WILLMOTT DIXON LIMITED

GROUP REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2021

Registered Number: 05922246

Page Number

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, MCIOB
Executive Directors

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

Secretary

Wendy McWilliams, LLB, ACIS

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Auditor

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	2021	2020 (restated)
	£000	£000
Turnover	**1,103,671**	1,191,556
Profit before tax excluding goodwill amortisation and exceptional item	**41,163**	25,073
Profit/(loss) before tax	**28,031**	(2,462)
Net current assets	**85,229**	44,476
Shareholders' funds	**39,688**	21,131
Cash and bank balances	**27,501**	25,306

GROUP CHAIRMAN'S STATEMENT

Overview

Whilst our teams continued to face huge challenges, the nature and scale of which have been unprecedented in recent times, I am pleased to say that our Group performed remarkably well during 2021 - indeed much better than a casual glance at our headline figures might suggest.

Operational delivery remained very strong, despite the residual Covid and Brexit induced pressure on resources, with many customers being surprised as well as delighted to see productivity maintained and their projects nevertheless completed to programme. Cost inflation has proved much more difficult to control and even more so to forecast, particularly more recently as significant price increases first emanating from the post-lockdown surge in demand have since been hugely overshadowed by an even greater impact from the war in Ukraine. That said, the financial resilience of our supply chains and the strength of those relationships combined to largely insulate 2021 results from what might otherwise have been a more significant effect.

Workload volume has also held up surprisingly well, with most regional offices having exceeded their target metrics for turnover already secured or going through pre-construction ahead of a 2022 start. With customer budgets now being severely tested, secured order levels could easily have been even higher had we not sensibly resisted numerous invitations to contract at yesterday's prices when facing tomorrow's costs. In that sense, our strategic philosophy remains entirely consistent with the principles that have held us in good stead over recent years, prioritising quality over quantity of work and being prepared to flex output to suit market influences.

Equally well-engrained is our inherent determination to be (and remain) a truly sustainable business, and a market leader in promoting and delivering sustainable solutions to our customers. Despite wider market distractions, we continued to make encouraging progress on what promises to be an endless but fulfilling journey, the key points of which are captured in Rick's Group Chief Executive's Report and the comprehensive Sustainable Development section that follows. The many listed achievements were delivered with shared conviction by our hugely capable team who, alongside their usual duties, managed to simultaneously volunteer over 29,000 hours of their time to community activities. We are immensely proud of their efforts, and also of the team's growing diversity, reflected in our recent inclusion in the Times list of 'Top 50 Employers for Women' for the fourth consecutive year.

That same cultural and ethical belief, which equally values fairness and transparency, has influenced our decision to include a sizeable exceptional accounting item ('the Provision') in this year's accounts, the scale and timing of which may unfortunately distort the perception of the Group's overall recent performance - but hopefully exceptionally improve future years.

The Provision relates to a substantial mixed-use project completed almost ten years ago, involving the construction of a retail store and residential apartments above which, in common with all other multi-storey residential schemes, has had its external cladding design re-interrogated to reflect a reinterpretation of Building Regulations following the Grenfell Tower tragedy. In this particular case, whilst most elevations will need to be replaced, responsibility lies fully with the supply chain - a specialist external envelope contractor and professional consulting team - against all of whom there are legitimate claims sitting alongside the usual recourse to professional indemnity insurance policies.

However, the huge number, complexity and growing politicisation of cladding related claims across the country has seen many culpable parties and insurers focus all their energy on escaping, reducing or deferring liability rather than facing up to their obligations. We face exactly that dilemma here - a building in urgent need of rectification, resident families desperate to find a solution but with no access to the Building Safety Fund, and those ultimately responsible for causing the problem and funding the solution presently refusing to play their part.

Against that backcloth, we have decided to press on with the remedial works, initially at our own expense but naturally with the clear intention and expectation of being fully reimbursed that to which we are properly entitled in due course. Unfortunately, bearing in mind the current intransigence of other parties, it is likely that we will need to resort to litigation to achieve those recoveries, which may take some time. In the meantime, we are obliged under technical accounting rules to reflect the full predicted replacement cost in these accounts but cannot include the compensating benefit of expected financial recoveries until they become 'virtually certain' - which is likely to be in 2022 or 2023.

Financial Results

Consistent with our strategy to sustain (rather than grow) activity until operating conditions normalise, we were not uncomfortable to see turnover for the year reduce by 7.4% to £1,103.7 million (2020: £1,191.6 million).

Our primary focus was instead on profit where, with our aggregate cost base now better aligned around that volume, we were encouraged to see a marked improvement against most of our key benchmarks.

Looking first at performance ahead of the Provision, profit before tax and goodwill amortisation - which we believe best represents underlying trading performance - increased by 64.2% to reach £41.2 million (2020: £25.1 million), and profit after tax also grew significantly to £31.3 million (2020: £17.5 million).

The net effect of the Provision was significant and amounted to £35.9 million before tax and £29.1 million after tax. For technical accounting reasons explained later in the notes, £25.2 million of the impact before tax and £20.4 million after tax has been presented as a restatement of the prior year result, with just the remaining £10.8 million before tax and £8.7 million after tax reflected in 2021. After adjusting for the Provision across both periods, the final overall result after tax for the period was a profit of £22.6 million (2020: loss of £2.9 million).

Notwithstanding that impact, our balance sheet as of 31 December 2021 remained strong with cash at bank and in hand growing by 8.7% to reach £27.5 million (2020: £25.3 million), and net current assets increasing 91.6% to £85.2 million (2020: £44.5 million). Whilst we did not need to access the Group's Revolving Credit Facility at any point, we were pleased to see that facility increase to £50.0 million in aggregate during the year, with Santander UK plc joining the accordion arrangement alongside Lloyds Bank plc and HSBC Bank plc.

Future Prospects

Having confronted and generally overcome so many problems over recent years, it would be comforting to think that we could look forward to a period of relative calm. The reality, of course, is quite different, with an even greater number of challenges and uncertainties now being faced.

Most topical and acute at present is the huge impact on our sector caused by the Russian invasion of Ukraine, which has exposed Europe's critical commodity dependency on that part of the world and an acute vulnerability to even relatively short-term shifts in supply. The inflationary impact on energy and material costs has been immediate and extreme, and the 'direction of travel' of future prices impossible to predict. Perhaps more worryingly, with national macro-economic stakes so high, political responses to evolving events are perhaps just as uncertain.

We equally need to navigate ongoing resource shortages emanating from Brexit and the pandemic lockdown, which aligned to encourage the return home of a sizeable proportion of EU sourced labour, which has yet to return to previous levels. And whilst we have just taken decisive, pro-active and ultimately expensive steps to put cladding related issues behind us, we need to be mindful of the unpredictable implications of government's ever-changing policy towards its planned Building Safety Bill, which seeks to retrospectively apply new (and still evolving) design interpretations to buildings completed and approved by inspectors under Building Regulations up to thirty years ago.

Last, but not least, we naturally need to avoid becoming Covid-complacent, being grateful for the success of the revolving vaccination programme, but also recognising the virus will continue to mutate and retains the capacity to surprise us.

Whilst we will need to remain flexible and nimble to respond to these challenges, there are other factors from which we can take more comfort. We expect public sector spending to continue to drive construction related demand, with particular emphasis on housing where there remains an acute shortage - and where helpfully Willmott Dixon Construction ('Construction') has more recently grown significant expertise. Similarly, we expect belated recognition of the urgent need for greater sustainability and energy efficiency across all forms of real estate to increasingly drive customer decision making, with escalating energy and fuel costs now becoming very material (rather than just incidental) to most budgets - to which Construction and Willmott Dixon Interiors have equal capacity to respond. And whilst it has called for some patience whilst options have been properly investigated and tested, we now have the tools and experience - best illustrated through Construction's innovative residential project with Birmingham City Council and Lendlease at Perry Bar and Collida's prototype homes at the Building Research Establishment ('BRE') - to satisfy an increasing customer appetite to see modern methods of construction ('MMC') adopted within their buildings.

As always, our people have worked immensely hard to make sure we can capitalise on these and other unfolding opportunities by strengthening and renewing our robust portfolio of framework appointments. Notable successes during the year include our re-appointment for the fifth consecutive time under a national SCAPE framework, this time covering projects in the £7.5 million to £75 million range across England & Wales; as a Delivery Partner under Homes:

England's new Dynamic Purchasing System; and (working alongside Mace) securing a place on the Procure23 Framework administered through a collaboration between Crown Commercial Service and the NHS with an intended aggregate spend of £9 billion over its lifetime. This has helped build a forward order book that is slightly ahead of the equivalent position last year; we now have visibility of all of our forecast 2022 turnover, either already secured or being processed through our pre-construction teams, with our emphasis now focussed on that required for 2023.

People

I am immensely grateful to all my board colleagues for their considerable expertise, judgement and advice over the past year. The input from our executive leadership team, headed superbly by Rick and supported so ably by Graham Dundas, Wendy McWilliams, Hugh Raven and John Waterman, has been exceptional - naturally guided where necessary through subtle and experienced interventions from Christopher Sheridan and Jonathon Porritt.

Having now enjoyed and benefitted from Jonathon's advice for more than twelve years, we shall be extremely sad to see him retire from our board in the summer of this year. Naturally, Jonathon would not leave us without being confident in his succession, and with that in mind, I am delighted to say that Julie Hirigoyen - whose reputation as CEO of UK Green Building Council is second to none - will be joining our board as a non-executive director on 1 June.

Finally, our board's collective thanks go to our amazing network of MDs, regional boards and operational and functional support teams across the country, whose exceptional energy, enthusiasm, commitment and professionalism make our business what it is and are at the heart of everything we do.

Colin Enticknap

Colin Enticknap
Group Chairman

GROUP CHIEF EXECUTIVE'S REPORT

Overview

The thirty-first of December 2021 was the final day of the 170th year in our company's long and progressive history.

Given that milestone, I would have preferred to be solely regaling readers with tales of our business's incredible successes, indomitable performance, and enviable prospects for the future – all of which are very real. But there is, of course, an important balance to strike in any such report. I have therefore deliberately balanced my naturally positive instinctive disposition with the important counterweights of pragmatism and realism, particularly relevant in our present business climate, to ensure that what I write here is representative of our company's true position in its marketplace.

Colin has, in his Group Chairman's Statement, already laid out the unprecedented position that we face in reporting the financial results for 2021. A position where a strong and positive year's work, and underlying profit creation across Willmott Dixon's operating companies, has been heavily impacted by the necessity to provide for the cost of re-cladding a significant project completed (and certified as fully compliant with Building Regulations) almost ten years ago.

Under more recent interpretations of those regulations, we now have a moral as well as legal duty to remediate that building - and will do so, initially at our own expense, but with the medium-term expectation that those truly culpable who currently attempt to deny their responsibilities will eventually face their day of reckoning when rightful restitution will be decided for them.

That now said, I am pleased that the remainder of this report, and the focus of our company, can justifiably remain firmly on the enormous opportunities that this sector of the economy offers Willmott Dixon.

Market Context

The UK construction industry output in 2021 is estimated at £122 billion making up about 7% of GDP. This statistic ignores the contribution of building material producers and the professional design and management services provided by consultants, which, when included, would push the contribution of our entire sector to over 15% of the UKs economy and close to pre-coronavirus levels of output.

Perhaps more importantly, our industry constructs, fits-out and maintains the built environment on which we all depend That is a privilege and a huge source of pride for Willmott Dixon and its people. By way of an example of our contribution, around sixty thousand families live in homes that our company has built over the last 50 years and approaching 95,000 students study in education facilities built by us across the nation in the last decade; these are significant, society-contributing features of our work and direct outputs of our shareholders' investment.

Our agility and ability to adapt has never been more in demand or more critical to our business; perhaps most acutely demonstrated by our team's assured performance in those first few months of the pandemic. The journey from that point onwards was always going to continue to challenge our teams around the country as we seek solutions to ongoing supply side issues, such as:

- More frequent corporate failures in the supply chain
- Disrupted supply of a variety of vital materials and components
- Some manufacturing slow to return production to pre-Covid levels as demand now outstrips supply
- Global price inflation across a myriad of products and materials in a generally fixed price contract environment
- Depleting availability of skilled trades as Covid pressures and Brexit impact uncertainty has drawn eastern European labour back home
- Spiralling energy costs, estimated to exceed a 50% increase in the current year

Of course, the hugely regrettable war in Ukraine only goes to remind us of the instability in world markets, the interconnectivity of so many products and their prices and the extent of the potential impact in the UK. Alongside world matters, outside the control of the UK government, there are a variety of planned fiscal interventions that the Chancellor has chosen not to back away from. These include the 1.25% increase in National Insurance contributions, the removal of duty-light 'red diesel' from the construction industry and the increase in tax on dividend income.

We will all feel the impact on our 'cost of living' until peace is achieved, and some form of equilibrium is re-established.

