagabo. These opportunities ensure that Construction continues to access multiple billion pounds' worth of capital projects across health, education and leisure for the next few years.

Most importantly we remain a key partner and trusted advisor within the Scape framework which after 15 years continues to be a pre-eminent procurement solution for many publicly funded organisations nationwide.

A by-product of our deliberate exposure to public sector customers is that the Chancellor's recently issued Public Procurement Notice requires those organisations to sustain projects and their cash flow to the supply chain during the Covid-19 pandemic; certainly, for a three-month period. This is very welcome news indeed and we will work hard with our customers to ensure that they have all they need from us to honour that commitment.

Three major projects of specific note, and potential interest to shareholders, are currently under construction.

Firstly, for the Ministry of Defence (MOD) we have a major project in excess of £80 million to build an important new facility for the MOD's Defence Science & Technology Laboratory (DSTL) at Porton Down, Salisbury. This has seen us port across our experience for working in live environments and on science and technology facilities to another key Government customer to deliver an internationally significant project, and importantly, what started as a project for our Construction business has now enabled our Interiors business to bring its own highly specialised skill-sets to work on further opportunities at the DSTL site.

Secondly, our London and South LCO secured the new £60 million plus Club Facility for the All England Lawn Tennis Club at Wimbledon which will become the spotlight of media coverage of the Wimbledon Championships in a couple of years' time.

Thirdly, our Midlands LCO has just commenced the construction of two residential projects for Lendlease/Birmingham City Council, which will first be used to host athletes at the Commonwealth Games in Birmingham in 2022. Because of our Energy Synergy approach, and advanced view of future legislation, we have been able to completely redesign the apartments to comply with the Future Homes Standard ensuring that heat and power are derived from renewable sources.

These projects are a 'step up' in scale and complexity for Construction and, if delivered well, may be a 'change point' in terms of demonstrating our ability to secure, design and construct nationally and internationally important projects for customers in the future.

The Construction Board has continued to support the continuous development and extension of its 'Yellow Book' of standard designs, details and product specifications linked to our sustainable development strategy. We continue to lead the way in the industry through our obsession with operating as a low carbon business determined to influence customers, designers and supply chain to join the journey with us.

We already have some outstanding examples of how our Energy Synergy process is delivering on promise with data backed outputs demonstrating, for a number of customers, that the optimal energy/carbon/operating cost performance of our buildings is as designed, or better. Whilst delivering a project that operates as designed sounds un-impressive, this is a major milestone in the industry and one which our customers can increasingly expect from us where our involvement commences at the earliest design stage, and preferably ahead of design. This is to ensure that the real scope of the building can be identified and tested in detail ahead of any design work being commissioned.

The relationship we hold, particularly with our Category A supply chain members, is a major source of pride for the business which we hope is reciprocated. Construction has worked long and hard to assemble a significant list of companies where mutual reliance, professional relationships and an ethical approach is a shared intent. Our key suppliers are given transparency of our forward workload, access to our industry leading supply chain finance package and hopefully the opportunity for efficiency gains, training, improved cash flow and sustainability expertise. Our true ambition is to assemble a supply chain to be a reflection of our company.

I will reflect on Our People, our most treasured asset, in my summary at the end of this report.

As we close the first quarter of what will be an unpredictable year in 2020 our Construction business has secured workload for the year of approaching £1 billion, in a normal economy we would be confident of delivering that and more. Depressingly, with Covid-19 wreaking havoc with lives, businesses and supply chains, we may need to contemplate and respond to a material reduction in turnover.

### **Interiors**

Turnover £149m, 2018 £125m

Our Interiors business operates in a subtly different sector of the market to Construction. Its projects are by definition predominantly internal, some with a small element of structural work, all highly intense and many working in live, occupied buildings or environments.

Under COO Mike Harts' leadership, 2019 was a good year for Interiors that only just fell short of its stretching margin aspiration for the year. Falling some £31m behind anticipated turnover in the year created inevitable pressure on the cost base and was entirely attributable to delays in the commencement of a number of projects for a variety of reasons outside our sphere of influence. As an example, the commencement of a series of projects under the Metropolitan Police Framework had to be delayed in order for our customer to double check the capacity of each project following the Government's announcement of a commitment to increase police headcount by 21,000.

That said, Interiors picked up a variety of superb new projects for a variety of customers across a number of sectors.

In Heritage we secured a further major refurbishment of a Civic Hall, this time in Wolverhampton for the Local Authority, to bring back into vibrant use a vital element of high street entertainment infrastructure. This was a significant project to secure for our newly launched local delivery unit in the Midlands and a clear signal that the Willmott Dixon Interiors brand is very much embedded in the region. Our progress in the Midlands being supported by sharing the customer, supply chain and people base of our local Construction office, who's assistance has been invaluable and welcome.

In London the workload has been diverse, which is welcome. Projects ranging from:

- Category A fit-out in commercial offices in the City
- The ongoing refurbishment of the National Gallery on Trafalgar Square and in particular Gallery 32
- The continuation of our work with the Department for Education completing the £100 million refurbishment of the Old Admiralty Building
- Contracts to convert existing buildings into hotels, notably at St Martins Place
- Major refurbishment works at London South Bank University
- Multiple projects with the Metropolitan Police updating and upgrading existing properties

With a spotlight on workload, 2020, on face value, appeared to be looking very promising with virtually 90% of the years' turnover already secured at target margin in both the London and Midlands markets. This level of secured workload in a fit-out business is almost unheard of, the majority of our peers seeking shorter, more intense, consultant lead projects to bid for. Our Interiors company has chosen a different approach and focused on securing predictable volumes via frameworks and existing customer relationships. In the Midlands customers have clearly told us that they have welcomed a known brand to enter the regional market to provide them with greater options and capacity.

We retain high hopes for the future growth and regional expansion of Interiors, plans for which will be refreshed this year by way of our normal strategic planning cycle.

### ***Sustainable Development Summary***

We were honoured in 2019 by the award of our third Queen's Award for Enterprise. It's the second time we have won this accolade for Sustainable Development and it followed hot on the heels of our award for Social Mobility in 2018. I was also delighted that in July we met our 2020 target to "enhance the life-chances of 10,000 young people" some 19 months ahead of our target. The value of our people's time, skills, donations and gifts-in-kind, through the Willmott Dixon Foundation approached £2 million. In the same period, we doubled the number of social enterprises that we worked with in 2019.

