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WIMPEY CONSTRUCTION UK LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1981

Registration, London 156617



WIMPEY CONSTRUCTION UK LIMITED

Directors:

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

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report to the members and the accounts for the year ended 31 December 1981.

Profits

The profit available for distribution amounting to £27,940,000 is shown in the profit and loss account on page 6. An interim dividend of £0.0257812 per share amounting to £ 6,600,000 was paid on 22 December 1981 and a further interim dividend of £0.01953125 per share amounting to £5,000,000 was paid on 29 January 1982, leaving a retained profit of £16,340,000 which has been transferred to reserves.

Directors

Mr. A.W. Nicol resigned from the board on 31 January 1981 and Mr. K.S. Bowden resigned from the board on 27 November 1981.

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

Beneficial interests	31 December 1981	1 January 1981
	<u>Ordinary</u>	<u>Ordinary</u>
D K Doran	400	400
D F G Loudoun	9,000	10,000
W R Martin	400	400
J Mason	1,000	2,000
R C Vowels	200	200
B J Watkins	200	200

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

No director held any beneficial interest in the shares of the company at 1 January 1981, or 31 December 1981.

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.

Subsidiary Companies

Due to group restructuring the beneficial interest in the share capital of certain overseas subsidiaries was transferred to the company with effect from 31 October 1981 under an agreement entered into with a fellow subsidiary.

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 as such although materials and equipment were exported and management support was provided for the purpose of carrying out construction work overseas. The total of such work executed during the year was valued at £3,301,000.

Employees

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 any other employees who are not disabled.

During the year, the George Wimpey Group of companies was chosen by the Manpower Services Commission for a "Fit for Work" award in recognition of exemplary policies and practical achievements in the employment of disabled persons.

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

 Secretary

.....28 April.....1982

AUDITORS REPORT TO THE MEMBERS OF WIMPEY CONSTRUCTION UK LIMITED

We have audited the accounts on pages 4 to 14 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 1981 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

.....*Deloitte Haskins & Sells*.....
Chartered Accountants

London *28 April* 1982

WIMREY 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 for the year

Operating profit comprises 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 provision 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 in excess of 50 years	Over 40 years
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Plant and equipment	Over the expected useful life of the assets ranging mainly from 3 to 12 years
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(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

Taxation represents tax on taxable profits and provision for deferred tax if there is reasonable probability that it may be required in the foreseeable future. No provision is made for any additional taxation which could arise on the distribution of profit 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.

(9) Work in progress

Until such time as the outcome of the 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.

(10) Stocks

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

(11) Exchange Rates

Assets and liabilities in overseas 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 translation of the current accounts of overseas branches are taken to reserve. Exchange differences arising in the ordinary course of business are taken to profit and loss account.

WIMPEY CONSTRUCTION UK LIMITED

PROFIT AND LOSS ACCOUNT

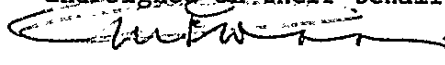
for the year ended 31 December 1981

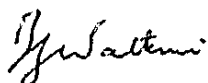
	Notes	1981 £000	1980 £000
OPERATING PROFIT /(LOSS)	3	14,818	(4298)
Interest	4	<u>4,783</u>	<u>2148</u>
PROFIT /(LOSS) BEFORE TAXATION		19,601	(2150)
Taxation	5	<u>(8,339)</u>	<u>(1000)</u>
PROFIT /(LOSS) AFTER TAXATION		27,940	(1150)
Dividends	6	<u>11,600</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR	14	<u>16,340</u>	<u>(1150)</u>

WIMPEY CONSTRUCTION UK LIMITED
BALANCE SHEET
as at 31 December 1981

	Notes	1981 £000	1980 £000
ASSETS EMPLOYED			
FIXED ASSETS	8	6,562	6,715
SUBSIDIARY COMPANIES	9	101,962	89,709
ASSOCIATED COMPANY	10	585	-
		<u>109,109</u>	<u>96,424</u>
CURRENT ASSETS			
Work in progress and stocks	11	4,428	23,300
Tax recoverable		5,085	1,265
Debtors		19,343	26,469
Amount due from holding company		23,550	2,625
Deposit with fellow subsidiary		-	24,283
Amounts due from fellow subsidiaries		3,633	5,073
Bank balances and cash		1,506	721
		<u>57,545</u>	<u>83,736</u>
CURRENT LIABILITIES			
Taxation		-	1,192
Dividend		5,000	-
Bank overdraft		318	8,031
Creditors and provisions	12	58,566	79,997
Amounts due to fellow subsidiaries		11,566	10,449
		<u>75,450</u>	<u>99,669</u>
		<u>91,204</u>	<u>80,491</u>
FINANCED BY			
SHARE CAPITAL	13	64,000	64,000
RESERVES	14	27,204	10,744
		<u>91,204</u>	<u>74,744</u>
DEFERRED TAXATION			
		-	5,747
		<u>91,204</u>	<u>80,491</u>

