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WIMPEY CONSTRUCTION UK LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1980

Registration - London 156617



# WIMPEY CONSTRUCTION UK LIMITED

## Directors:

C J Chetwood (Chairman)	D F G Loudoun
A M Coane	R G Miles
R N Oliver	B J Watkins
R A Barrow	P D Whitehouse
K S Bowden	R C Vowels
D K Doran	J Mason
J A Dwyer	W R Martin

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## REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report to the members together with a balance sheet as at 31 December 1980, and the accounts for the year ended on that date.

### Results:

The loss amounting to £1,150,467 as shown in the profit and loss account on page 6 has been transferred to reserves. The directors do not recommend the payment of a dividend.

### Directors:

Mr. W R Martin was appointed a director of the company on 1 June 1980. Mr. A.W Nicol resigned from the board on 31 January 1981.

The interests of directors who are not directors of the parent company in the shares of the parent company are shown below.

Beneficial interests	31 December 1980	1 January 1980
	<u>Ordinary</u>	<u>Ordinary</u>
K S Bowden	625	625
D K Doran	400	400
D F G Loudoun	10,000	10,000
J Mason	2,000	2,000
W R Martin	400	-
R C Vowels	200	200
B J Watkins	200	200

The remaining directors who are not directors of the parent company did not hold shares of the parent company at either date.

No director held any beneficial interest in the shares of the company at 1 January 1980, or 31 December 1980.

No director was materially interested during the year in any contract which was significant in relation to the business of the company.

### Unsecured Loan Stock:

The 6% unsecured loan stock 1975/80 was redeemed at par on 15 April 1980.

**Fixed Assets:**

No significant changes in the company's fixed assets have occurred other than acquisitions and disposals in the course of business.

**Principal Activities:**

The business conducted by the company consists of building construction, civil engineering and related activities.

**Exports:**

The company does not engage in the business of exporting goods.

**Auditors:**

A resolution for the reappointment of Deloitte Haskins & Sells as auditors of the company will be proposed at the forthcoming annual general meeting in accordance with Section 14(1) of the Companies Act 1976.

By order of the Board



M D Rimmer Secretary  
8th June, 1981

AUDITORS REPORT TO THE MEMBERS OF  
WIMPEY CONSTRUCTION UK LIMITED

We have examined the accounts set out on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts gives a true and fair view of the state of the company's affairs at 31 December 1980 and of its loss and source and application of funds for the year then ended, and comply with the Companies Acts 1948 to 1980.

*Deloitte Haskins & Sells*

Deloitte Haskins & Sells  
Chartered Accountants

London *17 June* 1981

## WIMPEY CONSTRUCTION UK LIMITED

### ACCOUNTING POLICIES

1) Basis of Accounting

The accounts are prepared on the historical cost basis of accounting.

2) Group Accounts

Group accounts are not prepared as the company itself is a wholly owned subsidiary of George Wimpey Limited, a company incorporated in Great Britain.

3) Turnover

Turnover comprises the total value of construction work executed during the year and includes expenditure of clients' funds, but excludes Value Added Tax.

4) Result for the Year

Loss for the year includes the results of contracts completed during the year and the profits attributable to contracts in progress at the year end, in both cases after deducting amounts brought into revenue in previous years and after making provisions for foreseeable losses.

5) Depreciation

Depreciation is provided on the original cost of assets in equal annual instalments on the bases set out below:

Offices and depots occupied by the company:

Freehold buildings and long  
leaseholds

Over 40 years

Plant and equipment

Over the expected  
useful life of the  
assets ranging mainly  
from 3 to 12 years

6) Research and Development

Research and development expenditure is charged to revenue in the year in which it is incurred.

## ACCOUNTING POLICIES (Continued)

### 7) Taxation

The charge represents tax on taxable profits and provision for deferred tax where there is reasonable probability that it may be required in the foreseeable future.

### 8) Work in Progress

Until such time as the outcome of contracts and developments can be foreseen with reasonable certainty, contract work in progress, land and developments in progress are valued at the lower of direct cost and net realisable value after deducting progress payments received and amounts certified for payment. Profit is included in valuations when contracts and developments have progressed to the stage when a profitable outcome can prudently be foreseen.