We are committed to transparently reporting our performance and for it to be audited by a third party. I was pleased Bureau Veritas verified that we had further reduced our carbon emissions relative to turnover by 2% giving a 61% reduction since 2010, far exceeding our 2020 ambition of 50%. We now only buy 100% natural renewable electricity for our sites and offices. Whilst progress on waste has stuttered, we have still finished the year having reduced our total volume of waste by 56% since 2012 and diverted over 98% of it away from landfill.

As members of the 5% Club, we pledge that at least 5% of our workforce will be apprentices, sponsored students or on a graduate development scheme; at the end of 2019 our figure stood at 6.9%. I was immensely proud that in November, The Financial Times ranked us third (on a pan industry basis) out of 700 companies across the UK and Europe for our approach to diversity and inclusion, coming soon after our inclusion in The Times Top 50 Employers for Women.

We were named as Environmental Contractor of the Year at the Construction News Awards in July which recognised that we build some fantastically sustainable buildings as well as minimising our environmental impact. 2019 saw the completion of the UK's first Passivhaus secondary school, the Harris Academy in Sutton, and BREEAM excellent ratings for the Kingston University Townhouse and the Poole Gateway Building at Bournemouth University.

We have been carbon neutral in our own operations since 2012 – or net-zero carbon in modern parlance. We know that sustainability makes sense economically as well as morally which is why we have re-written our sustainability strategy to extend across and reinforce all that we do and this will be launched in the summer of 2020. Our ambition is to be zero carbon by 2030 – eliminating fossil fuel usage in our own business and going further by generating some of our own renewable electricity.

Building on our own operational experience, we want all our new buildings and major refurbishments to be net-zero carbon in operation for customers by 2030.

Alongside these stretching ambitions and targets we want to further embed social value at the heart of the way we do business and only deliver high-impact social value such as supporting people who face significant barriers to access good careers.

### ***Health, Safety and Environment***

Our absolute focus on continuing to drive strong performance in complying with our obligations in relation to Health and Safety and Environmental legislation cannot be over-emphasised. This is a clear benchmark and demonstration of our corporate culture and values that we expect to be reflected by our supply chain.

We have a simple yet meaningful approach to ensuring our people and projects are able to operate effectively and safely. It stems from a willingness to create a transparent reporting culture, no one is ever criticised for 'calling out' a concern over any action on our sites. The industry should always know and be prepared to report its shortcomings and to repair them immediately.

I'm thankful that our operational teams, supported by local Health and Safety and Environmental management and audited by our rigorous Inspectorate continues to create an industry leading level of focus and performance. In 2019 our Accident Frequency Ratio improved by reducing to a rate of 0.10 (2018: 0.12) across over sixteen million hours of work.

We have throughout the year outperformed our peers in the industry-adopted Considerate Contractors Scheme and remained at the forefront of Mental Health awareness campaigns with over three hundred of our people being trained Mental Health First Aiders.

In our companies this area will always remain in sharp focus.

### ***Summary***

I mentioned earlier in my report that I would return to the matter of 'Our People'. We have known, and expressed, for many years that our most precious asset is the people that serve and nurture our business, as if it was their own. To have a body of people that dedicate themselves to and engage with the business in the way they do is quite extraordinary. We would literally be lost without them.

It is this bond and relationship that makes our response to the Covid-19 pandemic such an emotional one. As I write this report the nation is in a state of increasing lock-down; our people and sites have continued to operate as best they can with Government's support but in the face of growing public criticism.

As a senior management team, we are working tirelessly to coordinate a response to materially falling turnover across the business as supporting industries and manufacturers cease production of the goods and services we require to build economically. It is therefore inevitable that we must consider every measure to preserve the long term prospects for jobs and for the company, this will ultimately require all our stakeholders, from individual shareholders to every employee, to stand together and accept a reduction in what each might expect as a return from the company until such time as the industry, the country and the planet return to some form of normality.

It is with that reality ahead of us that I sincerely thank each and every one of our people for the part they have already played in the success of our company, and for that I am going to ask them to play in supporting and protecting our future.



**Rick Willmott**  
Group Chief Executive

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

- The impact of the unfolding coronavirus pandemic.
- The conclusion of post Brexit trade agreements.
- The increased potential for corporate failures in our supply chain.
- The outcome of potential legislative changes following the Grenfell Tower tragedy.
- Increased insurance costs and exposure following the Grenfell Tower tragedy.
- A declining appetite for exposure to the construction sector from lenders.

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

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

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

## **COMPANIES ACT 2006 s172 AND STAKEHOLDER ENGAGEMENT**

### ***Companies Act 2006 s172***

The directors consider, both individually and collectively, that in the decisions taken during the financial year they have satisfied the requirements of s172(1) of the Companies Act 2006 in acting in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members, as a whole, and in doing so having regard to the stakeholders and matters outlined in s172(1).

### ***Long term strategy and vision***

The board is responsible for establishing the headline strategies and long-term vision of the Group and ensuring these are communicated and aligned across the business.

During the year the board approved an updated strategic plan for the period 2019-2023 which established the financial, risk, brand and cultural criteria under which the group will operate. The plan reflects the Group's simplified structure and focus on core contracting operations and is designed to ensure the Group remains a thriving, resilient, innovative and respected contracting business, even more widely recognised for the delivery of high-quality products and services and good value. In considering the impact of the Group's operations on communities and the environment, the board established the goal to become the sector leader in Sustainable Development and community engagement.

During the year, the board also considered and approved interim updates to the long-term strategic plans of its main subsidiary companies, namely, Construction's 'Building on Better' and Interiors' 'Everything Completed with Pride' strategies. Considerations included the approach to emerging technologies and off-site manufacture in driving quality and efficiency.

In setting the long-term strategies and vision for the business, the board also had regard for the key stakeholder groups and matters outlined below.

### ***Employees***

The Group's strategy is to attract, retain, develop and promote the best people. The board believes that providing people with a 'career of a lifetime' helps to ensure that behaviours are aligned with strategic objectives, an outstanding service is provided to customers, and the unique culture and reputation of the company is maintained.

The director's primary engagement with employees is through the annual 'Your Say' survey, coordinated on behalf of the board by an independent third party to ensure openness and confidentiality. The comprehensive on-line questionnaire poses nearly fifty questions to all employees under the headings of communication, management and leadership, rewards, training and development, teamwork, working conditions, commitments and values, inclusion and behaviour and sustainability.

The feedback from this engagement is considered by the board and regional Managing Directors through an 'annual people review' process which helps to inform short-term actions and long-term people strategies, business plans, remuneration policies and incentive schemes.