Until then, we must continue to tread carefully in a market where double-digit inflation of some materials through 2021, which was expected to 'fall back', will instead now be compounded in the current year as a result of war. Equally, it would be fool-hardy to assume that there will not be a slowdown in construction orders across all markets as the financial viability of projects is pushed to, and beyond, the limit of commercial sense.

With that backdrop, in order to sustain workload volumes at least at current levels, we should seek to achieve incremental growth in our market share - currently around 1% of the whole UK construction market - by being more efficient, having greater control of primary design and continuing to work with a customer base more likely to see the longer-term benefits of continued investment in capital projects; even at market inflated prices.

Grounds for Optimism

Having access to our chosen customers and public sector partners through procurement frameworks is the best means of controlling a more predictable flow of profitable new orders. Equally, having provable skills and capability in strategically important market sectors, is another means of growing a portfolio of customers and project work that others struggle to match with the same level of credible knowledge and integrity.

We are pleased to note that the NEC (one of the most widely used and respected building and engineering contract writers) is to launch new clauses in its contract suite to tackle organisations' unsubstantiated, and often un-substantiable environmental promises made to customers to tackle climate change.

To sustain our monthly rate of turnover, our Construction and Interiors companies need to secure, on average, new contract orders valued in excess of £100 million per month; this was consistently achieved across the 2021 year.

To support this appetite for new projects, we have won a position on every national framework that we have chosen to bid for.

Most importantly, in 2021 we won a place on the 5th iteration of the Scape framework which has the potential to extend our unbroken relationship with the organisation through to 2027, a period of almost twenty years, giving our companies the opportunity to add to the £5 billion plus of previously completed projects via this tried and tested direct-award procurement route.

Whilst Scape is, for us, one of the pre-eminent UK frameworks, our customers rightly demand a variety of options, often by tapping into their own procurement mechanisms or those obligated by Central Government.

In addition to Scape 5, our central bid team has successfully secured Willmott Dixon's place on the following national frameworks in the last year:

- Homes England DPP4 residential development
- Procurement HUB operated by Places for People
- Procure 23 for NHS facilities in an alliance with Mace that adopts collaborative working
- Crown Commercial Services (CCS) for other Central Government Departments
- Department for Education (DFE) schools and further education programme
- Pagabo Developer-led

We view each of these highly valued relationships as access points to the vast majority of 'in scope' workload opportunities. Importantly they each align with the government's 'Construction Playbook' philosophy, which mirrors so closely the constituent parts of 'Partnering' that we have promoted so hard, ever since the latter years of the last century.

Our people rightly treat these relationships as corporate assets to be protected, invested in, and nurtured. They are vital to our future growth plans and success, and provide the potential of £1 billion per annum of direct-award contracts and access to a further £12 billion per annum of aggregate capital project volume that is inaccessible to any peer organisation without access to the frameworks noted above.

Demonstrable Accolades

Much of what our company and our people do is obscured from public view, most people having little exposure to what exists behind the site boundary until a completed project is fully revealed, occupied and becomes a part of our street scenes and habitats for the next 50 years or more.

Fortunately, some of our work and our teams do receive the recognition they deserve.

Our outstanding construction managers received four gold and four silver medals for brilliantly completed projects across the country at the 'Chartered Institute of Buildings' Annual Awards. Our people have in aggregate, over the last decade, received more CIOB medals than any other contractor, which is a source of immense pride for all of us.

Our projects, the Pears Building at the Royal Free Hospital and the Biomedical Research Facility at University of Warwick, were both named 'Best in Class' projects at the annual Construction News awards ceremony.

Our IT environment has been independently certified to comply with ISO 27001, the international standard for information security required to give us, and our customers, confidence of the integrity of our data and operational security of our technology platform backed by policy, process and compliance.

We are the first contractor, and one of only three companies globally, to achieve the Carbon Trust's Supply Chain Standard.

However, perhaps the most publicly recognised award was for the Town House project for Kingston University which won the highly coveted 2021 RIBA Stirling Prize which recognises excellence in architectural design and quality of construction.

I turn now to our operating companies.

Willmott Dixon Construction ('Construction')
Turnover £948m, (2020: £1,024m)

Perhaps unsurprisingly, the volume impact of the pandemic in 2020 spilled across into the 2021 year, with a further reduction in turnover at Construction of approaching 8% when viewed against 2020.

The construction division's underlying pre-tax profit in the year, prior to adjustment for the exceptional cladding related provision was much improved at almost £31.0 million, a 3.3% profit return (2020 £20.6 million and 2.0% profit return).

Shareholders will no doubt feel the same, or greater, level of disappointment and frustration as the Construction Board with what can only be described as a year of 'treading water' from a financial perspective. But, as we all know, the contribution of this business goes far beyond a single year's financial performance. Our Group wide approach to Environment, Social and Governance (ESG) presented in considerable detail in the Sustainable Development report demonstrates explicitly the value of our corporate social responsibility initiatives which give many of us purpose and an equally strong sense of achievement.

That said, it is of course our ambition to quickly return to normal or improved financial performance with, or without, exceptions.

Construction is undoubtedly the core of our business. It has evolved quite materially over seventeen decades but is clearly 'DNA identifiable' as the origin of all that we are as a Group.

Construction works across the entirety of England and Wales; it is often referred to as a national business but is recognised by many of its customers as a regional business, with six local company offices (LCOs) firmly rooted in their own defined geographic territories with outlying Local Delivery Offices (LDOs) in the further reaches of an LCO's 'patch'.

- Central South based at Farnborough
- London & East based at Hitchin with a Chelmsford LDO
- London & South based at Weybridge with Crawley and Dartford LDOs
- Midlands based at Coleshill & Birmingham with Nottingham, Milton Keynes and Oxford LDOs
- North based at Oldham with Leeds and Newcastle LDOs
- Wales & West based at Cardiff with Bristol, Plymouth and Exeter LDOs

This strategically conceived operational structure gives a range of benefits to our customers, our supply chains and, of course, to our people. Corporately it remains a well-tested, easily scalable model with strong governance and cross LCO synergies.

Our customers can better identify with Willmott Dixon teams that live and are employed locally, and predominantly procure supply chain goods and services from within their region. Those same customers are increasingly involved in choices surrounding our 'social value' offering, helping specify tangible outcomes they expect to see rather than a stream of social value metrics that we can record but are not as obvious, or meaningful, locally.

We have proclaimed for a long time that we should make our supply chains a reflection of the company; our network of LCOs and LDOs increasingly allow many more suppliers to benefit from knowledge of our forward order book and the opportunity to mould and adapt their own businesses to blend well with our view of a sustainable future.

For our people, the benefits for a team with an identity and a permanent work base close to home are clear from both a wellbeing and a sustainability perspective.

Regeneration and Levelling Up

Despite growing constraints on public sector finances, capital spending for town centre and local infrastructure renewal is ring-fenced, with government having announced a first round Levelling Up Fund of £1.7 billion, planned to address regional disparities across the UK by investing in physical infrastructure to boost economic growth post-Covid. The Levelling Up initiative fits well with our construction and residential skill-sets. Together with our traditional network of relationships with local authorities and businesses, it should generate a solid pipeline of regional opportunities for at least the next 2-3 years.

Priorities driving town centre 'Levelling Up' renewal plans:

- The need to create a better sense of 'place' that encourages further inward investment and job creation
- To stimulate further footfall back into town centres and support the night-time economy
- The opportunity to transition away from retail-reliant urban centres with new alternatives that encourage more people into town centres
- To re-purpose property to provide a cultural and entertainment offering
- To diversify the residential offer to create affordable housing for local people, which will also encourage skills retention

Recently, local authorities have chosen to use our town centre renewal skills to give them extra capacity in writing business case reviews, carry out commercial and residential appraisals, find funding partners and manage the design, construction and sale of residential property.

Towns where this life-cycle service is being utilised by our customers include:

- Rotherham
- Caerphilly
- Newcastle-Under-Lyme (preferred partner)
- Solihull (preferred partner)
- Telford & Wrekin
- Camberley town centre (preferred partner)
- Spindles development in Oldham town centre
- Stockport Interchange

Modern Methods of Construction ('MMC')

John Waterman continues to lead both our Construction and Interiors businesses with remarkable energy and practical intelligence and has continued through the year, with his long-established senior team of exceptional managing directors, to bring his Giant Leap strategy to life.

Giant Leap is beginning to transform the way we conceive and deliver projects for customers with a real focus on sustainability, innovation and lean operations. Colin has already mentioned an exemplary project in Birmingham, originally intended to be a part of the Athletes Village for the upcoming Commonwealth Games. This I am sure is a glimpse of the future.

Having been chosen by our customer to deliver 430 apartments, our team articulated a strong preference to not build what had already received planning consent. Our view being that we could completely redesign the project, deploy tried and tested MMC techniques, change the heating solution from gas fired to renewable electric, meet the customers budget, start three months later than the other contractors (delivering the balance of the apartments to the original design) and still finish in time for the Games.

The project image perhaps speaks for itself. It depicts Willmott Dixon's two MMC phases of the project now completed; with the balance of the site, being built traditionally by others and started much earlier, still under wraps and still deploying three tower cranes.

Alongside project specific MMC examples, we continue to drive the development of the Collida range of 'manufactured for assembly' products, initially focused on the 'Living' residential offer but to be sequentially followed by 'Learning' and 'Wellbeing' additions.

Further Collida pilot projects are ongoing in East London and in South Wales, which we anticipate will start to build momentum and traction around this holistic approach to the design and delivery of a new era of productised building solutions for our customers that are efficient in manufacture, net zero carbon in use, economic to deliver and 'future climate' ready.

Willmott Dixon Interiors ('Interiors')
Turnover £156m (2020: £167m)

Through 2021 the fit-out and refurbishment market has continued to provide good opportunity for Interiors to maintain a healthy order book across a number of sectors for building owners and occupiers alike.

However, we anticipate a growing and pent-up demand for the services that Interiors offers to its customers, there being two specific triggers that give us much optimism for ongoing incremental growth.

- Re-purposing existing commercial space as a result of the acceleration to 'agile working' caused by Covid-derived 'work from home' requirements. There are currently around 1 million square metres less commercial space in occupation in the UK since pandemic started. Property commentators suggest that alternate uses for commercial building will be found, each alternate use being an opportunity for the refurbishment and fit-out market.
- Decarbonising existing estates and property portfolios. COP26 illuminated the role the built environment can play in reducing carbon emissions. With cost of energy as further stimulation to the imperative need of property owners to transform the efficiency of their estates to not only maintain their intrinsic value, but also to enhance their attraction to potential occupiers. Most business leaders now recognise the importance to their employees of being mindful of resource wastage and emission reduction.

Whilst these two specific markets will provide future opportunity, there continues to be a healthy stream of workload opportunities in:

- Health, with hospital upgrades in Brighton, Cambridge and Epsom.
- Commercial, with major project re-fits in Birmingham's Brindley Place, and the Department of Health's 48,000 sq ft Wellington House in Leeds.
- Civic Leisure, including Wolverhampton Civic Hall and the EMD Cinema in Walthamstow
- Repeat framework volumes through long term relationships with the Metropolitan Police and Travelodge adding to an array of fast-track projects

With Interiors and Construction working more closely together under John's lead, there will be ample opportunity to combine both companies' skills in joint bids for larger more structurally complex refurbishments. There are also increasing examples of customer relationships being created and shared between sister businesses to the benefit of all parties.

We are delighted with the progression of the LDO in Birmingham which is an important staging post in the geographical expansion plans that we hold for Interiors.

Sustainability

The input of our Sustainability teams around the country is covered in full in the Sustainable Development report but it would be remiss of me to not mention the enthusiasm for, and criticality, of our sustainability mission lead by Julia Barrett and the content of our Now or Never Strategy.

Accurate, definable performance is drawing more customers wanting to play their part in the transition to a net zero carbon economy with Passivhaus projects in wet leisure, residential, education and student accommodation. These types of commissions will, we hope and believe, become more of the 'norm' over the next few years.

To promote the potential and art of the possible, every customer is now offered our Energy Synergy approach to monitoring operational performance against design and we are increasingly offering our innovative Community Solar Energy initiative to customers where solar power generation is commercially feasible.

People First

Our corporate achievements are only possible because of the extraordinary efforts of our people across the country.

Agile working

Even prior to the pandemic, we recognised the value of agile working, and we were starting to embed it into the business. When the pandemic started, agile working became a key factor in enabling us to keep sites running, and our people told us through our annual people satisfaction survey (Your Say) that they were keen to see these practices continue.

We have now gone further, formalising homeworking and introducing an allowance to recognise this. 75% of our people, including some who are site-based, work from home at least one day a week and we continue to explore new ways for our people to enjoy a healthy work-life balance.

In Your Say, 93% of our people agreed with our survey statement "I have the support and trust I need to work in an agile way", a substantial increase from our 2018 score of 82%.