Approved by the Board on 28/4/ 1982
and signed on their behalf by:

) Directors



WIMPEY CONSTRUCTION UK LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 December 1981

	1981 £000	1980 £000
SOURCE OF FUNDS		
Profit before taxation	19,601	(2,150)
Depreciation	423	471
Exchange and other differences	120	(138)
	<u>20,144</u>	<u>(1,817)</u>
Funds generated from operations	20,144	(1,817)
Disposal of fixed assets	6	162
TOTAL FUNDS OBTAINED	<u>20,150</u>	<u>(1,655)</u>
=====		
APPLICATION OF FUNDS		
Dividends paid	(6,600)	-
Tax (paid) received	(2,420)	7,224
Expenditure on fixed assets	(276)	(870)
Investment in subsidiaries and associate	(8,521)	-
Amounts due to/from group companies	1,598	(2,730)
	<u>4,567</u>	<u>(3,078)</u>
CHANGE IN WORKING CAPITAL (EXCLUDING LIQUID FUNDS)	4,567	(3,078)
Work in progress	18,872	(28,784)
Debtors	7,126	31,453
Creditors and provisions	(21,431)	(5,747)
	<u>(11,652)</u>	<u>546</u>
=====		
TOTAL FUNDS APPLIED	(11,652)	546
=====		
NET CASH FLOW	8,498	(1,109)
=====		
FINANCED BY		
REDUCTION / (INCREASE) IN:		
Loans	-	510
Overdrafts	7,713	(1,998)
	<u>7,713</u>	<u>(1,488)</u>
INCREASE / (REDUCTION) IN:		
Bank balances and cash	785	379
	<u>785</u>	<u>379</u>
TOTAL FINANCING	8,498	(1,109)
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WIMPEY CONSTRUCTION UK LIMITED

NOTES ON THE ACCOUNTS

1. Holding Company

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

2. Turnover

The value of work executed during the year was estimated at £430,023,000 (1980 £482,612,000).

3. Operating Profit

	1981 £000	1980 £000
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Operating Profit is stated after charging:

Staff pension contributions	1,502	1,377
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Depreciation	423	471
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Auditors' remuneration	36	43
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Hire of plant and equipment	12,044	16,052
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After crediting:

Rental income	-	8
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Dividend receivable from a subsidiary company	11,000	-
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4. Interest

	1981 £000	1980 £000
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Interest receivable	<u>4,875</u>	<u>2,205</u>
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Interest payable:

Bank overdraft	56	39
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Loans wholly repayable within 5 years	36	18
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	<u>92</u>	<u>57</u>
	<u>4,783</u>	<u>2,148</u>
	=====	=====

NOTES ON THE ACCOUNTS (Continued)

5. Taxation	1981	1980
	£000	£000
United Kingdom:		
Corporation tax	543	2,926
Credit for overseas tax	<u>230</u>	<u>452</u>
	313	2,474
Group relief	(61)	-
Deferred tax	<u>-</u>	<u>(2,581)</u>
	252	(107)
Overseas:		
Current tax	<u>230</u>	<u>452</u>
	482	345
Prior years' adjustments:		
United Kingdom corporation tax	(2,920)	93
Group relief	(154)	(1,479)
United Kingdom deferred tax	(5,747)	30
Overseas taxes	<u>-</u>	<u>11</u>
	(8,339)	(1,000)
	=====	=====

United Kingdom tax has been provided at 52 % (1980 52%) on the taxable profit for the year as reduced by stock relief and accelerated capital allowances.

During the last three years a detailed review of taxation submissions for earlier accounting periods has been made by the Company and the opportunity taken to optimise the utilisation of available capital allowances and stock relief. As a result, corporation tax repayment claims have been made and substantial provisional repayments obtained from the Inland Revenue which are reflected in the prior years' taxation credits for corporation tax.

The credit for prior years' United Kingdom corporation tax of £2,920,000 is after deduction of £3,109,000 advance corporation tax arising in earlier years, now written off.

Release of deferred taxation arises from changes to stock relief legislation contained in the Finance Act 1981.