The Directors undertake regular visits to regional offices and sites to meet and engage with operational teams and hear about their successes and challenges first-hand with certain directors also attending regional board meetings. Digital communication, a company magazine and intranet, annual conferences and regular regional staff meetings are used to communicate and engage with employees on strategic updates.

The company has a whistleblowing policy that provides the board with details of any concerns raised anonymously and hosts working groups to consult employees on strategic topics such as diversity, agile working and mental health.

During the year, decisions taken by the directors as a result of employee engagement included extending annual leave entitlement and the launch of 'agile working' initiatives.

### **Customers**

The company recognises that engagement through listening, understanding and responding to customers is critical to long-term success.

The Directors engage with customers through regular meetings, dedicated account management, customer satisfaction interviews and through the output of customer workshops.

During the year, over 400 customer interviews were completed to gather real time quantitative and qualitative measures of success, capture 'lessons learned' and to identify the company's 'net promoter score'.

The Directors regularly meet key customers and framework operators to listen to feedback, share strategic updates first-hand and foster strong relationships.

The feedback from customer engagement helps to inform the long-term divisional strategies, budgets and business plans regularly considered and approved by the board. This includes, but is not limited to, the way in which teams communicate, collaborate and drive quality on projects, investment appraisal, research and development, resourcing and the way in which operational, regional and national teams are structured.

Workshops before, during and after project completion capture and monitor progress against customer objectives on every project undertaken, including sustainability and social value.

### **Supply chain partners**

The company's success and reputation are inextricably linked to its relationship with supply chain partners. Accordingly, the company seeks to maintain and develop strong, open, collaborative and positive relationships with partners across the supply chain. To help ensure this, the company aims to deliver over 80% of supply chain spend with those partners with which they have a long-term strategic relationship.

Engagement with supply chain partners takes many forms across the Group including, but not limited to, annual surveys, conferences, regular meetings with dedicated relationship managers, project workshops, trade forums, 'better together' academies and 'lunch and learn' sessions.

The Directors' primary engagement with supply chain partners comes from annual conferences and surveys. This engagement helps to inform improvements in process and procedures, changes to the way in which the company communicates, collaborates and interacts with supply chain partners and standard group contracts, policies and long-term business plans approved by the board.

Strategic supply chain partners are considered an extension of the Group's internal teams and accordingly are provided with access to workspace in company offices and invited to regional staff meetings and conferences and to participate in employee working groups.

The board recognises the significance of cashflow and fair and prompt payment to supply chain partners and sets policies, procedures and contract terms accordingly. The company is regularly as one of the best in BuildUK's league for prompt payment. During the year, and following feedback, the board adopted a roadmap to zero retention, including that retention in the supply chain can be no greater than that included in the main contract.

### **Shareholders**

As a privately owned business with a relatively small group of longstanding, individually known ultimate shareholders, the board has a keen interest in understanding ultimate shareholder' views and objectives and in considering and where feasible reflecting those when developing its long-term strategic plans.

Ultimate shareholder engagement is promoted via both the Group Chairman and Group Chief Executive, with feedback and analysis communicated through annual and interim reports, supplementary information provided through discrete correspondence, interactive dialogue welcomed through the Annual General Meeting, and open feedback invited through adhoc surveys and questionnaires.

The board firmly believes in aligning ultimate shareholder and management interests by offering senior executives the opportunity to become ultimate shareholders via the Group's performance related share incentive schemes, the latest iteration of which was announced in 2019.

***Communities and environment***

Through the strategic themes of Building Lives, Better Buildings and Better Planet, the group aims to be the leader in sustainable development and is committed to leaving a positive legacy in the communities in which it operates.

A Sustainability Committee is chaired by the Group Chief Executive and meets regularly to review and implement the Group's sustainable development strategy, monitor progress against targets and ensure that best practice is shared across the Group.

***Other stakeholders***

Other major stakeholder groups include the company's insurers, bankers, surety providers, advisors, auditors, regulators and HMRC.

With all these stakeholder groups, the Directors maintain regular, open and collaborative dialogue which they believe is essential to fostering strong relationships and ensuring that all parties are kept informed and listened to.

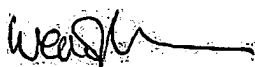
Insurers, banks and surety providers are provided with regular company updates and are invited to meetings at least annually to receive updates on current performance, forecasts and objectives.

***Business conduct***

The strategic plans considered by the board are designed to ensure that the Group maintains the highest standards of business conduct.

The approval of changes to the strategies and policies considered most significant in maintaining the highest standards of business conduct are matters reserved for the board. During the financial year the directors considered and approved updates to codes of conduct for the company's people, a new code of conduct for supply chain partners, health, safety and environmental policies, anti-bribery and corruption policies, terms of reference for board members, modern slavery statement, tax strategy, finance standards, standard supply chain commercial terms and the supply chain retentions policy.

**By Order of the Board:**



**Wendy McWilliams**  
Secretary

9 April 2020

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019.

### **Results**

The Group profit for the year, before taxation and goodwill amortisation amounted to £31,288,000 (2018: £37,533,000). Goodwill charged in the year amounted to £2,043,000 (2018: £2,018,000) and the tax charge in respect of this result is £6,392,000 (2018: £7,516,000).

### **Distributions in respect of the year**

The Directors approved the payment of dividends totaling £10,000,000 for the year (2018: £nil).

### **Post balance sheet events**

The Directors recognise the economic and trading impact of the Covid-19 pandemic that is evolving since the balance sheet date. This is considered in detail in the Strategic Report and in note 1 of the Notes to the Accounts.

### **Directors**

The current Directors are listed on page 1.

The following changes in directors have occurred since 1 January 2019:

	<b>Appointed</b>
John Waterman	1 January 2019
Mike Hart	1 January 2019

### **Employees**

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

The Group believes that the most successful companies are those that embrace inclusion, equality and diversity for their people by creating truly complementary teams. This has been recently evidenced by achieving fifth place in the Sunday Times Top 100 Best Companies to Work for list – the second year in a row to claim a top 5 place. The Group is leading in support for the 'Inspiring Women in Construction' campaign to attract more women into the construction sector and has high aspirations to improve gender balance across all roles in the future. The Group encourages the employment and career development of disabled persons and the continued employment of employees who may be injured or disabled in the course of their employment.

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

The Group has put in place third party indemnity provisions for all of the Directors.