Our approach to agile working is supporting our people with their learning and development, with 70% of our learning resources now available online.

Health and wellbeing

We are mindful however that agile working, particularly working from home, can isolate people from each other so we have also encouraged people to return to the office regularly.

Our people's health, wellbeing and happiness is fundamental to our success and our 'All Safe Minds' campaign remains a prominent way to tackle the stigma associated with mental illness by encouraging our people, and those we work with, to seek help if they are experiencing issues such as stress or depression.

To provide further support, we launched Thrive; a mental wellbeing, NHS-approved app for the prevention, early detection and management of anxiety, depression and stress. Amongst several support measures, we also offered health checks across our business, with around 600 of our people having already received them.

A Diverse and Inclusive Company

We need to attract a more diverse workforce to build complementary teams, in order to make us a better business and truly reflect the communities we serve.

Our aspiration is to achieve a 50/50 gender balance by 2030. By the end of 2021 we increased the percentage of women in the business to 29%, and I was pleased to see that 46% of our new starters in 2021 were women. We are proud that 49% of all trainees are women compared to 27% in January 2018.

In our latest Your Say survey, 94% of our people agreed they have equal opportunities regardless of gender, ethnic origin, disabilities, religion, age or sexual orientation.

I am delighted to say that we continue to close our gender pay gap, and continue, as we have over a number of concurrent years, to appear in The Times' Top 50 Employers for Women list.

To provide a springboard for a new generation of women leaders, 2021 saw the first cohort graduate from our *Women's Leadership Development Programme. This new programme provides high-potential female leaders with* world class learning, delivered by Cambridge University's Judge Business School, and individual mentoring provided by our senior leaders.

We are now building on our work to improve gender diversity by extending our focus to include other wider aspects of diversity.

Summary

There is no doubt that the construction industry is a complex and increasingly challenging sector in which to operate successfully.

Our hopes and aspirations for our company remain positive and strong. We will, as ever, need to adapt and respond to the challenges ahead, including the potential lasting impact on company law and the embedded risk that will be manifested across the industry if the Government's amendments to the Building Safety Bill remain unchallenged, and ultimately receive Royal Assent.

But we face that challenge in the knowledge that our values, culture and ultimately the dedication and commitment of our brilliant people to our company and our shareholders, will provide us with a strong and reliable platform for ongoing success.

Rick Willmott
Group Chief Executive

PRINCIPAL RISKS AND UNCERTAINTIES

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

- The long term availability of capital budgets to customers.
- Rising levels of inflation and energy costs.
- Changes in legislation following the Grenfell Tower tragedy.
- The effect of the Ukraine crisis on the economy and supply chains.
- The timing and quantum of recoveries against cladding related provisions.
- The availability of material and labour resources.
- The increased potential for corporate failures in the supply chain.
- A declining appetite for exposure to the construction sector from lenders, credit providers and insurers.

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

The headline strategies of the Group are to achieve sector leading results year on year and to be the sector leader in sustainable development, by empowering intrapreneurial executive teams through a portfolio of substantial contracting and related businesses, each committed to achieving:

- High satisfaction levels and customer loyalty
- A solid and visible platform of profitable work with positive cashflows
- Sector leading levels of competitiveness
- Efficient, cost effective and reliable supply chains
- Continuous improvement in procurement practices and use of natural resources
- Simple, effective, well understood and consistently applied control systems
- The overriding aspiration to attract, develop, retain and promote the best people

The board also routinely reviews and approves the long-term strategic plans and annual budgets of all group subsidiaries, regional offices and central services.

The main focus areas for the board during 2021 were:

- The on-going challenges presented by the Covid-19 global pandemic
- The availability of materials and labour resources
- The management of inflation risk
- Progress against the Group's Sustainability Strategy, Now or Never
- Strategic approach to increasing use of Modern Methods of Construction
- Improving efficiency and productivity
- Managing legacy residential recladding schemes
- The availability and cost of professional indemnity insurance
- Progress against gender diversity targets and succession planning
- Managing customer and supply chain insolvency risk

During the year the board considered its corporate funding arrangements and increased its Revolving Credit Facility from £25.0 million to £50.0 million, extending the commitment to 2024. The board also increased its number of banking partners in adding Santander alongside long-standing partners Lloyds and HSBC.

The board also considered the Group's IT Strategy during 2021, approving the significant investment in replacing numerous operational and 'back office' applications with Microsoft's leading business enterprise system, Dynamics 365.

In setting the long-term strategies and vision for the business and taking decisions during the financial year, the board has 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.

Regular employee engagement comes from a number of different channels including:

- An annual confidential and independently coordinated 'all people' survey
- An annual people review with all managing directors and functional heads
- Regular e-mails and newsletters
- Social media and instant messaging channels
- Company intranet news and blogs
- Regional office and site visits
- Conferences and video messages
- A whistleblowing policy facilitating any concerns to be raised anonymously
- Working groups on strategic topics such as diversity and wellbeing

Employee engagement led to the introduction of the following during 2021:

- A new homeworking allowance
- An agile and homeworking policy
- A new company car scheme for ultra-low emission vehicles
- A standard motoring expenditure allowance to replace graded car allowances
- Improved technology to support agile working and virtual meetings
- New digital learning platforms
- Unconscious bias training
- A mobile application to support wellbeing
- New benefits providing access to virtual GP appointments

Customers

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

The directors engage with customers and framework providers regularly through:

- Regular meetings
- Workshops before, during and after each project
- Dedicated account management
- Customer interviews
- Site visits
- Conferences
- Digital and social media channels

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.

During the year, engagement was focused on the availability of resources, responding to high levels of inflation, access to capital budgets, improving the sustainability performance of buildings and increasing the use of whole-life costing and energy performance monitoring.

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 whom it has a long-term strategic relationship.

Engagement with supply chain partners takes many forms across the Group including:

- Annual surveys
- Supply chain conferences
- Regular meetings with dedicated relationship managers
- Project workshops and trade forums
- 'Better together' academies and 'lunch and learn' sessions
- Participation in working groups and shared workspaces

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 updates of standard group contracts, policies and long-term business plans approved by the board.

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 ranked as one of the best payers in BuildUK's league for prompt payment.

During the year, the board considered and actively engaged with supply chain partners on:

- Evolving Covid-19 safe operating procedures
- Maintaining and improving payment terms and performance
- Implementing changes to the prompt payment code, accelerating payment to smaller businesses
- The role they play in the Group's Sustainable Development Policy, Now or Never
- How the company can support their digital and technological growth
- The requirements and implications of the new domestic reverse charge VAT and IR35 tax regimes

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 as follows:

- Feedback and analysis communicated through annual and interim reports
- Supplementary information provided through discrete correspondence
- Interactive dialogue welcomed through the Annual General Meeting
- Open feedback invited through adhoc surveys and questionnaires.

During the year, shareholders were kept informed of the Group's performance via correspondence from the Group Chairman.

The board firmly believes in aligning ultimate shareholder and management interests by offering senior executives and regional directors the opportunity to become ultimate shareholders via the Group's performance related share incentive schemes. The latest iteration, first available from 2020 continues to be well subscribed to, with the majority of participants electing to take up their maximum entitlement.

Communities and environment

Through the Now or Never strategy and its 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.

This, and the work of the Willmott Dixon Foundation is explored in detail in the Sustainable Development Report.

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.

The Group's bankers have, in particular, been engaged regularly during the year to ensure they have remained well informed of the Group's performance and workload through the on-going pandemic and of the latest position with liabilities arising from recladding legacy residential schemes and associated recovery actions.

Regular dialogue is maintained with HMRC through a dedicated Customer Compliance Manager.

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.

By Order of the Board:

Wendy McWilliams 20 May 2022

Secretary

Words are Easy. Delivery is Hard.

2021 marked the first anniversary of our sustainability strategy, *Now or Never*. Our decisive decade. It also saw nearly 200 world leaders and more than 39,500 people finally assemble in Glasgow in November for COP26. Whilst great progress was made in terms of commitments to cut carbon emissions, the painful truth is that the detail of Nationally Determined Contributions still has to be verified at COP27 in November, and we're still on a trajectory for a 2.4°C temperature rise by 2100.

Despite the flurry of net-zero related announcements by our government in the run up to COP26, it is frustrating that words are still not being matched by ambitious and well-funded policy interventions to make them a reality. The recently announced decision on the Future Homes Standard is particularly disappointing, with the Government rejecting almost all the very practical recommendations from the industry on ways of making this critical new standard genuinely fit for purpose.

It is essential, therefore, that businesses like ours seize the initiative and demonstrate that sustainability is not just a challenge that *has* to be met, but also an opportunity which can drive business growth, stimulate innovation, increase efficiency, enhance recruitment and retention and improve business resilience. We continue to see more organisations declaring climate emergencies, resulting in improved building performance and 'biodiversity net gain' featuring ever more strongly alongside social value in our customers' tenders and frameworks.

It is heartening that nearly a third of major businesses have now announced their intention to deliver net zero. However, it is also crucial that these declarations are backed up by honest and transparent updates on progress and delivery, and if they succumb to greenwash, that they are held to account against the Competition and Markets Authority's new Green Claims Code. Our industry is not immune to this trust-eroding greenwash, and all of us intent on real delivery will need to be much more alert to this danger.

Whilst we have made good progress in the first year of delivering the strategy, with achievements ranging from more investment in social enterprises, to further reducing our waste arisings, we are behind our planned trajectories on carbon reduction, tree planting and supporting young people into careers at Willmott Dixon. The benefit of early action is that we have time to recalibrate and can reinvigorate our activities and plot our course to get back on track.

There's always more to do, but we relish the challenge and are more determined than ever to realise the ambitions that we laid out in *Now or Never*.

Jonathon Porritt

Jonathon Porritt
Non-Executive Director

2021 Sustainability headlines

Brilliant Buildings

- The Royal Institute of British Architects (RIBA) named Wilmott Dixon's Town House for Kingston University as the winner of the 25th RIBA Stirling Prize.
- First contractor and third company globally to be certified to Level 3 of the Carbon Trust's Supply Chain Standard.
- Started construction of our first net zero operational carbon projects for our customers: Silverwood School, Tarleton Academy and Inspired Villages.
- Energy Synergy™ implemented on all new non-domestic sector projects.
- All projects delivered by our new business, Collida, are net zero carbon in operation.
- Delivered Willmott Dixon's first off-grid, renewable, net zero carbon operational pod.

Building Lives

- £13.4m worth of social return on investment in addition to the amount we spent on goods and services in local communities.
- The value of our people's time, skills, donations and gifts-in-kind, through the Willmott Dixon Foundation, was £1.4m.
- For projects procured via the SCAPE framework, 87% of spend was within 40 miles.
- We delivered 343 programmes to over 2,900 individuals.
- We supported 18 people into jobs with our supply chain partners and hired two people facing barriers to work directly into Willmott Dixon.
- Over 29,000 hours of our people's time volunteered on community activities.
- Raised £51k for good causes.
- We became founder members of the Social Partnership Portal.

Better Planet

- Carbon neutral for the ninth year running.
- Reduced absolute carbon emissions by 32% since our baseline year of 2018 and by 17% since 2020.
- Reduced our carbon emissions (relative to turnover) by 68% since 2010
- Reduced absolute construction waste by 54% and construction waste intensity (relative to turnover) by 63% since 2012.
- Secured nearly 90% of our target to plant 10,000 trees in 2021.
- Reduced mileage from business travel and commute by 45% since 2018.
- Re-certified to the Carbon Trust Standard, achieving a best-in-sector score.

The Best We Can Be

- Secured a sustainability-backed loan guarantee from HSBC.
- Average payment time 28 days; 98% paid within 60 days.
- Named in the Times Top 50 Employers for Women for the third year running.
- Received the Key4Life YOUNITED Flag for our work supporting ex-offenders.
- £3.1m invested into our people's learning and development.
- Average Considerate Constructors Scheme score 41.48/50
- Four golds and four silvers at the Construction Manager of the Year Awards.
- Julia Barrett won Sustainability Leader of the Year and Jono Ayton won Rising Sustainability Star at the Edie Sustainability Leaders awards 2021.

BRILLIANT BUILDINGS

The projects outlined below are just some of the sustainability exemplar buildings and projects that we won and worked on in 2021.

In the past year alone, we have secured two new Passivhaus projects. The first is for Caerphilly County Borough Council, where we're developing homes to support the growing need for affordable housing in the county. The second is Spelthorne Leisure Centre, which will be the first wet and dry leisure centre to achieve the Passivhaus standard in Greater London.

We're also building two four-storey buildings to the ultra-low carbon Passive House Institute Low Energy Building standard for St Peter's College, Oxford University.

Several customers have selected our innovative, capital cost free Community Solar Energy model, which allows them to buy the cheaper renewable electricity generated by photovoltaic panels on their building. Bristol Beacon, an iconic music venue in the city, is on track to be one of the first projects to use the scheme, supporting their aim to become the first carbon neutral music venue in the UK.