### 9) Stocks

Stocks comprise materials and equipment and are included at the lower of cost and net realisable value.

### 10) Exchange Rates

Assets and liabilities in foreign currencies, have been converted into sterling at the rates of exchange ruling at the date of the balance sheet. Trading results of overseas branches have been converted into sterling at the average rate for the year. Differences arising on translation of the current accounts of overseas branches are taken to reserve. All other differences are taken to profit and loss account.

WIMPEY CONSTRUCTION UK LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1980.

	Notes	1980 £	1979 £
OPERATING PROFIT OR (LOSS)	3	(4,297,966)	4,997,115
Interest	4	<u>2,147,831</u>	<u>(48,689)</u>
PROFIT OR (LOSS) BEFORE TAXATION		(2,150,135)	4,948,426
Taxation	5	<u>(999,668)</u>	<u>(2,636,311)</u>
PROFIT OR (LOSS) AFTER TAXATION		(1,150,467)	7,584,737
Reserves brought forward		<u>12,033,105</u>	<u>125,634,933</u>
		10,882,638	133,219,670
Dividend paid during the year		-	(120,760,000)
Other movements on reserve	11	<u>(138,200)</u>	<u>(426,565)</u>
RESERVES CARRIED FORWARD		<u>10,744,438</u>	<u>12,033,105</u>

# WINPEY CONSTRUCTION UK LIMITED

## BALANCE SHEET as at 31 December 1980

	Notes	1980 £	as restated 1979 £
ASSETS EMPLOYED			
FIXED ASSETS	7	6,714,604	6,477,975
SUBSIDIARY COMPANIES	8	89,708,777	191,038,878
		<u>96,423,381</u>	<u>197,516,853</u>
		=====	=====
CURRENT ASSETS			
Work in Progress and stocks	9	23,299,990	(5,483,718)
Tax recoverable		1,265,472	5,608,265
Debtors		26,468,679	57,921,188
Amount due from parent company		2,625,762	-
Amount due from fellow subsidiaries		5,072,737	64,865,412
Deposit with fellow subsidiary		24,283,227	16,930,240
Bank balances and cash		721,486	342,157
		<u>83,736,653</u>	<u>140,183,544</u>
		=====	=====
CURRENT LIABILITIES			
Taxation		1,191,913	921,379
Bank overdraft		8,031,711	6,033,157
Creditors and provisions		79,996,860	85,745,164
Amounts due to fellow subsidiaries		10,448,895	34,699,424
		<u>99,669,379</u>	<u>127,399,124</u>
		=====	=====
NET ASSETS EMPLOYED		80,490,655	210,301,273
		=====	=====
FINANCED BY:			
SHARE CAPITAL	10	64,000,000	64,000,000
RESERVES	11	10,744,438	12,033,105
		<u>74,744,438</u>	<u>76,033,105</u>
		-	4,679,928
AMOUNT DUE TO PARENT COMPANY		-	124,944,574
ADVANCE FROM FELLOW SUBSIDIARY		-	509,768
LOANS	12	5,746,217	4,133,898
DEFERRED TAXATION	5	<u>80,490,655</u>	<u>210,301,273</u>
		=====	=====

Directors



WIMPEY CONSTRUCTION UK LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 31 December 1980

	1980	1979 £
<b>SOURCE OF FUNDS</b>		
(Loss) profit after taxation	(1,150,467)	29,584,737
Depreciation	471,192	472,359
Exchange and other differences	(138,200)	(426,565)
Total generated from operations	(817,475)	29,630,531
Funds from other sources	(347,466)	68,652,148
Medium and long term loans	(509,768)	(49,421)
Disposal of assets and investments	162,302	68,701,569
<b>TOTAL FUNDS (EXPENDED) OBTAINED</b>	<b>(1,164,941)</b>	<b>98,282,679</b>
<b>APPLICATION OF FUNDS</b>		
Dividends	-	144,733,094
Investment	3,600,427	57,976,691
Fixed assets	870,123	442,269
Net movement in balances with group and associated companies	2,730,304	57,534,422
Movement in working capital	(3,146,143)	(106,612,395)
Work in Progress and stock	28,783,708	(111,241,960)
Debtors	(35,795,302)	1,183,808
Creditors (including taxation)	3,865,451	3,445,757
<b>TOTAL FUNDS APPLIED</b>	<b>454,284</b>	<b>96,097,390</b>
<b>(DECREASE)/INCREASE IN NET LIQUID RESOURCES (1,619,225)</b>		<b>2,185,289</b>
Overdrafts and short term loans	(1,998,554)	8,647,760
Cash and bank balances	379,329	(6,462,471)