### **Taxation policy**

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

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

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

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

#### **Financial instruments and risk management**

The Group is exposed to a number of financial risks in the normal course of business.

Credit risk arises from trade debtors and amounts recoverable on contracts. Policies are established by the Board to ensure that appropriate due diligence is completed and approval obtained ahead of entering into new contracts with customers. Systems, procedures and policies ensure regular monitoring is in place and dedicated credit control teams operate in each trading subsidiary. The Group does not have high levels of exposure concentrated with any one customer and all turnover comes from the United Kingdom. The nature of its contracts means that the price risk to which the Group is subjected is minimal.

Inflation risk comes from entering into long term, fixed price contracts. This is mitigated through early and regular engagement with supply chain partners and by making cost provisions where necessary. Direct contracts with overseas suppliers are uncommon but, when relevant, Group standards require contracts to be made in the home currency wherever possible and that foreign exchange risk is hedged with forward foreign exchange contracts otherwise.

The Group currently has no debt but has a policy of hedging interest rate risks with forward contracts should any material loans be drawn on a variable rate of interest.

The Directors regularly review cash flows, working capital forecasts and banking covenant headroom, including sensitivities on business performance and the timing of receipts to ensure that it has adequate resources to manage the liquidity risk to which it is exposed. Directors regularly monitor the bonding facilities available to the Group to ensure that significant headroom is maintained against forecast requirements.

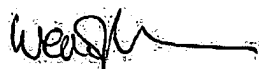
#### **Disclosure of information to the auditor**

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

#### **Disclosures included in the Strategic Report**

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

#### **By Order of the Board:**



**Wendy McWilliams**  
Secretary

9 April 2020

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Statement of Directors' Responsibilities**

---

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

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

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

**WILLMOTT DIXON HOLDINGS LIMITED**

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

---

**Opinion**

We have audited the financial statements of Willmott Dixon Holdings Limited (the Parent company) and its Subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated and company balance sheet, the consolidated and company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

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

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

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

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

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

**WILLMOTT DIXON HOLDINGS LIMITED**

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

---

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

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

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

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

**Responsibilities of Directors**

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

**Use of our report**

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



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

London, United Kingdom  
9 April 2020

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

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Consolidated Statement of Profit and Loss and Other Comprehensive Income**

Year Ended 31 December 2019

		2019			2018		
	Notes	Before goodwill amortisation £000	Goodwill amortisation £000	Total £000	Before goodwill amortisation £000	Goodwill amortisation £000	Total £000
<b>Turnover</b>	3	<b>1,246,373</b>	-	<b>1,246,373</b>	1,323,226	-	1,323,226
Cost of sales		<b>(1,113,466)</b>	-	<b>(1,113,466)</b>	(1,192,363)	-	(1,192,363)
<b>Gross profit</b>		<b>132,907</b>	-	<b>132,907</b>	130,863	-	130,863
Administrative expenses		<b>(102,788)</b>	<b>(2,043)</b>	<b>(104,831)</b>	(94,860)	(2,018)	(96,878)
		<b>30,119</b>	<b>(2,043)</b>	<b>28,076</b>	36,003	(2,018)	33,985
Share of results of joint ventures	13	<b>(11)</b>	-	<b>(11)</b>	29	-	29
<b>Operating profit</b>		<b>30,108</b>	<b>(2,043)</b>	<b>28,065</b>	36,032	(2,018)	34,014
Interest payable and similar charges	4	<b>(427)</b>	-	<b>(427)</b>	(429)	-	(429)
Interest receivable	5	<b>1,607</b>	-	<b>1,607</b>	1,930	-	1,930
<b>Profit on ordinary activities before taxation</b>	6	<b>31,288</b>	<b>(2,043)</b>	<b>29,245</b>	37,533	(2,018)	35,515
Tax on profit on ordinary activities	9			<b>(6,392)</b>			(7,516)
<b>Profit and total comprehensive income for the financial year</b>				<b>22,853</b>			27,999

The above figures relate to continuing operations.

The notes on pages 26 to 44 form part of these financial statements.

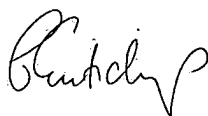
**WILLMOTT DIXON HOLDINGS LIMITED**  
**Registered Number: 00198032**  
**Consolidated Balance Sheet**

As at 31 December 2019

		2019		2018	
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		22,789		22,910
Tangible assets	12		7,645		4,527
Investments	13		-		125
			<b>30,434</b>		<b>27,562</b>
<b>Current assets</b>					
Stocks	14	-		2,883	
Debtors	15	374,332		384,846	
Cash at bank and in hand		93,079		90,520	
			<b>467,411</b>		<b>478,249</b>
<b>Creditors:</b> amounts falling due within one year	16	<b>(293,195)</b>		<b>(318,531)</b>	
<b>Net current assets</b>			<b>174,216</b>		<b>159,718</b>
<b>Total assets less current liabilities</b>					
<b>Creditors:</b> amounts falling due after one year	17		<b>(15,404)</b>		<b>(17,114)</b>
<b>Provisions</b>	19		<b>(6,227)</b>		-
			<b>183,019</b>		<b>170,166</b>
<b>Capital and reserves</b>					
Called up share capital	20		100,000		100,000
Share premium account	21		2,083		2,083
Profit and loss account			80,936		68,083
			<b>183,019</b>		<b>170,166</b>

The notes on pages 26 to 44 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 9 April 2020 and were signed on its behalf by:



**Colin Enticknap**  
Group Chairman

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Registered Number: 00198032**  
**Company Balance Sheet**

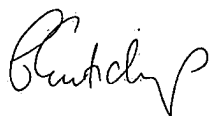
As at 31 December 2019

		2019		2018	
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		3,738		2,259
Tangible assets	12		1,433		555
Investments	13		76,148		87,831
			<b>81,319</b>		<b>90,645</b>
<b>Current assets</b>					
Debtors	15	103,837		72,385	
Cash at bank and in hand		70,237		74,500	
			<b>174,074</b>	146,885	
<b>Creditors:</b> amounts falling due within one year	16	<b>(17,948)</b>		(7,875)	
<b>Net current assets</b>			<b>156,126</b>		<b>139,010</b>
<b>Total assets less current liabilities</b>			<b>237,445</b>		<b>229,655</b>
<b>Capital and reserves</b>					
Called up share capital	20		100,000		100,000
Share premium account	21		2,083		2,083
Profit and loss account			135,362		127,572
			<b>237,445</b>		<b>229,655</b>

The notes on pages 26 to 44 form part of these financial statements.

