

Focusing on value across the cycle

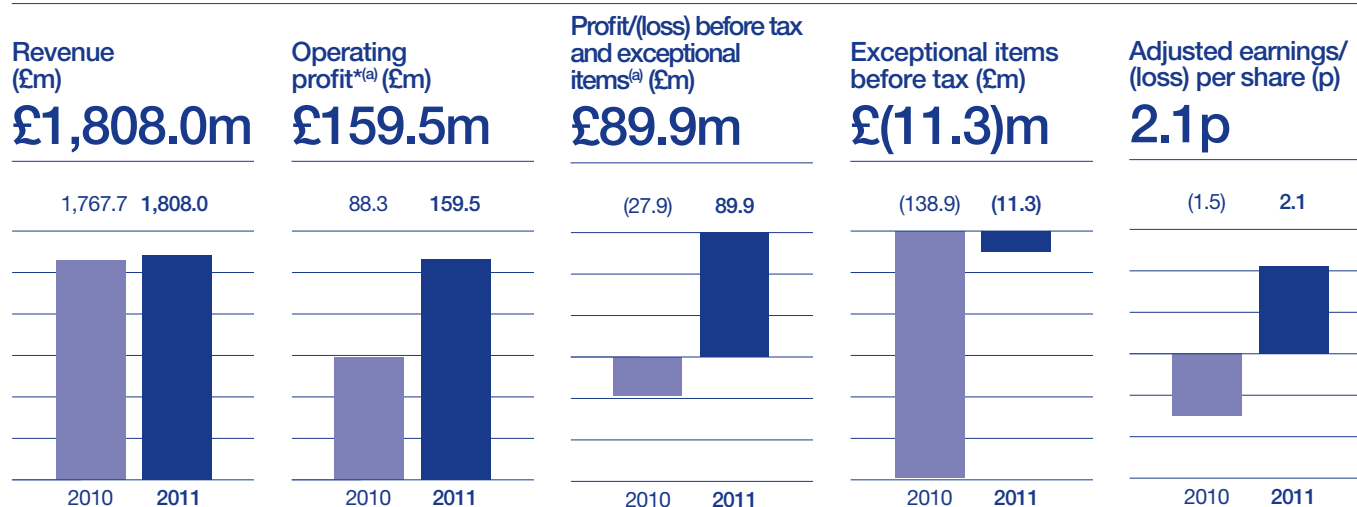




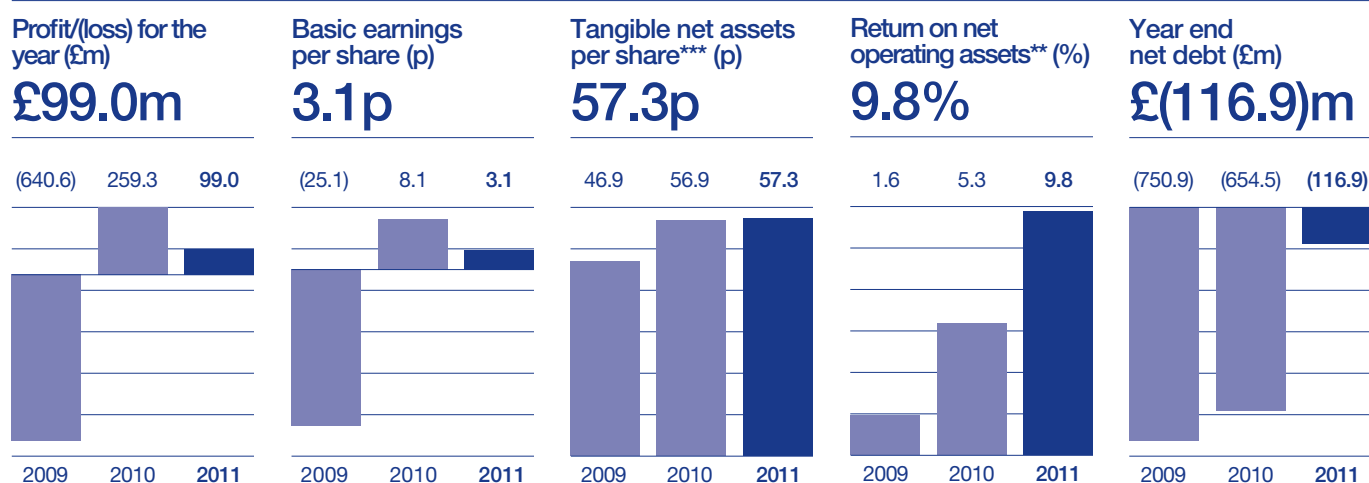
Taylor Wimpey plc is a UK-focused residential developer which also has operations in Spain. Our vision is to become the UK's leading residential developer for creating value and delivering quality.

Our 2011 financial performance

Continuing operations



Total Group



* Profit on ordinary activities from continuing operations before finance costs and exceptional items, after share of results of joint ventures.

** Operating profit divided by the average of the opening and closing net operating assets, which is defined as capital employed plus intangibles less tax balances.

*** Tangible net assets per share is defined as net assets, excluding goodwill and intangible assets, divided by the number of shares in issue at the period end.

^(a) 2010 comparative excludes a one-off pension curtailment credit of £12.0 million in the UK.

Operational highlights

- 11,756 new plots approved for purchase (2010: 8,713 plots)
- Ongoing success in acquiring and obtaining planning for strategic land
- Strong growth in both private and affordable order book to £983m at 26 February 2012
- Customer satisfaction increased to 92.1% (2010: 87.1%)
- 32% reduction in reportable injury frequency rate
- 18% reduction in waste generated per 1,000ft² built

Business overview

Taylor Wimpey is one of the largest residential developers in the UK with national coverage from 24 regional offices.

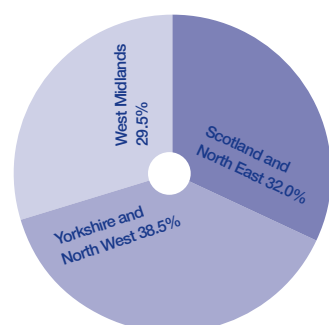
Our regional operations

We operate as a network of local businesses, supported by a Head Office in High Wycombe.

North

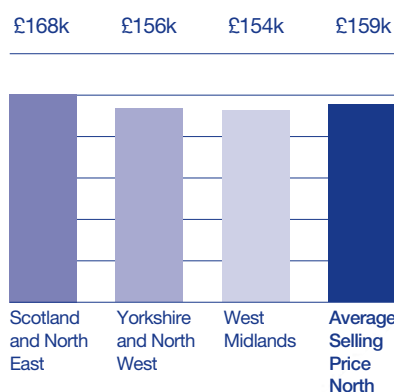
Our North Division covers Scotland, the North East, the North West and the West Midlands.

Completions



Total Completions 2011: 4,005 (2010: 3,889)

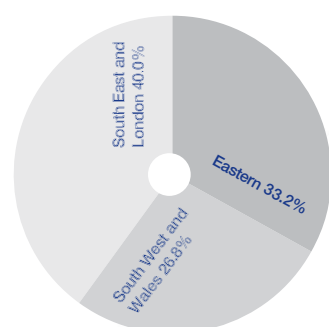
Average selling price



South

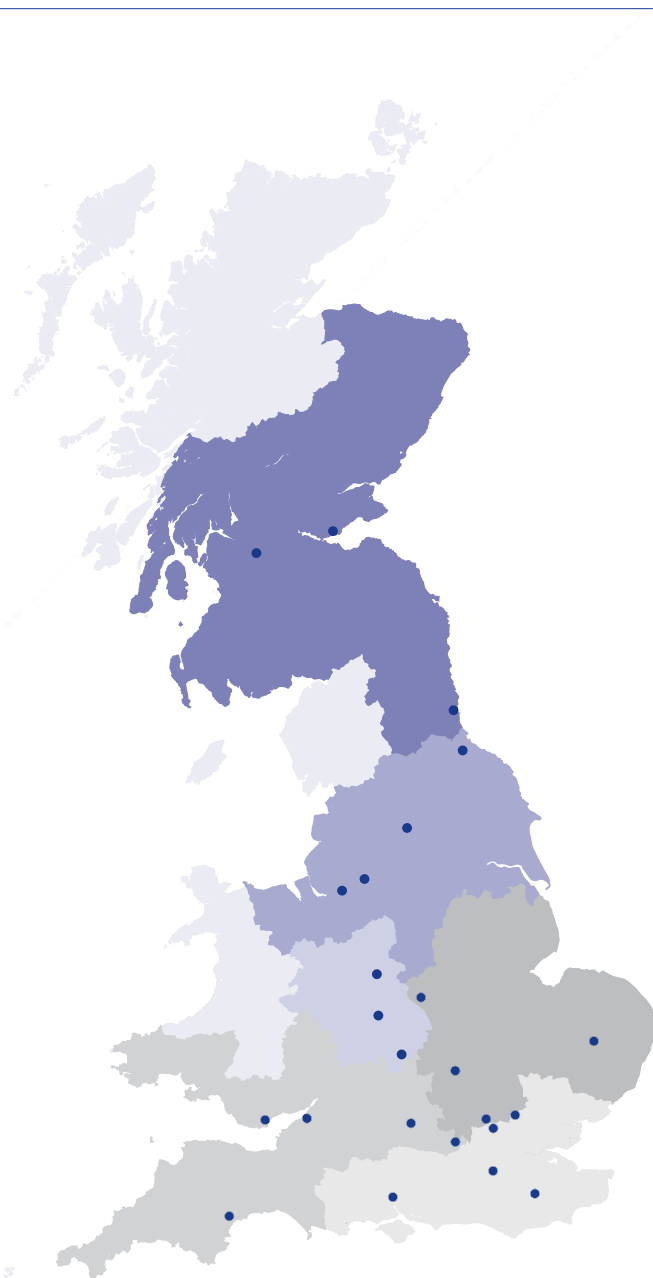
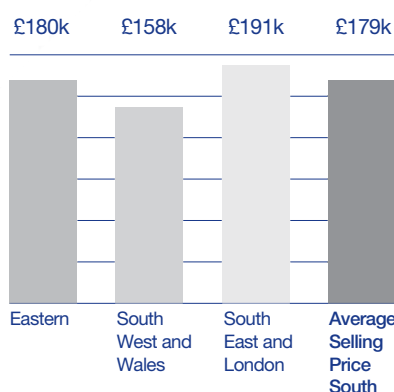
Our South Division incorporates our businesses in the East, South East, South West and South Wales.

Completions



Total Completions 2011: 6,175 (2010: 6,073)

Average selling price



UK Housing

Completions
10,180

Average selling price
£171k



Cooks Shipyard, Wivenhoe, Essex

Average sales outlets (sites)
305

Short term landbank
65,264 plots



Parklands, Woburn Sands, Buckinghamshire

Proportion of continuing
Group revenue
98.4%



The Wickets, Rotherham, Yorkshire

Overview

- We build a wide range of homes in the UK, from one bedroom apartments to five bedroom houses, with prices ranging from below £100,000 to above £500,000.
- In addition, we build affordable housing across the UK, which represented 20% of our 2011 completions.
- We aim to deliver aspirational homes for our customers that are efficient to build.

Market conditions

- Despite the ongoing uncertainty in the wider economy, the numbers of both visitors and reservations were above those in 2010.
- Market sales prices remain broadly flat.
- Mortgage availability remains constrained, although we saw further incremental improvement over the course of 2011.

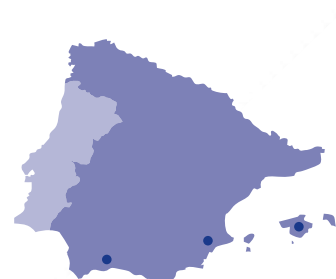
Priorities

- Ongoing focus on both short and long term margin performance ahead of volume growth.
- Delivering planning and adding value to our existing land assets.
- Adding new sites to our land portfolio.



For more information
see pages 14-21

Spain Housing



We build high quality homes in popular locations.

Overview

- We have operations on the Costa Blanca, Costa del Sol and the island of Mallorca.
- We build high-quality homes that appeal to both foreign and Spanish buyers.

Proportion of continuing
Group revenue
1.6%



For more information
see page 22

Chairman's statement



2011 has been a transformational year for Taylor Wimpey.

Kevin Beeston
Chairman

In 2011 the Company has:

- achieved the double-digit UK operating margin target in the second half of 2011, ahead of schedule;
- communicated a strategy to optimise the UK residential development business both internally and externally;
- completed the sale of the North American business;
- successfully restructured the Board;
- proposed a final dividend of 0.38 pence per share; and
- continued to improve the strength of the balance sheet, including selective investment in new land and buying back £85.4 million of our 10.375% Senior Notes due 2015.

2011 performance

Despite the ongoing challenges in the wider economy, Taylor Wimpey has made strong progress across a number of areas and it is pleasing to see this reflected in our financial performance.

We have increased profit from continuing operations before tax and exceptional items to £89.9 million (2010 loss: £15.9 million). After pre-tax exceptional charges for the year of £11.3 million (2010: £138.9 million), the majority of which related to refinancing costs in both years, profit before tax from continuing operations for 2011 is £78.6 million (2010 loss: £154.8 million).

Sale of our North American business

We were in the process of evaluating proposals for the sale of our North American business at the time of last year's Annual Report and announced an agreement to sell this business on 31 March 2011. Following receipt of your approval as shareholders and the satisfaction of a number of customary conditions, we completed the sale of the business on 13 July 2011.

This represents a very significant step towards our goal of becoming a UK-focused homebuilder as Pete Redfern explains in his Chief Executive's Review on page 6. We now have a strengthened balance sheet and increased financial capacity to invest in the UK market and we are well positioned to deliver further margin improvement going forward.

Strategy and dividend

Following the sale of the North American business we have communicated our future strategy to stakeholders both internally and externally. Pete Redfern outlines this strategy in detail in his Chief Executive's Review on pages 6 to 13 and a key element is taking a more active assessment of, and approach to managing, the market cycle. In the medium term, when opportunities in the land market are less attractive, we anticipate reducing the level of investment in our land portfolio and, therefore, generating significant cash flow from operations. At such points in the cycle, we intend to retain a proportion of these funds in order to maintain balance sheet strength and return the remainder to shareholders.

In the meantime, given the current outlook in the UK housing market, and the strength of the Group's asset base, we are proposing a final dividend of 0.38 pence per share (2010: nil). This represents the final portion of a total dividend representing 1% of Net Asset Yield. Subject to shareholder approval at the AGM, the dividend will be paid on 22 May 2012 to shareholders on the register at the close of business on 20 April 2012.

This dividend will be paid as a conventional cash dividend, but shareholders are once again being offered the opportunity to reinvest some or all of their dividend under a re-launched Dividend Re-Investment Plan, details of which can be found on page 110 of this Annual Report.

Corporate responsibility

As a major residential developer, we have social, ethical, environmental and economic responsibilities that we take extremely seriously. We continue to believe that corporate responsibility is an essential part of good governance and makes sound business sense, as well as being crucial for risk and opportunity management.

Ultimate responsibility for the delivery of our corporate responsibility strategy continues to rest with CEO Pete Redfern, with a Sustainability Steering Group coordinating sustainability activities at the operational level in line with the strategy. This group comprises seven senior personnel from relevant disciplines across our UK business and is chaired by a representative of the Group Management Team.

Executive remuneration remains in strong focus and we have taken what we believe to be a considered approach, including consulting with our major shareholders ahead of the publication of this Annual Report, in respect of the policies set out in the Remuneration Report on pages 39 to 50.

People and shareholders

I said last year that I had been very impressed by my initial experiences of our business and people, and my opinions have only been strengthened by what I have seen over the last 12 months. Against a backdrop of significant economic uncertainty, our team has delivered an excellent operational and financial performance across the business which is a testament to their professionalism, customer focus, hard work and commitment.

Our new strategy sets us some challenging targets and, in order to ensure effective communication, Pete Redfern gave a series of 14 presentations across the country to outline our approach to and seek feedback from employees in each of our 24 regional businesses and our head office. The Board looks forward to working with all of our employees to deliver our strategic goals over the coming years.

I would also like to take this opportunity to reiterate the Board's thanks to our former employees in North America for their hard work, loyalty and commitment over many years and, in particular, in relation to the sale process. We wish them every success in the future.

I enjoyed meeting with a number of shareholders on my appointment in July 2010, at the General Meeting in connection with the sale of the North American business and also at the Annual General Meeting last April. The Board values its dialogue with shareholders and their representative bodies, and remains vigilant and appropriately advised to your views.

Board changes

The sale of our North American business meant that the President, Sheryl Palmer, stood down from the Board in July 2011 and I would like to formally record the Board's thanks for her significant contribution to the Group during our period of ownership of that business.

As I highlighted in my statement last year, Katherine Innes Ker and Andrew Dougal stood down at the AGM in April 2011, after more than nine years and eight years respectively, and the Board would like to record our thanks for their distinguished service as well.

James Jordan was appointed as an Executive Director in July 2011 after nearly ten years of service for Taylor Wimpey plc and previously George Wimpey Plc. James played a significant role in the recent refinancings and the sale of the North American business and I am delighted to welcome him to the Board as Group Legal Director and Company Secretary.

I was also very pleased to welcome two new Non Executive Directors to the Board during 2011. Kate Barker, who joined with effect from 21 April 2011, brings a wealth of economic and political experience as well as a detailed knowledge of the housing industry. Mike Hussey, who joined with effect from 1 July 2011, has an extensive knowledge of the property industry and both the London and national market, along with a proven strategic focus. Profiles of Kate and Mike are on page 29.



Kevin Beeston
Chairman

Corporate governance

Strong corporate governance and risk management are essential in challenging market conditions.

In line with the requirements of the UK Governance Code, we carried out our first externally facilitated and comprehensive independent assessment of the Board in 2011.

We welcome Lord Davies' review of women on boards. As recommended by the review, I was pleased to make a statement in the Half Year Results announcement confirming our approach to diversity both generally and with regard to gender.

More information on our approach is contained within my statement on page 30 and the Corporate Governance Report on pages 31 to 38, which confirms that the Company was fully compliant with the Combined Code.



For more information
see pages 30-38

Shareholder information

Full details of the facilities available to shareholders can be found on page 114 of this Annual Report and Accounts and at



plc.taylorwimpey.co.uk/InvestorRelations/ShareholderInformation

Electronic communications

We make our Annual Report available electronically to those shareholders who have not requested a paper version. This has three key benefits:

- a significant reduction in printing and postage costs, without reducing the level of information available;
- faster access to information; and
- reducing the amount of resources consumed, such as paper, and lessening the impact of printing and mailing activities on the environment.

We also encourage shareholders to elect to receive notification of the availability of Company documentation by means of an e-mail. Shareholders can sign up for this facility by logging onto our Web site.



plc.taylorwimpey.co.uk/InvestorRelations/ShareholderInformation/ElectronicCommunications.htm

Chief Executive's Review



Pete Redfern
Chief Executive

We have now finalised our strategy to optimise our UK business.

2011 has been another year of significant progress for the Group, building on the improved financial performance that we delivered in 2010 and the strengthening of our financial position during 2009. Following the sale of our North American business and the successful implementation of the strategy for recovery that I set out in the 2009 Annual Report, we have now finalised our strategy to optimise our UK business with the aim of becoming the UK's leading residential developer for creating value and delivering quality.

Sale of North American business

As I reported in my Chief Executive's Review last year, we received interest in our North American operations towards the end of 2010. Following a comprehensive evaluation of these approaches, we completed the sale in July 2011. The total proceeds of £731.9 million represented an attractive valuation for the business and provide us with a strengthened balance sheet and increased financial capacity to invest in the UK.

As a result of the sale, we are reporting a profit from discontinued operations of £43.1 million in the 2011 results and Ryan Mangold provides more detail on this figure in his Group Financial Review.

Group Management Team

As detailed opposite, we have revised our management structures following the sale of the North American business. The Group Management Team (GMT), which is responsible for the day to day running of the Company, comprises:



Pete Redfern
Chief Executive

Responsibilities

As head of the GMT, my responsibilities include key strategic and operational decisions, corporate responsibility and health and safety.



Ryan Mangold
Group Finance Director

Responsibilities

Ryan's role covers all areas of Finance, including tax and treasury, as well as Information Technology. Ryan also plays an active part in our Investor Relations programme.



James Jordan
Group Legal Director and Company Secretary

Responsibilities

James is responsible for our Company Secretariat department, as well as overseeing all legal matters from plot conveyancing to land buying.



