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WIMPEY CONSTRUCTION UK LIMITED

DIRECTORS REPORT AND ACCOUNTS

31 DECEMBER 1983

Registration, London 156617

WIMPEY CONSTRUCTION UK LIMITED

Directors:

R.N. Oliver	- Chairman	R.O. Evans	J. Mason
A.M. Coane	- Managing Director	C.S. Gill	R.G. Miles
R.A. Barrow		A.P. Goudie	G. Robertson
R.R. Bullough		D.F.G. Loxdoun	R.C. Vowels
D.K. Doran		W.R. Martin	P.D. Whitehouse
J.A. Dwyer			

REPORT OF THE DIRECTORS

The directors present their report to the members and the accounts for the year ended 31 December 1983.

Principal activities and business review

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

Whilst the construction industry in the UK continued to be depressed, measures were taken to reduce overheads and make organisational changes to improve efficiency. The market was extremely competitive during the year and average contract values reduced. Good progress was made on numerous major projects and the company continued to develop the management contracting market concentrating particularly on high technology commercial projects.

Civil engineering work remained at a low level but a £25m contract for part of the M25 motorway was secured and is proceeding well. Coal production on our open cast mining sites met targets and two new contracts were obtained.

The company's subsidiary, Wimpey Homes Holdings Limited, increased its sales, concentrating mainly on the first time purchaser market. It is also developing expertise in specially designed retirement homes and in undertaking urban renewal schemes in inner city areas.

The company ceased constructing houses for Wimpey Homes Holdings Limited on 1 January 1983 but receives a management fee for carrying out certain management and administrative activities on its behalf.

Results and Dividends

The profit available for distribution amounting to £11,974,000 is shown in the profit and loss account on page 7 and has been transferred to reserves. An interim dividend amounting to £6,045,000 was paid on 30 September 1983 and the directors recommend a further interim dividend amounting to £20,000,000.

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 its activities.

Directors

C.J. Chetwood resigned on 4 July 1983 and R.N. Oliver was appointed Chairman. R.H. Bullough was appointed on the 12 March 1984 and B.J. Watkins resigned on 12 March 1984.

Interests of the directors at 31 December 1983 who were not directors of the holding company in shares of the holding company are shown below.

<u>Beneficial Interests</u>	<u>Options 31 December 1983</u>	<u>Fully Paid Shares 31 December 1983</u>	<u>Shares 1 January 1983</u>
R.A. Barrow	3,305	-	-
D.K. Doran	3,305	440	400
J.A. Dwyer	3,305	-	-
R.O. Evans	3,305	880	800
C.S. Gill	-	1,500	-
A.P. Goudie	3,305	-	-
D.F.G. Loudoun	3,305	9,900	9,000
W.R. Martin	3,305	440	400
J. Mason	-	1,100	1,000
R.G. Miles	3,305	-	-
G. Robertson	3,305	-	-
R.C. Vowels	-	220	200
B.J. Watkins	3,305	-	200
P.D. Whitehouse	3,305	-	-

All the options were granted on 29 July 1983 under the terms of the holding company's savings related share options scheme.

No director held any beneficial interest in the shares of the company at 1 January 1983, or 31 December 1983.

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 10 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

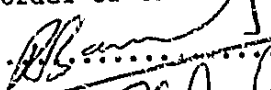
The company's policy relating to the employment of disabled persons, as stated below, was applied during the year.

- 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

.......... Secretary

.....26 April 1984

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 1983 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.

Delville Haskins & Sells.
.....
Chartered Accountants

London 26th April.

1984

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 for the Year

The profit 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 provision for foreseeable losses.

Claims are only brought into account when the amounts have been received or certified for payment prior to approval of the accounts by the directors.

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
Short leaseholds
Plant and equipment

Over 40 years
Over the period of the lease
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

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

12. 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 1983

	Note	1983 <u>£000</u>	1982 <u>£000</u>
TURNOVER	2	274,063 =====	414,228 =====
OPERATING PROFIT	3	11,008	15,013
Income from shares in group companies		-	5,632
Interest receivable	4	8,618	11,594
		<u>19,626</u>	<u>32,239</u>
Amounts written off investments	12/13	133	463
		<u>19,493</u>	<u>31,776</u>
Interest payable	5	77	109
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>19,416</u>	<u>31,667</u>
Taxation charge (credit)	6	7,442	(4,565)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>11,974</u>	<u>36,232</u>
RESERVES AT 1 JANUARY 1983		48,374	27,204
Exchange differences (less tax £40,000, 1982 £39,000)		<u>49</u>	<u>38</u>
		<u>48,423</u>	<u>27,242</u>
		60,397	63,474
Dividends	7	<u>26,045</u>	<u>15,100</u>
RESERVES AT 31 DECEMBER 1983		<u>34,352</u> =====	<u>48,374</u> =====