The profit after tax of the Parent Company for the year ended 31 December 2019 is £17,790,000 (2018: £31,334,000).

These financial statements were approved and authorised for issue by the Board of Directors on 9 April 2020 and were signed on its behalf by:



**Colin Enticknap**  
Group Chairman

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Consolidated Statement of Changes in Equity**

*Year ended 31 December 2019*

	Notes	Share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
1 January 2018		100,000	2,083	40,084	142,167
Profit and total comprehensive income for the financial year		-	-	27,999	27,999
<b>31 December 2018</b>		<b>100,000</b>	<b>2,083</b>	<b>68,083</b>	<b>170,166</b>
1 January 2019		100,000	2,083	68,083	170,166
Profit and total comprehensive income for the financial year		-	-	22,853	22,853
<u>Contributions by and distributions to owners:</u>					
Ordinary dividends	10	-	-	(10,000)	(10,000)
Total contributions by and distributions to owners		-	-	(10,000)	(10,000)
<b>31 December 2019</b>		<b>100,000</b>	<b>2,083</b>	<b>80,936</b>	<b>183,019</b>

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Company Statement of Changes in Equity**

Year ended 31 December 2019

	Notes	Share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
1 January 2018		100,000	2,083	96,238	198,321
Profit and total comprehensive income for the financial year		-	-	31,334	31,334
<b>31 December 2018</b>		<b>100,000</b>	<b>2,083</b>	<b>127,572</b>	<b>229,655</b>
1 January 2019		100,000	2,083	127,572	229,655
Profit and total comprehensive income for the financial year		-	-	17,790	17,790
<u>Contributions by and distributions to owners:</u>					
Ordinary dividends	10	-	-	(10,000)	(10,000)
Total contributions by and distributions to owners		-	-	(10,000)	(10,000)
<b>31 December 2019</b>		<b>100,000</b>	<b>2,083</b>	<b>135,362</b>	<b>237,445</b>

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Consolidated Cash Flow Statement**

Year ended 31 December 2019

		2019	2018
	Notes	£000	£000
<b>Cash flow from operating activities</b>			
Operating profit		<b>28,065</b>	34,014
Depreciation of tangible assets	12	<b>1,891</b>	1,893
Loss on disposal of tangible assets	6	<b>88</b>	58
Goodwill amortisation	11	<b>2,043</b>	2,018
Amortisation of intangible assets	11	<b>1,340</b>	715
Loss on disposal of intangible assets	6	<b>59</b>	3
Other non-cash movements		<b>(2)</b>	(60)
Share of results of joint ventures	13	<b>(11)</b>	29
Increase in stocks		-	(231)
Decrease/(increase) in debtors		<b>13,016</b>	(1,528)
Decrease in creditors		<b>(27,085)</b>	(8,258)
Increase in provisions		<b>6,227</b>	-
<b>Cash flow from operating activities</b>		<b>25,631</b>	28,653
<b>Cash flow from investing activities</b>			
Purchases of tangible assets	12	<b>(5,028)</b>	(2,474)
Purchases of intangible assets	11	<b>(2,725)</b>	(1,865)
Interest received	5	<b>1,607</b>	1,930
Acquisition of subsidiary	13	<b>(49)</b>	-
Repayment of loan from joint venture	13	<b>(50)</b>	-
<b>Cash flow from investing activities</b>		<b>(6,245)</b>	(2,409)
<b>Cash flow from financing activities</b>			
Loans to group companies		<b>(6,400)</b>	(18,114)
Interest paid	4	<b>(427)</b>	(429)
Dividends paid	10	<b>(10,000)</b>	-
<b>Cash flow from financing activities</b>		<b>(16,827)</b>	(18,543)
<b>Increase in cash and cash equivalents</b>		<b>2,559</b>	7,701
Cash and cash equivalents 1 January 2019		<b>90,520</b>	82,819
Cash and cash equivalents 31 December 2019		<b>93,079</b>	90,520

## **1 Accounting policies**

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

### **a) Accounting convention**

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

### **b) Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

As at 31 December 2019, the Group had substantial cash balances, no debt, access to secured bank facilities, and a strong forward secured order book. The Directors regularly review the working capital requirements of the Group while overlaying sensitivities.

The Directors recognise the economic and trading uncertainties resulting from the evolving coronavirus pandemic. Accordingly, the Directors have considered a range of potential scenarios of escalating impact and duration. The most extreme scenario assumes that construction activity ceases on all projects barring those of strategic public significance (e.g. health and 'blue light'), for the remainder of 2020, with a corresponding decline in new projects and a lag in getting back to full capacity that extends out to 2022. In this scenario, the Group is forecast to continue to meet its obligations and remain cash positive by utilising cash reserves, drawing on committed funds and by continuing temporary cost reduction programmes.

Whilst these conditions might cast doubt upon the Group's ability to continue as a Going Concern, after making enquiries and considering the factors and sensitivities outlined above for a range of scenarios, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **c) Basis of consolidation**

The Group accounts consolidate the accounts of Willmott Dixon Holdings Limited and its subsidiaries for the year ended 31 December 2019. An entity is considered to be a subsidiary where it is controlled by the parent. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes.

Joint ventures are those entities where the group is party to a contractual agreement with one or more parties external to the group to undertake an economic activity that is subject to joint control. The results, assets and liabilities of joint ventures are incorporated in the financial statements using the equity method of accounting. Investments in joint ventures are initially carried in the balance sheet at cost and adjusted by post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in the value of individual investments. Losses of joint ventures in excess of the Group's interest in those joint ventures are only recognised to the extent that the Group is contractually liable for, or has a constructive obligation to meet, the obligations of the joint ventures. Unrealised gains and losses on transactions with joint ventures are eliminated to the extent of the Group's interest in the relevant joint venture.

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

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

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

Certain disclosures in respect of the Company's financial instruments have not been presented as these are included in the disclosures made in respect of the Group.

**d) Turnover**

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

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

All turnover is stated net of VAT.

**e) Construction contracts**

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

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

**f) Computer software**

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

**g) Tangible assets**

Tangible assets are stated at historical cost less depreciation.

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

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

**h) Debtors and financial instruments**

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

Trade debtors falling due after more than one year in respect of shared equity scheme are stated at fair value with any change in fair value during the year recognised in the profit and loss account. The valuations are determined internally by the Directors taking into account the original purchase price of the asset, condition of the asset and recent market sales data in respect of comparable properties.