Fergus McConnell
Divisional Chairman, North

Responsibilities

Fergus oversees the 10 regional businesses within our North Division. He is also the project sponsor for our new IT system.



Peter Truscott
Divisional Chairman, South

Responsibilities

Peter heads our South Division, which contains 14 regional businesses, and also has responsibility for our business in Spain.



Peter Andrew
Director of Land and Planning

Responsibilities

Peter oversees our Strategic Land team and is leading our response to the evolving UK planning system.



Maria Pilfold
Group Human Resources Director

Responsibilities

Maria has responsibility for all areas of Human Resources, including recruitment, benefits, talent and performance management.

Enhanced focus on the UK

We have already taken a number of steps to deliver the benefits of our enhanced focus on the UK, the most apparent of which has been the completion of the merger of our former Corporate office with our former UK Housing head office into a single team based in our existing High Wycombe office. Regrettably this has resulted in a small number of redundancies, although in most cases we were able to redeploy people whose roles were at risk into other parts of the business.

We have also revised our management structures combining the previous Executive Committee and UK Management Team into a single Group Management Team, which is responsible for the day to day running of the Company. As a team we are now able to focus more of our attention on the UK business and have made good progress on a number of operational initiatives, which are discussed in more detail in the UK Housing section of this Annual Report.

The UK housing market cycle

In last year's Annual Report, we set out our value cycle and the associated strategy in some detail. The fundamental principle on which this is based is that the UK housing market is cyclical, albeit this is all too easy to forget when house prices are rising and there is an opportunity to deliver higher profits through increasing the number of home completions each year.

Monitoring the status of the UK housing market is a key requirement of taking a more active approach to managing the cycle. While we do not expect to be able to forecast the timing of this entirely accurately, we are monitoring a wide range of indicators in order to inform our judgement. As a management team we have in excess of 115 years of experience of the UK housebuilding industry and recognise that there are significant advantages to adjusting the operational tactics of the business according to the stage of the market cycle.

On the right hand side of this page you will see four of these indicators, along with a brief commentary on their relevance to the housing market cycle.

Implementing our strategy

Over the course of 2011, we have refined and finalised the strategy to optimise our UK residential development business and have communicated this extensively, both internally and externally. Our business in Spain is also following this strategy, with some adaptations to reflect differences in the market and regulatory environment.

As you will see, this strategy represents an evolution of the strategy for recovery that I set out in the 2009 Annual Report. We remain focused on maximising the value achieved from each home completion rather than looking to grow volumes ahead of underlying improvements in market conditions. This is reflected in the 'optimising value' component of our value cycle, which we see as an all-encompassing approach to continuous improvement.

Given the ongoing changes in the UK planning system, we have also emphasised the importance of 'managing the planning and community engagement process'. In addition, we have highlighted the significant input required from skilled and committed people to deliver aspirational, high-quality homes and communities for our customers.

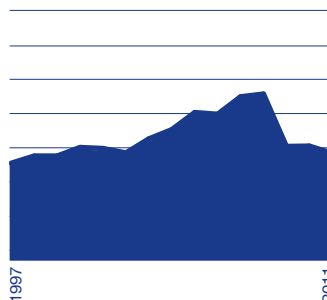
The key points of our strategy, along with details of how it relates to our value cycle and our key performance indicators, are set out on pages 8 and 9.

Ryan Mangold provides more information regarding the linkage between our strategy and our dividend policy in his Group financial review on page 26 of this Annual Report.

Market data

The charts below illustrate the cyclical nature of the UK housing market and some of the external indicators that we monitor in assessing the status of the market.

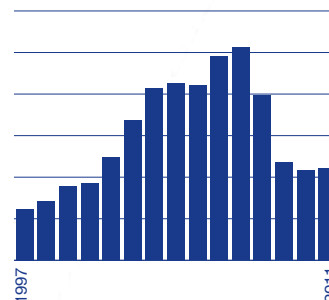
Mortgage/Earnings ratio



Source: Halifax

The mortgage/earnings ratio provides an indication of the affordability of housing, taking into account the underlying mortgage interest rates. Affordability is significantly improved as a result of recent declines in both house prices and Bank of England base rates.

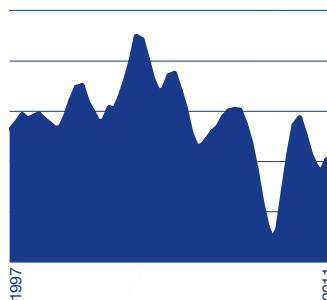
Gross secured lending



Source: Bank of England

The correlation between the gross secured lending chart above and the housing starts chart below reflects the impact of restricted credit availability on the housing market.

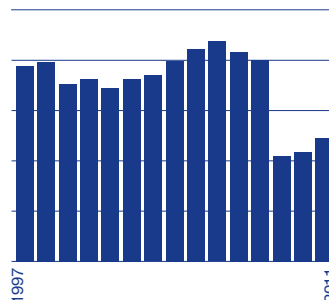
Average annual house price change



Source: Average of CLG, Halifax, Land Registry and Nationwide House Price Indices

There has been significant variation in the average annual house price change since 1997, with very strong growth from 2001 to 2003 and price declines in 2008 and 2009.

Housing starts, Great Britain



Source: Communities and Local Government
Total housing starts do not exhibit the same strong growth as house prices in the period from 1997 to 2006, but fell sharply from 2007 to 2009.

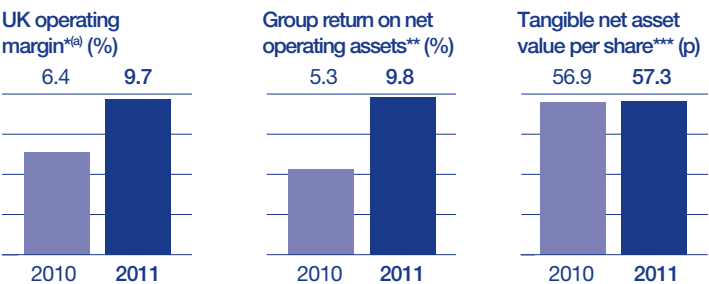
Our vision

We aim to become the UK’s leading residential developer for creating value and delivering quality.

Our strategic objectives

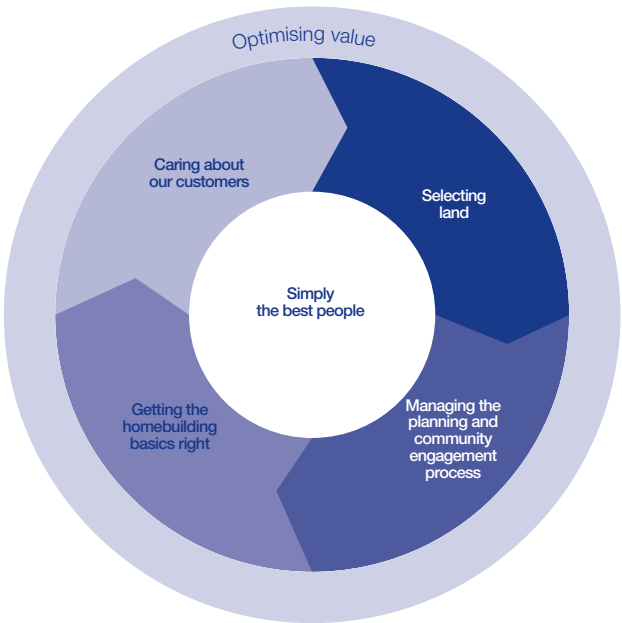
In line with the evolution of our strategy, we will measure our success against an amended set of strategic KPIs:

- Driving further UK operating margin* progression beyond 2011
- Delivering at least a 15% return on net operating assets** through the cycle
- Growing net assets by 10% per annum on average through the cycle



Our approach

In order to achieve these strategic objectives, we need to deliver enhanced value from each component of our value cycle. The table opposite provides a description of each component of the value cycle, the strategy that we employ to deliver enhanced value and the operational KPIs that we monitor to measure our success.



* Profit on ordinary activities from continuing operations before finance costs and exceptional items, after share of results of joint ventures.
** Operating profit divided by the average of the opening and closing net operating assets, which is defined as capital employed plus intangibles less tax balances.
*** Tangible net assets per share is defined as net assets, excluding goodwill and intangible assets, divided by the number of shares in issue at the period end.
^(a) 2010 comparative excludes a one-off pension curtailment credit of £12.0 million in the UK.

Components of the value cycle

Selecting land

Land is the critical ‘raw material’ for our business and the ability to purchase the right sites in the right locations at the right price is a key driver of shareholder value.

Managing the planning and community engagement process

Designing a sustainable community that meets the needs of local residents, is attractive to potential customers and provides attractive returns for shareholders requires a consultative and iterative process of community engagement.

Getting the homebuilding basics right

We work with selected sub-contractors and build using carefully sourced materials to ensure that the homes that we sell are of a high quality and are built safely, efficiently, cost effectively and with minimal impact on the environment.

Caring about our customers

Buying a home is a significant financial and emotional investment. We aim to make buying, moving into and living in a Taylor Wimpey home as easy as possible for our customers.

Optimising value

Developing sustainable homes and communities is a time-consuming process, but this provides us with the opportunity to undertake regular reviews over the life of each development to identify potential improvements.

Simply the best people

This value cycle requires significant input from skilled and committed people to deliver aspirational, high-quality homes and communities for our customers.

Our strategy to deliver enhanced value

Our UK operational Key Performance Indicators

KPI

We are highly selective with regard to the types of sites that we buy, focusing on the quality of the land rather than the number of plots acquired. We employ dedicated land teams in each of our 24 regional businesses, who use their expertise and local knowledge to identify potential high quality, sustainable sites. Our regional businesses are also supported by our strategic land teams who operate throughout the UK and are tasked with identifying areas where population growth, or other local demand, could create opportunities to promote land through the planning system. The importance we place on effective partnerships, along with our expertise and track record for delivering planning consents, makes us an attractive partner for landowners.

Owned and controlled
plots with planning

65,264

2010: 63,556

Contribution per
legal completion (£k)

28.6

2010: 22.9

We believe that a positive and structured approach to working with others is at the heart of a successful scheme. Residential development is a local business and we work in partnership with the communities in which we build to deliver homes that meet their requirements and aspirations. We are rolling out a continuous process of community engagement over the lifetime of each development, which will enable us to identify the best use of each site to meet the needs of local residents, to deliver appropriate financial returns for our shareholders, to ensure that we have a mix of homes that meet local market demand and that the site is optimised for safe, efficient and considerate development.

Contribution per
legal completion (£k)

28.6

2010: 22.9

Health and safety
incident rate

378

2010: 557

We are committed to providing a safe place in which our employees and sub-contractors can work. We are also committed to high standards of environmental management. The building process is carefully managed by our site-based and regional production teams to ensure quality, minimise disruption to residents in the surrounding areas and to protect and enhance the value of each site.

Health and safety
incident rate

378

2010: 557

Waste generated per
1,000 square feet built (tonnes)

3.44

2010: 4.18

No matter what the size or price of a property, for each customer the home that they are buying is aspirational to them. We will maintain our focus on delivering high-quality homes and a consistently excellent 'Customer Journey' to all of our customers. We continue to make improvements to our on-line capabilities, including our Web site and use of social media such as Facebook and Twitter.

Customer
satisfaction score (%)

92.1

2010: 87.1

Forward order book as a
percentage of completions (%)

53.1

2010: 47.2

We look to optimise the value of each site not only during the initial acquisition process, but throughout the planning and development stages so that the original value is not only protected but enhanced. We achieve this by undertaking a series of thorough reviews of each site at all stages of its lifecycle, using our value improvement and tracking processes to ensure that we are continually optimising and delivering the value within our land portfolio.

Contribution per legal
completion (£k)

28.6

2010: 22.9

We want to be the residential developer of choice for employees. We want to attract and retain the best people by having a culture that people identify with, where they can realise their full potential and achieve success and satisfaction. We will continue to seek a balance of internal and external appointments, in order to combine career development with the introduction of new perspectives and innovative approaches.

Employee turnover (%)

10

2010: 9



For more information see page 15

Chief Executive's Review continued

People and culture

The people in all functions at both regional and head office level are critical to our success. In order to achieve our ambition of becoming the UK's leading residential developer for creating value and delivering quality we need significant input from skilled and committed people to deliver quality homes and communities for our customers.

But more than this, our people need to understand our strategy and be committed to it. Accordingly, during September and October, I went round the business along with a number of other members of the senior management team to present our strategy to employees from every regional business and our head office. There were opportunities for questions at each of these meetings and, in addition, a forum on our intranet allows for ongoing discussion of our strategy.

As well as refining our strategy, we have also formalised a set of cultural principles that underpin everything that we do:

- If something is worth doing, it's worth doing properly;
- If we make a mistake, we put it right;
- We will not compromise in ensuring that everyone leaves our sites safe and well;
- We are competitive and don't accept second best; we drive for results;
- We behave with integrity, and are honest and forthright, but we support each other; and
- We strive to enhance the environment and local community, not damage it.

We currently have a solid and stable team across the business, both regionally and centrally, who take pride in working for Taylor Wimpey. We aim to build on this by becoming the employer of choice in our industry, attracting and retaining people because of our culture, and providing opportunities for development, so that Taylor Wimpey is seen as the place where employees can achieve success.

Corporate responsibility

We remain committed to being a responsible company and to playing our part in building increasingly sustainable homes and communities.

As Chief Executive, I take ownership of the corporate responsibility agenda at the Board level and oversee the work of our Sustainability Steering Group. I also continue to sit on the Confederation of British Industry's Climate Change Board, enabling us to benefit from best practice across a wide range of industries.

As a residential developer, we are well aware of the undersupply of new homes in the UK and the issue of homelessness. We are proud to be supporting Centrepoin, a charity that provides emergency accommodation, support, information and training for homeless young people as our national charity for 2011 and 2012. In addition we remain a patron of CRASH, the construction and property industries' homelessness charity.

Further information about our approach to corporate responsibility is provided on page 23 of this Annual Report and in our annual Corporate Responsibility Report which is available on our Web site at plc.taylorwimpey.co.uk/CorporateResponsibility/CRreports/

Outlook

In the UK, while it remains too early to judge the market for the year as a whole, the early weeks of trading in 2012 have followed the encouraging patterns of the second half of 2011, with good visitor levels, healthy reservations and low cancellations. We believe that our ever improving portfolio of sales outlets is well positioned in our local markets, with aspirational products and achievable prices for our target customers.

Our priorities remain value creation and margin improvement ahead of volume growth, and we are achieving further improvement in the margin on sales in our order book. Having delivered double digit operating margins in the UK in the second half of 2011, ahead of target, we continue to expect to deliver further steady improvement providing that current stable market conditions continue.

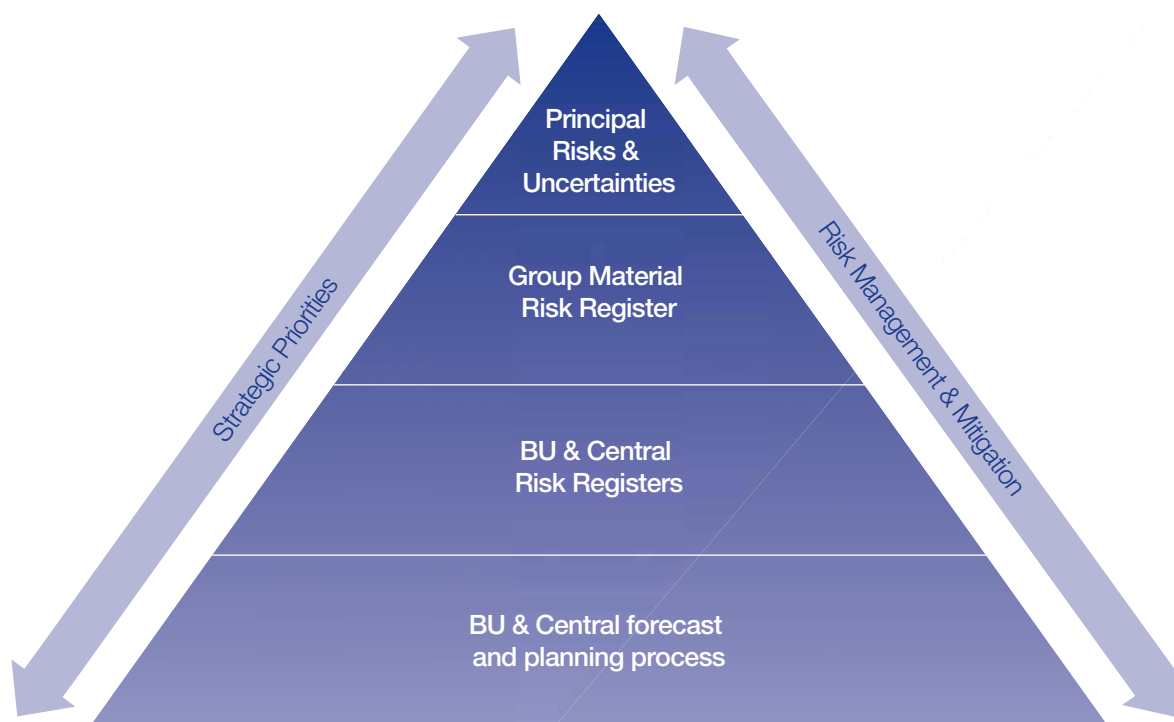
Given the balance between a stable UK housing market and widespread economic uncertainty, we continue to maintain a positive but cautious view of the short term trading environment. In addition to creating value in an improving market, our value-focused strategy, high-quality land portfolio, increased order book, and strong balance sheet give us a strong defensive position should conditions weaken during 2012.



Pete Redfern
Chief Executive

Our approach to risk management

As with any business, Taylor Wimpey faces a number of risks and uncertainties in the course of its day to day operations. It is only by effectively identifying and managing these risks that we will be able to deliver on our strategic priorities of improving operating margins, return on net operating assets and net asset value.



Our risk assessment and management process

The successful management of risk is essential to enable the Group to deliver on its strategic priorities. The risk management and internal control framework define procedures that manage rather than eliminate the risk facing the business and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management framework consists of risk registers at all organisational levels which detail the risk faced by the Group, its operating companies and the central service teams. The registers identify key operational and financial risks while strategic risks are identified as part of the business planning process although it is expected that strategic risks will be included on risk registers. The risk registers take into account the significance of environmental, social and governance matters of the Company and use a standardised methodology for the assessment of risk.

The standard methodology used in risk management requires each risk identified to be assessed and ranked according to a risk matrix which accounts for the likelihood and impact of each risk. The risks identified are assessed for potential effect on the Company's short and long term value. The completion of risk registers is iterative and refreshed on an ongoing basis. The risk registers feed into a formal half yearly risk assessment that identifies the principal risks (see pages 12 and 13) and allows the Board to re-evaluate the identified strategic risks facing the Group.

The Board oversees the risk and control framework of the Group and the Chief Executive is responsible for implementing any necessary improvements with the support of the GMT. In line with our report last year and consistent with the Code, the Board increased the frequency of its formal risk reviews to half yearly and the GMT conducts a detailed review as part of the business planning process.

At its half year and year end meetings the Board reviewed the risk profile of the Group and the mitigating factors identified with the significant risks. At the year end meeting in February 2012 following the annual review by the Audit Committee on the effectiveness of internal controls and a formal half year assessment of risk, which included a detailed risk assessment by the GMT, the Board completed its annual assessment of risks for the year end 31 December 2011. The key risks affecting the Group were identified and agreed with the Board together with processes for their elimination or mitigation and actions required to reduce the likelihood of each risk to the Company and the Group.

More information on risk management and internal control is contained within the Corporate Governance Report on pages 36 and 37.

