

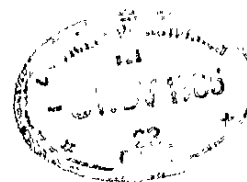
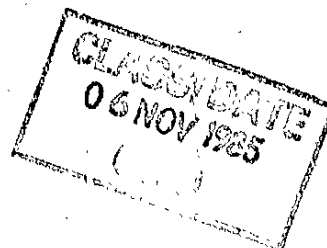
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WIMPEY CONSTRUCTION UK LIMITED

DIRECTORS REPORT AND ACCOUNTS

31 DECEMBER 1984

Registration, London 156617



WIMPEY CONSTRUCTION UK LIMITED

Directors:

R.N. Oliver	- Chairman	R.O. Evans	G.M. Slater
J.A. Dwyer	- Managing Director	D.F.G. Loudoun	L.C.T. Sallabank
R.A. Barrow		W.R. Martin	R.C. Vowels
R.H. Bullough		R.G. Miles	P.D. Whitehouse
D.K. Doran		G. Robertson	

REPORT OF THE DIRECTORS

The directors present their report to the members and the accounts for the year ended 31 December 1984.

Principal activities and business review

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

Extremely competitive market conditions prevailed throughout 1984 with the result that margins continued to be extremely slim. Nonetheless the company made good progress on numerous major commercial, design and build, and management contracting projects.

Civil engineering workload remains a problem due to the continued low level of public sector spending, but coal production on the company's open-cast sites was well up to targets.

The company's subsidiary, Wimpey Homes Holdings Limited, despite difficult market conditions made good progress in its traditional areas of first and second time purchaser homes, and expanded its involvement in retirement housing and urban renewal.

Results and Dividends

The profit available for distribution amounting to £20,350,000 is shown in the profit and loss account on page 7 and has been transferred to reserves. The directors recommend a final dividend amounting to £34,000,000.

Research and Development

The Wimpey Group undertakes a wide range of research and development activities, principally at its laboratory west of London. The laboratory is the largest privately owned research and technical services organisation in the UK construction industry. Most of the research and development undertaken is concerned with technological advancement and innovation in relation to house building methods and materials, much of which is commissioned by the company and its subsidiary Wimpey Homes Holdings Limited, and relates to their activities.

Directors

On 12 March 1984 B J Watkins resigned and R H Bullough was appointed a director.

L C T Sallabank was appointed a director on 1 July 1984.

J Mason and A M Coane resigned on 31 October 1984 and 31 December 1984 respectively.

G M Slater was appointed a director on 21 January 1985, and C S Gill and A P Goudie resigned on 11 March 1985.

The interests of directors, who are not directors of the holding company, in shares of the holding company are shown below:

Beneficial Interests	Options		Fully Paid Shares	
	31 December 1984	1 January 1984	31 December 1984	1 January 1984
R A Barrow	3,305	3,305	-	-
R H Bullough	3,305	3,305	-	-
D K Doran	3,305	3,305	440	440
J A Dwyer	3,305	3,305	-	-
R O Evans	3,305	3,305	880	880
D F G Loudoun	3,305	3,305	9,900	9,900
W R Martin	3,305	3,305	440	440
R G Miles	3,305	3,305	-	-
G Robertson	3,305	3,305	-	-
R C Vowels	-	-	220	220
P D Whitehouse	3,305	3,305	-	-
C S Gill	3,189	-	1,500	1,500
A P Goudie	3,305	3,305	440	440
J Mason	-	-	-	1,100
G M Slater	3,305	3,305	-	-

The options were granted under the terms of the holding company's savings related share option scheme.

On 21 February 1985 the following directors were granted options under the terms of the holding company's Executive Share Option Scheme.

	Options
P D Whitehouse	90,476
J A Dwyer	90,476
D F G Loudoun	71,428
R A Barrow	61,904
R O Evans	61,904
R G Miles	61,904
G Robertson	61,904
G M Slater	61,904
R H Bullough	52,380
W R Martin	52,380

No director held any beneficial interest in the shares of the company at 1 January 1984, or 31 December 1984.

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

Fixed Assets

No significant changes in the company's fixed assets have occurred other than acquisitions and disposals in the course of business which are shown in note 11 of these accounts.

Employee Involvement

The company complies with the Wimpey Group policy that there should be effective communication with employees. This is achieved through normal face to face discussion at the work place, a Group house journal (bi-monthly), the use of notice boards and other means including bulletins or newsletters.

Consultation takes place with operatives representatives through appropriate employers' organisations.

Annually, the Wimpey Group publishes a written Employee Report and a video which explains the overall financial and general business situation in straightforward terms.

Employment of Disabled Persons

The company's policy relating to the employment of disabled persons, as stated below, was applied during the year.

