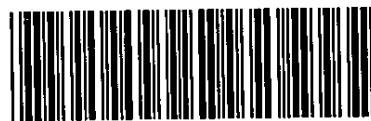

WILLMOTT DIXON CAPITAL WORKS LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 2012

Registered Number: 5922246

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WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

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WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Company Information

Directors

John Frankiewicz FCIOB
(Chief Executive Officer)

Duncan Canney BSc (Hons), CEng, FCA
Colin Enticknap FRICS, FCIOB
Mike Hart FCIOB
Simon Leadbeater MCIOB
Rick Willmott MCIOB

Joint Company Secretaries

Wendy McWilliams LLB, ACIS
Robert Eyre ACIS
Laurence Holdcroft FCIS

Registered Office

Spirella 2
Icknield Way
Letchworth Garden City
Hertfordshire
SG6 4GY

Auditor

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

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Report of the directors
for the year ended 31 December 2012

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2012.

Principal activity, review of the business and future developments

The profit on ordinary activities before taxation increased to £24,451,863 (2011 £22,945,905)

The principal activity of the company in the period under review was management of major projects and support to trading companies.

The directors approved dividends totalling £24,250,000 for the year (2011 £20,750,000).

Auditor's remuneration is paid by Willmott Dixon Holdings Limited

The directors do not expect any change in the activities of the company in the foreseeable future.

The principal risk facing the business is the uncertainty in the UK economy, the directors mitigate this risk by leveraging the strong relationship with an established customer base and by close monitoring of the performance of the business by implementing strong management procedures in conjunction with KPIs

Key Performance Indicators

The directors, who are the key management, use financial measures such as profitability and turnover to monitor performance. The results of these measures can be seen in the profit and loss account. The Company remains alert to the risk of reduced public infrastructure spending in the future.

In addition, non financial measures relating to employees, customers and other stakeholders are reviewed

Directors

The names of the current directors of the company are shown on page 2.

There have been no changes in directors since 1 January 2012

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Report of the directors
for the year ended 31 December 2012

Financial Instruments

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

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

Payment of suppliers

It is Company policy to agree the terms of payment as part of the commercial arrangements negotiated with suppliers and to then pay according to those terms. Trade creditor days based on creditors at 31 December 2012, was 17 days (2011. 1 day).

Statement of Directors' responsibilities

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

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

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Report of the directors
for the year ended 31 December 2012

Statement as to disclosure of information to 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 directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board:

A handwritten signature in black ink, appearing to read 'LW Holdcroft', with a large circular flourish at the end.

Laurence Holdcroft FCIS
Secretary

17 April 2013

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Report of the independent auditor to the members of Willmott Dixon Capital Works Limited on the financial statements for the year ended 31 December 2012

We have audited the financial statements of Willmott Dixon Capital Works Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its 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.

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

**Report of the independent auditor to the members of
Willmott Dixon Capital Works Limited**
on the financial statements for the year ended 31 December 2012

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

PKF(UK)LLP

Andrew Huddleston (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK

Date: **18/4/13**

WILLMOTT DIXON CAPITAL WORKS LIMITED**Registered Number: 5922246****Profit and loss account**
for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	1	47,850,218	25,417,975
Cost of Sales		(43,167,493)	(20,254,503)
Operating Profit	2	4,682,725	5,163,472
Administrative expenses		(4,560,124)	(4,990,208)
Income from shares in group undertakings		24,250,000	22,750,000
Interest receivable and similar income		79,262	22,641
Profit on ordinary activities before taxation		24,451,863	22,945,905
Tax on profit on ordinary activities	5	(118,061)	(89,948)
Profit on ordinary activities after taxation		24,333,802	22,855,957

The company has no recognised gains and losses other than the profit on ordinary activities after taxation as shown above

The notes on pages 10 to 19 form part of these financial statements

WILLMOTT DIXON CAPITAL WORKS LIMITED**Registered Number: 5922246****Balance Sheet**
31 December 2012

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Goodwill	6		372,641		-
Tangible Fixed assets	7		397,731		274,014
Investments	8		<u>22,329,449</u>		<u>22,329,449</u>
			23,099,821		22,603,463
Current assets					
Debtors	9	3,036,779		4,018,050	
Cash at bank and in hand		<u>8,800,750</u>		<u>8,701,100</u>	
		11,837,529		12,719,150	
Creditors					
Amounts falling due within one year	10	<u>10,471,220</u>		<u>10,940,285</u>	
Net current assets			<u>1,366,309</u>		<u>1,778,865</u>
Net assets			<u>24,466,130</u>		<u>24,382,328</u>
Capital and reserves					
Share capital	12	12,000,000		12,000,000	
Share premium	13	5,406,868		5,406,868	
Revenue reserve	13	<u>7,059,262</u>		<u>6,975,460</u>	
Equity shareholder's funds	14	<u>24,466,130</u>		<u>24,382,328</u>	

The notes on pages 10 to 19 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 17 April 2013 and were signed on its behalf by



John Frankiewicz
Director

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Notes to the financial statements
for the year ended 31 December 2012

1 Principal accounting policies

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards.