Principal risks and uncertainties

The table below summarises the Group's principal risks and uncertainties. We also maintain a Sustainability and Climate Change Risk and Opportunity Register to monitor other non-financial issues that could affect the Group. More information is available in our Corporate Responsibility Report at plc.taylorwimpey.co.uk/CorporateResponsibility/CRreports/

	Relevance to strategy	Potential impact on KPIs	Mitigation	Responsibility
Impact of economic environment on mortgage availability Mortgage providers have been impacted by the financial crisis and the resulting requirement to increase capital (such as Basel III), reducing their ability to provide mortgages.	The majority of the homes that we build are sold to individual purchasers who take on significant mortgages to finance their purchases. In particular the ability of first time buyers and investors to purchase homes has decreased due to reduced mortgage availability at the higher loan to value levels and hence significant deposits are required.	Credit availability remains below normal historic levels. As a result the level of effective demand for new homes is below historic trends, which could negatively impact on both profitability and cash generation. This would have an adverse effect on return on net operating assets and net debt.	We use a range of sales incentives like 'Easymover' and 'Deposit Match'. We also offer, on certain sites, the government backed shared equity product 'FirstBuy' to reduce customer up-front costs and the level of finance required. We are working with the main mortgage providers and the government on the 'NewBuy' mortgage indemnity guarantee scheme for new build homes.	<ul style="list-style-type: none"> Group Finance Director UK Sales Director Group Treasurer
Government regulations and planning policy The Localism Act and the National Planning Policy Framework have introduced significant change in the planning system, which potentially increases the time to obtain planning consents.	Our ability to obtain the planning permission required to develop communities is dependent on our ability to meet the relevant regulatory and planning requirements. The new planning system could result in extended timescales for gaining planning consents or increased legal challenges as the powers within the new processes are clarified and tested. These factors increase uncertainty and increase the commercial risk of projects.	Inability to obtain suitable consents, or unforeseen delays, could impact on the number or type of homes that we are able to build. We could also be required to fund higher than anticipated levels of planning obligations, or incur additional costs to meet increased regulatory requirements. All of these would have a detrimental impact on the contribution per plot.	We have responded to the changes in planning policy by developing a comprehensive Community Led Planning strategy. Our aim is to improve communication between our regional businesses, communities and local authorities in order to deliver local requirements in the most appropriate way. We consult with the UK government on upcoming legislation, both directly and indirectly as a member of industry groups, to highlight potential issues and to understand any proposed changes to regulations.	<ul style="list-style-type: none"> Chief Executive UK Land and Planning Director Other members of our senior management team Managing Directors of our regional businesses
Impact of market environment on demand Significant economic uncertainty in Europe, government austerity measures, flat economic growth and the potential for increased unemployment could suppress demand for housing.	Due to economic conditions and, in particular, increasing unemployment, consumer confidence remains low. This has an impact on demand for new homes as individuals are more uncertain about their financial future.	Effective demand for new homes below normal levels could negatively impact on both profitability and cash generation. This would have an adverse effect on return on net operating assets and net debt.	Our local teams select the locations and home designs that best meet the needs of the local community and customer demand in the present and future. We evaluate new outlet openings on the basis of local market conditions and regularly review the pricing and incentives that we offer. We minimise the level of speculative build that we undertake and strive to reduce build costs, while maintaining quality, through operational efficiencies and price reductions. We continuously optimise our marketing Web site to increase the conversion rate of visitors to customers.	<ul style="list-style-type: none"> Group Management Team UK Sales Director Regional Sales and Marketing Directors

		Relevance to strategy	Potential impact on KPIs	Mitigation	Responsibility
Land purchasing The purchase of land of poor quality or at too high a price could impact future profitability.		Land is the major 'raw material' for the Group and the limited availability of good quality land at an attractive price leads to significant competition. Purchasing land of the appropriate quality on attractive terms will enhance the Group's ability to deliver strong profit growth as housing markets recover.	Purchasing poor quality or mis-priced land would have a detrimental impact on our profitability and returns. Purchasing insufficient land would reduce the Group's ability to manage its portfolio actively and create value for shareholders.	Our local land teams select and appraise each site. Our appraisal process ensures each project is financially viable, consistent with our strategy and appropriately authorised, dependent on the proposed scale of expenditure. Our strategic land teams work alongside regional businesses to identify and secure land with the potential for future development and promote it through the planning system.	<ul style="list-style-type: none"> • Group Management Team • Divisional Managing Directors • Regional Managing Directors • Regional Land and Planning Directors • Strategic Land Managing Directors
Site and product safety Building sites are inherently dangerous places. Unsafe practices by our employees or sub-contractors have the potential to cause serious injury or death.		The success of our operations requires a large number of people, ranging from employees and sub-contractors to customers and their families, to visit our sites each day. We want all of these people to go home at the end of the day safe and uninjured.	In addition to the potentially tragic personal impact of an accident on site, there is potential for legal proceedings, financial penalties, reputational damage and delay to the site's progress.	We have a comprehensive health, safety and environmental management system, which is integral to our business. This is supported by our policies and procedures to ensure that we live up to our intention of providing a safe and healthy working environment and build houses that comply with the required regulations.	<ul style="list-style-type: none"> • Chief Executive • Head of Health and Safety • Every employee and sub-contractor
Material costs and availability of sub-contractors Supply of labour and materials has reduced as industry volumes declined over recent years. However, as market conditions recover, there will be greater demand and competition for key skills and materials which could lead to increased prices.		In order to optimise our build cost efficiency, whilst retaining the flexibility to commence work on new sites as market conditions allow, the vast majority of work carried out on site is performed by sub-contractors. Some sub-contractors and suppliers have gone out of business as a result of the downturn, with others reducing prices to secure orders. As demand increases labour and material prices could increase.	If the availability of sub-contractors or materials is insufficient to meet demand this could lead to increased build times, increased costs and, therefore, reduced profitability. Lack of skilled sub-contractors could also result in higher levels of waste being produced from our sites and lower build quality.	We maintain regular contact with suppliers regarding volume requirements and negotiate contract pricing and duration as appropriate. As part of our sub-contractor selection process key competencies are considered particularly in relation to health and safety, quality, previous site performance and financial stability. We also work to address the skills shortage in the industry through apprenticeship schemes and the Construction Industry Training Board.	<ul style="list-style-type: none"> • Head of Procurement • Regional Commercial Directors
Ability to attract and retain high calibre employees Recruiting employees with inadequate skills or in insufficient numbers, or not being able to retain key staff could have a detrimental impact on our business.		Our value cycle requires significant input from skilled people to deliver quality homes and communities for our customers. The challenging market conditions in recent years have meant that we have had to reduce the number of employees across the Group.	Not having the right teams in place could lead to delays, quality issues, reduced sales levels, poor customer care and reduced profitability.	We monitor employee turnover levels on a monthly basis and conduct exit interviews, as appropriate, to identify any areas for improvement. We benchmark our remuneration against the industry, have succession plans in place for key roles within the Group and hold regular development reviews to identify training requirements.	<ul style="list-style-type: none"> • Chief Executive • Group HR Director • Every employee managing people

UK Housing

In 2011, we saw significant progress in our operational performance and I am pleased that we reached our double digit operating margin* target ahead of schedule.

Pete Redfern
Chief Executive

UK housing market

As set out in my Chief Executive's Review, on page 7 of this Annual Report, the UK housing market is cyclical and we have identified a set of indicators that we monitor on a regular basis to establish the current stage of the cycle and adapt our tactics accordingly.

After the relatively robust market conditions of 2010, market conditions in 2011 also exceeded our expectations. We achieved small price rises in the early part of 2011 on newly opened outlets, with broadly stable conditions throughout the first half of the year. In the second half of 2011, we saw a more normal autumn selling pattern and also a stronger end to the year than had been the case in 2010.

Mortgage availability remains the key constraint on the UK housing market, although we have seen further incremental improvement over the course of 2011. The total value of mortgage approvals for home purchases increased slightly to £82,434 million (2010: £80,058 million) according to Bank of England data. The number of mortgage approvals for home purchases has also increased during 2011, with more than 50,000 approvals per month from August through to December compared to an average of 47,551 approvals per month for the previous six month period.

The Bank of England's Monetary Policy Committee kept base interest rates at an historic low of 0.5% for another full year, but mortgage lenders continue to charge a significant premium to this especially for higher loan to value mortgages. However, it is the relative scarcity of mortgages available to buyers with a 5% or 10% deposit that remains the biggest hurdle for first time buyers to overcome. Indeed, the Council of Mortgage Lenders reports a fall of 4% in the number of mortgages advanced to first time buyers and a 2% fall in the value of such mortgages compared to 2010.

Compared to our own experiences of mix-adjusted house prices, the national house price indices tend to exaggerate movements. However, as publicly available data sources, they are a widely quoted point of reference. As was the case in 2010, the national indices do not show a consistent trend for 2011. The Nationwide House Price Index shows an annual increase of 1.0% to an average UK house price of £163,822. Meanwhile, the Halifax House Price Index reports a fall of 1.3% to £160,063.

Key market drivers

- Continuing undersupply of new homes against government projections of household formation
- Strong cultural preference towards home ownership rather than rental

Housebuilding starts for the UK industry as a whole, including housing associations, were broadly flat year on year at around 115,000, maintaining the improvement on the less than 90,000 starts in 2009 according to the National House-Building Council. These volumes remain well below the level of household formations, with the most recent government forecasts showing an average of 232,000 new households per annum from 2008 to 2033 for England alone.

Increasing the current level of housebuilding in the UK remains a focus of the government and its policies fall into two categories. Firstly, the proposed reforms of the planning system continue to progress, with the Localism Act receiving Royal Assent in November 2011 and the draft National Planning Policy Framework being published in July 2011. Secondly, the government is looking to address the difficulties that many people are facing in obtaining a mortgage. The Stamp Duty Land Tax exemption for first time buyers buying a home valued at less than £250,000 remained in force throughout 2011. The FirstBuy scheme, which follows on from the previous HomeBuy Direct scheme, was launched in March 2011 with the intention of helping around 10,000 families to get onto the housing ladder for the first time. The government also announced the NewBuy mortgage guarantee scheme in November 2011, which is intended to provide greater access to 95% mortgages at more competitive interest rates through the use of housebuilder funding and a government-backed guarantee.

Financial review

We have made further significant progress in 2011 and this is reflected in our strong financial performance. Revenue has increased slightly to £1,779.4 million (2010: £1,736.6 million), primarily driven by an increase in home completions. It is therefore very pleasing to report growth of 56% in operating profit* to £173.2 million (2010: £111.0 million^(a)) as we continue to prioritise margin performance ahead of volume growth.

This resulted in a sharp increase in operating margin to 9.7% for the full year (2010: 6.4%^(a)), with our target of reaching double digit operating margins by 2012 achieved during the second half of 2011.

Net operating assets** in the UK were £1,721.5 million (2010: £1,628.6 million), with a return on net operating assets** for the year of 10.4% (2010: 6.7%^(a)).

Market risk factors

- Continuing restrictions on credit availability
- Changing economic environment leading to increasing interest rates or unemployment
- First time buyers increasingly priced out of the market

* Profit on ordinary activities from continuing operations before finance costs and exceptional items, after share of results of joint ventures.



















** Operating profit divided by the average of the opening and closing net operating assets, which is defined as capital employed plus intangibles less tax balances.

^(a) 2010 comparative excludes a one-off pension curtailment credit of £12.0 million in the UK.

Our UK Housing strategic priorities

- Retain our consistent disciplined approach to acquiring short term land, maintaining a longer land portfolio at this stage in the market cycle
- Focus on adding new sites to our strategic land portfolio and delivering planning and value from existing sites
- Become the industry leader in managing the planning process across our industry
- Deliver an excellent Customer Journey consistently for all of our customers
- Deliver on our aspiration to add value to every site after acquisition

Our UK Housing Key Performance Indicators

		Objective	Definition	Why is it key to our strategy?	
Contribution per legal completion	KPI	We strive to maximise the level of contribution per home sold.	Revenue, net of incentives, less build costs, land costs and direct selling costs, divided by the number of homes completed (excluding joint ventures).	We continue to prioritise both short and long term margin performance ahead of volume growth. Increasing the contribution per plot is a key driver to achieving this priority.	£28.6k 2011  28.6 2010  22.9 2009  12.6
Forward order book as a percentage of completions	KPI	In a flat or falling pricing environment we look to maximise the level of our order book.	The number of homes in our year end order book, expressed as a percentage of the number of homes completed during the year (excluding joint venture completions).	A strong order book provides greater stability in business planning and enhances our ability to increase the contribution per legal completion.	53.1% 2011  53.1 2010  47.2 2009  53.6
Owned and controlled plots with planning	KPI	We aim to maintain sufficient land in our portfolio to enable us to remain selective in future purchases.	The total number of plots that we either own or control, with some form of planning consent.	Having a portfolio of land in place is key to planning the required scale of our building operations for future home completions and enables us to be selective in land purchases.	65,264 plots 2011  65,264 2010  63,556 2009  66,089
Customer satisfaction	KPI	We strive to maintain and improve our customer satisfaction scores.	Percentage of customers satisfied or very satisfied with their new home as measured by the National New Homes survey undertaken by the NHBC on behalf of the HBF eight weeks after legal completions.	Delivering high levels of customer satisfaction enhances the reputation of our business and reduces the costs associated with rectifying poor quality work.	92.1% 2011  92.1 2010  87.1 2009  87.1
Health and safety	KPI	We want our employees and sub-contractors to go home safe and uninjured, day after day.	Reportable injury frequency rate per 100,000 employees and contractors (Annual Injury Incidence Rate).	As well as having a moral duty to maintain safety on site, accidents and injuries can have a detrimental impact on the business through additional costs, delays and/or reputational damage.	378 2011  378 2010  557 2009  520
Waste generated per home	KPI	We aim to reduce the level of waste generated per home each year.	Total tonnage of construction waste per 1,000 square feet built.	As well as having a beneficial impact on the environment, reducing waste is a key part of driving down build cost and may also assist in winning future planning consents.	3.44 2011  3.44 2010  4.18 2009  4.37

Our UK Housing Risks

The Group's principal risks and uncertainties are detailed on pages 12 and 13 of this report. The risks that have seen the greatest change in the UK business during 2011 are:

- Government planning policy, with the Localism Act receiving Royal Assent, and the ongoing debate around the proposed National Planning Policy Framework.
- Impact of market environment on demand; the ongoing uncertainty in the wider economy continues to have a detrimental impact on consumer confidence.

Selecting land



Leybourne Grange, Kent

Leybourne Grange is a sustainable community within an exceptional landscape and woodland setting. We are working in partnership with the Homes and Communities Agency (HCA), who own the site, to deliver the scheme.

The built development is set within 57 hectares of parkland, this includes orchards, a 3km exercise trail, lake and historic woodland, all of which are being regenerated or newly provided by us. A former Grade II listed Manor house, The Grange, will be converted into 21 apartments, alongside the reinstatement of the walled garden and arboretum; this ensures the preservation of the heritage of the site.



UK Coal land sale and partnership agreement

In 2011 we purchased 16 separate strategic land sites from Harworth Estates, the property division of UK Coal plc. The portfolio comprises 760 gross acres (estimated 300 acres net) with the potential to deliver around 4,000 homes over a 10 year period. The deal was agreed within significant time constraints and our offer was competitively tested through a UK marketing campaign.

We now own the portfolio and our strategic land teams will be managing the promotion of the sites through the planning process, and the subsequent development of the sites.



Sales, completions and pricing

Market conditions in 2011 exceeded our expectations, with pricing stable and levels of both visitors and reservations above the prior year. We experienced a more normal autumn selling pattern and a stronger end to the year, particularly contrasted with the weaker finish to 2010. Our net private reservation rate for the year as a whole was 0.54 homes per outlet per week (2010: 0.51) with cancellation rates below the long term average at 15.8% (2010: 18.2%).

We opened 128 new active selling outlets in 2011 and entered 2012 with 314 outlets (December 2010: 301). Our primary goals with new outlets continue to be to optimise planning consents and to value engineer sites prior to opening.

Home completions increased by 2% to 10,180 (2010: 9,962) of which 8,075 were private completions (2010: 8,103), 2,048 were affordable homes (2010: 1,824) and 57 were our share of joint venture completions (2010: 35). The overall average selling price for these completions was unchanged at £171k, with a small increase in the average selling price of private completions to £185k (2010: £184k) and the average selling price of affordable homes unchanged at £116k.

Our sales focus in the final quarter of the year was on maximising both the quality and scale of our order book. We ended 2011 with a total order book value of £835 million (2010: £715 million), an increase of 17%. Within this total, the value of the order book for private housing is up by 22% and the value of the affordable housing order book has been increased by 9%. The total number of homes within the year end order book is up by 15% to 5,379 homes (2010: 4,684 homes), and the margin in the order book is also ahead of both the equivalent point in 2010 and the margin achieved on completions in 2011.

Strategy

As set out on pages 8 and 9 we aim to become the UK's leading residential developer for creating value and delivering quality.

Selecting land

We view our landbank as an investment portfolio that we manage actively to create value for shareholders. In line with this approach, we consider it appropriate to hold a longer land portfolio at this stage of the cycle and the strength of our land portfolio enables us to target our activity in the land market to only the best opportunities.

We continue to be highly selective with regard to the type of sites that we buy in terms of location, product mix, anticipated returns and level of risk. We undertake a series of thorough reviews of each opportunity at all stages of the acquisition process. Only those opportunities that meet our requirements, including return on capital, operating profit and risk profile, are submitted for approval.

UK Housing land portfolio

Plots	2011				2010 Total
	Owned	Controlled	Pipeline	Total	
Detailed planning	34,192	2,443	218	36,853	34,803
Outline planning	15,161	5,426	1,259	21,846	23,142
Resolution to grant	3,389	4,653	258	8,300	6,325
Subtotal	52,742	12,522	1,735	66,999	64,270
Allocated strategic	3,697	5,652	–	9,349	10,182
Non-allocated strategic	23,638	51,249	2,000	76,887	66,878
Total	80,077	69,423	3,735	153,235	141,330

We increased our financial return criteria for land purchased during 2011, maintaining our consistent, disciplined approach to land acquisition in order to maximise the quality of our portfolio in a land market offering an increased number of attractive opportunities. Consistent with our guidance at the start of 2011, we approved the purchase of 11,756 new plots on 106 sites during 2011. We continue to limit the use of deferred payment terms, given our very low marginal cost of borrowing, enabling us to drive the best land value.

We held 65,264 plots in our UK short term land portfolio, representing owned or controlled land with planning, or a resolution to grant planning at 31 December 2011 (2010: 63,556). This is equivalent to 6.4 years of supply at current completion levels (2010: 6.4 years). The average cost per owned plot in the short term land portfolio was £33k at 31 December 2011 on the basis of allocating previous land write downs against land value (2010: £31k). 39% of our short term owned and controlled land portfolio is previously impaired, 15% acquired prior to the downturn and unimpaired, 19% acquired since we re-entered the land market in September 2009 and 27% originally sourced through our strategic land portfolio.

Our current land strategy remains weighted towards both the south (63% of owned and controlled short term land portfolio plots) and houses (81% of owned and controlled short term land portfolio plots). However, we continue to believe that a long term strategy with a sensible mix of sites for all consumer groups, including first time buyers, and in all areas where there is significant housing need will deliver the best long term returns.

We have also made significant progress with our strategic land portfolio during 2011. We have added 12,868 new potential plots to the strategic land portfolio in 2011, including a land sale and partnership agreement with Harworth Estates, the property development division of UK Coal plc, and an option covering approximately 224 acres at Syston in Leicestershire. In addition, we have achieved planning consents on circa 4,000 plots from our strategic land portfolio including sites in Crewe and Church Crookham.

Managing the planning and community engagement process

We aim to become the industry leader in managing the planning process across our business, and see the current changes in the planning system as an opportunity to develop a competitive advantage, through adapting more quickly and more effectively.

We believe that the underlying principle of the Localism Act, of ensuring that planning decisions involve the local people whom they affect, is the right one and welcome the strong presumption in favour of sustainable development contained within the draft National Planning Policy Framework.

We have completed the initial phase of a significant programme of internal training to enhance the required communication and engagement skills across our regional teams. We have also completed the development and roll-out of a comprehensive framework of processes to position our business to take advantage of the opportunities that the proposed new system will provide. In addition, we have produced an 'About Taylor Wimpey' brochure and associated Web site, about.taylorwimpey.co.uk, to provide greater transparency on our approach to the planning and community engagement process.

Product range

We continue to offer a wide range of homes from apartments to five bedroom houses, with prices ranging from under £100k to above £500k. As in recent years, the majority of our home completions during 2011 were priced within a range from £100k to £200k.

Managing the planning and community engagement process



Rowner Renewal Project, Gosport

The Rowner Renewal Project at Alver Village is a £145m scheme which will deliver approximately 700 new homes. Over 18 months of detailed public consultation took place with residents, community groups and others, such as local shops, businesses, schools and the police, to develop a comprehensive masterplan for the area. The well attended public consultation events included meetings, workshops, exhibitions and a design weekend.

The plans gained overall support during the initial engagement process, with some residents eager to reserve specific properties in phase one.