**i) Creditors and financial instruments**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations. Financial liabilities excluding derivatives, are initially measured at transaction price and subsequently held at cost, less impairment.

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

**j) Pre-contract costs**

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

**k) Stocks**

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

**l) Investments**

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

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

**m) Current and deferred taxation**

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the reporting date.

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.

**n) Provisions**

On contracts that have achieved practical completion but are still within the defects liability period, provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the best estimate of the consideration required to settle the obligation present at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, net of forecast recoveries from third parties. Movements in provisions are recognised in Cost of Sales.

**o) 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.

**p) Research and development**

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

**q) Retirement benefits**

Contributions to the Group's defined contribution pension scheme are expensed to the profit and loss account in the year to which they relate. The Group does not operate any form of defined benefit pension scheme.

**2 Significant accounting judgements and estimates**

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

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

**a) Construction contracts**

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

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

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

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

**b) Land and developments in progress**

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

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

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

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

**c) Goodwill**

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

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

**d) Provisions and recoveries**

In the normal course of trading, claims may arise on contracts within their defects liability period that require judgement on the likely outcome of the claim. This requires an assessment of contractual obligations and on the likely conclusion of any on-going discussions.

Where it is deemed probable that costs will be incurred, judgement is needed to estimate the provision required for obligations existing at the balance sheet date. Where applicable, these estimates are regularly reviewed by management and derived from a combination of internal valuations, current industry pricing metrics, third party quotes and independent expert advice.

In making provisions for probable costs, it is also necessary for Directors to consider recoveries of associated costs from third parties. This requires an assessment of contractual arrangements and insurance policies with consideration given to relevant precedents and to professional advice. Consideration is also given to the dialogue and correspondence with third parties to date and the financial strength of the third party in meeting their obligations to the company.

**3 Turnover**

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

	<b>2019</b>	2018
	<b>£000</b>	£000
Construction contracts:		
Construction	<b>1,097,462</b>	1,197,973
Interiors	<b>148,911</b>	125,137
	<b>1,246,373</b>	1,323,110
Other	-	116
	<b>1,246,373</b>	1,323,226

**4 Interest payable and similar charges**

	<b>2019</b>	2018
	<b>£000</b>	£000
Supply chain finance costs	<b>427</b>	429

**5 Interest receivable**

	<b>2019</b>	2018
	<b>£000</b>	£000
From cash and bank balances	<b>850</b>	600
From group companies	<b>757</b>	1,330
	<b>1,607</b>	1,930

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

	<b>2019</b>	2018
	<b>£000</b>	£000
Depreciation of tangible assets – owned assets	<b>1,891</b>	1,893
Loss on disposal of tangible assets	<b>88</b>	58
Goodwill amortisation	<b>2,043</b>	2,018
Amortisation of other intangible assets – owned assets	<b>1,340</b>	715
Loss on disposal of intangible assets	<b>59</b>	3
Operating lease rentals	<b>6,388</b>	5,582
Auditor’s remuneration		
- for Parent Company audit	<b>28</b>	24
- for subsidiary company audit	<b>138</b>	105
- for other services	<b>22</b>	6

Other services comprised £nil (2018: £6,000) of accounting services and £22,000 of tax advisory services (2018: £nil).

## 7 Employees

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

	Group		Parent Company	
	2019	2018	2019	2018
	No.	No.	No.	No.
Office and administration	<b>800</b>	780	<b>232</b>	212
Site and production	<b>1,332</b>	1,378	-	-
	<b>2,132</b>	2,158	<b>232</b>	212

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

	Group		Parent Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Wages and salaries	<b>130,839</b>	122,593	<b>10,492</b>	10,865
Incentive payments to staff	<b>16,383</b>	18,124	<b>2,704</b>	3,136
Total wages and salaries	<b>147,222</b>	140,717	<b>13,196</b>	14,001
Pension contributions	<b>5,789</b>	6,105	<b>440</b>	383
Social security costs	<b>17,065</b>	16,648	<b>1,471</b>	1,641
Apprenticeship levy	<b>702</b>	668	<b>66</b>	48
	<b>170,778</b>	164,138	<b>15,173</b>	16,073

## 8 Directors' remuneration

	2019	2018
<b>Group and Parent Company</b>	<b>£000</b>	£000
Fees	<b>50</b>	80
Wages and salaries	<b>1,090</b>	741
Profit share payments	<b>1,361</b>	107
Total remuneration	<b>2,501</b>	928

The remuneration of the highest paid Director was £793,000 (2018: £616,000). Payments have been made to pension schemes on behalf of three Directors (2018: three).

The total remuneration of other key management personnel was £4,164,000 (2018: £5,920,000).

**9 Taxation**

	<b>2019</b>	2018
	<b>£000</b>	£000
<b>a) Analysis of charge:</b>		
Current tax		
Corporation tax charged	<b>5,202</b>	5,477
Payments made for group relief	<b>1,160</b>	2,098
Adjustments in respect of previous periods	<b>77</b>	25
	<b>6,439</b>	7,600
Deferred tax		
Origination and reversal of timing differences	<b>(193)</b>	(59)
Prior year adjustment	<b>146</b>	(25)
	<b>6,392</b>	7,516

**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 (19%). The differences are explained below:

Profit on ordinary activities before tax	<b>29,245</b>	35,515
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19.00% (2018: 19.00%)	<b>5,557</b>	6,748
Expenses not deductible for tax purposes	<b>222</b>	415
Share of results of joint ventures	<b>2</b>	(4)
Goodwill amortisation	<b>388</b>	384
Prior year adjustment	<b>223</b>	-
Other timing differences	<b>-</b>	(27)
Tax on profit on ordinary activities	<b>6,392</b>	7,516

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.

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Notes to the Accounts**

**10 Ordinary dividends**

	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Pence per share</b>	Pence per share	<b>£000</b>	£000
Ordinary dividends	<b>10.0</b>	-	<b>10,000</b>	-

**11 Intangible assets**

	Goodwill	Computer software	Total
	£000	£000	£000
<b>Group</b>			
Cost			
1 January 2019	41,061	6,994	48,055
Additions	325	2,725	3,050
Transfers from group companies	-	475	475
Disposals	-	(1,043)	(1,043)
<b>31 December 2019</b>	<b>41,386</b>	<b>9,151</b>	<b>50,537</b>
Amortisation			
1 January 2019	20,858	4,287	25,145
Amortisation in the year	2,043	1,340	3,383
Transfers from group companies	-	204	204
Eliminated on disposals	-	(984)	(984)
<b>31 December 2019</b>	<b>22,901</b>	<b>4,847</b>	<b>27,748</b>
Net book value			
<b>31 December 2019</b>	<b>18,485</b>	<b>4,304</b>	<b>22,789</b>
31 December 2018	20,203	2,707	22,910

On 29 March 2019, the Group acquired the remaining 50% of the issued share capital of Sunesis Build Limited (see note 13). This acquisition is not considered material to the Group.