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employee who becomes disabled during employment to continue their career with the company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled.

Auditors

A resolution for the reappointment of Deloitte Haskins and 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

.....*T O Connor*.....Secretary
.....*24 April*.....1985

AUDITORS REPORT TO THE MEMBERS OF WIMPEY CONSTRUCTION UK LIMITED

We have audited the accounts on pages 5 to 16 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1984 and of its profit for the year then ended and comply with the Companies Acts 1948 to 1981.

The accounts do not contain a statement of source and application of funds as required by Statement of Standard Account Practice No. 10.

Deloitte Haskins & Sells
.....
Chartered Accountants

London 24th April

1985

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 nor are the results of an associated company incorporated in these accounts as the company is itself a wholly owned subsidiary of George Wimpey PLC, 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. Profit

Operating profit comprises the results of contracts completed and the profits attributable to contracts in progress after deducting amounts brought into revenue in previous years and after making provision for foreseeable losses. Claims are only brought into account when the amounts have been received or certified for payment.

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 in excess of 50 years	Over 50 years
Short leaseholds	Over the period of the lease
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

Provision is made for tax on taxable profits and also for deferred tax if there is reasonable probability that it may be required in the foreseeable future. No provision is made for any additional tax which could arise on the distribution of profits by overseas subsidiary and associated companies.

8. Associated Companies

Associated companies are unlisted companies, other than subsidiaries, in which the group holding represents not less than 20% of the equity and in which the group actively participates in the management. There are no other related companies as defined by the Companies Act 1981.

9. Work in Progress and Stocks

Contract work is valued initially at the lower of cost and net realisable value, after deducting progress payments received and amounts certified for payment. Profit is recognised and included in valuations of long term contracts which have progressed to the stage where a profitable outcome can prudently be foreseen.

Land development stock in trade is valued at the lower of cost and net realisable value. Other stocks comprise materials and equipment and are valued at the lower of cost and net realisable value.

10. Exchange Rates

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date and trading results are translated at the average rate for the year.

Exchange differences arising on investments, related loans and intra-group currency loans, are taken to reserve. All other exchange differences are taken to profit and loss account.

11. Retirement Benefits

Contributions to Wimpey group pension schemes in respect of current service and the cost of augmenting existing pensions are charged against profits.

WIMPEY CONSTRUCTION UK LIMITED
 PROFIT AND LOSS ACCOUNT
 for the year ended 31 December 1984

	Note	1984 £000	1983 £000
TURNOVER	2	<u>304,977</u>	<u>274,063</u>
OPERATING PROFIT	3	2,657	11,008
Income from shares in a Group Company		14,000	—
Interest receivable	4	8,557	8,618
		<u>25,214</u>	<u>19,626</u>
Amounts written off investments	12/13	—	133
		<u>25,214</u>	<u>19,493</u>
Interest payable	5	24	77
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>25,190</u>	<u>19,416</u>
Taxation charge	6	4,840	7,442
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>20,350</u>	<u>11,974</u>
RESERVES AT 1 JANUARY 1984		34,352	48,374
Exchange differences (less tax 1984 £284,000, 1983 £40,000)		<u>282</u>	<u>49</u>
		<u>34,634</u>	<u>48,423</u>
		54,984	60,397
Dividends	7	<u>34,000</u>	<u>26,045</u>
RESERVES AT 31 DECEMBER 1984		<u>20,984</u>	<u>34,352</u>

WIMPEY CONSTRUCTION UK LIMITED
BALANCE SHEET
at 31 December 1984

	Note	1984 £000	1983 £000
ASSETS EMPLOYED			
FIXED ASSETS			
Tangible assets	11	5,315	5,939
Subsidiary companies	12	82,907	82,907
Investment	13	565	451
		<u>88,787</u>	<u>89,297</u>
CURRENT ASSETS			
Work in progress and stocks	14	31,402	23,929
Debtors	15	118,109	118,260
Cash at bank and in hand		4,219	396
		<u>153,730</u>	<u>142,585</u>
CREDITORS			
Amounts falling due within 1 year	16	4,069	4,075
Finance debt		147,212	127,233
Other creditors		<u>151,281</u>	<u>131,308</u>
		2,449	11,277
NET CURRENT ASSETS			
		<u>91,236</u>	<u>100,574</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
FINANCED BY:			
CREDITORS			
Amounts falling due after more than 1 year	16	<u>4,680</u>	-
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	17	572	722
Other provisions		<u>1,000</u>	<u>1,500</u>
		<u>1,572</u>	<u>2,222</u>
CAPITAL AND RESERVES			
Share capital	18	64,000	64,000
Profit and loss account		20,984	34,352
		<u>84,984</u>	<u>98,352</u>
SHAREHOLDERS FUNDS			
		<u>91,236</u>	<u>100,574</u>

The accounts on pages 5 to 16 were approved by the board on

..... 24 April 1985

and signed on its behalf by :

.....
.....
.....