We have also engaged with the local community in more informal ways. Safety talks have been given to local schools and we have run health and safety poster competitions.



Great Western Park, Didcot

At Great Western Park we have undertaken consultation with local businesses, groups, individuals, and the parish and local councils to identify concerns and gain feedback. This process is ongoing: we conduct consultation in parallel with new planning applications and keep the community informed when we reach significant development milestones.

During the initial planning process there was a full programme of consultation events including exhibitions and workshops, to enable local people to see plans and voice support and concerns, and to actively involve residents in the design of the scheme. During the consultation for phase one, a Web site was set up to make sure those unable to attend events could view proposals and provide feedback on-line. We have spoken to local school children, asking what play apparatus they would like to see in the park, as well as consulting sports clubs on what pitches, facilities and equipment they require within the development.



Getting the homebuilding basics right



The Hathaways, Stratford upon Avon

We have undertaken extensive remediation and demolition work on this former egg packing station and we have recycled all materials generated by the demolition process. Urban design at the Hathaways has focused on many of the Building for Life principles. Sustainable urban drainage principles have been applied across the site and we are providing two swales for surface water drainage and attenuation.

Photovoltaic cells are being installed on a number of homes (solar panels for the generation of electricity). The affordable homes will achieve Code for Sustainable Homes level three, and many of the homes comply with Lifetime Homes standards.



Farrier's Green, Sandbach

Farrier's Green is located on the edge of the greenbelt and adjacent to the Sandbach Wildlife Corridor – an area of habitat designed to allow the free movement of wildlife populations.

We are providing a dedicated ecology area bordered by an attractive open-boarded fence and native hedgerow to ensure no loss of habitat on site, and to stimulate local biodiversity.

We are seeding the ecology area with a wildflower grass that is native to the local area, and which will grow into a natural meadow over time. A pond with a natural clay bed, which will be designed as a habitat for breeding amphibians and invertebrates, is being provided. Waterlogging the low lying ground around the pond will also provide an ideal habitat for local native wetland plants.



The proportion of apartments in our private completions was unchanged at 26%. The average square footage of our private completions also remained broadly the same at 1,012 square feet (2010: 1,015 square feet).

We have now completed the roll-out of our new housetype range. These homes are designed to be high quality, extremely energy efficient and straightforward, cost effective and safe to build. They are also extremely flexible with different internal layouts and exteriors that can be varied easily to complement local landscapes and streetscapes.

The housetypes are designed to meet specific space standards and comply with Secured by Design principles (the nationwide initiative intended to reduce crime through home and scheme design). They are also capable of achieving Lifetime Homes standards of accessibility and adaptability for changing lifestyles, where appropriate.

Getting the homebuilding basics right

Although our business model is fundamentally about land development, all areas of our business have a role to play in delivering the value that we create through the active management of our land portfolio. We cannot achieve our financial objectives without efficient homebuilding operations.

Health and safety

Health and safety remains our non-negotiable top priority. We have a formal, comprehensive and fully integrated health, safety and environmental (HSE) management system in place in the UK. We update this system and associated procedures frequently to reflect changes in legislation and best practice. Our aim is to continually improve our HSE management year on year.

We have changed the basis of our Health and Safety key metric during the year to the incident rate per 100,000 employees and contractors to enable easier comparatives with industry benchmark data. The previous basis was incident frequency rate per 100,000 hours worked.

During 2011 we recorded an Annual Injury Incidence Rate (AIIR) of 378 in the UK (2010: 557), which is significantly below the 2010/11 'All Home Builder Rate' of 552 declared by the Home Builders Federation and the 'Construction Sector Rate' 2010/11 of 536 declared by the Health and Safety Executive (HSE). We also recorded a reduction of our number of reportable RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) injuries by 23% when compared to 2010.

There were no HSE Enforcement Notices issued to any of our sites within the UK for non-compliance with health and safety legislation.

Build costs and efficiency

Having achieved our target of a 10% reduction in private build costs per square foot between the first half of 2009 and the first half of 2010, we have retained our focus on build cost efficiency. We have achieved further savings in 2011, with the full year average private build cost per square foot reduced to £102 (2010: £106).

The majority of these savings relate to greater efficiency on site and increased standardisation, with the underlying build cost environment remaining broadly flat.

In line with our focus on increasing our return on net operating assets, we continue to control work in progress tightly. We aim to match our build rate on each outlet to the sales rate being achieved and control this through a management sign off process for the release of each plot to construction. This focus continues to deliver benefits and the average value of work in progress per outlet at 31 December 2011 reduced to £2.2 million (2010: £2.4 million).

Environment

Reducing waste is not only a responsible course of action in terms of protecting the environment, it also contributes towards reducing our build costs. Our approach is to focus on keeping waste to a minimum through the design of the products used when building homes, separating and recovering as much material from the site as possible (reuse and recycling or treatment), carefully considering options when there are excess materials on a site, and keeping the amount of materials that are sent to landfill to a minimum. We are committed to continual improvement in waste reduction and have further reduced the level of waste generated per 1,000 square feet built to 3.44 tonnes (2010: 4.18 tonnes). We have reduced the amount of waste going to landfill by 18% from 2010 and 53% since 2007.

We are also committed to improving the water efficiency of the homes that we build, for example using water-efficient fittings and appliances as standard. From 2012 we will measure the water use of our sites, offices and home plots before sale in order to monitor and identify ways to further increase water efficiency.

In 2011, we built 1,158 homes to Code for Sustainable Homes (CfSH) level three (2010: 570) and 75 homes to Code level four (2010: nil). In addition we built 1,037 homes to EcoHomes standards (the standard that has now been replaced by CfSH) (2010: 923) including 114 to EcoHomes Good (2010: 191), 463 to Very Good (2010: 524) and 460 to Excellent (2010: 208). We are working in partnership to build around 780 homes at Code level four at our Waterside Park regeneration scheme in East London.

Quality

We remain committed to delivering high-quality homes for all of our customers.

We have made further progress on this commitment as measured through our performance in the 2011 National House-Building Council (NHBC) Pride in the Job Awards, which are based on build quality. Our UK site managers won 65 Quality Awards (2010: 55), 18 Seals of Excellence (2010: 17) and two Regional Awards.

Caring about our customers

Buying a home is a significant financial and emotional investment. We aim to make buying, moving into and living in a Taylor Wimpey home as easy as possible for our customers.

Sales and marketing

Sales strategy continues to be a key element of delivering value. We set prices locally and make use of a range of targeted customer incentives to deliver competitive offers in each local market.

Financing remains a key consideration for many of our customers, as mortgage availability remains restricted. We support the government's FirstBuy initiative and have completed 173 homes under this scheme in 2011. Our remaining funding allocation will allow us to deliver approximately 1,100 further completions under the scheme. We remain sparing in our use of other shared equity incentives and welcome the development of the government and housebuilder-backed NewBuy mortgage indemnity guarantee scheme and MI New Home scheme in Scotland. Although details have yet to be finalised, these schemes have the potential to have a significant positive impact on the level of new home sales if sufficient funds are made available at competitive interest rates.

We continue to offer a wide range of other products to assist first time buyers, such as our 'Friends & Family Advantage' product and 'Deposit Match' scheme. The ongoing success of our approach is reflected in the consistently high proportion of our sales that are made to first time buyers, with a further increase to 30% in 2011 (2010: 29%).

Caring about our customers



The Taylor Wimpey Customer Journey

The Taylor Wimpey Customer Journey is a standard set of procedures designed to make sure our customers have the best possible experience from reserving their home all the way through to aftercare once the sale is completed. This includes regular meetings with our site manager and sales staff both before and after customers move in to their new home.

The Customer Journey is consistently applied on all UK developments and forms the basis of a comprehensive quality management system that also ensures we comply with the Consumer Code for homebuilders.



Sales management training

Known as the Taylor Wimpey Sales Academy, we have developed a new training initiative that will provide a modular accreditation programme covering an extensive range of sales and marketing related areas including environmental, sustainability and Community Led Planning issues. Our aim is to develop the most knowledgeable and competent sales and marketing teams in the industry and to develop a high-quality and consistent approach to the recruitment, and ongoing development of sales staff.



Optimising value



Augusta Park, Andover

Augusta Park is a 135 hectare site delivering 2,500 homes, of which 40% will be affordable housing, along with land designated for a school. The site is made up of a number of parcels with options held at a discount to open market value. Payments are phased over three years.

The site has been replanned to optimise value, phase one has been granted an additional 19 homes outside the original outline planning. In addition, phase two has been increased by 29 homes which has achieved a more efficient layout of homes, generating additional revenue and profit. Value engineering has identified savings in groundworks costs; we have reviewed and reduced consultant fees and we have re-negotiated some of our trade price agreements. This value engineering has resulted in significant build cost savings and margin improvement.



Kingshill Grange, High Wycombe

Kingshill Grange has planning consent for 238 homes in a desirable location with good transport links, excellent education provision and established parkland. Contracts were exchanged in February 2006, with planning granted in April 2008 and work starting on site in October 2009.

We have undertaken a number of initiatives over the life of the site to enhance its value. These include: replanning 65 of the homes to increase the proportion of houses instead of apartments and to add conservatories to some houses; converting three one-bedroom apartments into two-bedroom apartments; upgrading the street scene; re-tendering dwelling structure costs; identifying groundwork specification savings; and redesigning the drainage and roads layout. As a result, we are achieving a higher margin on the site than the original 2006 assessment despite the impact of the downturn.



Our potential customers are increasingly using the internet to research their home purchasing decisions before visiting an outlet and our marketing strategy reflects this ongoing trend. We continue to refocus our marketing spend towards on-line rather than traditional media and have doubled the organic traffic to our Web site through enhanced search engine optimisation.

The use of our on-line appointment system, which we launched in August 2010, has grown over the course of 2011 and a total of 13,000 appointments were booked on-line during the year. We continue to develop our use of social media such as Facebook and Twitter and plan to launch our new Web site during 2012.

Customer satisfaction

Our aim is to offer homes that are aspirational for our target customers, appropriately priced for each local market and to ensure that our processes deliver the high standards of service that our customers rightly expect. It is therefore extremely pleasing to report that our externally measured customer satisfaction scores have increased to 92.1% (2010: 87.1%).

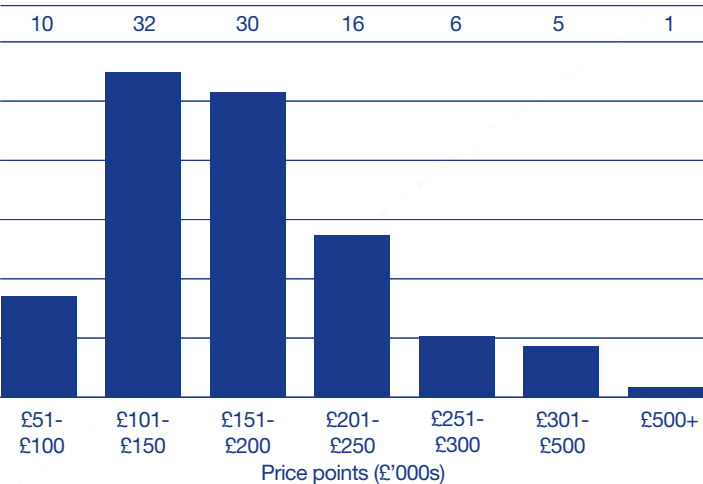
Optimising value

We have delivered significant value recovery and improvement over the last four years through initiatives such as targeted build cost savings and value engineering of sites. We have learned a lot through these initiatives and have embedded this knowledge into our everyday operations. Our focus going forward is to continue the momentum in identifying and capturing enhanced value at all stages of the development cycle, from planning to construction.

Our standard methodology is documented within our Operating Framework, which enables us to deliver enhanced operating efficiencies within a strong control environment. It also provides a consistent base for the ongoing implementation of our new IT system. This system is expected to deliver significant savings through the retirement of a number of legacy systems, as well as supporting our focus on value improvement through improved management information, reporting and analysis.

We review every site, both old and new, on a quarterly basis to ensure that expected margins are being delivered and identify opportunities for further improvement. These opportunities are then quantified, actions identified and implemented, and the resulting margin improvement

UK Housing private development price mix



monitored. These opportunities range from replanning of sites, reducing build costs from foundation design to landscaping, and adding value to our homes through selective enhancements to our specification.

We continue to manage our land portfolio actively. Although we have completed our initial replanning programme, we are continuing to review the planning consents that we have across our land portfolio to ensure that they deliver an optimal mix of homes to meet local market demand and that the site is optimised for safe, efficient, cost effective and considerate development. We undertake land sales where we feel that the price achieved delivers value and the land does not fit our strategy or is excess to our requirements in a particular local market. Revenue from land sales totalled £23.4 million in 2011 (2010: £11.4 million) with an operating profit* of £6.3 million (2010: £6.7 million).

Simply the best people

Our people are critical to our success and we ran 14 presentations around the country in the second half of 2011 to communicate our strategy to and receive feedback from our employees.

We continue to focus strongly on learning and development, updating our Taylor Wimpey induction programme and extending our sales induction programme during 2011. In addition, we continued our Circle Management Training programme, which aims to improve the leadership skills of our middle and senior managers. Over the course of the year we recruited eight new graduates for our graduate programme (2010: 6), 16 management trainees (2010: 8) and 40 new apprentices (2010: 19).

We continue to support the UK construction industry's Construction Skills Certification Scheme (CSCS), which was set up to improve quality, reduce accidents and provide evidence of workers' occupational competence. A total of 98.2% of our workforce, including sub-contractors, were CSCS carded at the end of December 2011 (2010: 98.6%).

We operate in diverse communities and believe that embracing this diversity will enable us to succeed through a workforce that is inclusive, creative and innovative. We introduced a new Diversity Policy in 2011 and have also been reviewing our recruitment practices with a view to developing an increasingly diverse workforce.

We saw a slight increase in employee turnover to 10% during 2011 (2010: 9%).

Current trading

The underlying housing market remains stable with robust homebuyer confidence and an ongoing undersupply of new housing. The introduction of the 'NewBuy' mortgage guarantee scheme in the coming weeks has the potential to improve the availability of mortgages for first time buyers, although the Stamp Duty exemption for first time buyers on properties valued at up to £250k is scheduled to end on 24 March.

The early weeks of trading in 2012 have followed the encouraging patterns of the second half of 2011 and, as at 26 February 2012, our order book had increased by 18% to £983 million (31 December 2011: £835 million).

Simply the best people



NHBC Pride in the Job Awards

The annual Pride in the Job awards run by the NHBC (the National House-Building Council) judge excellence in site management and the commitment to building homes of outstanding quality. We are delighted that 65 of our site managers won Quality Awards, 18 went on to win Seals of Excellence and two of the site managers received Regional Awards in 2011. For the second year running Mike Crawford, site manager of Warleigh Village in Plymouth, was the runner up in large builder category of the Supreme Awards for the UK's best site manager. According to the NHBC Chief Executive at the time, Imtiaz Farookhi, "A Pride in the Job award at any level marks the recipient out as a top performer... Mike is an exemplar in his field."



Mike Crawford, Site Manager of our Warleigh Village development in Plymouth.

Graduate, Management and Apprenticeship schemes

During 2011 we recruited eight new graduates for our intensive graduate programme. Our aim is to equip ambitious and determined new talent to be able to achieve director status within a 5 year timescale. The scheme is a 2 year rotational programme with graduates spending time in all areas of the business before they choose to specialise in one department. In 2011 we had 16 management trainees and 40 new apprentices. This means that we had a total of 98 apprentices, 54 management trainees and 16 graduate scheme participants within Taylor Wimpey at the end of 2011.



Our 2011 graduates at the Centrepont Sleep Out in Central London along with James Jordan, Group Legal Director and Company Secretary, and Peter Andrew, Director of Land and Planning.

Spain Housing

Despite the ongoing economic weakness in Spain, we have delivered a return to operating profit for the year and achieved an excellent customer satisfaction rating.

Javier Ballester
Managing Director, Spain

	2011	2010
Order book volume as a percentage of completions	46.8%	36.8%
Owned and controlled plots with planning	1,668	1,783
Customer satisfaction	100%	92%
Health and safety (Spain)*	749	1,807

* Please note that the injury frequency rate for Spain equates to just two incidents in 2011 and three incidents in 2010.

Performance

As previously reported, we completed our exit from our Gibraltar business in 2010, with no home completions from this market in 2011.

Market conditions remained tough throughout 2011, with mortgage availability remaining restricted. This was of greater significance for local purchasers, as overseas purchasers looking to buy a second home typically require lower levels of mortgage finance.

We completed 109 homes in Spain in 2011 (2010: 136) at an average selling price of £238k (2010: £214k). The increase in our average selling price reflects the exit from the Gibraltar market, where our final completions had been lower priced apartments.

Revenue in 2011 was £28.6 million (2010: £31.1 million), primarily driven by the reduced number of completions. However, despite the tough market conditions, we delivered an operating profit* of £0.2 million, in comparison to an operating loss* of £3.6 million in 2010.

We remain very cautious in our approach to new land purchases and have reduced the number of plots in our land portfolio further in 2011 to 1,668 (2010: 1,783). The Spanish business made a positive contribution to the cash flows of the Group in 2011.

Our year end order book was £10.4 million (2010: £10.8 million).

In addition to the improved financial performance during the year, we delivered improvements in both customer satisfaction and our health and safety performance.

Current trading

Given the ongoing economic uncertainty in Spain and the wider Euro zone, we expect 2012 to be another year of challenging market conditions. However, 2011 saw an increase in the number of tourists visiting Spain and this has the potential to benefit second home sales.

Key market drivers

- Continuing oversupply of properties on mainland Spain
- Ongoing restrictions on mortgage availability
- Economic uncertainty resulting in reduced consumer confidence
- Increased number of tourists visiting Spain in 2011



Los Altos del Golf, Camp de Mar, Mallorca

* Profit on ordinary activities from continuing operations before finance costs and exceptional items, after share of results of joint ventures.

Corporate responsibility

We seek to be a responsible organisation and to make positive social, environmental and economic contributions to the regions in which we operate.

2011 highlights

In addition to the achievements listed in the UK Housing section on pages 14 to 21, we have:

- Developed a comprehensive Community Led Planning strategy and trained 219 employees in active listening, communication and engagement skills
- Committed £130.2 million to infrastructure, community facilities, education and schools, jobs, businesses and social housing
- Donated £211k to charity and continued our extensive involvement with a wide range of charitable and community organisations

Increasing environmental sustainability

During 2011 we developed an Energy and Carbon Strategy that has identified significant areas for annual energy and carbon cost saving opportunities within Taylor Wimpey and our supply chain. We also instigated a major review of the environmental practices of our offices, site compounds and sales areas. In addition, we set up a working group to identify further non-financial metrics. The first new metrics that we have committed to measure are office, site and plot water use as well as soil to landfill.

Our executive incentive scheme continues to include an environmental criterion, which applies to all UK, divisional and regional senior management teams. A significant element of incentive payment relates to construction waste in order to encourage waste reduction and improved resource use.

Evaluating our progress

Priorities	Progress	Status	Targets for 2012
Our homes and communities 	<ul style="list-style-type: none"> – Launched 'About Taylor Wimpey', a Web site providing extensive information for local government and communities. – Developed a community engagement framework for use on all new developments. – Reduced waste by 18% since 2010 and 53% since 2007. 		<ul style="list-style-type: none"> – Continue to focus on improving our approach to community engagement. – Further develop the 'About Taylor Wimpey' Web site. – Introduce a Building For Life process to ensure that we build increasingly sustainable homes and communities.
Our customers 	<ul style="list-style-type: none"> – Redesigned our customer Web site to provide significantly more information for existing and potential customers. – Developed new signage for sales centres including energy efficiency and sustainability performance. – Started to develop a major training programme for our sales teams. 		<ul style="list-style-type: none"> – Continue to focus on effectively delivering our Customer Journey and improving customer service. – Introduce the new signage into our sales centres. – Continue to develop our new sales and marketing training before launching it throughout the UK.
Our people 	<ul style="list-style-type: none"> – Introduced new Diversity and Anti-Corruption policies, updated our Protected Disclosure Policy. – Ran our Circle Management Training and developed a coaching and mentoring programme. – Reduced our UK reportable RIDDOR injuries by 24% when compared with 2010. 		<ul style="list-style-type: none"> – Conduct a UK employee survey and undertake an audit of the diversity of our employees. – Introduce a major new health and safety training and awareness initiative encouraging collective responsibility. – Further reduce the number of RIDDOR reportable injuries by 5% in 2012.
Our partners 	<ul style="list-style-type: none"> – Updated our Supply Chain policy. – Engaged with suppliers to ensure safe delivery and vehicle offloading at our sites. – Worked in partnership with our 12 largest suppliers to reduce packaging waste. 		<ul style="list-style-type: none"> – Vet all suppliers in terms of health and safety to ensure they still comply with our requirements. – Introduce a zero tolerance policy on safe delivery and vehicle offloading. – Continue to work with our 12 largest suppliers on reducing packaging waste.