**11 Intangible assets (continued)**

	Computer software
	<b>£000</b>
<b>Parent Company</b>	
Cost	
1 January 2019	5,692
Additions	2,318
Transfers from group companies	475
Disposals	(732)
<b>31 December 2019</b>	<b><u>7,753</u></b>
Amortisation	
1 January 2019	3,433
Amortisation in the year	1,107
Transfers from group companies	204
Eliminated on disposals	(729)
<b>31 December 2019</b>	<b><u>4,015</u></b>
Net book value	
<b>31 December 2019</b>	<b><u>3,738</u></b>
31 December 2018	<u>2,259</u>

**12 Tangible assets**

	Land and leasehold improvements	Computer equipment	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000
<b>Group</b>					
Cost					
1 January 2019	5,810	4,723	1,258	2,482	14,273
Additions	3,235	1,586	78	129	5,028
Transfers (to)/from group companies	(416)	764	-	-	348
Disposals	(274)	(674)	(60)	(400)	(1,408)
<b>31 December 2019</b>	<b>8,355</b>	<b>6,399</b>	<b>1,276</b>	<b>2,211</b>	<b>18,241</b>
Depreciation					
1 January 2019	3,937	3,786	874	1,149	9,746
Depreciation in the year	687	831	161	212	1,891
Transfers from group companies	-	279	-	-	279
Eliminated on disposals	(268)	(654)	(60)	(338)	(1,320)
<b>31 December 2019</b>	<b>4,356</b>	<b>4,242</b>	<b>975</b>	<b>1,023</b>	<b>10,596</b>
Net book value					
<b>31 December 2019</b>	<b>3,999</b>	<b>2,157</b>	<b>301</b>	<b>1,188</b>	<b>7,645</b>
31 December 2018	1,873	937	384	1,333	4,527

	<b>2019</b>	2018
	<b>£000</b>	£000
The Group net book value of land and leasehold improvements comprises:		
Freehold land	-	416
Leasehold improvements	<b>3,999</b>	1,457
	<b>3,999</b>	1,873

**12 Tangible assets (continued)**

	Land and leasehold improvements	Computer equipment	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000
<b>Parent Company</b>					
Cost					
1 January 2019	1,221	2,443	347	459	4,470
Additions	191	606	8	64	869
Transfers from group companies	-	772	-	-	772
Disposal	-	(393)	(32)	(183)	(608)
<b>31 December 2019</b>	<b>1,412</b>	<b>3,428</b>	<b>323</b>	<b>340</b>	<b>5,503</b>
Depreciation					
1 January 2019	961	2,241	335	378	3,915
Depreciation in the year	109	311	5	16	441
Transfers from group companies	-	282	-	-	282
Eliminated on disposal	-	(376)	(32)	(160)	(568)
<b>31 December 2019</b>	<b>1,070</b>	<b>2,458</b>	<b>308</b>	<b>234</b>	<b>4,070</b>
Net book value					
<b>31 December 2019</b>	<b>342</b>	<b>970</b>	<b>15</b>	<b>106</b>	<b>1,433</b>
31 December 2018	260	202	12	81	555

**13 Investments**

	Joint ventures	Total
<b>Group</b>	£000	£000
Investments		
1 January 2019	75	75
Share of result of joint venture	(11)	(11)
Disposals	(64)	(64)
<b>31 December 2019</b>	<b>-</b>	<b>-</b>
Loans		
1 January 2019	50	50
Repaid	(50)	(50)
<b>31 December 2019</b>	<b>-</b>	<b>-</b>
Total Investments		
<b>31 December 2019</b>	<b>-</b>	<b>-</b>
31 December 2018	125	125

On 29 March 2019, the Group acquired the remaining 50% of the issued share capital of Sunesis Build Limited, taking the total holding to 100% of the issued share capital, for a consideration of £389,000.

At the date of the acquisition, Sunesis Build Limited had net assets of £128,000 (including £340,000 of cash at bank and in hand), of which the Group acquired £64,000 resulting in goodwill of £325,000.

**13 Investments (continued)**

<b>Parent Company</b>	<b>Subsidiaries</b>
	<b>£000</b>
Shares at cost	
1 January 2019	88,959
Disposal	(12,811)
31 December 2019	<b>76,148</b>
Provisions	
1 January 2019	(1,128)
Disposal	1,128
31 December 2019	-
Total Investments	
<b>31 December 2019</b>	<b>76,148</b>
31 December 2018	87,831

The list of subsidiaries and joint ventures is set out in note 26.

On 26 February 2019, the Company's investment in Be Living Residential Limited and Be Living Developments Limited were sold to a sister company. The sale was settled via the intercompany account and was made at net book value. Accordingly, no profit or loss is applicable to the Company but a profit of £24,000 is recognised in the Group in 2019, being the excess of the consideration over the net assets disposed. This is included within administrative expenses.

On 4 July 2019, the Company's investment in Fortem Holdings Limited was sold to a sister company. The sale was settled via the intercompany account and was made at net book value. Accordingly, no profit or loss is applicable to the Company or Group.

During the year the company disposed of several dormant subsidiary companies via a voluntary strike off.

**14 Stocks**

	<b>Group</b>	
	<b>2019</b>	2018
	<b>£000</b>	£000
Land and developments in progress	-	2,883

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Notes to the Accounts**

**15 Debtors**

	<b>Group</b>		<b>Parent Company</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£000</b>	£000	<b>£000</b>	£000
Amounts falling due within one year:				
Trade debtors	<b>35,551</b>	53,123	<b>19</b>	55
Amounts recoverable on contracts	<b>28,060</b>	24,498	-	-
Retention held under construction contracts	<b>19,771</b>	22,280	-	-
Amounts due from group companies	<b>262,488</b>	260,511	<b>93,877</b>	69,922
Prepayments	<b>4,561</b>	3,440	<b>2,840</b>	2,201
	<b>350,431</b>	363,852	<b>96,736</b>	72,178
Amounts falling due after more than one year:				
Retention held under construction contracts	<b>22,713</b>	20,254	-	-
Other debtors	<b>401</b>	-	-	-
Amounts due from group companies	-	-	<b>6,784</b>	-
Deferred tax asset (see note 18)	<b>787</b>	740	<b>317</b>	207
	<b>374,332</b>	384,846	<b>103,837</b>	72,385

Amounts due from group companies falling due within one year are unsecured, have no fixed date of repayment and are repayable on demand. Amounts due from group companies due after more than one year are secured, with a repayment date of 31 October 2022.