Directors

NOTES ON THE ACCOUNTS

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

The value of work executed during the year in the United Kingdom was £304,977,000 (1983 £274,063,000).

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NOTES ON THE ACCOUNTS (Continued)

6. TAXATION CHARGE	1984 £000	1983 £000
United Kingdom taxation:		
Corporation tax	5,723	-
Credit for overseas tax	<u>1,304</u>	<u>-</u>
	4,419	-
Group relief	-	7,725
Deferred tax	<u>(397)</u>	<u>(492)</u>
	4,022	7,233
Overseas taxation:		
Current taxes	<u>704</u>	<u>263</u>
	4,726	7,496
Prior year adjustments:		
United Kingdom corporation tax	(2,050)	824
Group relief	1,917	-
United Kingdom deferred tax	247	(885)
Overseas taxes	<u>-</u>	<u>7</u>
	<u>4,840</u>	<u>7,442</u>

United Kingdom tax has been provided at an effective rate of 46.25% (1983 40%) on the taxable profit for the year as reduced by stock relief of £624,000 (1983 £1,435,000).

	1984 £000	1983 £000
7. DIVIDENDS		
Interim Paid 0.0236133p per share	-	6,045
Final Paid 0.078125p per share	-	20,000
Final Proposed 0.1328125p per share	34,000	-
	<u>34,000</u>	<u>26,045</u>

NOTES ON THE ACCOUNTS (Continued)

	1984 £000	1983 £000
8. EMPLOYEES		
Staff costs, including directors, comprise:		
Salaries and wages	43,311	44,971
Social security costs	4,710	5,124
Pension contributions	89	94
	<u>48,110</u>	<u>50,189</u>
Recharged to another group company	<u>18,137</u>	<u>22,133</u>
	29,973	28,056
Recharged from another group company	<u>21,917</u>	<u>18,527</u>
	<u>51,890</u>	<u>46,583</u>
	Number of employees	
	1984	1983
The average number of persons employed by the company was:	<u>5,819</u>	<u>6,248</u>

Of the above persons 2,194 (1983 2,755) with total staff costs of £18,137,000 (1983 £22,133,000) had contracts of employment with the company, but worked for, and their staff costs were ultimately borne by, another group company.

A further 2,135 persons (1983 1,920) with total staff costs of £21,917,000 (1983 £18,527,000) worked for, and their staff costs were ultimately borne by, the company although they had contracts of employment with another group company.

9. PENSION SCHEMES

The company is a participating company in The Second Wimpey Pension Fund which is administered by trustees for the benefit of employees. The funds are independent from the company.

Benefits at retirement are determined by the amount of contributions and investment earnings. Independent actuaries carry out a valuation of the fund every three years and the valuation at 5 April 1984 showed that accrued liabilities were adequately funded both on a discontinuance basis and on an accrued rights basis. The level of contributions made by employees and the company has been maintained in accordance with the recommendation of the actuaries at the last valuation.

There is no reason to believe that any significant adjustment to the level of the company contribution will be required in respect of the current benefits under the scheme.

NOTES ON THE ACCOUNTS (Continued)

10. EMOLUMENTS OF DIRECTORS

Directors' emoluments comprise:

Directors fees
Directors other emoluments including contributions
to pension schemes

1984
£000

1983
£000

250

215

Emoluments of the Chairmen excluding pension
contributions

Emoluments of the highest paid director
excluding pension contributions

34

35

The emoluments (excluding pension contributions)
of the directors other than the Chairmen
fell within the following ranges:

Emoluments	Number of directors	
	1984	1983
Not more than £5,000	8	4
£ 5,001 - £10,000	-	2
£10,001 - £15,000	1	1
£15,001 - £20,000	3	4
£20,001 - £25,000	3	-
£25,001 - £30,000	-	2
£30,001 - £35,000	2	1

11. TANGIBLE ASSETS

	Freeholds £000	Long Leaseholds £000	Plant & Equipment £000	Total £000
Cost 1 January 1984	7,137	671	2,396	10,204
Exchange adjustments			16	16
Additions at cost	147	31	56	234
Disposals	(619)	(84)	(195)	(898)
Transfers from Group Companies			(44)	(44)
Reclassifications	(9)		(3)	(12)
Cost 31 December 1984	<u>6,656</u>	<u>618</u>	<u>2,226</u>	<u>9,500</u>
Aggregate Depreciation 1 January 1984	1,923	178	2,163	4,264
Exchange adjustments			14	14
Amount provided for the year	164	17	111	292
Eliminated in respect of disposals	(141)	(4)	(184)	(329)
Transfers from Group Companies			(56)	(56)
31 December 1984	<u>1,946</u>	<u>191</u>	<u>2,048</u>	<u>4,185</u>
Net Book Value, 31 December 1984	<u>4,710</u>	<u>427</u>	<u>178</u>	<u>5,315</u>
Net Book Value, 31 December 1983	<u>5,213</u>	<u>493</u>	<u>233</u>	<u>5,939</u>