Deferred taxation

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

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

Exemption from preparing consolidated financial statements

Consolidated accounts are not being prepared for this company as it is a wholly owned subsidiary undertaking and it is included within the consolidated financial statements of Willmott Dixon Holdings Limited, a company incorporated in the United Kingdom. As such these accounts are those of the parent company only.

Cash flow statement

The company qualifies under Financial Reporting Standard 1 for the exemption from preparing a cash flow statement as it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group and it is included within the groups consolidated financial statements which are publicly available.

Turnover

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

Investments

Investments in subsidiary undertakings are carried at cost less provision for any impairment.

Leased assets

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

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Notes to the financial statements for the year ended 31 December 2012

1 Principal accounting policies (cont)

Tangible fixed assets

Fixed assets are stated at historical cost less depreciation.

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

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

Long term contracts

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

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

Preconstruction costs are expensed until such time as the related contract becomes virtually certain.

Goodwill

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

2 Operating profit

The operating profit is stated after charging:

	2012	2011
	£	£
Directors' emoluments	699,516	426,306
Directors' pension contributions	35,508	35,508
Amortisation of goodwill	88,932	-
Depreciation - owned assets	177,489	44,841
Operating lease rentals - other	<u>212,296</u>	<u>224,625</u>

Auditor's remuneration for audit and other services was paid by other Group companies.

WILLMOTT DIXON CAPITAL WORKS LIMITED**Registered Number: 5922246****Notes to the financial statements
for the year ended 31 December 2012****3 Directors and employees**

	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>
Staff costs during the year were as follows:		
Wages and salaries	1,860,702	2,345,775
Incentives	630,615	771,704
Pension contributions	83,975	75,887
Social security costs	<u>306,818</u>	<u>379,713</u>
	<u>2,882,110</u>	<u>3,573,079</u>

The average monthly number of employees including directors during the year was as follows:

	<u>2012</u>	<u>2011</u>
Office and administration	<u>42</u>	<u>39</u>

Four directors (2011: Four directors) were remunerated by other group Companies for their services to the group as a whole.

The emoluments of the highest paid director were £480,231 (2011: £258,757) including pension contributions of £35,508 (2011: £35,508).

During the year, retirement benefits were accruing to two directors (2011: two) in respect of defined contribution schemes

4 Dividends paid

	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>
Ordinary dividends	<u>24,250,000</u>	<u>20,750,000</u>

A dividend of £2.02 per share was approved (2011: £1.73 per share)

WILLMOTT DIXON CAPITAL WORKS LIMITED**Registered Number: 5922246****Notes to the financial statements
for the year ended 31 December 2012****5 Taxation on profit on ordinary activities**

a) Analysis of charge	2012	2011
	£	£
Current Tax		
UK Corporation Tax on profits for the year	73,621	74,307
Adjustments in respect of prior years	(25,927)	13,737
Total current tax	<u>47,694</u>	<u>88,044</u>
Deferred Tax		
Origination and reversal of timing differences	70,519	1,904
Effect of change in tax rate	(152)	-
Total tax charge	<u>118,061</u>	<u>89,948</u>

b) Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>24,451,863</u>	<u>22,945,905</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	5,990,706	6,080,665
<i>Effects of</i>		
Expenses not deductible for tax purposes	14,200	25,649
Capital allowances in the year in excess of depreciation	9,970	(3,257)
Non taxable income	(5,941,255)	(6,028,750)
Adjustments in respect of prior years	(25,927)	13,737
Current tax charge	<u>47,694</u>	<u>88,044</u>

c) Factors that may affect future tax charges

The company is not aware of any significant factors that may affect future tax charges

WILLMOTT DIXON CAPITAL WORKS LIMITED**Registered Number: 5922246****Notes to the financial statements**
for the year ended 31 December 2012**6 Goodwill**

	2012
	£
Cost	
1 January 2012	-
Transfer	639,437
31 December 2012	<u>639,437</u>
Amortisation	
1 January 2012	-
Transfer	177,864
Charge for the year	88,932
31 January 2012	<u>266,796</u>
Net Book Value	
31 December 2012	<u>372,641</u>
31 December 2011	<u>-</u>

On 1 January 2012, goodwill has been transferred from Willmott Dixon Investments Limited. The goodwill is to be amortised over its remaining useful life

WILLMOTT DIXON CAPITAL WORKS LIMITED**Registered Number: 5922246****Notes to the financial statements**
for the year ended 31 December 2012**7 Tangible fixed assets**