Visit our Corporate Responsibility Web site for more details and to download a copy of our Corporate Responsibility Report: plc.taylorwimpey.co.uk/CorporateResponsibility



Group financial review



The Group has made significant progress with the disposal of the North American business and strong operational performance during 2011.

Ryan Mangold
Group Finance Director

Financial highlights

Adjusted earnings per share
– continuing Group

2.1p

for 2011
(1.5p loss for 2011)

Net debt

£116.9m

at 31 December 2011
(£654.5m at 31 December 2010)

Tangible net
assets per share***

57.3p

at 31 December 2011
(56.9p at 31 December 2010)

Return on net
operating assets**

9.8%

at 31 December 2011
(5.3% at 31 December 2010)

Group summary

The Group has made significant progress with the disposal of the North American business and strong operational performance during 2011.

We have achieved:

- an increase of 80.6% in the continuing Group operating profit* compared to 2010^(a);
- the disposal of the North American business for £731.9 million;
- a reduction in the level of net debt to £116.9 million at the year end; and
- a return on net operating assets** of 9.8% up from 5.3% in 2010.

The solid operational results and the proceeds from the sale of North America have been used to reduce our net debt and re-invest in new land opportunities, as well as refocus the capital structure with the purchase of £85.4 million of the 10.375% Senior Notes in 2011.

Group results

Group revenue from continuing operations in 2011 increased by 2.3% to £1,808.0 million in 2011 (2010: £1,767.7 million) from Group completions of 10,289 (2010: 10,098). The small increases in revenue and completions are reflective of the continuing stability in market conditions in the UK during 2011 and our strategic focus on quality of earnings ahead of volume.

Gross profit from continuing operations of £287.7 million (2010: £229.8 million) is up by 25.2% and reflects our continual focus on prioritising margin ahead of volume growth. The gross profit from continuing operations includes a positive contribution of £99.6 million (2010: £103.5 million), relating to realisation of written-down inventory above its originally estimated net realisable value, where the combination of slightly higher selling prices and cost improvements through replans and cost reduction initiatives have exceeded our original market assumptions. These amounts are stated before the allocation of overhead excluded from the Group's net realisable value exercise.

- Return on net operating assets of 9.8% (2010: 5.3%)
- Group operating profit* from continuing operations increased by 80.6% to £159.5 million
- UK full year operating margin* of 9.7% (2010: 6.4%^(a))
- Net debt reduced to £116.9 million and gearing (including land creditors) has reduced to 23%
- Sale of North American business for £731.9 million
- Pension deficit reduced to £208.2 million (2010: £248.5 million)

* Profit on ordinary activities from continuing operations before finance costs and exceptional items, after share of results of joint ventures.

** Operating profit divided by the average of the opening and closing net operating assets, which is defined as capital employed plus intangibles less tax balances.

*** Tangible net assets per share is defined as net assets, excluding goodwill and intangible assets, divided by the number of shares in issue at the period end.

^(a) 2010 comparative excludes a one-off pension curtailment credit of £12.0 million in the UK.

Group operating profit* from continuing operations increased by £71.2 million, or 80.6%, to £159.5 million (2010: £88.3 million^(a)) and Group operating margin* rose to 8.8% (2010: 5.0%^(a)) as a result of the improved trading performance and a decrease in overheads following the sale of North America and the Group becoming a UK focused business. Group asset turn increased to 1.11 times in 2011 (2010: 1.06 times), although we continue to hold a longer than normal land portfolio at this stage of the market cycle, in line with our strategy. This results in an increase in the Group's return on net operating assets** of 4.5 percentage points to 9.8% (2010: 5.3%^(a)).

UK Housing

We completed a total of 10,180 homes in the UK in 2011 (2010: 9,962) with revenues of £1,779.4 million (2010: £1,736.6 million) for an average selling price of £171k (2010: £171k). The UK financial performance showed strong progression with a full year operating profit of £173.2 million (2010: £111.0 million^(a)) representing a full year operating margin* of 9.7% (2010: 6.4%^(a)). For the second half of the year operating profit* was £97.6 million, an increase of £22 million over the first half of 2011, and the UK operating margin* increased to 10.1% for the second half compared to 9.3% for the first half of 2011. The UK market was stable during 2011 and the performance of UK Housing reflects the continued success of our strategy of prioritising margin ahead of volume.

Spain Housing

We completed 109 homes in Spain (2010: 136) with no completions in Gibraltar during 2011 following our exit in 2010. The average selling price of these completions was £238k (2010: £214k). Revenue was £28.6 million (2010: £31.1 million) and we recorded an operating profit* of £0.2 million (2010 loss: £3.6 million). The return to profit for Spain Housing, and continuing cash generation by the business, is a good performance against a challenging market backdrop.

Disposal of North American business

In July 2011, the Group completed the sale of its North American business for £731.9 million. The North American business generated a profit after tax of £24.5 million, with a corresponding increase in net assets, and contributed £8.9 million to the Group's net operating cash flows in 2011 up to the disposal date. The disposal realised a total

profit from discontinued operations of £43.1 million after taking into account an impairment of net assets of £24.0 million, transaction costs of £16.5 million and recycling of foreign exchange reserves for North America recorded in the cumulative translation reserves of £59.1 million.

Further details of discontinued operations are set out in Note 27 to the consolidated financial statements.

Net finance costs

Pre-exceptional finance costs from continuing operations totalled £69.6 million (2010: £116.2 million), net of £3.7 million of interest receivable (2010: £3.4 million).

Interest on borrowings was £52.3 million (2010: £85.2 million) with the reduction reflecting the lower average net debt level of the Group during 2011 of £540.9 million (2010: £667.5 million) due to disposal of our North American business in July and lower cost of borrowing following the refinancing completed in December 2010.

Other items included in finance costs from continuing operations are a net pension interest charge of £14.1 million (2010: £23.0 million), a mark-to-market and foreign exchange gain on derivatives of £1.0 million (2010 loss: £2.4 million), and a total imputed interest charge for land creditors and other payables of £7.9 million (2010: £9.0 million).

Exceptional items

The 2011 pre-tax exceptional items of £11.3 million include £5.5 million relating to the premium to par value for the repurchase of £85.4 million of the £250 million 10.375% Senior Notes due 2015 in 2011. We repurchased £82.4 million of the Senior Notes as part of the tender offer in September 2011 at a premium to par of 6.0% and a further £3.0 million over the remainder of the year at an average premium of 6.8%.

An exceptional charge of £5.8 million has been provided for the Enhanced Transfer Value (ETV) exercise for the George Wimpey Staff Pension Scheme (GWSPS), representing the enhancement and costs related to the exercise that has completed in February 2012.

Further details of these exceptional items are set out in Note 5 to the consolidated financial statements.

Group results

	UK Housing	Spain Housing	Corporate	Consolidated
Completions	10,180	109	–	10,289
Revenue	1,779.4	28.6	–	1,808.0
Operating profit/(loss)* (£m)	173.2	0.2	(13.9)	159.5
Operating margin*	9.7%	0.7%	–	8.8%
Profit before tax and before exceptional items (£m)				89.9
Exceptional items (£m)				(11.3)
Profit before tax (£m)				78.6
Tax, including exceptional credit (£m)				(22.7)
Profit for the year (£m)				55.9
Adjusted earnings per share (p)				2.1
Dividends per share (p)				0.38

Group financial review continued

Tax

The Group incurred a pre-exceptional tax charge on continuing operations of £24.2 million (2010: £31.3 million) which equates to an underlying tax rate of 26.9% and recorded an exceptional tax credit of £1.5 million due to the impact of the ETV costs incurred. During 2011 the UK government reduced the corporation tax rate by 2% which resulted in a deferred tax asset write-off of £22.2 million which was offset by recognition of additional deferred tax assets of £22.1 million relating to previously unrecognised tax losses following another year of profitability (2010: £300.0 million).

Earnings per share

The pre-exceptional basic earnings per share for continuing operations are 2.1 pence (2010: 1.5 pence loss per share). The basic earnings per share after exceptional items are 3.1 pence (2010: 8.1 pence).

Dividend

Following the sale of our North American business in 2011, the Group's financial position is now significantly improved and, with net debt of £116.9 million as at 31 December 2011, the Group's balance sheet is strong. This strength enables the Group to selectively acquire the high-quality land necessary to deliver our stated strategy and to drive value.

A key element of this strategy is the ongoing management of the Group's capital structure, operating structure and level of land investment to maximise performance across the housing market cycle. The Directors are committed to a more active approach to managing the housing market cycle, in particular with respect to the Group's capital structure and balance sheet capacity. This strategy intends to balance the capital requirements of the business and returning excess capital to shareholders, whilst at all times maintaining balance sheet strength and flexibility.

We intend shareholder returns to be in the form of both regular maintenance dividend payments through the cycle and additional returns where appropriate. The regular maintenance dividend payments will be calculated with reference to the net asset value of the Group. These dividends would be declared at the half year results and the full year results in an approximate one-third/two-thirds split respectively. It would be the intention of the Group to make additional returns to shareholders based on the prevailing market conditions and the returns available on alternative uses of the capital.

Given the current outlook in the UK housing market, and the strength of the Group's asset base, the Directors believe that it is appropriate to commence dividend payments to shareholders at this time. This will consist of a maintenance, final dividend of 0.38 pence per share. This represents the final portion of a total dividend representing 1% of Net Asset Yield.

Our priorities for 2012

- Ongoing focus on margin improvement and return on net operating assets
- Drive additional overhead savings to further improve operating margins
- Continue our review of options to reduce the volatility of the pension scheme deficit

Balance sheet and cash flow

Net assets at 31 December 2011 were £1.8 billion (2010: £1.8 billion) which equates to a tangible net asset value per share*** of 57.3 pence (2010: 56.9 pence). Gearing (including land creditors) at the year end is 23% (2010: 56%) which is below our long term expectations of 30% to 40% through the cycle.

Land creditors were £306.4 million at 31 December 2011 (2010: £369.2 million), with the decrease being due to the disposal of the North American business. The use of land creditors remains a useful tool for financing land purchases, however we continue to use them selectively due to our very low marginal cost of borrowings.

In total the Group has recognised deferred tax assets of £342.8 million (2010: £371.6 million) of which £289.8 million (2010: £300.0 million) relate to losses and £52.7 million (2010: £68.3 million) relate to retirement obligations.

The Group has unrecognised potential deferred tax assets as at 31 December 2011 in the UK of £67.6 million (2010: £78.6 million) and £24.7 million in other jurisdictions (2010: £29.8 million).

As at 31 December 2011, the Group had mortgage debtors of £66.5 million (2010: £54.9 million), the majority of which relates to shared equity. We continue to use this as a selective selling tool.

The Group generated a cash outflow from operating activities of £34.8 million in 2011 (2010: cash inflow £87.9 million) with the outflow partly due to the £32.5 million one-off pensions contributions as part of the disposal of the North American business. In the UK, net land investment was £12.7 million (2010: net land sales of £160.8 million). Work in progress remains tightly controlled with an average of £2.2 million gross work in progress per outlet (2010: £2.4 million).

The Group acquired £10.0 million of its own shares for future vesting of share awards (2010: nil), representing 28.9 million shares.

Year end net debt levels reduced from £654.5 million in 2010 to £116.9 million in 2011, a decrease of £537.6 million. This improvement was mainly achieved by net proceeds from the sale of the North American business of £562.3 million.

Treasury management and funding

All our debt facilities were refinanced in December 2010 and we entered 2011 with £1.3 billion of committed funding. Following the disposal of our North American business we reduced our revolving credit facility by £350 million, to £600 million and in September 2011 we successfully launched an open tender offer and purchased £82.4 million of our £250 million 10.375% Senior Notes at a premium of 6.0% to nominal value. A further £3.0 million was purchased in December 2011 at an average premium to par of 6.8%.

The Group operates within policies and procedures approved by the Board. These are set out in detail in Note 20 to the consolidated financial statements.

The Group has three sources of borrowings: £600 million of bank financing currently at a margin of 2.25%; a £100 million term facility at a margin of 4.5%; and £164.6 million of 10.375% Senior Notes due 2015. The average maturity across these sources of borrowings is 3.2 years.

Taking into account term borrowings and committed revolving credit facilities, the Group has access to committed funding of £864.6 million as at 31 December 2011 (2010: £1.3 billion), with the first £600 million of revolving credit facilities maturing in November 2014.

Year end net debt levels reduced from £654.5 million in 2010 to £116.9 million in 2011.

The Group's preference is to manage market risks without the use of derivatives, but derivatives will be used where necessary and appropriate to reduce the levels of volatility to both income and equity. The use of such derivatives is strictly controlled and they are not permitted to be used for speculative or trading purposes.

Derivatives and foreign currency borrowings are used to hedge our foreign investments selectively in order to protect their Sterling value. Interest rate derivatives, while not satisfying the strict requirements for hedge accounting, continue to provide an economic hedge to the volatility of interest costs.

The Group is operating well within its financial covenants and limits of available funding. The Group does not require any additional funding in the near future.

Pensions

The IAS19 deficit, which appears on the Group's balance sheet, is £208.2 million at 31 December 2011 (2010: £248.5 million). The Company contributed a total of £84.9 million via deficit recovery contributions including a one off payment of £32.5 million following the sale of the North American business.

The changes in actuarial assumptions resulted in a loss of £47.0 million in the year, due to the decrease in discount rate of 0.50% per annum leading to an increase in the liabilities, offset partially by the decrease in the inflation assumption of 0.40% per annum for RPI and by 0.50% per annum for CPI.

Formal actuarial valuations of both of the Company's main pension schemes, the Taylor Woodrow Group Pension & Life Assurance Fund (TWGP&LAF) and the George Wimpey Staff Pension Scheme (GWSPS), as at 31 March 2010, were completed during February 2011. The results of these valuations are a deficit of £264 million relating to the TWGP&LAF (previous deficit £163 million) and a deficit of £259 million relating to the GWSPS (previous deficit £215 million).

Following the completion of the triennial valuation, the Group's deficit reduction payments in respect of the TWGP&LAF are £22 million per annum and the deficit reduction payments to the GWSPS are £24 million per annum. Both schemes are now closed to future accrual.

We continue to review and implement options to manage the volatility of the pension deficit actively. Each proposal is reviewed with the respective pension trustees on behalf of the members prior to consultation with the members.

Further details relating to the pension schemes of the Group are presented in Note 21 to the consolidated financial statements.

Implementation of the investment strategy, as agreed between the Trustees and the Company, through the established joint investment sub-committee is continuing. There has been an increase in the allocation of Alternatives (opportunistic credit, active commodities and emerging market debt), a restructuring of the equity portfolio and the appointment of an LDI manager for the implementation of liability

hedging and to release capital from bond assets to fund new Alternative mandates. The basis of the hedging framework decreases the interest and inflation sensitivity relative to each scheme's liabilities.

During the second half of 2011 the Group announced an Enhanced Transfer Value (ETV) exercise for the GWSPS. The purpose of this exercise is to allow deferred members of the GWSPS to transfer their accrued pension liabilities and assets to another pension scheme. To facilitate the transfer the Group offered a 15% incentive to the participants of the GWSPS, of which a maximum of 5% could be taken in cash. Approximately 14% of deferred members of the GWSPS accepted the ETV offer, at a cost of £5.8 million to the Group, with a net reduction in the funding deficit of £8.0 million. We are currently reviewing the launch of an ETV exercise for the TWGP&LAF scheme in 2012 subject to regulatory guidance.

Existing employees of the Company are offered a Defined Contribution (DC) pension called the Taylor Wimpey Personal Choice Plan (PCP). During 2011 this DC scheme was awarded the Pensions Quality Mark Plus by the NAPF, acknowledging that the PCP contribution levels, governance and communication meet the industry's highest standard.

The Group is planning for auto-enrolment in the UK and is comfortable with its progress to date, with the Staging Date forecast to be August 2013. The Group has begun the communication process with senior management and with regional employees, and is in the process of engaging a prospective supplier.

Going concern

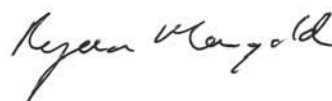
The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chief Executive's Review on pages 6 to 13. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in this Group Financial Review. In addition, Note 20 to the financial statements includes details of the Group's financial instruments, hedging activities and its exposure to and management of credit risk and liquidity risk.

The Directors remain of the view that, whilst the economic and market conditions continue to be challenging and not without risk, the Group's financing provides both the necessary facility and covenant headroom to enable the Group to operate within its terms for at least the next 12 months. Accordingly, the consolidated financial statements are prepared on a going concern basis.

Further information on going concern and risks facing the Group is contained in the Corporate Governance Report and Note 1 to the consolidated financial statements.

Accounting standards

The consolidated financial statements have been produced in accordance with International Financial Reporting Standards (IFRS) as endorsed and adopted for use in the EU. The financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board. There have been no changes to International Accounting Standards during 2011 that have a material impact on the Group results.



Ryan Mangold
Group Finance Director

Board of Directors & Group Company Secretary

The strength and depth of our Board and senior management adds value to the effective control and leadership of the Company.



Kevin Beeston

Chairman

Appointed to the post of Chairman in July 2010, Kevin chairs the Nomination Committee and is a member of the Remuneration Committee. He was appointed Chairman of Equiniti Group Limited in September 2011. Kevin is also a Non Executive Director of IMI plc and chairs two private businesses: Partnerships in Care Group Limited and Domestic & General Limited. He was formerly Chairman of Serco Group plc.

Pete Redfern

Chief Executive

Appointed as a Director and to the post of Chief Executive in July 2007 upon the merger of George Wimpey Plc with Taylor Woodrow plc. Pete is a member of the Nomination Committee. In addition he has full day-to-day operational responsibility for the UK Housing division. Prior to the merger he was Group Chief Executive of George Wimpey Plc and before that successively held the posts of Finance Director and Chief Executive of George Wimpey's UK Housing business. He is a Trustee of the homelessness charity Crisis.

Ryan Mangold

Group Finance Director

Ryan was appointed as a Director and to the post of Group Finance Director in November 2010 having previously held the post of Group Financial Controller since April 2009. Before joining Taylor Wimpey, Ryan was Group Financial Controller of Mondi Group for five years, prior to which he held a number of senior finance roles with the Anglo American plc group of companies.

James Jordan

Group Legal Director and Company Secretary

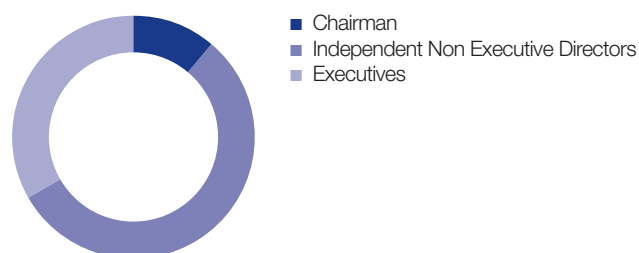
Appointed Group Legal Director and Company Secretary on 21 July 2011, James, a solicitor, was previously Group Company Secretary and General Counsel of George Wimpey Plc from February 2002 and, since the merger, of Taylor Wimpey plc. Before joining the Group, James held senior legal and company secretary roles in industry which included positions with The Rugby Group Plc and English China Clays Plc.

Robert Rowley

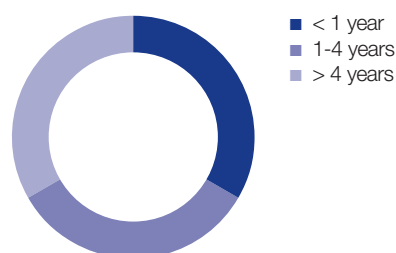
Independent Non Executive Director and Senior Independent Director

Appointed as a Non Executive Director in January 2010 and as Senior Independent Director in April 2010, Rob is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. He was previously a Director of Reuters Plc, Deputy Chairman of Cable and Wireless plc and a Non Executive Director of Prudential plc and Taylor Nelson Sofres plc. He is a Non Executive Director and Chairman of the Audit Committee of both Capital Shopping Centres Group plc (formerly Liberty International plc) and Moneysupermarket.com Group PLC.