NOTES ON THE ACCOUNTS (Continued)

	1984 £000	1983 £000
12. SUBSIDIARY COMPANIES		
Shares at cost.		
1 January 1984 and 31 December 1984	<u>83,369</u>	<u>83,369</u>
Amounts written off		
1 January 1984	462	420
Written off in year	-	42
31 December 1984	<u>462</u>	<u>462</u>
Net book value		
31 December 1984	<u>82,907</u>	<u>82,907</u>
31 December 1983	<u>82,907</u>	<u>82,949</u>

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

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

Winpey Homes Holdings Limited
Wimbloc Limited
Merit Securities Limited
Winpey France SA

Incorporated in South Africa
Incorporated in France

	Associates £000
13. INVESTMENT	
Cost	
1 January 1984 and 31 December 1984	<u>834</u>
Provisions	
1 January 1984	383
Provided in prior years now written back	(114)
31 December 1984	<u>269</u>
Net book value	
31 December 1984	<u>565</u>
31 December 1983	<u>451</u>

The investment comprises 50% of the issued share capital of Beyre y Winpey SA, a company incorporated in Spain.

NOTES ON THE ACCOUNTS (continued)

14. WORK IN PROGRESS AND STOCKS

Work in progress at valuation
Less progress payments received and
amounts certified for payment

Land held for development
and development costs 2,059

Stocks 5,864

1984
£000

1983
£000

914,344

90,779

890,865
23,479

892,098
15,781

3,523

4,625

7,923
31,402

8,148
23,929

Payments received on account in excess
of the value of work done on the related
contracts are included as creditors.

The inclusion of attributable profit in
long term contract work in progress is in
accordance with SSAP9. However, this
practice constitutes a departure from the
general accounting rules relating to the
valuation of current assets as prescribed
by Schedule 8 of the Companies Act 1948.
Section 149 (2) of the same act requires
the inclusion of profit to enable the
accounts to give a true and fair view.
Progress payments cannot meaningfully be
allocated between cost and profit and it is
therefore impracticable to determine the
effect of this departure on the balance
sheet.

15. DEBTORS

Trade debtors
Amounts due from holding and
fellow subsidiary companies
Amounts due from subsidiary companies
Other

1984
£000

1983
£000

13,345

13,363

69,268
35,450

87,071
17,826

46

118,109

118,260

All amounts are due within 1 year

NOTES ON THE ACCOUNTS (continued)

	1984 £000	1984 £000	1983 £000
16. CREDITORS	Due within 1 year	Due after 1 year	Due within 1 year
Finance debt			
Bank overdraft	55		61
Amounts due to holding and fellow subsidiary companies	<u>4,014</u>	<u>—</u>	<u>4,014</u>
	<u>4,069</u>		<u>4,075</u>
Other creditors			
Payments received on account	12,279		19,219
Trade creditors	86,175		73,020
Amounts due to holding and fellow subsidiary companies	13,189		12,458
Amounts due to subsidiary companies	—		547
Taxation	1,569	4,680	1,989
Dividend	34,000		20,000
	<u>147,212</u>	<u>4,680</u>	<u>127,233</u>
	<u>151,281</u>	<u>4,680</u>	<u>131,308</u>
	Deferred Taxation £000	Other Provisions £000	Total £000
17. PROVISIONS FOR LIABILITIES AND CHARGES			
Movement on provisions in the year			
1 January 1984	722	1,500	2,222
Released	(150)	(500)	(650)
	<u>572</u>	<u>1,000</u>	<u>1,572</u>
31 December 1984			
		1984 £000	1983 £000
The provision for deferred taxation comprises:			
Accelerated capital allowances.		1,184	722
Other timing differences		(612)	—
		<u>572</u>	<u>722</u>
Other provisions comprise amounts set aside for remedial works.			
		1984 £000	1983 £000
18. SHARE CAPITAL			
Authorised allotted, called up and fully paid Ordinary Shares of 25p each		<u>64,000</u>	<u>64,000</u>

NOTES ON THE ACCOUNTS (continued)

19. CAPITAL COMMITMENTS

The company has no capital commitments.

20. CONTINGENT LIABILITIES

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