WIMPEY CONSTRUCTION UK LIMITED
BALANCE SHEET
as at 31 December 1983

as at 31 December 1983		Note	1983 £000	1982 £000
ASSETS EMPLOYED				
FIXED ASSETS				
Tangible assets	11		5,939	6,048
Subsidiary companies	12		82,907	82,949
Investment	13		451	542
			<u>89,297</u>	<u>89,539</u>
CURRENT ASSETS				
Work in progress and stocks	14		23,929	21,481
Debtors	15		118,260	120,452
Cash at bank and in hand			396	3,077
			<u>142,585</u>	<u>145,010</u>
CREDITORS				
Amounts falling due within 1 year	16		4,075	4,083
Finance debt			127,233	113,107
Other creditors			<u>131,308</u>	<u>117,190</u>
			11,277	27,820
NET CURRENT ASSETS				
			<u>100,574</u>	<u>117,359</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
FINANCED BY:				
CREDITORS				
Amounts falling due after more than 1 year	16		-	1,385
PROVISION FOR LIABILITIES AND CHARGES				
Deferred taxation	17		722	2,100
Other provisions			<u>1,500</u>	<u>1,500</u>
			2,222	3,600
CAPITAL AND RESERVES				
Share capital	18		64,000	64,000
Profit and loss account			34,352	48,374
			<u>98,352</u>	<u>112,374</u>
SHAREHOLDERS FUNDS				
			<u>100,574</u>	<u>117,359</u>

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

..... 1261-8-1984

and signed on its behalf by:

.....

Directors

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 in the United Kingdom was £274,063,000 (1982 £414,228,000).

3. OPERATING PROFIT

	1983 £000	1982 £000
Revenue	274,063	414,228
Turnover	-	89
Own work capitalised	3,040	-
Other operating income	<u>277,103</u>	<u>414,317</u>
	=====	=====
Expenditure	218,858	335,348
Materials and services	261	1,835
Decrease in stocks	46,583	61,690
Staff costs (note 8)	393	431
Depreciation	<u>266,095</u>	<u>399,304</u>
	<u>11,008</u>	<u>15,013</u>
	=====	=====
Operating profit		
Operating profit is stated after crediting:		
Management fee receivable from a group company	3,040	-
Operating profit is stated after charging:		
Auditors' remuneration and expenses - current year	57	60
- prior year	(4)	22
Hire of plant and equipment	8,007	13,554

4. INTEREST RECEIVABLE

Group companies	8,196	6,988
Other sources	<u>422</u>	<u>4,606</u>
	<u>8,618</u>	<u>11,594</u>
	=====	=====

5. INTEREST PAYABLE

Group companies	30	53
Bank overdraft	<u>47</u>	<u>56</u>
	<u>77</u>	<u>109</u>
	=====	=====

NOTES ON THE ACCOUNTS (Continued)

	1983 £000	1982 £000
6. TAXATION CHARGE		
United Kingdom taxation:		
Corporation tax	-	51
Credit for overseas tax	-	(137)
	-	(86)
Group relief	7,725	-
Deferred tax	(492)	2,100
	<u>7,233</u>	<u>2,014</u>
Overseas taxation:		
Current taxes	263	237
	<u>7,496</u>	<u>2,251</u>
Prior year adjustments:		
United Kingdom corporation tax	824	(2,696)
Group relief	-	(4,071)
United Kingdom deferred tax	(885)	-
Overseas taxes	7	(49)
	<u>7,442</u>	<u>(4,565)</u>
	=====	=====

United Kingdom tax has been provided at 40 % (1982 52%) on the reported profit for the year as reduced by stock relief of £1,435,000 (1982 £1,813,000). The prior years' credit for deferred tax includes £485,000 resulting from a reduction in the prospective rate of corporation tax from 52% to 40%.

The 1982 prior year's credit arises from adjustments made to optimise the utilisation of available capital allowances and stock relief. This followed a detailed review of taxation submissions for earlier accounting periods.

	1983 £000	1982 £000
7. DIVIDENDS		
Third interim dividend for the year to 31 December 1981 paid on 28 April 1982	-	7,700
First interim dividend for the year to 31 December 1982 paid on 17 November 1982	-	2,400
Second interim dividend for the year to 31 December 1982 paid on 30 September 1983	-	5,000
First interim dividend for the year to 31 December 1983 paid on 30 September 1983	6,045	-
Second interim dividend for the year to 31 December 1983 (proposed)	20,000	-
	<u>26,045</u>	<u>15,100</u>
	=====	=====

NOTES ON THE ACCOUNTS (Continued)

8. EMPLOYEES

Staff costs, including directors, comprise:

Salaries and wages
Social security costs
Pension contributions

1983	1982
£000	£000

44,971	39,801
5,124	4,981
94	76

<u>50,189</u>	<u>44,858</u>
(22,133)	-
<u>28,056</u>	<u>44,858</u>

Recharged to another group company

<u>18,527</u>	<u>16,832</u>
<u>46,583</u>	<u>61,690</u>
=====	=====

Recharged from another group company

Number of employees	
1983	1982

The average number of persons employed by the company was:

6,248	5,983
=====	=====

Of the above persons 2,755 (1982 Nil) with total staff costs of £22,133,000 (1982 £ Nil) had contracts of employment with the company, but worked for, and their staff costs were ultimately borne by, another group company.