**16 Creditors:** amounts falling due within one year

	<b>Group</b>		<b>Parent Company</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>27,964</b>	23,035	<b>188</b>	320
Trade creditors under supply chain finance	<b>30,086</b>	33,739	-	-
Retention held under construction contracts	<b>20,395</b>	24,186	-	-
Payments on account	<b>50,942</b>	68,352	-	-
Other tax and social security	<b>12,545</b>	1,964	<b>12,545</b>	1,964
Accruals	<b>151,263</b>	167,255	<b>5,215</b>	5,591
	<b>293,195</b>	318,531	<b>17,948</b>	7,875

**17 Creditors:** amounts falling due after one year

	<b>Group</b>	
	<b>2019</b>	2018
	<b>£000</b>	£000
Retention held under construction contracts	<b>15,404</b>	17,114

**18 Deferred tax**

	<b>Group</b>	<b>Parent Company</b>
	<b>£000</b>	<b>£000</b>
1 January 2019	740	207
Current year movement	193	134
Prior period adjustment	(146)	(24)
31 December 2019	<b>787</b>	<b>317</b>
The deferred tax asset comprises:		
Decelerated capital allowances	557	87
Other timing differences	230	230
	<b>787</b>	<b>317</b>

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

**19 Provisions**

	<b>2019</b>	2018
	<b>£000</b>	£000
1 January	-	-
Amounts provided in the year	6,227	-
31 December	<b>6,227</b>	-

Provisions are made for the estimated cashflows associated with potential cladding related works following recent changes in the building regulations environment and are presented net of costs recoverable from insurers.

In making the provision, Directors have established a contractual obligation at the balance sheet date and compiled an estimate of costs to complete the works. Directors have also considered the recoverability of costs from professional indemnity insurers; where certain works have received confirmation of policy coverage and set a precedent for those remaining. Where negotiations are in an advanced stage, provisions are stated net of estimated recoveries and make allowance for the cost of insurance policy excess and for estimated non-recoverable costs.

**WILLMOTT DIXON HOLDINGS LIMITED**  
**Notes to the Accounts**

Whilst the provision recorded in the period can be reliably estimated, until all costs and recoveries are finalised and agreed over the coming months, the Directors consider the net cash outflow forecast to range from £1,750,000 to £8,900,000 and that the provision of £6,227,000 is appropriate.

The provision is expected to be utilised over one to two years. The effect of discounting to account for the time value of money is not material.

## 20 Called up share capital

	2019	2018
Group and Parent Company	£000	£000
Ordinary shares of £1 each		
Allotted, called up and fully paid	100,000	100,000

## 21 Reserves

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

## 22 Group leasing commitments

	2019	2018
	£000	£000
At the balance sheet date outstanding commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:		
Within one year	4,273	4,968
Within two to five years	9,912	9,854
Over five years	5,185	5,197
	19,370	20,019

## 23 Group guarantees

The Company has, with other fellow group companies, entered into a cross-guarantee in favour of Lloyds Bank plc and HSBC Bank plc to guarantee any Group indebtedness to the banks and it has granted a fixed and floating charge on its assets and operations to Lloyds Bank plc (acting as a security agent) to secure such liabilities. The guarantee includes amounts drawn under a £25,000,000 revolving credit facility which is available until 28 June 2021, to another fellow group undertaking. There were no amounts drawn at 31 December 2019.

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

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

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

## 24 Related party transactions

The list of subsidiaries and joint ventures is set out in note 26.

The Group's related party transactions are summarised below:

	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Joint Ventures</b>		
Purchases from joint ventures	<b>43</b>	420
Sales to joint ventures	<b>375</b>	-
	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Other Related Parties</b>		
Sales to other related parties	<b>6,117</b>	22,977
Amounts due from joint ventures	<b>1,639</b>	-

All amounts due are secured on the developments to which they relate and will be settled in cash.

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.

## 25 Financial instruments

The Group financial instruments may be analysed as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Financial assets</b>		
Other debtors measured at fair value through the profit and loss account	<b>401</b>	-

Financial assets measured at fair value through the profit and loss account comprise other debtors due after more than one year in respect of a shared equity scheme. The valuations are determined internally by the Directors taking into account the original purchase price of the asset, condition of the asset and recent market sales data in respect of comparable properties.

Financial assets measured at amortised cost comprise fixed asset investments, cash and cash equivalents, trade debtors, amounts recoverable on contracts, retention held under construction contracts, loans due from joint ventures, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, trade creditors under supply chain finance, retention held under construction contracts, accruals, bank loans, amounts due to group companies, loans due to joint ventures, deferred consideration and other creditors.

The Parent Company does not have any financial instruments held at fair value.

## 26 Subsidiaries and joint ventures

Related undertakings of the Group are shown below.

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

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

Name	Main Activity	Company Number	% Holding
<b>Principal trading subsidiaries</b>			
Willmott Dixon Construction Limited	General design and build	00768173	100%
Willmott Dixon Interiors Limited	Interiors and refurbishment	04118020	100%
Willmott Dixon Limited	Intermediate holding company	05922246	*100%
<b>Other trading and dormant subsidiaries and joint ventures</b>			
Inspace Corporate Assets Limited	Dormant	04283709	*100%
Laurus Partnership Homes LLP	General design and build	OC426563	50%
Mi:Project Solutions Limited	Dormant	11059818	100%
Park House Investments Limited	Non trading	10066970	*100%
Sunesis Build Limited	Provision of standardised buildings	04203383	100%
Turner (E.) & Sons Limited	Dormant	04444762	*100%
Willmott Dixon Re-Thinking Limited	Dormant	05098675	*100%
Wimpenny (J.) & Co. Limited	Dormant	04118382	*100%
WPHV Limited	Housing design and build	01176322	*100%

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

## 27 Post balance sheet events

The Directors recognise the economic and trading impact of the Covid-19 pandemic that is evolving since the balance sheet date. This is considered in detail in the Strategic Report, Directors' Report and in note 1.