Board composition



Board tenure



**Baroness Dean
of Thornton-le-Fylde**

Independent Non
Executive Director

Appointed as a Non Executive Director in July 2007, Brenda is a member of the Remuneration and Nomination Committees. She is a member of the House of Lords and is active in a number of public areas, including the House of Lords Appointments Commission. Brenda is Chairman of the New Covent Garden Market Authority and a Partnership Director of National Air Traffic Services. Previously Brenda was a Non Executive Director of George Wimpey Plc prior to its merger with Taylor Woodrow plc in July 2007 and a Non Executive Director of Dawson Holdings PLC.



**Anthony Reading
MBE**

Independent Non
Executive Director

Appointed as a Non Executive Director in July 2007, Tony is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. He was previously a Director of Tomkins Plc and Chairman and Chief Executive of Tomkins Corp. USA, a Non Executive Director of Spectris Plc and was a Non Executive Director of George Wimpey Plc prior to its merger with Taylor Woodrow. He is a Non Executive Director of Laird Plc and e2v Technologies plc.



Mike Hussey

Independent Non
Executive Director

Appointed as a Non Executive Director on 1 July 2011, Mike is a member of the Nomination Committee. He is Chief Executive of Almacantar, a private property investment and development company which he founded in February 2010, and a Trustee of Photographers Gallery Limited. He has held a number of senior roles in the property sector, most recently as an Executive Board Director of Land Securities plc, prior to which he was head of Leasing and Marketing for Canary Wharf Group plc, a partner at Knight Frank, Chairman of the Regeneration and Development Committee of the British Property Federation and a Trustee of LandAid, the property industry charity.



Kate Barker CBE

Independent Non
Executive Director

Appointed as a Non Executive Director on 21 April 2011, Kate is a member of the Audit and Nomination Committees. She is a business economist and is presently a Senior Adviser to Credit Suisse and a Non Executive Director of Electra Private Equity plc and the Yorkshire Building Society. Previously, Kate was a member of the Bank of England's Monetary Policy Committee (MPC) from 2001 until May 2010. During this period, she also led two major policy reviews for Government, on housing supply and on land use planning. Before joining the MPC she was Chief Economic Adviser at the CBI. Kate was awarded a CBE in 2005 for services to social housing.

Audit Committee
Current members:
Rob Rowley
(Committee Chairman),
Kate Barker and
Tony Reading.

 For more information
see pages 35 and 36

Nomination Committee
Current members:
Kevin Beeston
(Committee Chairman),
Kate Barker, Brenda Dean,
Mike Hussey, Tony Reading,
Pete Redfern and
Rob Rowley.

 For more information
see pages 34 and 35

Remuneration Committee
Current members:
Tony Reading
(Committee Chairman),
Kevin Beeston,
Brenda Dean and
Rob Rowley.

 For more information
see pages 35 and 39

Corporate Governance

The Board takes corporate governance very seriously. This Report explains the processes in place for the delivery of long-term success, compliance and shareholder value.



Dear shareholder

In line with recent best practice, I am pleased, for the first time, to open the Corporate Governance Report with a personal statement from me on the Company's approach to corporate governance. The Board takes corporate governance very seriously and this has been demonstrated over many years, with full compliance with the UK Corporate Governance Code (the 'Code') and its predecessor versions.

This Report therefore sets out and explains in clear terms the processes in place which are essential for the delivery of long-term success whilst ensuring that we comply with all applicable laws and regulations as well as, of course, meeting the requirements of our shareholders and their representative bodies.

In addition, this Report explains what your Board of Directors actually does and describes how it is responsible for setting the values of the Company, ensuring that the Company is run in the best interests of our shareholders and other stakeholders, and how it interacts with its shareholders in explaining the Company's strategic goals and performance against them.

During 2011 we have carried out our first comprehensive externally facilitated independent evaluation of the Board. More detail including the process is set out on pages 33 and 34. This process complied with the new requirements of the Code to have the exercise carried out externally once every three years. The exercise was carried out in good spirit and with the full support of the Board.

The Board welcomed Lord Davies' review of women on boards and endorsed his recommendations. As recommended by the review, I was pleased to make a statement in the Half Year Results announcement confirming our approach to diversity both generally and with regard to gender. Although the Board will continue to appoint on merit we recognise that boards will generally perform better when they include top quality people from a range of backgrounds and perspectives.

Following the sale of our North American business, the Board consists of nine Directors two of whom are women (22%) and we will aspire to maintain at least this level of diversity going forward consistent with our past practice. During the year the Board approved a Diversity Policy which can be found on the Company's Web site: plc.taylorwimpey.co.uk/CorporateResponsibility/Policies.

During 2011 the Board was refreshed, with Andrew Dougal and Katherine Innes Ker standing down as Non Executive Directors at the 2011 Annual General Meeting, and the appointments of Kate Barker and Mike Hussey as Non Executive Directors. The Executive composition of the Board also changed with Sheryl Palmer standing down following the sale of our North American business which was completed in July 2011, and James Jordan's appointment

to the Board as Group Legal Director and Company Secretary in July 2011. Going forward, diversity will be a key consideration when contemplating the refreshment of the Board as it was in the changes made to the Board over the past year.

The Board now enters a new phase in its development as we have become a focused primarily UK developer and housebuilder with a very clear strategy. Consistent with the 2011 AGM all Directors will be subject to election or re-election at the 2012 AGM – this is now a requirement of the Code and we complied with it ahead of schedule last year. Biographical details of each Director can be found on pages 28 to 29.

A key part of my role as Chairman of the Board is to ensure that the Board retains an appropriate level of independence in order to allow the Non Executive Directors to challenge the Executive constructively whilst also supporting them to implement the strategy and run the business effectively. Another key part of my role is to ensure that the Board has the right blend of skill, independence and knowledge.

Turning to our Committees, the Nomination Committee has been involved in not only refreshing the Board but also ensuring that succession plans are in place or being developed for all key positions throughout the Company and this is something which also came out of the 2011 evaluation of the Board. Our Remuneration Committee has carried out a detailed root and branch review of our remuneration policy at all levels within the organisation and further details are set out in the Remuneration Report on page 39. The review was not specifically aimed at Executive Directors and changed little at this level but where it has resulted in changes we have consulted with our major shareholders. The Audit Committee has continued to focus on risk management and it is very important that we continue to monitor closely our exposure on risks which could impact upon the future prospects of the Company. In addition to its regular compliance and review role the Audit Committee has specifically focused on emerging risk or regulation, including the Bribery Act and our own internal systems upgrades.

I look forward to meeting with many of you at the Annual General Meeting on 26 April 2012 and as always, along with all of your Directors, remain available to answer your questions at any time.

Yours sincerely

Kevin Beeston
Chairman

Statement of compliance

For the year ended 31 December 2011, the Company complied with all the provisions of the Code as updated by the Davies Report and with the provisions of the Disclosure and Transparency Rules on Audit Committees and Corporate Governance Statements (DTR 7). The Company also met the Association of British Insurers ('ABI') guidance that companies should comply with the Supporting Principle to Code Provision B.6 (Board Diversity) in the current reporting year. The Code is publicly available at www.FRC.org.uk.

The Board and its Committees

As at the date of this Report, the Board consists of nine Directors, namely: the Chairman, three Executive Directors and five Independent Non Executive Directors. Their names, responsibilities and other details appear on pages 28 to 29. Changes to the composition of the Board since 1 January 2011 are set out on page 51.

The role of the Independent Non Executive Directors is to offer advice and guidance to the Executive Directors, using their wide experience in business and from their diverse backgrounds. They also provide a constructive challenge, scrutinising the performance of the Executive Directors and satisfying themselves as to the integrity of the financial information made available both to the Board and to the shareholders. The Non Executive Directors also play an important part in the appointment or removal of Executive Directors and in general succession planning for the Board and other top executive positions immediately below Board level.

The Board met on nine occasions during 2011. Directors make every effort to attend all Board and applicable Committee meetings, as evidenced by the attendance records over several years. Where, exceptionally, a Director is unable to attend a meeting, it is Board policy that the Chairman and/or the Group Legal Director and Company Secretary (the 'Secretary') will, as soon as possible, brief the Director fully on the business transacted at the meeting and on any decisions that have been taken. In addition, the views of the Director are sought ahead of the meeting and conveyed to those attending the meeting by the Chairman and/or the Secretary as appropriate. Details of the attendance of each Director at Board and Committee meetings are set out in the tables on pages 32, 34 and 35.

The Board discharges its responsibilities by providing strategic and entrepreneurial leadership of the Company, within a framework of controls and a culture of openness and transparency, which enables opportunities and risks to be assessed and managed. It sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance.

The Board also defines the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are clearly understood and met. The Board is led in these respects by the Chairman, who ensures that the Board operates correctly, sets its culture and, by extension, the culture of the Company in its operations and its dealings with all stakeholders.

As also set out in our 2011 Corporate Responsibility Report, the Board is fully committed to providing a safe place in which our employees and sub-contractors can work and to high standards of environmental management. The Board receives detailed reports on health, safety and environmental matters at each Board meeting in respect of the Company's operations in the UK and Spain.

Operational management of the Company's business is undertaken by the Chief Executive who receives advice from the Group Management Team ('GMT'). The GMT is the most senior executive committee and in addition to the Chief Executive, consists of the Group Finance Director, the Group Legal Director and Company Secretary, the Group HR Director, the Land and Planning Director and the two UK Housing ('UKH') Divisional Chairmen.

The Board also receives regular reports and minutes from the Treasury Committee, which was established during the year under the chairmanship of the Group Financial Director, and comprises the Group Legal Director and Company Secretary, the Group Treasurer and a UKH Divisional Chairman. The key activities of the Treasury Committee are, broadly, to monitor and keep under review the Group's financial risks, financial policies, financial facilities and covenant compliance.

Our Board and Committee Structure



Corporate Governance Report continued

Taylor Wimpey plc Board

Kevin Beeston
Chairman



Number of meetings in 2011 **9**

Directors	Attendance
Kevin Beeston Chairman	9
Pete Redfern Chief Executive	9
Ryan Mangold Group Finance Director	9
James Jordan ^(a) Group Legal Director and Company Secretary	9
Rob Rowley Senior Independent Director	9
Kate Barker ^(b) Independent Non Executive Director	6
Brenda Dean Independent Non Executive Director	9
Mike Hussey ^(c) Independent Non Executive Director	4
Tony Reading Independent Non Executive Director	9
Andrew Dougal ^(d) Former Director	3
Katherine Innes Ker ^(e) Former Director	3
Sheryl Palmer ^(f) Former Director	5

(a) Appointed 21/07/2011. Attended five meetings as Group Company Secretary and, following his appointment to the Board, four meetings as Group Legal Director and Secretary

(b) Appointed 21/04/2011
(c) Appointed 01/07/2011
(d) Resigned 21/04/2011
(e) Resigned 21/04/2011
(f) Resigned 20/07/2011

The following documents are available for review on the Company's Web site plc.taylorwimpey.co.uk/InvestorRelations/CorporateGovernance:

- schedule of matters specifically reserved for the decision of the Board;
- terms of reference of the Board Committees: Audit, Nomination and Remuneration, which outline their objectives and responsibilities and which define a programme of activities to support the discharge of those responsibilities; and
- Board policies covering operational, compliance and stakeholder matters, which have been reviewed in detail during the year and updated to reflect developments in corporate governance (such as the adoption of our Diversity Policy in response to the Davies Report), changes in legislation (such as the Bribery Act 2010, which came into force during 2011) and revised processes (to respond to changes in the Group during 2011).

All Directors have access to the advice and services of the Secretary. The Board has an established procedure whereby Directors may take independent professional advice at the Company's expense where they judge it necessary to do so in order to discharge their responsibilities as Directors.

The Board took detailed advice during the first half of 2011 from J.P. Morgan Cazenove (our joint broker) ('JPMC'), J.P. Morgan Chase & Co. (a US investment bank) and HSBC Bank (Canada) with regard to the sale of the Group's North American businesses, which was legally completed on 13 July 2011.

Advice was also provided to the Board by PricewaterhouseCoopers LLP ('PwC') on the details of an Enhanced Transfer Value offer made to certain members of one of the Company's pension schemes.

The Board also receives at each meeting a report from JPMC on the sector and the relative performance of the Company's share price. JPMC also attended the Board during the year in order to provide a detailed presentation on the UK market.

All businesses and employees are expected to operate at all times to the highest standards of integrity and conduct in all matters concerning the Group. Accordingly, there is a Code of Business Conduct, which sets out the standard for individual dealings both internally and externally. Formal policies have been adopted, which set out the ethical framework within which all Taylor Wimpey companies are required to undertake their business. During the year, a policy approved by the Board on anti-corruption was implemented in order to ensure compliance with the Bribery Act 2010 by all employees, relevant third parties and the Company itself. These policies are available for review on the Company's Web site plc.taylorwimpey.co.uk/InvestorRelations/CorporateGovernance.

Board and Committee balance, diversity, independence and effectiveness

It is the Company's policy, in line with the Code, that the composition of the Board, proposed appointments to the Board, and succession planning, are each founded primarily on merit, judged against objective criteria, whilst also having due regard to the benefits of diversity, including gender, age, experience and thinking. The Board also recognises its responsibility to comply with the recommendations of the Davies Report and included, in its 2011 Half Year Results, a statement from the Chairman that it will aspire at least to maintain the current level of representation of women on the Board (two out of nine, representing 22% of Directors).

The Nomination Committee, which is composed of a majority of Independent Non Executive Directors, oversees on behalf of the Board the identification, assessment and selection of candidates for appointment to the Board. The Committee has a formal, rigorous and transparent process against objective criteria. Typically the process of appointment, prior to the decision of the Board, will include the engagement of recruitment consultants, interviews with all members of the Board and the taking up of detailed references.

The Nomination Committee also guides the Board in regularly assessing whether the Board has the correct balance of expertise and in arranging orderly succession planning for appointments to the Board and in respect of senior management across the Group. As part of this process, management below Board level is regularly provided with access to the Board, including the opportunity to attend Board Meetings in order to give presentations on specialist topics and project work.

The Board has adopted a policy on diversity which is available on our Web site plc.taylorwimpey.co.uk. Going forward, the Company plans to adapt its payroll systems in order to measure and monitor diversity around the Group more effectively. Currently (in addition to Board diversity referred to above) there is one woman out of seven on the GMT below the Board (14%) and one woman out of 24 Regional Managing Directors (4%). Across the Group the Company employs approximately 1,150 women representing 32% of the workforce.

Once the Company has more detailed information on the types and extent of various forms of diversity around the Group, it will then consider where recruitment, training and career development work is necessary with a view to ensuring that there is a suitable recruitment pool at all levels from which to increase diversity, where appropriate.

The Company's plans and progress in implementing its diversity policy will be benchmarked against its peers and appropriate targets will be set against which progress will be measured and monitored by the Nomination Committee and the Board.

Board and Committee roles and responsibilities

The work of each of the Board Committees (Nomination, Remuneration and Audit) is described later in this Report.

The Board has an established framework of delegated financial, commercial and operational authorities, which define the scope and powers of the Chief Executive and of operational management.

The roles and responsibilities of the Chairman and the Chief Executive have been clearly defined, set out in writing and signed by Kevin Beeston and Pete Redfern in line with the Code.

In order to assist Directors in complying with their duty to avoid conflicts (or possible conflicts) of interest, the Board must first give its clearance to such potential conflicts of interest (which would include directorships or other interests in outside companies and organisations) and an entry is then made in the statutory register which the Company maintains for this purpose.

Whenever any Director considers that he or she is, or may be, interested in any contract or arrangement to which the Company is or may be a party, the Director gives due notice to the Board in accordance with the Companies Act 2006 and the Company's Articles of Association. In such cases, unless allowed by the Articles, any Director with such an interest is not permitted to participate in any discussions or decisions relating to the contract or arrangement.

The Board undertakes a regular review of each Director's interests, if any, outside of the Company and currently remains satisfied that in line with the Code, all Directors are able to allocate sufficient time to the Company to enable them to discharge their responsibilities as Directors effectively. Where there are outside commitments, the Board is satisfied that they do not detract from the extent or quality of time which the Director is able to devote to the Company.

One of the new Main Principles introduced by the Code is that every Director should seek election or re-election, as appropriate, at each year's Annual General Meeting ('AGM'). Accordingly, at the AGM to be held on 26 April 2012 (and at each subsequent AGM), every Director, irrespective of the date of his or her appointment and the length of his or her service on the Board, will be submitted for election or re-election, as appropriate. This follows the process that was implemented for the 2011 AGM.

At the AGM, Mike Hussey and James Jordan, who were appointed as Directors since the last AGM, will stand for election to the Board in accordance with the Articles. All of the other Directors (including Kate Barker who was appointed to the Board immediately prior to the last AGM and subsequently elected at the AGM itself) will stand for re-election to the Board in accordance with the Code.

Details of the resolutions to be proposed in this respect and supporting biographical details of the Directors appear in the Notice of Meeting on pages 106 and 110-111.

The Board has reviewed and re-affirmed that it considers each of the Non Executive Directors to be independent in character and judgement and that there are no relationships which could affect the Director's judgement.

The Chairman, at the time of his appointment on 1 July 2010, met the independence criteria as set out in the Code.

In addition, and in line with the Code, the Chairman and the Senior Independent Director, independent of each other, hold meetings with the Non Executive Directors without the Executive Directors present.

Performance evaluation of the Board, its Committees and other functions

The 2010 Board evaluation was reported on in detail in last year's Report and one of the action points which came out of that was the need to maintain an ongoing review of Board composition including refreshment. This has been achieved as follows:

- Andrew Dougal resigned as a Director on 21 April 2011 after a long and distinguished period of service on the Board as an Independent Non Executive Director;
- Katherine Innes Ker resigned as a Director on 21 April 2011 after a long and distinguished period of service on the Board as an Independent Non Executive Director;
- Kate Barker CBE was appointed as an Independent Non Executive Director on 21 April 2011;
- Mike Hussey was appointed as an Independent Non Executive Director on 1 July 2011;

Corporate Governance Report continued

Directors' Report: Business Review
p02-27

- Sheryl Palmer, the President and CEO of the Group's North American businesses, resigned as a Director on 20 July 2011 following the sale of those businesses; and
- James Jordan was appointed as Group Legal Director and Company Secretary on 21 July 2011 having been Group Company Secretary and General Counsel of the Company since 2007, and previously held the same position with George Wimpey Plc.

The 2010 Board evaluation also highlighted a small number of other action points – all of which have been addressed – namely to improve further the overall Board process (including the need to enhance the overall Group succession planning processes), to provide additional information to the Board with regard to certain operational matters and to increase the number of specialist topics and presentations to be considered by the Board.

It is a requirement of the Code that, from 2011, the evaluation process be externally facilitated at least every three years. The 2011 evaluation was overseen by an external facilitator, Egon Zehnder International Limited, a specialist in the assessment of top-level management resources. Egon Zehnder provides no other services to the Company.

The 2011 evaluation process took the form of a detailed questionnaire prepared by Egon Zehnder covering all aspects of the Board and its Committees, which each Director completed on a confidential non-attributable basis. This was then followed by a meeting between each Director and representatives from Egon Zehnder to go through the responses to the questionnaire and to discuss each Director's views on the Board, the Board Committees and individual Directors.

As part of the process, the Chairman received comments on each Director from Egon Zehnder, following which he liaised directly with each individual Director to discuss the feedback on them from the exercise. Similarly, the Senior Independent Director received comments from each Director via Egon Zehnder on the Chairman, which he then reviewed with the Chairman.

Following completion of the exercise, Egon Zehnder formally presented their main findings and conclusions to the Board. The review also confirmed the ongoing independence of character and judgement of each Non Executive Director.

The report from Egon Zehnder was further reviewed by the Board and unanimously approved.

The 2011 Board evaluation and feedback from Egon Zehnder focused on a number of appraisal areas including: the balance of skills, experience and knowledge on the Board; information flows; the level of entrepreneurial leadership; strategy and the effectiveness and leadership of the Board Committees (i.e. the Audit, Nomination and Remuneration Committees).

The overall feedback from Egon Zehnder on the Board as a team was very positive including, the balance of the Board due to its diversity of skills and the Board's resilience, energy and openness.