Energy Synergy™, our approach to closing the performance gap, is also helping our customers reduce the emissions of their building during occupation. Now included as standard practice on every non-domestic project, our approach is unlocking significant carbon and cost savings for customers.

Combining low-carbon design principles with monitoring and renewable energy options enables us to deliver buildings that are net zero carbon in operation, such as Silverwood School for Wiltshire County Council, and Lancashire-based Tarleton Academy, which will be a pilot for the Department for Education's net zero carbon policy for future schools. We're also working with Inspired Villages and Legal & General Capital to deliver our first net zero carbon retirement village in Caddington, Bedfordshire.

Finally, this year some of our standout projects were recognised for being highly sustainable, for supporting communities and for having exceptional design. The Royal Institute of British Architects (RIBA) crowned the Town House for Kingston University the winner of the 25th RIBA Stirling Prize. The Pears Building won Construction News Awards' Project of the Year (over £50m) and the Interdisciplinary Biomedical Research Building at University of Warwick took home Project of the Year (£20m-£50m). Lastly, Delamere Forest Visitor Centre project for Forestry England scooped two awards; New Build Sustainable Development at the Chester Civic Awards for Design and Conservation and the Value Award from North-West Regional Construction Awards.

First off-grid, renewable pod

As part of our annual Willmott Dixon Foundation trainee challenge, James Vosper created Willmott Dixon's first off-grid, renewable, net zero carbon operational building; the Now or Never pod. With a strong team, including 25 supply chain partners, James designed and built a classroom pod for students at Pixbrook Academy in Central Bedfordshire, providing the school with a sustainable resource and additional classroom space. The pod uses 100% renewable energy, thanks to eight 450W solar roof panels, and is designed to meet Passivhaus Retrofit standards.

BUILDING LIVES

In 2020, we launched our Careers Targets to 2030 to continue our work with young people and also those who are facing significant barriers to work.

We continued to deliver programmes to support these individuals through either a socially-distanced, digital, or face-to-face format, through our national Building Lives Delivery Suite. Last year, we delivered 343 programmes in total.

We remain signatories of the Social Mobility Pledge.

Social Return on Investment

In recent years we have developed our Social Value Account to help us calculate the monetary value to society of our initiatives, by using independent proxy financial data. In 2021, we calculated that we delivered £13.4m of Social Return on Investment (SROI). This is in addition to the benefit to the economy when we buy goods and services locally.

	2021
Local spend: For projects procured via the SCAPE framework % of spend within 40 miles	87%
Social return on investment (in addition to the amount spent on goods and services)	£13.4m
Hours of our people's time volunteered on community activities	29K
Value of our people's time, skills, donations and gifts-in-kind, through the Willmott Dixon Foundation	£1.4m
Money raised for good causes	£51K
Career target connections	49.6K
% of beneficiaries who said our community activities had a high impact	81%

Social enterprises

In 2021 we spent over £1million with socially focused businesses. These are companies such as social enterprises, registered charities or those with a predominantly social or environmental purpose.

Internally, we have incorporated targets around social enterprise spend as part of our *Now or Never* ambitions. Externally, we became founder members of the Social Partnership Portal which aims to connect socially focused businesses with corporate partners and their supply chains.

BETTER PLANET

Between 2010 and 2021 we reduced our emissions intensity by 68%. *Now or Never* commits us to going even further and achieving zero carbon in both our own operations and within our supply chain.

Below we provide an update on our progress towards our targets, as well as our declarations under the Government's Streamlined Energy and Carbon Reporting (SECR) regulations, which are part of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

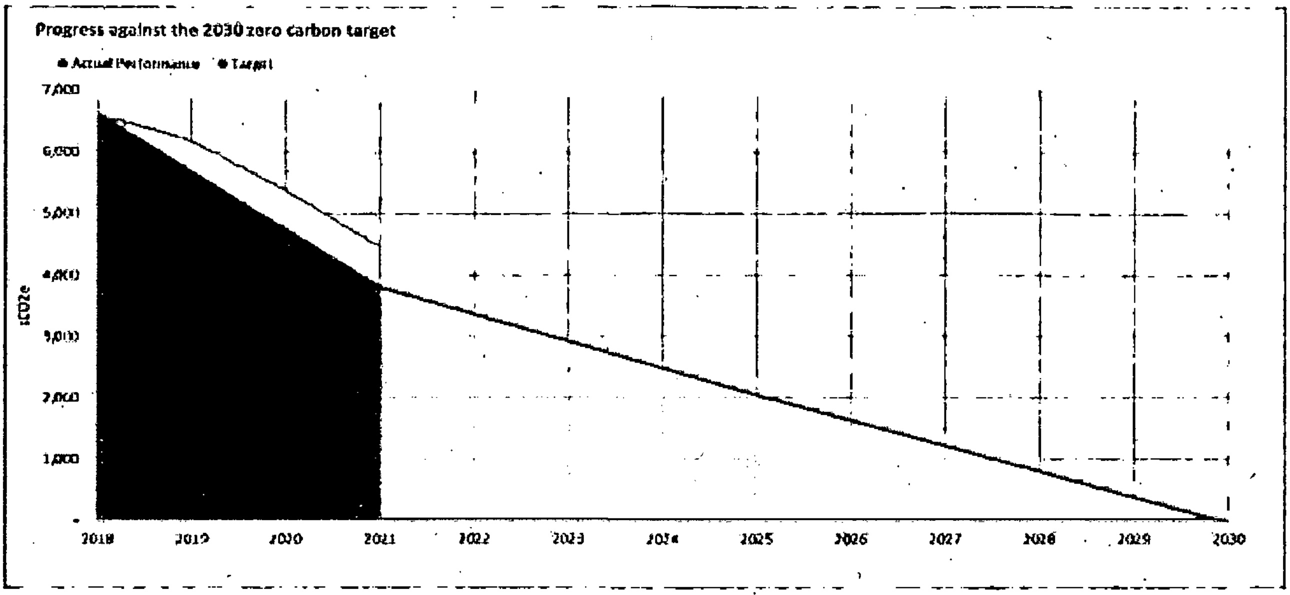
Willmott Dixon Operational Carbon Footprint

In 2020 we set a science-based target, aligned with limiting global warming to 1.5°C. Our *Now or Never* ambition is to become **a zero-carbon company without any offsetting by 2030**. To do this we will reduce our own emissions to zero so that we will no longer need to offset our carbon footprint.

We adopted an operational control approach to our targets, whereby we include anything that we directly pay for, as these are emissions that Willmott Dixon can influence and control. Our target includes our scope 1 and scope 2 emissions (see below) and our scope 3 emissions from transport and homeworking. We have used the market-based methodology to convert kWh to carbon, which means that where our sites and offices use renewable electricity, this is reported as zero carbon emissions.

Willmott Dixon Operational Footprint
Scope 1: Site and office gas, site diesel, site HVO
Scope 1: Business travel from company cars
Scope 2: Emissions from purchased electricity
Scope 3: Travel from grey fleet and commuting
Scope 3: Working from home equipment and heating
Scope 3: Train travel

By the end of 2021 we had reduced absolute carbon emissions by 32% since our baseline year of 2018 and by 17% since 2020. This is behind our ambitious planned trajectory for carbon reduction which plans significant reductions in the early years of the strategy. We aim to continually reduce the amount of energy we use year-on-year and to find new ways of becoming more energy efficient, but our energy use increased slightly in 2021 compared to 2020.



Willmott Dixon Operational Energy and Carbon Emissions

	2018 (Baseline)	2019	2020	2021
Willmott Dixon Total Operational Emissions (tCO_2e)(1)	6,638	6,204	5,406	4,499
Intensity - emissions relative to turnover (tCO_2e/£m)	5.02	4.98	4.54	4.08
Energy Use (directly paid for) (kWh)	Not reported	29,800,766	25,813,221	27,268,192

(1) Includes energy directly paid for by Willmott Dixon. Emissions from electricity use the market-based methodology to convert kWh to carbon.

In line with the SECR regulations, we have provided data on our operational emissions including the energy that we have consumed but not directly paid for (mainly customer electricity) in the table below. The greenhouse gas emissions associated with this energy use have been calculated using the location-based methodology, which does not take into account the renewable electricity supply contracts we have obtained and instead uses a national carbon emissions factor for electricity.

Willmott Dixon Operational Energy and Carbon Emissions (SECR requirements)

	2018	2019	2020	2021
Willmott Dixon Total Operational Emissions(2) (tCO_2e)	Not reported	9,176	7,308	6,459
Intensity - emissions relative to turnover (tCO_2e/£m)	Not reported	7.36	6.14	5.86
Energy Use (including customer procured energy) (kWh)	Not reported	35,830,867	29,818,813	31,106,428

(1) Includes customer procured energy used on our sites. Emissions from electricity use the location-based methodology to convert kWh to carbon and include T&D losses.

Emissions Reduction

In 2021, the key actions to reduce carbon emissions on our construction sites involved mandating hybrid generators, migrating to Hydrogenated Vegetable Oil (HVO) fuels - which emit ten times less carbon than mineral diesel - and procuring new standards for our site cabins.

We also launched our innovative approach to agile working, homeworking and sustainable transport, which includes a salary sacrifice car scheme that allows our people to access electric and plug-in hybrid lease cars. We updated our green bonus scheme to further incentivise our people to choose electric vehicles, which saw us pay out £287,772; ten times the amount in 2020. Of the 248 vehicles that were delivered in 2021, 96% are either electric or plug-in hybrid. To support our people to make the switch, we signed an agreement with Rolec to deliver charge points at all our sites and offices, with a discount for our people wanting to install charge points at home. This shift to agile working, including financial support for homeworking, has reduced mileage from business travel and commute by 45% since 2018.

In 2021 we were recertified as one of the only construction contractors to hold The Carbon Trust Standard, with a best-in-sector score.

Carbon neutral since 2012

Until we have reduced our emissions to zero, we continue to offset our unavoidable emissions and have now been carbon neutral or net zero for our own operations since 2012. To offset our 2020 emissions, we invested in the Uganda Borehole Rehabilitation Project and the Sumatra Merang Peatland Project.

Supply Chain Emissions - Net Zero Operational Carbon by 2040

We have committed that our supply chain will achieve net zero operational carbon by 2040. We commit to reducing emissions from purchased goods and services by 55% by 2030 and by 100% by 2040 from a 2018 base year.

In line with our science-based target, we are measuring these using emissions from purchased goods and services from our category A suppliers. These are the suppliers who we work with most closely and they make up at least two-thirds of our overall scope 3 emissions.

	2018 (Baseline)	**2021**
Willmott Dixon Purchased Goods & Services (Cat A Suppliers)(1) (tCO_2e)	825,410	749,803

(1) In line with the Science Based Target, this includes purchased goods and services from category A suppliers (which makes up at least two thirds of scope 3 emissions).

In March 2021, Willmott Dixon became the first contractor, and one of only three companies globally, to achieve Level 3 of the Carbon Trust's Supply Chain Standard. The Standard recognises organisations which can demonstrate that they are measuring, managing, and reducing carbon emissions from their supply chains.

From 2022 all new 'goods' suppliers/manufacturers need to meet our minimum standard before they will be considered for inclusion on Willmott Dixon's Supply Chain and considered as partners to our business. The standard covers a range of practices, from sustainability to quality to health and safety.

We are a founding member of the virtual Supply Chain Sustainability School. At the end of 2021, 147 companies in our supply chain were members of the school. 29 are gold members, 58 silver and 10 bronze. In 2021, we supported the development and launch of the Supply Chain Sustainability School's carbon emissions reporting portal and encouraged our top 150 partners to use it and the free support and training available. We also worked with our groundworker supply chain partners to help them develop plans to reduce diesel by 2025 and eliminate it by 2030.

In 2021 we worked hard to reduce the embodied carbon of our projects and completed more lifecycle carbon assessments on projects than ever before.

Willmott Dixon Total Carbon Footprint

We calculate our carbon footprint using international standards (the Greenhouse Gas protocol and ISO14064) and we categorise our Greenhouse Gas emissions as scope 1, 2 and 3 as described in the WBCSD/WRI Greenhouse Gas Protocol Reporting standard. Our carbon footprint is verified by The Carbon Trust, as part of our accreditation to the Carbon Trust Standard and our carbon and energy data is verified by Bureau Veritas.

Emissions have been calculated as tonnes of carbon dioxide equivalent (tCO_2e) using conversion factors listed in the relevant Defra Greenhouse Gas Conversion Factors for Company Reporting for the relevant year. For our footprint, scope 2 emissions were calculated using the marked-based methodology but, in accordance with best practice, we have also provided information on these emissions using the location-based method. Where HVO fuel is used, we have calculated 'out of scope' emissions to account for the direct carbon dioxide (CO_2) impact of burning. The emissions are labelled 'outside of scopes' because the fuel source itself absorbs an equivalent amount of CO_2 during the growth phase as the amount of CO_2 released through combustion.