# WIMPEY CONSTRUCTION UK LIMITED

## NOTES ON THE ACCOUNTS

### 1. Parent Company

The company is a subsidiary of George Wimpey Limited which is incorporated in Great Britain.

### 2. Turnover

The total value of work executed during the year was estimated at £ 482,612,000 (1979 £ 391,272,000).

3. Operating Result	1980 £	1979 £
Operating Result is stated after charging:		
Staff pension contributions	1,376,847	1,157,847
Depreciation	471,192	472,359
Auditors' remuneration	42,626	45,762
Hire of plant & equipment after crediting:	16,052,122	17,566,673
Rental income	7,927	18,644
Dividends received		
Subsidiary companies	-	176
Associated companies	-	2,575
Unlisted companies	-	62,531

### 4. Interest

Interest receivable	2,205,188	692,654
	=====	=====
Interest payable:		
Bank overdrafts	38,735	65,903
Loans repayable within 5 years	18,622	43,729
Group and associated companies loans and current accounts	-	631,711
	=====	=====
	57,357	741,343
	=====	=====
	2,147,831	(48,689)
	=====	=====

## 5. Taxation

	1980 £	1979 £
United Kingdom:		
Corporation tax	2,474,203	-
Deferred tax	(2,580,871)	2,757,948
Tax attributable to dividends received	-	18,389
	<u>(106,668)</u>	<u>2,776,337</u>
Overseas:		
Current tax	<u>451,637</u> 344,969	<u>652,407</u> 3,428,744
Prior year adjustments:		
United Kingdom corporation tax	92,793	(7,271,669)
Group relief	(1,479,264)	(2,561,977)
United Kingdom deferred tax	29,993	4,682,546
Overseas taxes	<u>11,841</u>	<u>(913,955)</u>
	<u>(999,668)</u> =====	<u>(2,636,311)</u> =====

United Kingdom tax has been provided at 52 % (1979 52%) on the taxable profit of the year as reduced by accelerated capital allowances.

If full provision for Deferred Tax had been made the charge for the year would have been unchanged (1979 increased by £132,801).

Stock Relief has been calculated on the basis of existing legislation. If stock relief had been calculated on the basis envisaged in the current Finance Bill then the tax charge would have been decreased by £780,412.

The provision for Deferred Taxation comprises:-

	1980 £	1979 £
Stock Relief	5,803,255	1,913,343
Attributable profits	1,371,737	5,622,991
Other Timing Differences	<u>(1,428,775)</u>	<u>760,761</u>
	<u>5,746,217</u>	<u>8,297,095</u>
Advance Corporation Tax	-	4,163,197
	<u>5,746,217</u> =====	<u>4,133,898</u> =====

If deferred taxation had been provided on the full liability method the total provision would have been increased by £ 2,461,668 (1979 £2,765,379) in respect of accelerated capital allowances.

6. Emoluments of Directors and Employees

	1980 £	1979 £
Directors' emoluments		
The emoluments of directors including contributions to pension schemes were:	127,633	156,683
The emoluments of the directors excluding pension contributions were:		
Chairman	-	-
Highest paid director	22,261	17,918

The number of directors (including 1 for part only of the year) and employees other than those working wholly or mainly overseas whose emoluments, excluding pension contributions, fell within the following scales was:

Scale of emoluments	Number of Directors		Number of Employees	
	1980	1979	1980	1979
Not more than £5,000	9	24	-	-
£ 5,001 - £10,000	1	1	-	-
£10,001 - £15,000	-	1	-	-
£15,001 - £20,000	1	3	-	-
£20,001 - £25,000	4	-	4	1