Following receipt of the report and presentation of it from Egon Zehnder the Board then separately reviewed each specific appraisal area in detail and agreed actions where necessary – these include continuing the general refreshment of the succession planning process including with regard to the senior management teams, the improvement of reporting to the Board in certain defined areas and arranging for additional time to be devoted by the Board on strategy and risk related matters. The agreed actions will be kept under regular review by the Board.

Directors' Report: Governance
p28-64

Financial Statements
p55-105

Shareholder Information
p106-116

Nomination Committee

Reports directly to the Taylor Wimpey plc Board



Kevin Beeston, Chairman	
Number of meetings in 2011	2
Members	Attendance
Kevin Beeston	2
Kate Barker (appointed 21/04/2011)	2
Brenda Dean	2
Mike Hussey (appointed 07/07/2011)	0
Tony Reading	1
Pete Redfern	2
Rob Rowley	2
Andrew Dougal (resigned 21/04/2011)	0
Katherine Innes Ker (resigned 21/04/2011)	0

Main Objective

To ensure there shall be a formal, rigorous and transparent process for the appointment of new Directors to the Board, its Committees and to other senior roles and to ensure effective succession planning processes across the Group.

Information and professional development

The Company has procedures whereby newly appointed Directors (including Non Executive Directors) receive a formal induction. This includes training and continuing familiarisation with the Company's business, operations and systems, the principles underlying the discharge of their duties as Directors and wider issues relating to the housing sector.

All Directors visit Group operations on a regular basis, engaging with employees at all levels in order to foster and maintain an understanding of the business. Board visits are arranged each year to operations in both the UK and elsewhere within the Group. In 2011, in addition to individual visits, the Board visited operations in the Taylor Wimpey West London region over a three day period during which regional presentations and formal Board and Committee meetings took place, as well as site visits.

During 2011, a total of 14 presentations took place across the country, which were attended by staff from all the Company's Business Units, at which the Chief Executive and other senior management presented the Company's strategy first hand. This was a very successful exercise and was very well received by the Company's workforce.

The Group Legal Director and Company Secretary acts as Secretary to the Board and its Committees and he attends all meetings. It is Board policy that wherever possible a formal agenda and written reports are issued to Directors in respect of all Board and Committee meetings one week prior to the meeting, in order to allow sufficient time for detailed review and consideration beforehand. Formal minutes are prepared in respect of all Board and Committee meetings and are then circulated and submitted for approval at the next meeting. The Secretary provides regular briefings to the Board on regulatory and governance matters which are included as part of his formal regular reporting to the Board.

The Chairman, Chief Executive and the Secretary meet sufficiently in advance of each Board meeting in order to ensure action points from previous meetings have been implemented and to prepare the

Remuneration Committee

Reports directly to the Taylor Wimpey plc Board



Tony Reading, Chairman
Number of meetings in 2011 4

Members	Attendance
Tony Reading	4
Kevin Beeston	4
Brenda Dean	4
Rob Rowley	4
Katherine Innes Ker (resigned 21/04/2011)	2

Main Objective

To establish and maintain formal and transparent procedures for developing policy on executive remuneration and for agreeing the remuneration packages of individual Directors and senior executives and to monitor and report on them.

agenda and matters to be covered at the next and at future Board and Committee meetings as appropriate.

Board Committees and their work

Nomination Committee

The Committee is chaired by the Chairman of the Board and is composed of a majority of Non Executive Directors as required by the Code. Its members are set out in the table on page 34. As set out earlier in this Report, the Committee has procedures in place with regard to maintaining a formal, rigorous and transparent process for Board appointments, ensuring that appointments to the Board are made on merit and assessed against objective criteria. It guides the Board in regularly assessing whether there is a correct balance of expertise, reviewing progress towards compliance with the Davies Report and wider diversity considerations, and in arranging the orderly succession for appointments to the Board and in respect of senior management across the Group. A description of how appointments are typically made to the Board is set out on page 32.

The Committee met on two occasions during the year to consider, amongst other things, the appointments of the Directors appointed to the Board during 2011. Details of the attendance of each Director are set out in the table on page 34.

Remuneration Committee and remuneration

The Board's policy and approach to the setting of remuneration for Directors and senior executives and the activities of the Remuneration Committee are described in detail in the Directors' Remuneration Report on pages 39 to 50. The Committee is constituted in accordance with the Code and its members are set out above.

The levels of remuneration are considered by the Committee to be sufficient to attract, retain and motivate Directors and other senior management of the quality required to run the Company successfully, without being excessive. A significant proportion of Executive Directors' remuneration is linked to rewarding corporate and individual performance and there is linkage to effective risk management. There is a formal and transparent procedure for

Audit Committee

Reports directly to the Taylor Wimpey plc Board



Rob Rowley, Chairman
Number of meetings in 2011 3

Members	Attendance
Rob Rowley	3
Kate Barker (appointed 21/04/2011)	2
Tony Reading	3
Andrew Dougal (resigned 21/04/2011)	1

Main Objective

To assist the Board in fulfilling its corporate governance responsibilities relating to the Group's internal control framework, internal audit process, risk management, financial reporting practices and external audit process.

developing policy on executive remuneration and agreeing the remuneration packages of individual Directors, none of whom is involved in deciding his or her own remuneration.

The Committee is chaired by Tony Reading and consists of three Independent Non Executive Directors and also the Chairman of the Board. During the year the Remuneration Committee met on four occasions and details of the attendance of each Director are set out in the table above.

Audit Committee and auditors

The Committee is chaired by Rob Rowley. All members of the Committee are Independent Non Executive Directors as required by the Code. The Board has determined that Rob Rowley, who currently chairs the Audit Committee at both Capital Shopping Centres Group plc and Moneysupermarket.com Group PLC, has recent and relevant financial experience as required by the Code. The Chairman of the Company and other Non Executive Directors, the Chief Executive, Group Finance Director, Head of Internal Audit and other senior executives attend Committee meetings by invitation. Deloitte LLP is also invited to attend Committee meetings. The Committee also meets privately with representatives from Deloitte LLP during at least two Committee meetings per annum, which normally take place around the time of the Full and Half Year financial statements, in order to discuss any matters which the auditors may wish to raise without any Executive Directors (other than the Secretary) being present.

During the year the Audit Committee met on three occasions. Details of the attendance of each Director are set out in the table above. The meetings around the Full and Half Year results are typically also attended by the other Non Executive Directors.

The Committee's remit includes reviewing the internal control framework, the internal audit process, risk management, the financial reporting practices, the external audit process and recommending to the Board whether to re-appoint the external auditors. It ensures that the Board regularly assesses business risks including their management and mitigation. In doing so, the Committee places reliance on regular reports from executive management, Internal Audit and the external auditors. In monitoring

Corporate Governance Report continued

Directors' Report: Business Review
p02-27

the financial reporting practices the Audit Committee reviewed accounting policies, areas of judgement, the going concern assumptions and compliance with accounting standards and the requirements of the Code. During the year the Committee reviewed, prior to publication, the Full and Half Year financial statements and other statements affecting the Group concerning price sensitive information as necessary.

External auditor

Deloitte LLP are the Company's external auditor and will be proposed for re-appointment at the 2012 AGM. Their performance is kept under regular review by the Board and the Audit Committee.

Directors' Report: Governance
p28-64

The Deloitte partner responsible for the Company's external audit has acted in this capacity for three years, which is within the five year maximum period set out in the Smith Guidance, and there are no contractual restrictions on the Company's selection of its external auditor.

Appointment of the auditor for non-audit services

The Audit Committee has approved a policy on whether to employ the external auditor to provide services other than audit services. This policy requires that there should be a competitive tender process – except in narrowly defined circumstances where it is considered that, based on confidentiality, past knowledge and other commercial reasons, there is an advantage in using a single tender procurement procedure.

Financial Statements
p55-105

The Committee has determined that the following assignments should not be undertaken by the auditors:

- bookkeeping or other services related to the accounting records or financial statements;
- internal audit outsourcing services;
- the provision of advice on large Information Technology systems; and
- services connected with valuation, litigation support, legal, recruitment or remuneration.

Shareholder Information
p106-116

The Board is satisfied that this policy is conducive to the maintenance of auditor independence and objectivity. During the year the external auditor undertook non-audit work primarily related to key project work particularly in relation to the sale of the North American businesses.

The Audit Committee is satisfied that the carrying out of this work would not impair the independence of the external auditors and recognises that from time to time, there is a clear commercial advantage based on cost and timetable requirements in using the Company's auditors. As a result of a reduction in the overall level of major strategic corporate level project work, the level of non-audit services work significantly reduced from £2.8m in 2010 to £1.2m in 2011.

Internal Audit

The Internal Audit function reviews the effectiveness and efficiency of the systems of internal control in place to safeguard the assets, to quantify, price, transfer, avoid or mitigate risks and to monitor the activities of the Group in accomplishing established objectives. Internal Audit reports are provided to the Executive Directors, indicating improvements proposed or made where appropriate, and summaries of these reports are provided to the Board and

the Audit Committee. The Chief Executive, the GMT and senior management consider the reviews on a regular basis and are responsible for ensuring that improvements are made, where required.

The Internal Audit function also reviews proposed related party transactions, such as purchases by executives from Group companies, to ensure proper procedures are followed and that such procedures are undertaken in accordance with the formal policy in place.

An independent formal evaluation of the Internal Audit function was carried out on behalf of the Audit Committee during 2011 by PricewaterhouseCoopers. It appraised Internal Audit against seven key areas, based on leading practice in the internal audit area and relating to the housebuilding industry. The finding of their report was that Internal Audit is operating effectively.

A number of initiatives were introduced during 2011 to ensure the Company's Internal Audit function meets current best practice. An Internal Audit Charter codifies the aims, modus operandi and outputs of internal auditing; a rolling schedule of business improvements identified during internal audits is monitored against action taken by the businesses, with progress reviewed by the Audit Committee; and the performance of the Internal Audit team has been externally and independently appraised.

The Head of Internal Audit has direct access to the Chairman of the Audit Committee, the Chairman of the Board, the Chief Executive and the other Executive Directors. A database of audit recommendations and improvement initiatives is maintained. Follow-up processes ensure that such improvements are implemented in a timely manner.

Risk Management and Internal Control

The Group has established an ongoing process of risk management and internal control applying principle C2 of the Code. The Board is responsible for the effectiveness of the system of internal control, which has been designed and implemented to meet the requirements of the Group and the risks it encounters.

Internal Control is managed according to a framework which consists of clearly defined processes and objectives which are assigned to individuals. This framework defines the way the Company operates and how it is managed on a day-to-day basis. In the Group (UK) this is achieved through an established Operating Framework supported by functional manuals covering the main disciplines. Compliance with policies, processes and procedures is required to ensure business effectiveness and efficiency (see Management on page 37). Every employee is required to comply with Group policies and specific responsibilities and accountabilities are identified at each process level, yet the governance framework supports and encourages, individual and team initiatives. The control framework in place establishes procedures to identify, evaluate and manage significant risks faced by the Group. These procedures manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The successful management of risk is essential to enable the Group to deliver on its strategic priorities. The risk management framework consists of risk registers at all organisational levels which detail the risk faced by the Group, its operating companies

and the central service teams. The registers identify key operational and financial risks while strategic risks are identified as part of the business planning process although it is expected that strategic risks will be included on risk registers. The risk registers take into account the significance of environmental, social and governance matters of the Company and use a standardised methodology for the assessment of risk.

This methodology requires each risk identified to be assessed and ranked according to a risk matrix which accounts for the likelihood and impact of each risk. The risks identified are assessed for potential effect on the Company's short and long term value. The completion of risk registers is iterative and refreshed on an ongoing basis. The risk registers feed into a formal half yearly risk assessment that identifies the principal risks (see pages 12 to 13) and allows the Board to re-evaluate the identified strategic risks facing the Group.

The Board oversees the risk and control framework of the Group and the Chief Executive is responsible for implementing any necessary improvements with the support of the GMT. In line with our report last year and consistent with the Code, the Board increased the frequency of its formal risk reviews to half yearly and the GMT conducts a more detailed review as part of the business planning process.

In compliance with the Code, the Board regularly reviews the effectiveness of the Group's system of internal control in providing a responsible assessment and mitigation of risks. The Board's monitoring covers all controls, including financial, operational, compliance and assurance controls which include risk management. This process is based principally on reviewing reports from management to consider whether significant risks are correctly managed and controlled as part of managing the Group's operations. The Board is assisted in the assessment of risks by the Audit Committee's review of risk management procedures for appropriateness and effectiveness (see Audit Committee remit page 35). Throughout 2011 and into 2012 the Audit Committee continued to assess the Group's risk management and internal control framework by reviewing the business change issues and Internal Audit activities across the Group.

At its half year and year end meetings the Board reviewed the risk profile of the Group and the mitigating factors identified with the significant risks. At the year end meeting in February 2012 following the annual review by the Audit Committee on the effectiveness of internal controls and a formal half year assessment of risk, which included a detailed risk assessment by the GMT, the Board completed its annual assessment of risks for the year end 31 December 2011. The key risks affecting the Group were identified and agreed with the Board together with processes for their elimination or mitigation and actions required to reduce the likelihood of each risk to the Company and the Group.

A detailed review of the principal risks and uncertainties facing the Group is set out in the Business Review: Principal Risks and Uncertainties on pages 12 to 13.

Management

The Chief Executive has responsibility for preparing and reviewing strategic plans for the Group and the annual budgetary process. These are subject to formal approval by the Board.

As mentioned on page 34, following approval by the Board of the new Group Strategy which was announced on 19 September 2011 the Strategy was communicated to all employees through a programme of presentations carried out at business units around the Group.

Budgets are re-examined in comparison with business forecasts throughout the year to ensure they are sufficiently robust to reflect the possible impact of changing economic conditions and circumstances. The Chief Executive and the Board conduct regular reviews of actual results and future projections with comparison against budget and prior year, together with various treasury reports. Disputes that may give rise to significant litigation or contractual claims are monitored at each meeting of the Board with specific updates on any material developments or new matters.

The Group has clearly defined policies, processes and procedures governing all areas of the business, which will continue to be reviewed and refined in order to meet the requirements of the business and changing market circumstances. Defined authority limits continue to be closely monitored in response to prevailing market conditions. Any investment, acquisition or significant disposal of land requires detailed appraisal and is subject to approval by the Board or the Chief Executive, depending on the value and nature of the investment or contract.

There is a clearly identifiable organisational structure and a framework of delegated authority approved by the Board within which individual responsibilities of senior executives of Group companies are identified and can be monitored. These activities are reinforced through process compliance and other audits conducted by Internal Audit.

The annual employee performance appraisal process is objective-based, with individual objectives cascaded down from the appropriate business objectives. Reviews identify training needs to support achievement of objectives.

Whistleblowing

The Group's whistleblowing policy is supported by a clear process that includes an externally facilitated hotline through which any person, including employees of the Company, may, in confidence, raise concerns about possible improprieties in financial reporting, other operational matters or inappropriate personal behaviours in the work place. All whistleblowing cases are investigated by the Head of Internal Audit, Group Health and Safety Director (where appropriate), Group Human Resources Director and/or the Secretary depending on the nature and seriousness of the issue. Whistleblowing incidents and their outcome are reported to the Audit Committee. Whistleblowing is a standing item on each Audit Committee agenda which allows the Committee to regularly review the adequacy of the policy in line with its requirement to do so under the Code. During the year a number of initiatives took place to raise the profile of the whistleblowing service.

Relations with shareholders

The Board actively seeks and encourages engagement with major institutional shareholders and other stakeholders and supports the new initiatives set out in the Code and the Stewardship Code which aim to foster a more pro-active governance role by major shareholders. The Board has put in place arrangements designed to facilitate contact about business, governance, remuneration and other issues. This provides the opportunity for meetings with the Chairman, the Senior Independent Director as well as the Chief Executive, Group Finance Director, Group Legal Director and Company Secretary and other executives, in order to establish a mutual understanding of objectives. The Company also operates a structured programme of investor relations, based on formal announcements and publications covering the full year and half year results. During the year, the Company arranged an Investor Day which was attended by both potential investors and existing shareholders and provided an opportunity for the Company to give a number of presentations including an update on its strategy.

All Directors receive formal reports and briefings during the year about the Company's investor relations programme and receive detailed feedback through surveys, direct contact and other means, through which they are able to develop an understanding of the views of major shareholders about the Company.

The Board encourages all shareholders to participate in the Annual General Meeting, which is attended by all Directors. Shareholders' attention is drawn to the Notice of Meeting on page 106 which sets out details of the rights of shareholders in connection with the notice of, and participation in, general meetings of the Company.

Information about the Company, including full year and half year results and other major announcements, and additional information about shareholder facilities, is published on the Company's Web site plc.taylorwimpey.co.uk

Going concern

The consolidated financial statements have been prepared on a going concern basis and on a historical cost basis except as otherwise stated in the Notes to the Consolidated Financial Statements on pages 61 to 95.

The Taylor Wimpey plc Group's (the 'Group') business performance and position, along with the significant factors that are likely to influence its future activities are set out in the Chief Executive's Review on pages 6 to 13.

The Group has recorded profits in the current year and has significantly reduced its drawn debt facilities, partly due to the disposal of the North America business. The Group is still reliant on external debt financing and has to meet all the covenant measures included in its debt facilities. The Group has also prepared forecasts, with certain sensitivities, for a period of at least 12 months from the date of signing these financial statements, and as such the Directors are satisfied that, whilst market conditions have stabilised, there continues to be certain risks, including mortgage availability and weakened demand due to market environment. However, the Directors are satisfied that the Group will be able to continue to operate within the available financing facilities for at least the next 12 months from the date of signing these financial statements.

Accordingly the consolidated financial statements have been prepared on a going concern basis.

Remuneration Report

The aim of our remuneration policy is to attract, develop and retain leaders who are focused and adequately incentivised to deliver outstanding business results.



Dear shareholder

I am pleased to be able to take this opportunity in my capacity as Chairman of the Remuneration Committee to summarise the ongoing policies of the Committee and the work that has been carried out during 2011, which, as set out in last year's Remuneration Report, included a detailed review of the Company's remuneration at all levels across our businesses. The main outcomes of the review are summarised briefly below and did not result in any material changes proposed at Executive Director level.

Consistent with past practice, the Committee has engaged in a dialogue with key institutional investors and shareholder representative bodies with regard to Director level remuneration and in particular on some adjustments to the long term incentive plans, short term incentive and salary, all of which is covered later in the report. As in previous years, the Committee has taken into account the feedback which it has received and is very grateful for the constructive engagement.

The long term philosophy for remuneration has remained one which is focused upon attracting, developing and retaining leaders who are focused and incentivised to deliver the Company's business priorities and strategy, all within a framework which is aligned with the interests of the Company's shareholders.

The Committee has followed the principles of good governance relating to Directors' remuneration as set out in the Main Principles, Supporting Principles and Code Provisions of the UK Corporate Governance Code (the 'Code') relating to remuneration. The Committee has reviewed and taken into account a number of governance related developments and guidance issued during the year including the remuneration guidelines and guidance issued by the Association of British Insurers ('ABI') and RREV.

Key developments during the year included the following:

- the carrying out of a wide-ranging review of the reward structure across the business;
- as part of the Board's desire to increase the levels of share ownership in the Company by employees, the decision to introduce from 2012 an opportunity for employees (not included in the executive short term incentive arrangements) to receive an enhanced bonus if they elect to take the award entirely in shares and agree to hold them for twelve months;
- the maintenance of the all-employee share plans (the Taylor Wimpey save as you earn plan and the share incentive plan) which are designed to encourage and enable employees to acquire shares in the Company on favourable terms;

- further extending revised share ownership guidelines below the level of the Group Management Team in order to increase the alignment of interest between our senior executives and shareholders;
- the introduction, during 2012, of a 'Land Value Plan' for designated key executives (below Executive Director level) which is designed to reward enhancement in returns on land development; and
- expanding the concept of clawback of short term incentives for executives principally in the event of a material misstatement of the Company's accounts.

As part of the 2011 remuneration review, the Committee also took the opportunity to review the remuneration of the Executive Directors, although that was not the main objective of the review. The Committee concluded that the remuneration should remain largely unchanged for 2012 and therefore the maximum bonus will remain capped at a maximum of 130% of salary with 25% of any payment again being required to be deferred into shares in the Company for three years with no matching.

As set out later in the report, we have also made some adjustments to the long term incentive plan in order to ensure the targets remain aligned with the Company's strategy but without changing the overall structure or challenging nature.