Emissions from purchased goods and services were calculated using a spend based method using Quantis[1] conversion factors. Emissions from home working were estimated using the methodology in the EcoAct White Paper[2].

Willmott Dixon Carbon Footprint 2021

Source	Emissions (tCO_2e)	Emissions by Scope (tCO_2e)	Emissions by Footprint (tCO_2e)
Scope 1: Site and office gas, site diesel, site HVO	1886	Total Scope 1 & 2	Operational Emissions
Scope 1: Business travel from company cars	515		
Scope 2: Emissions from purchased electricity [1]	99	2,500	4478
Scope 3: Travel from grey fleet and commuting	1,733	Total Scope 3	
Scope 3: Train travel	75		
Scope 3: Working from home equipment & heating[2]	170	734,616	
Scope 3: Emissions from purchased goods and services (Category A partners)[3]	545,034		[redacted]
Scope 3: Emissions from purchased goods and services (other category partners)	187,204		
Scope 3: Emissions from waste including wastewater	297		
Scope 3: Transmission and distribution losses	102		
Total Emissions	**737,116**		
Outside of scope emissions from HVO fuels[4]	311	Not within scope	
Scope 2: Emissions from purchased electricity (location-based method & including customer procured electricity) [5]	1,964	Not within scope	

(1) Includes energy directly paid for by Willmott Dixon and emissions from electricity use the market-based methodology to convert kWh to carbon
(2) Estimates from working from home emissions were only introduced in 2020 when people started to work from home
(3) The footprint from purchased goods and services from category A suppliers makes up at least two thirds of scope 3 emissions and is the focus of the Science Based Target. Emissions from upstream transportation and distribution are included within this figure
(4) HVO is a biofuel so "out of scope" emissions have been provided. This takes account of the direct emissions from combustion of the fuel. The emissions are labelled 'outside of scopes' because the scope 1 impact of these fuels is reduced since the fuel source itself absorbs CO_2 when it is grown.
(5) Includes customer procured energy used on our sites. Emissions from electricity use the location-based methodology to convert kWh to carbon. This data is provided in accordance with best practice and for compliance with SECR Regulations it is not included in the footprint because the market-based method was used for footprint calculation

Waste

Now or Never commits us to eliminate all avoidable construction waste by 2030.

Construction waste

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Waste volume (m^3)	116,000	91,000	114,000	96,000	72,000	73,000	73,000	70,000	69,000	53,000
Waste intensity (m^3/£100 k)	14.6	10.4	10.9	8.7	7.2	6.4	6.3	6.5	6.21	5.44

During 2021 we required all new projects to develop a construction waste elimination plan and to set a bespoke target that can be monitored on a real time basis on site. We also implemented a requirement for all our strategic goods partners to have a waste reduction strategy in place. By the end of 2021, we had reduced absolute construction waste by 54% and construction waste intensity (relative to turnover) by 63% since 2012.

We also started working with The Pallet LOOP, which incentivises pallet returns via a deposit-based system. The Pallet LOOP prevents pallets from becoming waste by collecting used pallets for re-use and repair.

Waste diverted from landfill (non-hazardous construction waste only)

2015	2016	2017	2018	2019	2020	2021
90%	>95%	96.7%	>96%	98.6%	99.0%	98.7%

In 2021, diversion of construction waste from landfill remained consistent with performance in 2020. We continued to work with our demolition contractors and also our groundworkers, but performance has worsened slightly for demolition and excavation waste diversion rates compared to last year.

For our groundworks, our focus is now on finding ways to reuse the earth that is excavated from our sites so that we avoid it becoming a waste (rather than aiming to divert waste away from landfill) and we are working on developing reporting metrics that will enable us to measure this.

We will also be working with our demolition contractors in 2022 to improve the reuse of demolition materials, so that we follow the hierarchy of reuse, recycle and then only landfill as a last resort.

Waste diverted from landfill (Demolition and Excavation waste only)

Year	2019	2020	2021
Demolition Waste	95.0%	95.6%	92.1%
Excavation Waste	56.9%	84.5%	80.0%

We have also developed a standard for eliminating avoidable single-use plastics in our offices and identified 19 single-use plastic items that will be eliminated.

Biodiversity

Our aim is to enhance the environments in which we work, supporting our customers to deliver biodiversity net gain.

We started our first Biodiversity Net Gain pilot project at Dorset Country Hospital and subsequently a further 20 pilot projects are now underway. We continued to collect information on what is being done on our projects to improve our performance and inform our approach in the future.

Tree Planting

Now or Never sets out our ambition to plant 100,000 trees by 2030. This will support our customers and their local communities to tackle climate change and create green spaces for people and nature.

In 2021, we formed partnerships with a range of local charities and organisations to enable this. and have secured nearly 90% of our target to be planted in the next planting season in 2022.

Water

Now or Never commits us to halve the volume of water we use on our projects by 2030, from a baseline of 2018. We measure and report the water used on our sites every month, which helps us identify anomalies and identify opportunity for improvement.

We have more to do if we are to meet the targets we have set ourselves for 2025.

Water Use

	2018	2019	2020	2021
Water volume (m^3)	73,293	77,844	62,552	64,359
Water intensity (m^3/£100k)	6.24	7.16	5.66	6.58

ONE TEAM

Prompt payment

We know how important cash-flow is to our supply chain partners. In 2021, our average payment time was 28 days; with 98% paid within 60 days.

As well as giving our partners more confidence to work with us, this shows that our cash position does not rely on unfair supply chain payment terms or on holding back payments.

We have been an accredited Real Living Wage employer since 2020 and are supporting our supply chain to become Real Living Wage payers in the next two to three years.

Modern Slavery

In 2021 we published our updated Modern Slavery Statement, which summarises our progress and future plans. Our Sustainable Procurement Policy also stipulates that all our goods supply chain partners must comply with the requirements of the Modern Slavery Act and Willmott Dixon's Modern Slavery policy.

THE BEST WE CAN BE

Health, safety, and reducing risk

Safeguarding the health, safety and wellbeing of our people, those who work with us and anyone affected by our works, is always a top priority. Our core belief is that no one should suffer from ill health (physical or mental) or an accident at work.

In 2021, our rate increased by 0.01.

	Fatal	Accident frequency rates*
2018	0	0.12
2019	0	0.10
2020	0	0.11
2021	0	0.12

* number of reportable accidents per 100,000 hours worked.

Our digital health and safety auditing tool, mi|Audit was awarded silver at the 2021 European Digital Impact Awards in the 'Construction & Facilities Management' sector. Part of our mi|Project suite of tools, mi|Audit allows our Group Inspectors to conduct onsite safety audits efficiently, carrying out root and branch audits on a quarterly basis for every project.

Considerate Constructors Scheme and CLOCS

We are associate members of the Considerate Constructors Scheme. Contractors signing up to the scheme agree to abide by its voluntary Code of Considerate Practice, which covers site appearance, community engagement, safety, care for the environment and care for the workforce.

Our 2021 average score across all projects was 41.48/50 – 8% higher than industry average.

Considerate Constructors Scheme Score – average marks out of 50 across all projects

	2017	2018	2019	2020	2021
Willmott Dixon Considerate Constructors average	41.26	41.39	41.46	41.78	41.48
Industry Considerate Constructors average	36.12	36.24	36.73	38.33	38.23

Risk management and compliance

We maintained an integrated risk management system for health, safety and environmental disciplines (Environmental Management System ISO14001:2015, Health and Safety system ISO45001:2018).

In 2021 we had six major incidents. Our incident response procedures were followed with full communication to all stakeholders and no further action was taken. We had no prosecutions during the year.

Supporting our people

In 2021 we sustained our commitment to the Government backed Construction Leadership Council Site Operating Procedures to be Covid-19 secure.

In 2021 we continued with our 'All Safe Minds' campaign, which aims to combat the stigma associated with mental illness and encourages our people, and those we work with, to seek help if they are experiencing mental health issues, such as stress or depression. To support our people, we launched Thrive; a mental wellbeing, NHS-approved app for the prevention, early detection and management of anxiety, depression and stress.

600 of our people took up the offer of health checks, and everyone was offered a flu jab.

Gender balance and ethnic diversity

Our aspiration is to achieve a 50/50 gender balance by 2030. By end-2021, we increased the percentage of women in the business to 29.1%. 46% of our hires in 2021 were women.

For the third year running, we appeared in The Times' Top 50 Employers for Women list.

% women and different ethnic groups

	2015	2016	2017	2018	2019	2020	2021
% women	21.7%	22.8%	24.3%	25.5%	27.1%	26.9%	29.1%
% different ethnic groups	7.1%	6.9%	7.0%	6.6%	7.1%	6.8%	7.1%

In 2021 six women secured permanent roles in our business having taken part in our Welcome Back returner programme. This is a 20-week programme that offers work experience along with a coaching programme to support those who have had a career break.

The first cohort graduated from our Women's Leadership Development Programme pilot in 2021. The programme, supported by CITB funding, provides high-potential women in our business and our supply chain with learning delivered by Cambridge University's Judge Business School. The pilot's success means that the programme will now run annually.

Inclusion

We know we need to attract a more diverse workforce to build teams that reflect the communities we serve and to make us a better business. In 2021 we became members of Black Professionals in Construction. Two of our regional offices are also members of Building Equality - LGBT+ Construction Group.

We are also an approved Disability Confident employer and continue to be a member of the Business Disability Forum. We have been signatories of the Care Leavers Covenant since 2019. We are also signatories of the Armed Forces Covenant, and hold their silver award supporting the Defence Employer Recognition Scheme.

Attracting the next generation

2021 saw us continue our work to increase apprenticeships in the business.

Management trainees and apprentices employed

	2015	2016	2017	2018	2019	2020	2021
Management trainees	123	119	134	131	146	109	101
Directly-employed apprentices	5	3	8	8	12	10	15

At the end of 2021, 48.5% of our management trainees were women.
As members of the 5% Club, we pledge that at least 5% of our workforce will be in formalised apprenticeships, sponsored students or on graduate development schemes. At the end of 2021, 5.7% of our people fulfilled those criteria.

Investing in our people

Our shift to agile working led to us creating learning resources to help our people understand how to work and lead virtually. In 2021, around 70% of our learning resources could be accessed online. We launched The Willmott Dixon School of Coaching which offers coaching whilst also giving our people the opportunity to train as a coach themselves.

Total amount spent on learning and development

2015	2016	2017	2018	2019	2020	2021
£1.8m	£2.5m	£3.1m	£3.4m	£3.4m	£994K	£3.1m

CHANGE MAKERS

Adapting to and innovating for a changing world is a key priority for our business.

Collida

In 2021 we continued to develop Collida, Willmott Dixon's integrated construction platform. Collida uses cutting-edge technology to give customers greater ownership of the design, procurement, delivery and maintenance of their buildings. All Collida products offer excellent environmental performance, with options around Passivhaus and net zero carbon in operation. Collida buildings are designed to meet future climate scenarios, optimising life-cycle value and incorporating our Energy Synergy™ process. They also benefit from 20% lower embodied carbon when compared to industry benchmarks.

Digital transformation

This year has seen us embrace a new way of working, where technology empowers us to work smarter, drives a more intelligent business and supports digital construction.

We embedded the Microsoft 365 suite of tools, with our people making an average of 1,000 Teams calls a day. Through Microsoft 365-enabled remote working, the business saved £1.2m in 2021 through mileage reductions.

We are now holders of the Cyber Essentials accreditation and the ISO27001 certification, demonstrating our commitment to data security. We have replaced or upgraded all our laptops and introduced multi-factor authentication. Over half of emails were filtered out before they reached our inboxes having been identified as harmful or fraudulent.

Building modelling

We are undertaking trials using site-captured 360° images to document the construction installation and tag the locations to the design models. This will provide a date stamped record of the installation to enable us to evidence safety critical installations.

Leading the agenda

In 2021, we continued to push for policy changes which support a more sustainable built environment through our membership of industry and cross-sector groups, including: The Aldersgate Group, Supply Chain Sustainability School, the UK Green Building Council, IEMA, Build UK, National Social Value Taskforce, Social Value UK.

Willmott Dixon people sit on the Boards of BSRIA, the Supply Chain Sustainability School, Aldersgate Group, Pagabo Foundation, Employers Forum for Reducing Reoffending and National Social Value Taskforce. Our people also sit on working groups including the UKGBC's zero carbon buildings industry task group, CIBSE Homes for the Future group and the CIWM Construction and Demolition Waste Forum.

Independent Limited Assurance Statement

Introduction

Bureau Veritas UK Limited ("Bureau Veritas") was engaged by Willmott Dixon Holdings Ltd ("Willmott Dixon") to provide limited assurance over selected Key Performance Indicators (KPIs) from the spreadsheet 'KPI Summary'.