7. Fixed Assets

	Freehold £	Long Leasehold £	Plant & Equipment £	Total £
Cost 1 January 1980	6,944,424	462,149	3,036,579	10,443,152
Additions	593,058	1,142	270,112	864,312
Exchange adjustments	-	-	(564)	(564)
Disposals	(254,760)	-	(141,170)	(395,930)
Transfer (to)/from fellow subsidiaries	-	(22,735)	(2,229)	(30,964)
Cost 31 December 1980	7,282,722	440,556	3,156,728	10,880,006
Depreciation provision	1,479,493	139,158	2,546,751	4,165,402
Net Book Value 31 December 1980	5,803,229	301,398	609,977	6,714,604
	=====	=====	=====	=====
Net Book Value 31 December 1979	5,506,581	333,969	637,425	6,477,975
	=====	=====	=====	=====

8. Subsidiary Companies

	1980	1979
	£	£
Shares at cost less amounts written off	80,188,836	80,188,836
Amounts due from subsidiaries	<u>9,810,567</u>	<u>110,875,314</u>
	89,999,403	191,064,150
Amounts due to subsidiaries	<u>290,626</u>	<u>25,272</u>
	89,708,777	191,038,878
	=====	=====

In the opinion of the directors the value of the company's investment in its subsidiaries is not less than the amount at which they are included in the balance sheet.

The company's subsidiaries, which are both wholly owned are as follows:

Wimpey Homes Holdings Limited (incorporated in Great Britain)  
Conyers Pty. Limited (incorporated in Australia)

9. Work in progress and stocks

	1980	1979
	£	£
Work in progress valuation	719,523,859	588,277,709
Less: Cash received and receivable		601,128,781
Progress payments received and amounts certified for payment	<u>702,933,349</u>	
	16,590,510	(12,851,072)
Stocks	<u>6,709,480</u>	<u>7,367,354</u>
	23,299,990	(5,483,718)
	=====	=====

In 1979 and prior years the valuation of work in progress was reduced by cash received and receivable. To be consistent with established practice in the long term contracting industry, at 31st December 1980 the valuation of work in progress has been reduced by progress payments received and amounts certified for payment.

The effect of this change at 31st December 1980 is that amounts not certified for payment and retentions amounting in aggregate to £54,354,360 are included in work in progress and not debtors.

10. Share Capital

	1980	1979
	£	£
Authorised, issued and fully paid Ordinary Shares of 25p each	<u>64,000,000</u>	<u>64,000,000</u>
	=====	=====

11. Reserves	1980 £	1979 £
Balance at 1 January 1980	12,033,105	125,634,933
Dividend received attributed to 1979	-	22,000,000
Dividend paid attributed to 1979	-	(22,000,000)
Profit (Loss) for the year	(1,150,467)	7,584,737
Dividend paid during year	-	(120,760,000)
Exchange differences net of tax	(138,200)	(427,698)
Surplus on redemption of loan stock	-	1,133
Total reserves	<u>10,744,438</u> =====	<u>12,033,105</u> =====

In pursuance of the re-organisation of the group structure which became effective in 1979, it was necessary that a substantial part of the reserves of subsidiary companies should be passed up to the new parent company and for this purpose a dividend was received during 1980 from Wimpey Homes Holdings Limited of £22,000,000 and a like dividend was immediately paid to the parent company. It is appropriate that the dividends be attributed to 1979 and the comparative figures for that year have been adjusted accordingly.

12. Loans	1980 £	1979 £
6% Unsecured Loan Stock 1975/80	-	309,200
Repayable within 1 year (Unsecured)	-	200,568
	<u>-</u> =====	<u>509,768</u> =====

13. Capital Commitments		
Amount of capital expenditure contracted for but not provided in the accounts	94,576	117,477
Expenditure authorised but not contracted for	-	428,000

#### 14. Contingent Liabilities

Borrowing facilities have been guaranteed on behalf of associated companies up to an amount of £7,569,304 (1979 £25,627,468) and on behalf of fellow subsidiary companies up to an amount of £3,908,597 (1979 £23,122,688) of which there were borrowings outstanding by associated companies of £6,028,403 (1979 £19,690,723) and by subsidiary companies of £1,166,994 (1979 £19,903,734).

There are also contingent liabilities in respect of guarantees under building and other agreements entered into in the normal course of business.