NOTES ON THE ACCOUNTS (Continued)

6. Dividends	1981 £000	1980 £000
1st interim dividend of £0.0257812 per share paid on 22 December 1981	6,600	-
2nd interim dividend of £0.01953125 per share paid on 29 January 1982	<u>5,000</u> <u>11,600</u> =====	<u>-</u> <u>-</u> =====

7. Emoluments of Directors and Employees

	1981 £000	1980 £000
Directors' emoluments comprise:		
Fees	-	-
Other emoluments including contributions to pension schemes	161	128
Past directors' pensions	-	-

The emoluments of the directors excluding pension
contributions, were:

Chairman	-	-
Highest paid director	28	22

The number of directors (including 2 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	
	1981	1980	1981	1980
Not more than £5,000	9	9		
£5,001 - £10,000	-	1		
£10,001 - £15,000	-	-		
£15,001 - £20,000	-	1		
£20,001 - £25,000	2	4	7	4
£25,001 - £30,000	4	-	-	-

NOTES ON THE ACCOUNTS (Continued)

8. Fixed Assets

	Freeholds £000	Long Leaseholds £000	Plant & Equipment £000	Total £000
Cost 1 January 1981	7,283	440	3,157	10,880
Additions	185		81	266
Exchange adjustments			16	16
Disposals			(87)	(87)
Transfers to/from fellow subsidiaries			(2)	(2)
Cost 31 December 1981	7,468	440	3,165	11,073
Depreciation provision	1,662	150	2,699	4,511
Net Book Value 31 December 1981	5,806	290	466	6,562
Net Book Value 31 December 1980	5,803	302	610	6,715

9. Subsidiary Companies

	1981 £000	1980 £000
Shares at cost	88,125	80,189
Amounts due from subsidiaries	16,885	9,810
	105,010	89,999
Amounts due to subsidiaries	3,048	290
	101,962	89,709

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, all of which are wholly owned, are as follows:

Wimpey Homes Holdings Ltd	
Merit Securities Ltd	Incorporated in South Africa
Wimpey France SA	Incorporated in France
George Wimpey Australia Pty Ltd)
Conyers Pty Ltd)
Wimpey Developments(Australia)Pty Ltd)	Incorporated in Australia
Wimpey Espanola SA	Incorporated in Spain

NOTES ON THE ACCOUNTS (Continued)

10. Associated Company

	1981 £000	1980 £000
Shares at cost	834	-
Less Provision	<u>249</u>	<u>-</u>
	<u>585</u>	<u>-</u>
	=====	=====

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

The Company's share of profits and accumulated deficits relative to the holding as shown by accounts made up to 31 December 1981 is shown below.

	1981 £000	1980 £000
Net profit before taxation	7	-
Taxation	<u>-</u>	<u>-</u>
	<u>7</u>	<u>-</u>
Accumulated net deficits brought forward	(98)	-
Exchange movements	<u>(3)</u>	<u>-</u>
Accumulated net deficits carried forward	<u>(94)</u>	<u>-</u>
	=====	=====
Share of post acquisition deficits	(94)	-
Share of pre acquisition reserves	<u>-</u>	<u>-</u>
Total share of reserves	<u>(94)</u>	<u>-</u>
	=====	=====

The share of profits and accumulated deficits stated above, amounting to £(94,000), is that arising since the date of acquisition of the shareholding by George Wimpey PLC Group. The investment was transferred to the company with effect from 31 October 1981 under an agreement entered into with a fellow subsidiary.

11. Work in progress and stocks

	1981 £000	1980 £000
Work in progress	878,247	719,524
Less: progress payments received and amounts certified for payment	<u>878,824</u> <u>(577)</u>	<u>702,933</u> <u>16,591</u>
Stocks	<u>5,005</u> <u>4,428</u>	<u>6,709</u> <u>23,300</u>
	=====	=====

NOTES ON THE ACCOUNTS (continued)

12. Creditors

During the year the company ceased to be responsible for the central creditors ledger operated for a number of the UK Group companies. This change is the primary reason for the large decrease in creditors at 31 December 1981 compared with 31 December 1980.

13. Share Capital

	1981 £000	1980 £000
Authorised, issued and fully paid Ordinary Shares of 25p each	64,000 =====	64,000 =====

14. Reserves

	1981 £000	1980 £000
Balance at 1 January 1981	10,744	12,033
Exchange differences	120	(139)
Unappropriated balance for the year	16,340	(1,150)
Total Reserves	27,204 =====	10,744 =====

15. Companies Act 1981

The Company is not required to comply in these accounts with the accounting and disclosure requirements contained in Part I of the Companies Act 1981.

16. Capital Commitments

The company has no capital commitments.

17. Contingent Liabilities

The Company has guaranteed borrowings by subsidiary companies of the Group amounting to £977,000 (1980 £1,167,000) and borrowings by an associated company of the Group amounting to £3,959,000 (1980 £6,028,000).

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