This Assurance Statement applies to the related information included within the scope of work described below.

Scope and Methodology

The scope of our work was limited to assurance over the following KPIs for the period 1 January 2021 to 31 December 2021 (the 'Selected Information'):

- Carbon Footprint
    - Scope 1
    - Scope 2
    - Selected Scope 3
        - Purchased Goods and Services
        - Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2
        - Waste Generated in Operations
        - Business Travel
        - Employee Commuting (including teleworking)
    - Outside of scope
- Energy Consumption
- Percentage of Renewable Electricity
- Construction, Demolition and Excavation Waste Diverted from Landfill
- Total Construction Waste Generated
- Water Consumption
- Tree Planting Secured
- Considerate Constructor Scheme
- Value of Community Investment (Company Contribution)
- Repeatable Social Enterprise Spend
- Average training days per employee

Reporting criteria

The Selected Information has been prepared taking into consideration the following guidelines:

- GHG Protocol Corporate Accounting and Reporting Standard (Revised);
- Homeworking emissions Whitepaper by EcoAct for Scope 3 Category 7; and
- Internally developed methodologies for reporting waste, water, tree planting secured, energy consumption, training, community investment and social enterprise spend.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period;
- Positional statements (expressions of opinion, belief, aim or future intention by Willmott Dixon and statements of future commitment);
- Any other information included in other than the scope defined above; and
- Financial data which are audited by an external financial auditor.

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, not addressed as part of this assurance. This independent statement should not be relied upon todetect all errors, omissions or misstatements that may exist.

Responsibilities

This preparation and presentation of the Selected Information is the sole responsibility of the management of Willmott Dixon.

Bureau Veritas was not involved in the preparation of the data. Our responsibilities were to:

- Obtain limited assurance about whether the Selected Information has been prepared inaccordance with the Reporting Criteria;
- Form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- Report our conclusions to Willmott Dixon.

Assessment Standard

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015), issued by the International Auditing and Assurance Standards Board.

Our conclusions are for a 'limited' level of assurance as set out in ISAE 3000.

Summary of work performed

All verification activities were completed remotely, via calls, document sharing and evidence reviews. As part of our independent verification, our work included:

1. Calls with relevant personnel of Willmott Dixon;
2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
3. Reviewing documentary evidence provided by Willmott Dixon;
4. Agreeing a selection of the Selected Information to the corresponding sourcedocumentation;
5. Reperforming aggregation calculations of the Selected Information; and
6. Reperforming greenhouse gas (GHG) emissions conversions calculations.

It should be noted that the scope of a limited assurance engagement is substantially less than for reasonable assurance both in terms of the risk assessment procedures and in performing the procedures to address the identified risks.

Conclusion

On the basis of our methodology and the activities described above for the agreed scope, nothing has come to our attention to indicate that the Selected Information is not fairly stated in all materialrespects.

It should be noted that GHG emissions are calculated for CO2, not CO2e for outside of scope biodiesel HVO.

Further detailed recommendations are provided in the form of an internal management report to beissued to Willmott Dixon.

The table below reflects Willmott Dixon's KPIs as verified by Bureau Veritas:

KPI	Performance (2021)
Scope 1 emissions[a]	2,376 tonnes of CO_2e
Scope 2 (location-based) emissions[b]	1,183 tonnes of CO_2e

[a] *Scope 1 includes carbon footprint that Willmott Dixon is directly responsible for paying for: site natural gas, site gas oil, site HVO, office natural gas and business mileage in company cars.*

[b] *Scope 2 (location-based) includes carbon that Willmott Dixon is directly responsible for paying for: site electricity, office electricity and electricity for company-owned electric vehicles.*

Scope 2 (market-based) emissions [c]	143 tonnes of CO_2e
Scope 2 (location-based) emissions including client electricity (SECR)[d]	1,998 tonnes of CO_2e
Scope 3 Purchased Goods and Services emissions[e]	749,803 tonnes of CO_2e
Scope 3 Fuel- and Energy-Related Activities Not Included in Scope1 or Scope 2 emissions[f]	105 tonnes of CO_2e
Scope 3 Waste Generated in Operations emissions[g]	297 tonnes of CO_2e
Scope 3 Business Travel emissions[h]	1,609 tonnes of CO_2e
Scope 3 Employee Commuting (including teleworking)[i]	370 tonnes of CO_2e
Outside of scope (biogenic emissions)[j]	311 tonnes of CO_2
Energy Consumption[k]	31,106,428 kWh
Percentage Renewable Electricity[l]	91%
Construction Waste Diverted from Landfill[m]	98.74%
Demolition Waste Diverted from Landfill[n]	92.12%
Excavation Waste Diverted from Landfill[o]	79.96%
Construction Waste Generated[p]	53,128 m^3
Average Considerate Constructor Scheme (CCS) score[q]	41.49
Value of Community Investment (Company Contribution)	£1,420,717
Repeatable Social Enterprise Spend[r]	£1,169,197
Average Training Days per employee[s]	1.64
Water Consumption	64,359 m^3
Tree Planting Secured[t]	8,922

[c] *Scope 2 (market-based) includes carbon that Willmott Dixon is directly responsible for paying for: site electricity, office electricity and electricity for company-owned electric vehicles.*

[d] *Scope 2 (location based) including client site electricity (SECR) includes client site electricity (that Willmott Dixon use but have not directly paid for, in line with SECR requirements) as well as site electricity, office electricity and electricity for company-owned electric vehicles.*

[e] *Category A suppliers only.*

[f] *Transmission and distribution losses from site electricity, office electricity and UK electricity for electric vehicles (batteryand plug-in hybrid).*

[g] *Disposal of construction waste and water supply and treatment.*

[h] *Includes travel in employee-owned cars and trains.*

[i] *Includes commuting from cars only (no other modes of transport recorded), and homeworking electricity and gasemissions.*

[j] *From biodiesel HVO used onsite.*

[k] *Energy use (kWh) includes site & office gas and electricity, site diesel and HVO, fuel in company-owned and employee-owned vehicles, homeworking electricity & gas and client site electricity (that Willmott Dixon use but have not directly paidfor, in line with SECR requirements).*

[l] *Percentage of electricity from renewable sources that Willmott Dixon is directly responsible for paying for.*

[m] *Non-hazardous waste. n Non-hazardous waste. o Non-hazardous waste.*

[p] *Volume of construction waste (m^3) using assumptions for waste stream skip standard void rates.*

[q] *Average score out of 50.*

[r] *Money spent with social enterprises that is not for one-off or exceptional purchases.*

[s] *Based on the number of full- and part-time employees on 31/12/2021 and six-hour training days.*

[t] *Number of trees that are committed to be planted on behalf of Willmott Dixon by partner organisations but not yetdelivered.*

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality,environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified[i] Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)[ii], across the business to ensure that itsemployees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

The assurance team for this work does not have any involvement in any other Bureau Veritas projects with Willmott Dixon.

BUREAU VERITAS

Bureau Veritas UK LtdLondon
24th March 2022

[i] *Certificate of Registration can be provided on request.*
[ii] *International Federation of Inspection Agencies – Compliance Code – Third Edition*

Taskforce on Climate-related Financial Disclosures (TCFD) disclosure

We are committed to ensuring our disclosures align with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). We have included the disclosures for the first time and intend to be fully compliant by 2024.

Governance

The Willmott Dixon Group Holdings Board ('the Board') has ultimate responsibility for the Group's management of the risks and opportunities relating to climate change. The Board has overall responsibility for determining the Group's risk appetite, ensuring that risks are managed and that an effective risk management framework is in place, including with respect to the identification and management of climate-related risks.

The Board has established the Group's Sustainability Committee, which is chaired by the Group Chief Executive, Rick Willmott, and comprises Jonathon Porritt, (Non-Executive Director and environmental expert and campaigner), Graham Dundas (Chief Financial Officer) and John Waterman (Chief Operating Officer), together with the Group's Chief Sustainability Officer, Julia Barrett.

The Sustainability Committee provides oversight and direction to the business with respect to the management of climate change issues. The Sustainability Committee is also responsible, on behalf of the Board, for overseeing the Group's approach to mitigating our environmental impact, including climate change. The Group has a dedicated team of sustainability professionals responsible for coordinating the delivery of *Now or Never. Our decisive decade,* our 2030 sustainability strategy.

The Board ensures that the Group's approach to climate change issues is considered in the selection of the Group's professional advisers and external auditors. Further details of the Group's approach are included within the *Sustainable Development* section of our Annual Report and Accounts.

Strategy

Founded in 1852, Willmott Dixon is a privately-owned contracting and interior fit-out group that operates in England and Wales. We are dedicated to leaving a positive legacy in our communities and environment. Our customers operate in a range of sectors, including education, housing, healthcare, leisure, defence and justice. We do not deliver major infrastructure or utility projects.

Sustainability, including climate risk, is at the heart of our purpose and informs our business and investment strategies. *Now or Never. Our decisive decade* sets out our ambitions both for our own operations and for the buildings that we deliver for our customers.

It also confirms our ambition to achieve a net-zero supply chain by 2040 for both goods and services. Whilst we are committed to supporting local supply chains and economies, we recognise that some goods and materials may be sourced from abroad and may be more susceptible to climate-related risks; we are working to better understand this and to drive progress towards our targets.

For a number of years, we have measured the progress of our sustainability journey against a range of challenging benchmarks and standards and will continue to do so, in order to drive the delivery of our strategy.

Risk management

The Group Sustainability Team drafts the climate-related risk framework in consultation with directors, senior managers and subject experts from across the business.

Risks are ranked with respect to likelihood and impact, with a senior manager assigned to manage the mitigation of each risk. The Board formally considers the updated risk framework each year and uses it to inform its strategic business planning processes.

The Group has identified the following significant physical risks that could impact the business:

- intense rainfall leading to flooding and impacting project delivery
- increased storm severity resulting in high winds, impacting project delivery
- hotter, drier summers and warmer wetter winters, impacting project delivery
- weather impacting raw materials availability and/or supply chains.

The Group has identified the following significant transitional risks that could impact the business:

- increased fuel and energy costs for the business
- increased costs associated with the delivery of climate-resilient solutions for customers.

The Group has identified the following significant regulatory risks that could impact the business:

- the costs associated with complying with increasing climate-related regulatory requirements
- retrospective regulation changes impacting already-completed projects.

The Group has identified the following key opportunities arising from climate change:

- offering customers low-carbon buildings
- delivering retrofit solutions
- ensuring buildings perform as designed and optimising energy use in operation
- offering customers (new and existing) support to help them respond to their own climate change challenges.

A further assessment of climate-related risks and opportunities will be conducted in 2022.

Metrics and targets

The Group has been net zero carbon in its Scope 1, Scope 2 and operational Scope 3 emissions since 2012. Since 2016, a charge per tonne of carbon has been applied to the profit-sharing incentive schemes of senior management. This reduction in profit-share payment is used to off-set Scope 1, Scope 2 and operational Scope 3 emissions through the purchase of high-quality carbon-offsets.

As set out in *Now or Never. Our decisive decade*, and ratified by the Science-Based Targets Initiative, the Group has committed to achieve zero-carbon in its Scope 1, Scope 2 and operational Scope 3 emissions by 2030.

The 2021 performance is summarised in the Sustainable Development Report and includes the breakdown of energy usage in-line with the Streamlined Energy and Carbon Reporting Regulations.

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Results

The Group profit for the year, before taxation, goodwill amortisation and exceptional item amounted to £41,163,000 (2020: £25,073,000). The exceptional item charged in the year amounted to £10,771,000 (2020: £25,174,000) and Goodwill charged in the year amounted to £2,361,000 (2020: £2,361,000). The profit for the year before taxation was £28,031,000 (2020: £2,462,000 loss). The tax charge in respect of this result is £5,474,000 (2020: £423,000).

Distributions in respect of the year

The Directors approved the payment of dividends totaling £4,000,000 for the year (2020: £16,750,000).

Directors

The current Directors are listed on page 1. There have been no changes in Directors since 1 January 2021.

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 was evidenced by once again being listed by The Times as one of the UK's top 50 places to work for women – the third year in a row. We continue to lead as main supporter for Construction News 'Inspiring Women in Construction' campaign to attract more women into the construction sector. We also supported the Chartered Institute of Building's launch of an Equality, Diversity and Inclusion charter in 2021, that aims to make the construction sector a more inclusive environment to improve gender balance across all roles. 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 Directors.

Streamlined Energy & Carbon Reporting

Streamlined Energy & Carbon Reporting has been included in the Sustainable Development Report.

Task Force on Climate-related Financial Disclosures

Task Force on Climate-related Financial Disclosures (TCFD) have been included in the Sustainable Development Report.