	Short leasehold land and buildings	Plant and equipment	Furniture and fittings	Computer equipment	Totals
	£	£	£	£	£
Cost					
At 1 January 2012	115,533	33,556	71,800	128,073	348,962
Additions	2,825	423	(423)	296,665	299,490
Transfer	-	-	5,438	(12,343)	(6,905)
At 31 December 2012	118,358	33,979	76,815	412,395	641,547
Depreciation					
As at 1 January 2012	13,479	4,830	4,029	52,610	74,948
Charge for the year	24,001	8,466	7,410	137,612	177,489
Transfer	-	-	363	(8,984)	(8,621)
At 31 December 2012	37,480	13,296	11,802	181,238	243,816
Net book value					
At 31 December 2012	80,878	20,683	65,013	231,157	397,731
At 31 December 2011	102,054	28,726	67,771	75,463	274,014

WILLMOTT DIXON CAPITAL WORKS LIMITED**Registered Number: 5922246****Notes to the financial statements**
for the year ended 31 December 2012**8 Investments**

	2012
	£
Cost	
At 1 January 2012 and 31 December 2012	<u>22,329,449</u>

The following principal subsidiary companies are registered in England, 100% of the ordinary share capital was owned by Willmott Dixon Capital Works Limited at 31 December 2012:

Name	Main Activity
Willmott Dixon Construction Limited	General design and build
Willmott Dixon Housing Limited	Housing design and build
Willmott Dixon Interiors Limited	Interiors and refurbishment

9 Debtors: Amounts falling due within one year

	2012	2011
	£	£
Amounts recoverable on contracts	1,414,855	2,352,502
Trade Debtors	1,302,027	1,628,775
Prepayments and accrued income	58,888	36,773
Amounts owed from group companies	<u>261,009</u>	<u>-</u>
	<u>3,036,779</u>	<u>4,018,050</u>

10 Creditors
Amounts falling due within one year

	2012	2011
	£	£
Trade Creditors	2,040,203	64,365
Accruals and deferred income	8,431,017	4,052,273
Amounts due to group companies	<u>-</u>	<u>6,823,647</u>
	<u>10,471,220</u>	<u>10,940,285</u>

Cost of sales accruals amounting to £3,107,853 have been reclassified from trade creditors to accruals in the comparative period

WILLMOTT DIXON CAPITAL WORKS LIMITED**Registered Number: 5922246****Notes to the financial statements**
for the year ended 31 December 2012**11 Operating lease commitments**

Annual commitments under non-cancellable operating leases at 31 December 2012 were as follows

	Land and buildings 2012	Other 2012	Land and buildings 2011	Other 2011
	£	£	£	£
Expiring				
Within one year	-	16,289	-	37,630
Between one and five years	-	58,825	-	64,989
In more than five years	125,638	-	78,901	-
	<u>125,638</u>	<u>75,114</u>	<u>78,901</u>	<u>102,619</u>

12 Called up share capital

	2012	2011
	£	£
Allotted, called up and fully paid.		
12,000,000 ordinary shares of £1 each		
	<u>12,000,000</u>	<u>12,000,000</u>

13 Reserves

	Share premium account	Profit and loss account
	£	£
At 1 January 2012	5,406,868	6,975,460
Profit for the period	-	24,333,802
Dividends paid	-	(24,250,000)
At 31 December 2012	<u>5,406,868</u>	<u>7,059,262</u>

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Notes to the financial statements
for the year ended 31 December 2012

14 Reconciliation of movements in shareholder's funds

	2012	2011
	£	£
Profit for the financial year	24,333,802	22,855,957
Dividends	(24,250,000)	(20,750,000)
	<u>83,802</u>	<u>2,105,957</u>
Opening equity shareholders' funds	<u>24,382,328</u>	<u>22,276,371</u>
Closing equity shareholders' funds	<u>24,466,130</u>	<u>24,382,328</u>

15 Ultimate parent undertaking

The Company's immediate parent company is Willmott Dixon Holdings Limited, this is the smallest group for which consolidated financial statements are prepared

The Group Annual Report and Accounts of Willmott Dixon Holdings Limited can be found at www.WillmottDixonGroup.co.uk

Willmott Dixon Holdings Limited is jointly owned by Walsworth Limited and Hardwicke Investments Limited

The Company's Ultimate Parent and controlling party is Hardwicke Investments Limited, this is the largest group for which consolidated financial statements are prepared. The consolidated financial statements of Hardwicke Investments Limited can be found at Companies House.

WILLMOTT DIXON CAPITAL WORKS LIMITED

Registered Number: 5922246

Notes to the financial statements
for the year ended 31 December 2012

16 Group guarantees

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

The Company has, with the Ultimate Parent Company and certain fellow subsidiaries, therefore entered into multi-lateral financial guarantees in favour of Lloyds Banking Group to guarantee the Ultimate Parent Company's indebtedness to the bank.

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

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

17 Related party transactions

The Company is entitled to the exemption from disclosing related party transactions with entities within the group in accordance with Financial Reporting Standard 8. There were no other related party transactions.