A further 1,920 persons (1982 1,934) with total staff costs of £18,527,000 (1982 £16,832,000) 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 1981 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)

1983
£000

1982
£000

10. EMOLUMENTS OF DIRECTORS

Directors' emoluments comprise:

Directors fees
Directors other emoluments including contributions to pension schemes

215 182

Emoluments of the Chairmen excluding pension contributions

35 31

Emoluments of the highest paid director excluding pension contributions

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

Emoluments	Number of directors 1983	1982
Not more than £5,000	4	6
£ 5,001 - £10,000	2	-
£10,001 - £15,000	1	-
£15,001 - £20,000	4	-
£20,001 - £25,000	-	1
£25,001 - £30,000	2	4
£30,001 - £35,000	1	1

11. TANGIBLE ASSETS

	Freeholds £000	Long Leaseholds £000	Short Leaseholds £000	Plant & Equipment £000	Total £000
Cost 1 January 1983	7,149	481	4	3,177	10,811
Exchange adjustments				3	3
Additions at cost	70	189		74	333
Disposals	(83)		(4)	(861)	(948)
Transfers from Group Companies				3	3
Cost 31 December 1983	<u>7,136</u>	<u>670</u>	<u>-</u>	<u>2,396</u>	<u>10,202</u>
Aggregate Depreciation 1 January 1983	1,779	161	-	2,823	4,763
Exchange adjustments				3	3
Amount provided for the year	184	16		193	393
Eliminated in respect of disposals				(850)	(890)
Transfers from Group Companies	(40)			(6)	(6)
31 December 1983	<u>1,923</u>	<u>177</u>	<u>-</u>	<u>2,163</u>	<u>4,263</u>
Net Book Value, 31 December 1983	<u>5,213</u>	<u>493</u>	<u>-</u>	<u>233</u>	<u>5,939</u>
Net Book Value, 31 December 1982	<u>5,370</u>	<u>320</u>	<u>4</u>	<u>354</u>	<u>6,048</u>

NOTES ON THE ACCOUNTS (Continued)

£000

12. SUBSIDIARY COMPANIES

Shares at cost	83,369
1 January 1983 and 31 December 1983	
Amounts written off	420
1 January 1983	42
Written off in year	
31 December 1983	<u>462</u>
Net book value	82,907
31 December 1983	<u>=====</u>
31 December 1982	<u>82,949</u> <u>=====</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:

Wimpey Homes Holdings Limited	
Wimbloc Limited	
Merit Securities Limited	Incorporated in South Africa
Wimpey France SA	Incorporated in France
Wimpey Espanola SA	Incorporated in Spain

£000

13. INVESTMENT

Associated company shares at cost	834
1 January 1983 and 31 December 1983	
Amounts written off	292
1 January 1983	91
Written off in year	
31 December 1983	<u>383</u>
Net book value	451
31 December 1983	<u>=====</u>
31 December 1982	<u>542</u> <u>=====</u>

The investment comprises 50% of the issued share capital of Beyre y Wimpey 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

Stocks

1983 £000	1982 £000
911,402	943,397
892,098	926,182
<u>19,304</u>	<u>17,215</u>
4,625	4,226
<u>23,929</u>	<u>21,481</u>
=====	=====

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
inclusion of profit 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
Taxation recoverable

All amounts are due within 1 year

1983 £000	1982 £000
13,363	13,772
87,071	88,384
17,826	17,966
-	330
<u>118,260</u>	<u>120,452</u>
=====	=====

NOTES ON THE ACCOUNTS (continued)

16. CREDITORS

	1983 £000 Due within 1 year	1982 £000 Due within 1 year	£000 Due after 1 year
Finance debt	61	69	
Bank overdraft			
Amounts due to holding and fellow subsidiary companies	<u>4,014</u> <u>4,075</u>	<u>4,014</u> <u>4,083</u>	<u>-</u> <u>-</u>
Other creditors	19,219	27,870	
Payments received on account	73,020	67,601	
Trade creditors			
Amounts due to holding and fellow subsidiary companies	12,458	11,034	
Amounts due to subsidiary companies	547	1,572	
Taxation	1,989	30	1,385
Dividend	20,000	5,000	
	<u>127,233</u> <u>131,308</u> =====	<u>113,107</u> <u>117,190</u> =====	<u>1,385</u> <u>1,385</u> =====

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £000	Other Provisions £000	Total £000
Movement on provisions in the year			
1 January 1983	2,100	1,500	3,600
Provided	-	-	-
Utilised	(1,378)	-	(1,378)
	<u>722</u> =====	<u>1,500</u> =====	<u>2,222</u> =====
31 December 1983			

Full provision has been made for deferred taxation on the liability method at 40% (1982 52%) and comprises:

Accelerated capital allowances	722	210
Short term timing difference	-	329
on dividend receivable	-	1,561
Other differences	<u>722</u> =====	<u>2,100</u> =====

Other provisions comprise amounts set aside for remedial works.

18. SHARE CAPITAL

	1983 £000	1982 £000
Authorised allotted, called up and fully paid Ordinary Shares of 25p each	<u>64,000</u> =====	<u>64,000</u> =====