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 and reliance on the performance of supply chain partners. This is mitigated through early and regular engagement with supply chain partners, completing financial due diligence ahead of orders being placed, regular monitoring 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, the Groups business relationships with suppliers, customers and others, 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

20 May 2022

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.

Opinion on the financial statements

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 2021 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.

We have audited the financial statements of Willmott Dixon Limited and its Subsidiaries ("the Group") for the year ended 31 December 2021 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).

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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.

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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and other management (as required by auditing standards).
- we had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- We designed audit procedures at Group and significant component levels to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and tax legislation.

- with the exception of any known or possible non-compliance, and as required by auditing standards, our work included agreeing the financial statement disclosures to underlying supporting documentation, review of board minutes, enquiries with management, enquiries of external advisers, review of correspondence with external legal advisors and review of press releases.
  we communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- we addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries in particular unusual account combinations or posted by senior management. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud in particular in relation to contract accounting, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities is available on 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.

DocuSigned by:
Kieran Storan
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Kieran Storan (Senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street, London, United Kingdom

20 May 2022

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

Year Ended 31 December 2021

		2021				2020 (restated)			
	Notes	**Before Goodwill Amortisation and Exceptional Item £000**	**Exceptional Item (Note 8) £000**	**Goodwill Amortisation £000**	**Total £000**	Before Goodwill Amortisation and Exceptional Item £000	Exceptional Item (Note 8) £000	Goodwill Amortisation £000	Total £000
Turnover	3	**1,103,671**	**-**	**-**	**1,103,671**	1,191,556	-	-	1,191,556
Cost of sales		**(977,802)**	**(10,771)**	**-**	**(988,573)**	(1,085,360)	(25,174)	-	(1,110,534)
Gross profit		**125,869**	**(10,771)**	**-**	**115,098**	106,196	(25,174)	-	81,022
Administrative expenses		**(84,894)**	**-**	**(2,361)**	**(87,255)**	(86,814)	-	(2,361)	(89,175)
Other operating income	4	**45**	**-**	**-**	**45**	5,146	-	-	5,146
Operating profit		**41,020**	**(10,771)**	**(2,361)**	**27,888**	24,528	(25,174)	(2,361)	(3,007)
Interest payable and similar charges	5	**(242)**	**-**	**-**	**(242)**	(732)	-	-	(732)
Interest receivable	6	**385**	**-**	**-**	**385**	1,277	-	-	1,277
Profit on ordinary activities before taxation	7	**41,163**	**(10,771)**	**(2,361)**	**28,031**	25,073	(25,174)	(2,361)	(2,462)
Tax on profit on ordinary activities	11	**(7,520)**	**2,046**	**-**	**(5,474)**	(5,206)	4,783	-	(423)
Profit and total comprehensive income for the financial year		**33,643**	**(8,725)**	**(2,361)**	**22,557**	19,867	(20,391)	(2,361)	(2,885)

The above figures relate to continuing operations.

The notes on pages 48 to 65 form part of these financial statements.

As at 31 December 2021

	Notes	2021 £000	2021 £000	2020 (restated) £000	2020 (restated) £000
Fixed assets					
Intangible assets	13		**16,660**		19,309
Tangible assets	14		**4,090**		6,248
			20,750		25,557
Current assets					
Debtors	16	**327,132**		288,480	
Cash at bank and in hand		**27,501**		25,306	
		354,633		313,786	
Creditors: amounts falling due within one year	17	**(269,404)**		(269,310)	
Net current assets			**85,229**		44,476
Total assets less current liabilities			**105,979**		70,033
Creditors: amounts falling due after one year	18		**(14,686)**		(15,299)
Provisions for liabilities	20		**(51,605)**		(33,603)
			39,688		21,131
Capital and reserves					
Called up share capital	21		**12,000**		12,000
Share premium account	22		**5,407**		5,407
Profit and loss account			**22,281**		3,724
			39,688		21,131

The notes on pages 48 to 65 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 20 May 2022 and were signed on its behalf by:

Colin Enticknap

Colin Enticknap
Group Chairman

As at 31 December 2021

		2021		2020	
	Notes	**£000**	**£000**	£000	£000
Fixed assets					
Tangible assets	14		**16**		25
Investments	15		**51,067**		51,067
			51,083		51,092
Current assets					
Debtors	16	**3,355**		2,015	
Cash at bank and in hand		**12,500**		12,000	
		15,855		14,015	
Creditors: amounts falling due within one year	17	**(40,478)**		(38,648)	
Net current liabilities			**(24,623)**		(24,633)
Total assets less current liabilities			**26,460**		26,459
Capital and reserves					
Called up share capital	21		**12,000**		12,000
Share premium account	22		**5,407**		5,407
Profit and loss account			**9,053**		9,052
			26,460		26,459

The notes on pages 48 to 65 form part of these financial statements.

The profit after tax of the Parent Company for the year ended 31 December 2021 is £4,001,000 (2020: £16,999,000).

These financial statements were approved and authorised for issue by the Board of Directors on 20 May 2022 and were signed on its behalf by:

Colin Enticknap

Colin Enticknap
Group Chairman

Year ended 31 December 2021

	Notes	Share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
1 January 2020		12,000	5,407	23,359	40,766
Loss and total comprehensive income for the financial year (restated)	23	-	-	(2,885)	(2,885)
<u>Contributions by and distributions to owners:</u>					
Ordinary dividends	12	-	-	(16,750)	(16,750)
31 December 2020 (restated)	23	12,000	5,407	3,724	21,131
1 January 2021		12,000	5,407	3,724	21,131
Profit and total comprehensive income for the financial year		-	-	22,557	22,557
<u>Contributions by and distributions to owners:</u>					
Ordinary dividends	12	-	-	(4,000)	(4,000)
31 December 2021		**12,000**	**5,407**	**22,281**	**39,688**

The notes on pages 48 to 65 form part of these financial statements.

Year ended 31 December 2021

	Notes	Share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
1 January 2020		12,000	5,407	8,803	26,210
Profit and total comprehensive income for the financial year		-	-	16,999	16,999
<u>Contributions by and distributions to owners:</u>					
Ordinary dividends	12	-	-	(16,750)	(16,750)
31 December 2020		12,000	5,407	9,052	26,459
1 January 2021		12,000	5,407	9,052	26,459
Profit and total comprehensive income for the financial year		-	-	4,001	4,001
<u>Contributions by and distributions to owners:</u>					
Ordinary dividends	12	-	-	(4,000)	(4,000)
31 December 2021		**12,000**	**5,407**	**9,053**	**26,460**

The notes on pages 48 to 65 form part of these financial statements.

Year ended 31 December 2021	Notes	2021 £000	2020 (restated) £000
Cash flow from operating activities			
Group operating profit/(loss)		**27,888**	(3,007)
Depreciation of tangible assets	14	**2,266**	1,918
Loss on disposal of tangible assets	7	**91**	108
Goodwill amortisation	13	**2,361**	2,361
Amortisation of intangible assets	13	**422**	560
Movement in provisions	20	**18,002**	33,132
(Increase) in debtors		**(31,559)**	(14,955)
(Decrease)/increase in creditors		**(522)**	6,030
Cash flow from operating activities		**18,949**	26,147
Cash flow from investing activities			
Purchases of tangible assets	14	**(325)**	(2,158)
Purchases of intangible assets	13	**-**	(407)
Interest received	6	**385**	1,277
Cash flow from investing activities		**60**	(1,288)
Cash flow from financing activities			
Advances from group companies		**(12,572)**	(4,163)
Interest paid	5	**(242)**	(732)
Dividends paid	12	**(4,000)**	(16,750)
Cash flow from financing activities		**(16,814)**	(21,645)
Increase in cash and cash equivalents		**2,195**	3,214
Cash and cash equivalents 1 January 2021		**25,306**	22,092
Cash and cash equivalents 31 December 2021		**27,501**	25,306

The notes on pages 48 to 65 form part of these financial statements.

A reconciliation of the change in net debt has not been included as there are no borrowings at the year end or movement in debt during the year.

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 2021, the Group had substantial cash balances, no debt, access to a £50,000,000 committed revolving credit facility, and a strong forward secured order book.

The Directors regularly review the working capital requirements of the Group in the normal course of business and, in doing so, consider a range of hypothetical stress testing scenarios. This includes the potential aggregate impact of a 10% reduction in forecast turnover, a further 25% reduction in working capital, the full repayment of supply chain finance creditors and assumes no recoveries from third parties against provisions.

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 Limited and its subsidiaries for the year ended 31 December 2021. 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.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the carrying amount of the assets less liabilities of the subsidiary.

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 the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is measured at the fair value of consideration received or receivable.

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. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract.

Profit on contracts is only recognised when the Group is satisfied that the risks on a contract have been mitigated to a suitable level so that the outcome of work under the contract can be assessed with reasonable certainty. When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Variations and claims are recognised once there is sufficient certainty over the probability that they will be received, and the amount can be measured reliably.

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) Government grants

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised. This is shown within Other Operating Income.

g) Exceptional item

FRS 102 requires material items to be separately disclosed in a way that enables the users of the accounts to understand the entity's financial performance. These items are commonly referred to as 'exceptional' items. In order to provide users with a clear and consistent presentation of the underlying financial performance, the Group has separately identified a single contract provision in the period that is considered to be exceptional (see note 8).

Amortisation of goodwill is also shown separately on the basis of being an ongoing non-cash item generated from acquisition related activity.

h) Computer software

Cloud based computer software is capitalised as an intangible asset when the Group has the contractual right to take possession of the software during the hosting period without significant penalty and it is feasible to run the software on our own hardware or contract with another party to host the software. Cloud based computer software that does not meet these criteria is expensed to the profit and loss account as incurred. Other computer software is capitalised as an intangible asset. Cost is measured at the purchase price of the asset.

Computer software is amortised over its useful economic life. The expected useful life of software is assessed as 2-5 years

i) 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

j) 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.

k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, project bank accounts controlled by the Group and other short term highly liquid investments with original maturities of three months or less.

l) 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.

m) 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.

n) Investments

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

o) 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.

p) 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.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract or a contractual right to recourse from supply chain partners, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement where the reimbursement has met the virtually certain recognition criteria.

q) 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.

r) Research and development

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

s) 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 calculated by undertaking surveys and completing internal assessments on each element of works completed and in progress. Regular management reviews of contract progress include a comparison of internal assessments of cost to the applications for payment made by supply chain partners and to external valuations completed on behalf of customers. Any material variances are investigated, and updates made where appropriate.

The estimation of the final contract value includes assessments of the recovery of variations which have yet to be agreed with the customer, compensation events and claims that are probable to be agreed. The variations claimed from customers on the five contracts with the largest unagreed variations total £47,560,000 (2020: £47,957,000). Of this total, £30,167,000 (2020: £28,622,000) has been included in the anticipated final contract values as management consider this can be reliably measured and to be the total considered probable that will be agreed with the customer. Based on the stage of contract completion, £15,223,000 (2020: £11,355,000) has been recognised as turnover to date.

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

Procedures, internal finance standards and management tools are in place to ensure that estimates are applied and results determined on a consistent basis.

b) 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.

c) 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 considering whether recovery of costs from third parties are virtually certain, and therefore recognisable as a separate asset, it is also necessary for Directors to assess contractual arrangements, insurance policies, formal correspondence with relevant parties and professional advice received. Consideration is also given to the financial strength of the third party in meeting their obligations to the company.

d) Climate change

In preparing the consolidated financial statements, management has considered the impact of climate change. Potential impacts of climate change, which include increased intensity and frequency of weather events and increased environmental legislation, have been considered by management, together with the Group Sustainable Strategy, 'Now or Never' outlined under Sustainable Development.

Management assessed areas relevant for the Group which had the potential to be impacted such as: estimates of future cash flows used in determining the impairment assessment of carrying value of goodwill; long term contract accounting assumptions, such as forecast cost to complete; the appropriateness of the estimated useful economic lives of intangible and tangible assets; and the recoverability of deferred tax asset recognised.

These considerations did not have a material impact on the financial reporting judgements and estimates.

3 Turnover

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

	2021	2020
	£000	£000
Construction contracts:		
Construction	**948,023**	1,024,773
Interiors	**155,648**	166,783
	1,103,671	1,191,556

4 Other operating income

	2021	2020
	£000	£000
Government grants	45	5,146

Other operating income comprises government grants received under the Job Retention Scheme launched as part of HM Governments response to the Covid-19 pandemic and Kickstart scheme launched to create new jobs for young people at risk of long term unemployment.

5 Interest payable and similar charges

	2021	2020
	£000	£000
Supply chain finance costs	242	308
Group interest paid	-	424
	242	732

6 Interest receivable

	2021	2020
	£000	£000
From group companies	385	1,275
External interest	-	2
	385	1,277

7 Profit on ordinary activities before taxation is stated after charging:

	2021	2020
	£000	£000
Depreciation of tangible assets – owned assets	2,266	1,918
Loss on disposal of tangible assets	91	108
Goodwill amortisation	2,361	2,361
Amortisation of other intangible assets – owned assets	422	560
Operating lease rentals	4,125	4,687

Auditor's remuneration for audit and other services is paid by Willmott Dixon Holdings Limited.

8 Exceptional item

The Group operating profit/(loss) includes the following:

	2021	2020 (restated)
Exceptional cost provision	**18,271**	25,174
Insurance receivables	**(7,500)**	-
	10,771	25,174

As described in the Chairman's Statement, the Group has an obligation to complete extensive recladding works on a multi-storey residential development completed in 2012. In the prior year, the total forecast costs of completing those works were forecast at £25,700,000, with £25,174,000 being expensed in 2020 (see note 24).

In finalising the extent and scope of the necessary remedial works during 2021, and with significant supply chain and material costs inflation in the period, the total forecast costs of completing the works have increased significantly to £43,971,000.

Significant recoveries are anticipated from professional indemnity insurance policies and supply chain partners in future years. These material amounts are anticipated to be released as profit in future years as further recoveries become virtually certain. A prudent reliable estimate based on initial offers received (and therefore considered virtually certain) amounting to £7,500,000 has been recognised at 31 December 2021.

Given the size of the provision and that it relates to a single legacy contract, it is considered exceptional in nature and necessary to present separately to provide users with a clear and consistent presentation of the underlying financial performance of the Group.

9 Employees

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

	Group	
	2021	2020
	No.	No.
Office and administration	**498**	566
Site and production	**1,297**	1,360
	1,795	1,926

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

	Group	
	2021	2020
	£000	£000
Wages and salaries	**118,995**	119,083
Incentive payments to staff	**10,379**	10,545
Total wages and salaries	**129,374**	129,628
Pension contributions	**5,224**	6,527
Social security costs	**14,335**	14,438
Apprenticeship levy	**578**	612
	149,511	151,205

There are no employees or staff costs in the parent company.

10 Directors' remuneration

All directors were remunerated by other group companies for their services to the Group as a whole.

11 Taxation

	2021	2020 (restated)
	£000	£000
a) Analysis of charge:		
Current tax		
Payments made for group relief	**6,089**	155
Adjustments in respect of previous periods	**(163)**	191
	5,926	346
Deferred tax		
Origination and reversal of timing differences	**(265)**	(62)
Prior year adjustment	**(62)**	139
Effect of change in tax rate	**(125)**	-
	5,474	423

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	**28,031**	(2,426)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19.00% (2020: 19.00%)	**5,326**	(461)
Expenses not deductible for tax purposes	**112**	112
Other timing differences	**(63)**	(6)
Goodwill amortisation	**449**	448
Prior year adjustment	**(225)**	330
Effect of change in tax rate	**(125)**	-
Tax on profit on ordinary activities	**5,474**	423

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

12 Ordinary dividends

	2021	2020	2021	2020
	Pence per share	Pence per share	**£000**	£000
Ordinary dividends	**33.3**	139.6	**4,000**	16,750

13 Intangible assets

	Goodwill	Computer software	Total
	£000	£000	£000
Group			
Cost			
1 January 2021	28,268	1,794	30,062
Reclassification of assets	-	134	134
Disposals	-	(387)	(387)
31 December 2021	**28,268**	**1,541**	**29,809**
Amortisation			
1 January 2021	9,371	1,382	10,753
Amortisation in the year	2,361	422	2,783
Eliminated on disposals	-	(387)	(387)
31 December 2021	**11,732**	**1,417**	**13,149**
Net book value			
31 December 2021	**16,536**	**124**	**16,660**
31 December 2020	18,897	412	19,309

14 Tangible assets

	Leasehold improvements	Computer equipment	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000
Group					
Cost					
1 January 2021	7,064	3,729	781	2,512	14,086
Additions	96	181	-	48	325
Reclassification of assets	(358)	13	27	184	(134)
Transfers (to)/from group Companies	-	5	-	-	5
Disposals	(71)	(1,202)	(115)	(141)	(1,529)
31 December 2021	**6,731**	**2,726**	**693**	**2,603**	**12,753**
Depreciation					
1 January 2021	4,035	2,379	618	806	7,838
Depreciation in the year	1,130	751	113	272	2,266
Transfers (to)/from group Companies	-	(3)	-	-	(3)
Eliminated on disposals	(54)	(1,184)	(115)	(85)	(1,438)
31 December 2021	**5,111**	**1,943**	**616**	**993**	**8,663**
Net book value					
31 December 2021	**1,620**	**783**	**77**	**1,610**	**4,090**
31 December 2020	3,029	1,350	163	1,706	6,248

14 Tangible assets (continued)

	Computer equipment	Plant and equipment	Total
	£000	£000	£000
Parent Company			
Cost			
1 January 2021	52	-	52
Transfers from group companies	-	14	14
Disposals	(2)	-	(2)
31 December 2021	**50**	**14**	**64**
Depreciation			
1 January 2021	27	-	27
Depreciation in the year	9	-	9
Transfers from group Companies	-	14	14
Disposals	(2)	-	(2)
31 December 2021	**34**	**14**	**48**
Net book value			
31 December 2021	**16**	**-**	**16**
31 December 2020	25	-	25

15 Investments

Parent Company	Subsidiaries £000
Shares at cost	
1 January 2021 and 31 December 2021	**51,067**

The list of subsidiaries is set out in note 27.

16 Debtors

	Group		Parent Company	
	2021	2020 (restated)	**2021**	2020
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Trade debtors	**46,903**	47,156	**278**	277
Amounts recoverable on contracts	**41,283**	27,988	**-**	-
Retention held under construction contracts	**17,561**	15,633	**-**	-
Insurance reimbursement asset	**8,016**	582	**-**	-
Amounts due from group companies	**176,406**	169,766	**1,766**	1,014
Prepayments	**2,769**	2,816	**1,308**	724
	292,938	263,941	**3,352**	2,015
Amounts falling due after more than one year:				
Retention held under construction contracts	**25,199**	23,828	**-**	-
Insurance reimbursement asset	**8,150**	318	**-**	-
Deferred tax asset (see note 19)	**845**	393	**3**	-
	327,132	288,480	**3,355**	2,015

Amounts due from group companies falling due within one year are unsecured, have no fixed date of repayment and are repayable on demand.

17 Creditors: amounts falling due within one year

	Group		Parent Company	
	2021	2020 (restated)	**2021**	2020
	£000	£000	**£000**	£000
Trade creditors	**33,308**	28,464	**4**	-
Trade creditors under supply chain finance	**18,012**	11,643	**-**	-
Retention held under construction contracts	**15,804**	17,245	**-**	-
Payments on account	**55,143**	59,263	**-**	-
Amounts due to group companies	**-**	-	**37,110**	36,608
Accruals	**147,137**	152,695	**3,364**	2,040
	269,404	269,310	**40,478**	38,648

18 Creditors: amounts falling due after one year

	Group	
	2021	2020
	£000	£000
Retention held under construction contracts	**14,686**	15,299

19 Deferred tax

	Group	Parent
	£000	**£000**
1 January 2021	**393**	**-**
Current year movement	**265**	**3**
Prior period adjustment	**62**	**-**
Effect of change in tax rate	**125**	**-**
31 December 2021	**845**	**3**

The deferred tax asset comprises:		
Decelerated capital allowances	**845**	**3**
	845	**3**

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

20 Provisions for liabilities

	2021	2020 (restated)
	£000	£000
1 January	**33,603**	471
Utilisation of provision	**(4,158)**	(202)
Amounts released in the year	**(6,231)**	-
Amounts provided in the year	**10,120**	8,160
Exceptional amounts provided in the year (see note 8)	**18,271**	25,174
31 December	**51,605**	33,603

Provisions are made for the estimated probable cashflows associated with potential obligations under contracts that have achieved practical completion but remain within the defects liability period.

In making the provisions, Directors have established a contractual or constructive obligation at the balance sheet date and compiled an estimate of costs to complete the associated works or of entering into a settlement agreement with the customer.

Whilst the provision recorded in the period has been reliably estimated, until all costs are final, the Directors consider the cash outflow of £51,605,000 to be appropriate.

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

The Group also holds third-party insurances and has contractual rights to recoveries from supply chain partners that mitigate these liabilities. These are recognised as separate assets when the reimbursement is virtually certain. The Directors consider the cash inflow to range from £16,166,000 to £45,849,000, while the amount recognised as virtually certain at the balance sheet date is £16,166,000 (see note 16).

21 Called up share capital

	2021	2020
Group and Parent Company	**£000**	£000
Ordinary shares of £1 each		
Allotted, called up and fully paid	**12,000**	12,000

22 Reserves

The called up share capital comprises 12,000,000 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.

23 Prior year adjustment

On contracts that have achieved practical completion but remain 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.

In the prior year, provisions were measured at the present value of the best estimate of the consideration required to settle the obligation present at the balance sheet date, net of forecast recoveries from third parties.

In the current year, the appropriateness of the accounting policy was reviewed in light of the exceptional item described in note 8. As a result, a correction was applied to recognise amounts recoverable from third parties as a separate asset rather than a reduction in the provision. In accordance with FRS 102, the reimbursement asset is only recognised when it is considered to be virtually certain and a prudent level of recovery can be reliably estimated.

In the prior year, a probable insurance recovery of £22,860,000 was offset against provisions. Whilst significant insurance recoveries are still expected, they were not virtually certain in the prior year therefore no reimbursement asset has been recognised.

The comparative figures in the primary statements and notes have been restated with the effects summarised below:

	2020 as reported	Adjustment	2020 restated
	£000	£000	£000
Consolidated Profit and Loss and Other Comprehensive Income			
Cost of sales	(1,087,674)	(22,860)	(1,110,534)
Profit/(loss) on ordinary activities before taxation	**20,398**	**(22,860)**	**(2,462)**
Tax on profit on ordinary activities	(4,767)	4,344	(423)
Profit/(loss) and total comprehensive income for the financial year	**15,631**	**(18,516)**	**(2,885)**
Consolidated Balance Sheet			
Debtors: amounts falling due within one year - insurance reimbursement asset	-	582	582
Debtors: amounts falling due after more than one year - insurance reimbursement asset	-	318	318
Debtors – amounts due from group companies	165,422	4,344	169,766
Debtors	**283,236**	**5,244**	**288,480**
Current assets	**308,542**	**5,244**	**313,786**
Creditors: amounts falling due within one year – accruals	(152,246)	(449)	(152,695)
Creditors: amounts falling due within one year	**(268,861)**	**(449)**	**(269,310)**
Net current assets	**39,681**	**4,795**	**44,476**
Provisions	(10,292)	(23,311)	(33,603)
Net assets	**190,219**	**(18,516)**	**171,703**
Profit and loss account reserves	**22,240**	**(18,516)**	**3,724**

The exceptional item described in note 8 includes the above prior year profit and loss account adjustments and £2,314,000 originally expensed in 2020 in relation to the same contract.

24 Group leasing commitments

	2021	2020
At the balance sheet date outstanding commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:	**£000**	£000
Within one year	**2,388**	2,900
Within two to five years	**6,819**	7,179
Over five years	**1,500**	3,002
	10,707	13,081

25 Group guarantees

The Company has, with other fellow group companies, entered into a cross-guarantee in favour of Lloyds Bank plc, HSBC UK Bank plc and Santander UK plc to guarantee any Group indebtedness to the banks and it has granted a fixed and floating charge on its assets and operations to HSBC Corporate Trustee Company (UK) Ltd (acting as a security agent) to secure such liabilities. The guarantee includes amounts drawn under a £50,000,000 revolving credit facility which is available until 31 March 2024,. There were no amounts drawn at 31 December 2021 and no further amounts have been drawn under the facility since the year end.

The Company is a party to a multi-party indemnity given to various sureties that have issued performance bonds in favour of customers 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.

26 Related party transactions

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

The Group's related party transactions are summarised below:

	2021	2020
Joint Ventures	**£000**	£000
Sales to joint ventures	**5,816**	1,227

	2021	2020
Other Related Parties	**£000**	£000
Sales to other related parties	**31**	389
Amounts due from joint ventures	**653**	671

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

The Company is owned by Willmott Dixon Holdings Limited.

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

27 Subsidiaries

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.

All undertakings are directly held.

Name	Main Activity	Company Number	% Holding
Principal trading subsidiaries			
Collida Limited	Provision of integrated built environment platforms	04203383	100%
Willmott Dixon Construction Limited	General design and build	00768173	100%
Willmott Dixon Interiors Limited	Interiors and refurbishment	04118020	100%
Other trading and dormant subsidiaries			
Mi:Project Solutions Limited	Dormant	11059818	100%

The Company and its subsidiaries are registered in England, the registered office being Suite 201, The Spirella Building, Bridge Road, Letchworth Garden City, Hertfordshire SG6 4ET. All companies above are private companies limited by shares.