Turning to salaries, Pete Redfern and James Jordan will this year receive the standard staff increase of 2.5%. Ryan Mangold, who was promoted to Group Finance Director in November 2010, will receive an increase of 8.5%. This level of increase reflects the fact that upon appointment, Ryan Mangold's salary was acknowledged by the Committee to be below market level and, as disclosed to shareholders last year, subject to performance and other factors, the Committee expects to bring his salary up to a mid market level in 2013.

The Committee believes that it has developed a remuneration structure that will both support and motivate our senior team whilst aligning them both to the Company's strategic objectives and to achieving long term growth for our shareholders. I hope that you will be able to support the Committee's policy at this year's Annual General Meeting.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Tony Reading', written over a light blue horizontal line.

Tony Reading
Chairman of the Remuneration Committee

Remuneration Report continued

Introduction

The role of the Remuneration Committee (the 'Committee') is to recommend to the Board a strategy and framework for remuneration for Executive Directors and senior management in order to attract and retain leaders who are focused and incentivised to deliver the Company's business priorities within a remuneration framework which is aligned with the interests of our shareholders.

The Committee has adopted the principles of good governance relating to Directors' remuneration as set out in the Code which applied to the Company from 1 January 2011. The Company also complied with the Listing Rules of the Financial Services Authority, and with the relevant provisions of the Companies Act 2006 and regulations thereunder (the 'Regulations').

The Regulations require that the Company's auditors report to shareholders on certain parts of this report and state whether in their opinion those parts of it have been properly prepared in accordance with the Regulations. Accordingly, the Report has been divided into separate sections consisting of unaudited and audited information. A resolution to approve this report will be proposed at the Annual General Meeting of the Company on 26 April 2012 ('AGM'). Details of the resolution and its status as an advisory vote are set out on page 107 and page 112 respectively.

This report has been prepared by the Remuneration Committee on behalf of the Board.

The Company's remuneration policy and practices are kept under regular review by the Committee which consults with the Company's major shareholders and their representative bodies as appropriate. During 2011, the Company conducted a thorough Remuneration Review across all levels of its business. The main objective of the review was to ensure that the remuneration arrangements support the remuneration strategy as outlined in this report. Details of the outcome of the review are set out later in this report and were reviewed by the Committee in detail.

Detailed information on the application of these remuneration policies during 2011 and during 2012 to the date of this report, is set out below.

Part 1: Unaudited information: Remuneration Committee

The Remuneration Committee has clearly defined terms of reference which are available on the Company's Web site plc.taylorwimpey.co.uk. The key remit of the Committee is to recommend to the Board the remuneration strategy and framework for Executive Directors and senior management in line with the Code and related investor guidance. Within this framework the Committee's main responsibilities are to:

- establish and maintain formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors, and to monitor and report on them;
- determine the remuneration, including pension arrangements, of the Executive Directors;
- monitor and make recommendations in respect of remuneration for the tier of senior management one level below that of the Board;
- approve annual and long term incentive arrangements together with their targets and levels of awards;
- determine the level of fees for the Chairman of the Board; and
- select and appoint the external advisers to the Committee.

The Committee currently comprises three Independent Non Executive Directors and the Chairman of the Board. Tony Reading is the Committee Chairman and he chaired the Committee throughout the year. The other members of the Committee are Kevin Beeston, Brenda Dean and Rob Rowley. Membership of the Committee is in line with the Code.

Katherine Innes Ker was a member of the Committee until she stood down from the Board on 21 April 2011.

Details of attendance at Remuneration Committee meetings held during 2011 are set out in the table on page 35.

No Director or other executive is involved in any decisions about his/her own specific remuneration.

Advice to the Committee

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate.

The Committee appoints its own independent remuneration advisers and during the year it continued to retain the services of New Bridge Street (an Aon Hewitt company). New Bridge Street's ultimate parent company is Aon Corporation following the merger between Aon and Hewitt) and is a trading name of that organisation.

New Bridge Street provides no other services to the Company. The wider Aon Corporation group of companies provides insurance broking and pension administration support services to the Company and the Committee is satisfied that the provision of such services, which existed prior to the above mentioned merger, does not create any conflicts of interest.

The Committee also receives legal advice from Slaughter and May as and when necessary.

Advice was also provided to the Board by PricewaterhouseCoopers LLP ('PwC') on the Enhanced Transfer Value ('ETV') Offer which was offered to the majority of deferred members of the George Wimpey Staff Pension Scheme on 2 August 2011. The Offer consisted of a pension enhancement of 10% of the transfer value, plus a further 5% enhancement on the transfer value, which the member could either elect to take as a cash lump sum or as a further pension lump sum. It is anticipated that around 14% of the eligible membership will accept the Offer. Approximately £36.3m of liabilities have been removed from the Scheme on a Valuation basis, with a corresponding deficit reduction of £8.0m (£46.1m on a Buyout basis). The Company also proposes to run a similar ETV exercise for deferred members of the Taylor Woodrow Group Pension and Life Assurance Fund in 2012.

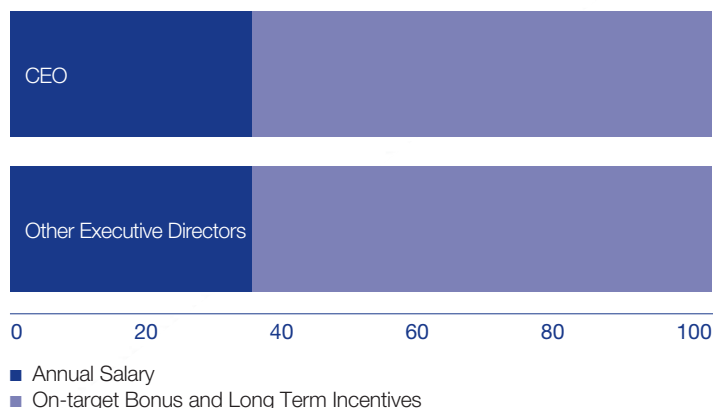
In line with the statement that was included in last year's Remuneration Report relating to fees, and also reflecting recent best practice guidelines, the fees paid to the Committee's main adviser – New Bridge Street – in 2011 were £137,000 (2010: £74,000) representing a full year's appointment. On behalf of the Committee, New Bridge Street were closely involved in the 2011 remuneration review.

The Chief Executive, Group Legal Director and Company Secretary and the Group Human Resources Director attend Committee meetings by invitation only but are not present for any discussions that relate directly to their own remuneration.

Remuneration policy

A key part of the Committee's role is to ensure that the remuneration of Executive Directors and senior management is aligned to the Company's strategic objectives as set out earlier in this Annual

Proportion of fixed to performance-based remuneration (%) (2012)



Report. It is, of course, key that the Company is able to attract and retain leaders who are focused and also appropriately incentivised to deliver the Company's strategic objectives within a framework which is aligned with the interests of the Company's shareholders. This alignment is achieved through a combination of deferral into shares of a percentage of the short term incentive arrangements for Executive Directors, shareholding requirements and also via retention requirements which apply to any shares that vest under long term incentive plans including the new Land Value Plan – details of these requirements are set out later in this Remuneration Report on page 45.

The Committee's remuneration strategy continues to ensure that a significant percentage of the overall package of Executive Directors and senior management remains at risk.

With all packages substantially geared towards share incentive schemes and performance, the Committee believes that the pay and benefits of its Executive Directors and senior management adequately takes account of reward versus risk. The chart above shows the proportion of fixed to performance based remuneration for 2012. Fixed remuneration comprises base salary. Performance based remuneration comprises an annual short term cash incentive and, for the CEO and other Directors, a long term incentive plan. The chart illustrates the mix of remuneration assuming that target levels of short term incentive arrangements and the annualised expected value of long term incentive provision are met.

In line with the Association of British Insurers' ('ABI') Guidelines on Responsible Investment Disclosure, the Remuneration Committee ensures that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance ('ESG') risks by inadvertently motivating irresponsible behaviour. More generally, the Committee under its terms of reference may, where it considers appropriate, take ESG matters into account when considering the overall remuneration structure. The Committee considers that no element of the remuneration arrangements will encourage inappropriate risk taking or behaviour by any executive.

External non executive director positions

Subject to Board approval and provided that such appointments fall within the general requirements of the Code (and do not give rise to any conflict issues which cannot be managed by the Board), Executive

Directors are permitted to take on non executive positions with other companies. Executive Directors are permitted to retain their fees in respect of such positions. During 2011 and up to the date of this Report, no Executive Director held any relevant non executive positions.

2011 Remuneration Review

During 2011, the Committee undertook a comprehensive review of remuneration across the Group and for all levels of employee.

The key findings of this review were:

- the remuneration framework is considered to be competitive and operates within a structure that is fit for purpose;
- the share ownership guidelines for senior executives required updating for current circumstances and could be widened;
- the balance of remuneration linked to longer-term performance should be increased for some employee groups;
- the Company could do more to encourage employees to become shareholders, although the two all-employee share schemes are a very positive start; and
- improving the level of flexibility and choice in the reward package would help support and motivate a diverse employee population.

As a consequence of the review, the Company has updated its shareholding requirement and has launched a number of initiatives in 2012. These include: the ability for many employees not participating in the executive short term incentive arrangements to elect to take their performance payment in shares rather than cash; the introduction of the Land Value Plan; improvements to the company car scheme; and a number of new flexible and voluntary benefits.

The exercise was considered very useful and the Committee intend to undertake a similar review on a three yearly basis, as set out in last year's report.

Base salary

The Remuneration Committee reviews the base salaries of Executive Directors annually in order to ensure that they remain competitively aligned with external market practices and are competitive when measured against FTSE peers.

When the Committee considers base salaries, it seeks independent advice from New Bridge Street and takes into account the following:

- the performance, role and responsibility of each individual Director;
- the economic climate, general market conditions and the performance of the Company;
- the level of pay awards across the rest of the business; and
- salary levels in comparably-sized companies and other major housebuilders.

With effect from 1 April 2012, and in line with the general increase awarded to all staff (subject to a small number of exceptions), the Committee has decided to award Pete Redfern and James Jordan an increase of 2.5%.

Ryan Mangold: in last year's report it was reported that following his appointment to the role of Group Finance Director in November 2010 his salary had been increased to £285,000 (£292,125 with effect from 1 April 2011) which is below the Committee's assessment of a mid market salary for this role. It was also reported that the Committee expected to increase his salary to a mid market level over time. Accordingly, based on Ryan Mangold's increased experience and

Remuneration Report continued

Directors' Report: Business Review
p02-27

performance, the Committee has awarded an increase of £24,831 (8.5%) with effect from 1 April 2012 and subject to ongoing performance intends to make a further similar increase in 2013 with a view to achieving an appropriate mid market base salary position.

There was no further salary increase implemented for James Jordan when he joined the Board on 21 July 2011.

The Committee acknowledges the revised ABI and RREV remuneration guidelines and guidance and believes that whilst undertaking comparator reviews is important as a point of reference for determining the appropriate salary for specific roles, it does not undertake salary comparisons simply to apply a median position. The Committee is also aware of the multiplier effect that increasing base salary has on overall remuneration packages.

Reflecting the above increases of 2.5% for Pete Redfern and James Jordan and 8.5% for Ryan Mangold, the salaries of the Executive Directors effective from 1 April 2012 are as follows:

Name	Amount
Pete Redfern	£735,437
James Jordan	£341,453
Ryan Mangold	£316,956

Salaries are paid monthly and in cash via bank transfer.

Other benefits, including benefits-in-kind

The Executive Directors receive additional benefits which include an expensed Company-provided car or a cash allowance in lieu, life assurance and private medical insurance. Benefits-in-kind are not pensionable.

Details of the pension arrangements in place for Executive Directors are set out later in this report.

Short term incentive arrangements ('STIA')

The Company operates performance related STIAs based on achieving annual stretching performance targets.

The maximum STIA opportunity for Executive Directors is set at 150% of base salary. However, in 2009 and 2010, the Remuneration Committee capped the STIA opportunity for its UK based Executive Directors at 75% of the maximum potential of 150% of salary which equated to a maximum opportunity of 112.5% of base salary.

As reported in last year's report, for 2011 in light of the Company's improved profitability, and following consultation with shareholders, the Committee determined that whilst it remained appropriate for there to be a cap set at a level below the maximum STIA opportunity of 150% of base salary, it should be increased from 112.5% of base salary to 130% of base salary which equated to 86.6% of the maximum potential of 150% of base salary.

For 2012, the Committee has again reviewed the cap and has decided that it currently remains appropriate to retain a cap set at a level below the maximum STIA opportunity of 150% of salary. The Committee has therefore decided, following consultation with shareholders, that it should be set at the same level that was applied for 2011, namely at 130% of base salary, which equates to 86.6% of the maximum potential of 150% of base salary.

Consistent with 2010 and 2011, Executive Directors will be required to defer 25% of the STIA paid in respect of 2012 performance into shares in the Company for three years. Deferrals have no matching element or performance criteria but generally require the Director to remain in

employment for the full period in order for vesting to take place. This deferral is designed to further align the interests of Directors with shareholders.

The STIA has a clawback mechanism which the Committee reviewed during the year as part of the Remuneration Review, such that it now applies to all participants (rather than to Executive Directors only) and allows the Company to claw back bonuses (and not just deferred elements) in the event of a material misstatement of the Group's accounts and also now for other defined reasons.

For 2011, the Committee measured performance against each individual performance target (the 2011 performance targets were based upon a number of measures including PBIT, cash performance, ROCE, order book, build costs, customer services, the achievement of strategic objectives/successful debt reduction and waste tonnage) which has resulted in a payment to the Executive Directors of 81.9% of their maximum STIA potential, of which 25% is required to be deferred into shares for three years, as described above. Some of the 2011 performance targets were met in full whereas others such as those relating to cash performance, ROCE and order book were partially met.

The amounts paid to Pete Redfern, Ryan Mangold and James Jordan in respect of 2011 are set out in the remuneration table on page 47.

Challenging and specific targets for 2012 have been put in place for the Executive Directors by the Committee and these are detailed below. The Committee has made the targets more challenging to achieve and has replaced the build cost target with a stretching relative margin target recognising the importance of achieving this target for the Company:

Measure	Weighting
PBIT	40%
Cash generated (before land spend)	15%
ROCE	10%
Order book	15%
Customer service	5%
Relative margin (compared to other housebuilders)	10%
Waste tonnage reduction	5%

A build cost target has remained in place for executives below Executive Director level as it remains a key area of focus and it is considered that such executives are closer to this objective.

No element of any STIA is pensionable.

Sheryl Palmer's long term incentive plans awards

Sheryl Palmer (President of the Taylor Morrison North America business) stood down from the Board of Taylor Wimpey plc on 20 July 2011 following the sale of the Company's North American business. Details of her remuneration up to the date of her standing down are set out in the remuneration table on page 47.

Sheryl Palmer was awarded long term incentive awards in 2009 and 2010 and in line with the policy applied to designated 'good leavers' these awards will be reduced pro rata to the date of her leaving and will be performance tested at the end of the applicable performance period which will be at the same time as other participants and based on the same tests.

Details of Sheryl Palmer's long term incentive awards and the effect of the pro-rating are set out in the table on page 49.

Directors' Report: Governance
p28-34

Financial Statements
p55-105

Shareholder Information
p106-116

Long Term Incentive Plans

Current plans

The Company has two long term incentive plans: the Taylor Wimpey Performance Share Plan ('TWPSP') and the Taylor Wimpey Share Option Plan ('TWSOP'), both of which were approved by shareholders at the 2008 Annual General Meeting.

Other than in exceptional circumstances, the combined value of awards made under the two plans may not exceed that of an expected value of a TWPSP award with a face value of 200% of base salary, in the case of Executive Directors, or 300% of base salary in the case of other employees. The Committee has not made any exceptional awards in excess of these limits since the plans were introduced. In calculating the value of awards, one TWPSP award is deemed to have the same expected value as two options granted under the TWSOP.

The Committee's policy continues to be to make awards under the TWPSP only. Awards of performance shares provide better alignment with shareholders than awards of share options, as they deliver the full value of the shares, which can increase and decrease over the performance period.

LTIP Performance Criteria

Name	2009	2010	2011	2012
TWSOP	Absolute ROCE (50%)	–	–	
TWPSP	–	Absolute ROCE (40%)	Absolute ROCE (30%)	Absolute ROCE (30%)
	TSR vs FTSE 250 (25%)	TSR vs FTSE 250 (30%)	TSR vs FTSE 250 (20%)	TSR vs FTSE 250 (20%)
	TSR vs industry peer group (25%)	TSR vs industry peer group (30%)	TSR vs industry peer group (20%)	TSR vs industry housebuilders index (20%)
	–	–	Margin (30%)	Margin (30%)

2012 awards

The performance targets governing the vesting of these awards are set out in the LTIP Performance Criteria table above and are substantially based on the targets put in place with regard to the 2011 awards namely, Margin, Total Shareholder Return ('TSR') and Return on Capital Employed ('ROCE').

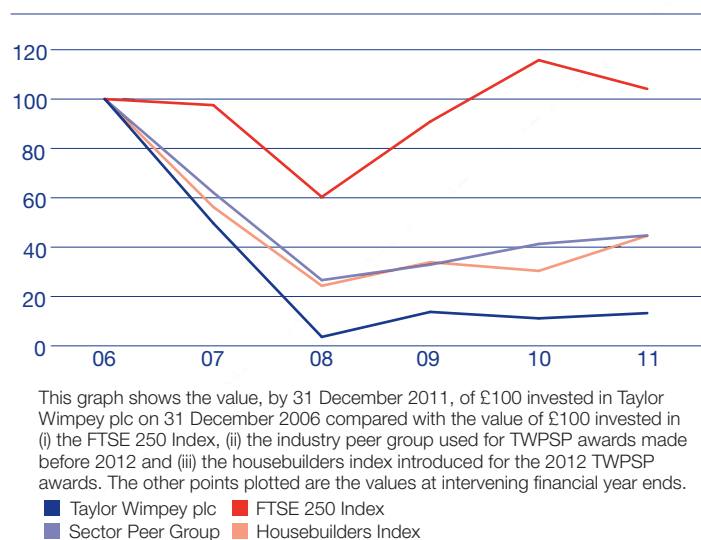
Margin: margin achieved on new homes by the UK business was introduced as a measure in 2011. The Committee regards margin as a key measure for the Company and the housebuilding industry and the inclusion of margin improvement is consistent with the strategy that has been presented to shareholders. Following the sale of the North American business during 2011, from 2012 onwards, the measure will now be based on the Group as a whole rather than on UK margins only.

Challenging targets have again been put in place by the Committee requiring the achievement of double digit margins in the 2014 financial year. The margin targets for the 2012 awards are as follows:

	% of this element of the award vesting	Margin in 2014
Below Threshold	0%	Less than 10%
Threshold	20%	10%
Maximum	100%	13%
Between threshold and maximum	20%-100%	10%-13%

Total shareholder return

Source: Thomson Reuters



TSR performance will continue to be measured against two TSR peer groups as in previous years. However, whereas previous awards have used a FTSE 250 peer group and a sector group comprising of housebuilders and building materials related companies, the Committee has decided that for future awards the sector group should be replaced with a 'Housebuilders' index (Barratt Developments, Bellway, Berkeley Homes, Bovis Homes Group, Galliford Try, Persimmon and Redrow), as using a more focused group will provide a more appropriate benchmark for the Company's performance. Given that using a comparator group with this relatively small number of comparators may prove difficult if a traditional ranking approach to TSR measurement is used, the Company's TSR performance will be measured on an 'index +' basis with the TSRs of the comparators being averaged to create an unweighted index. No vesting will occur unless the Company's TSR is at least equal to the index, with full vesting occurring if the Company's TSR is at least equal to the index plus 8% p.a. on a multiplicative basis (i.e. if the TSR of the index is 100% over three years, the TSR required for maximum vesting of this element of the award would be approximately 126%).

The level of performance required for maximum vesting is intended to be at least as stretching as the conditions which applied to the first awards made under the TWPSP and has been arrived at based on analysis carried out by the Committee's independent advisers New Bridge Street on historic levels of upper quartile performance among the companies in the index. The Committee considers that TSR performance remains appropriate as it rewards management for delivering superior returns to shareholders than its peers.

Remuneration Report continued

ROCE is also considered an appropriate measure, as it directly measures the efficient use of capital. For the 2012 award (and future awards), the definition of ROCE will be aligned with the Company's Return on Net Operating Assets (RONA), which is a strategic priority and will also provide consistency with the Company's external reporting. RONA is defined on page 1 of the Annual Report as 'operating profit, divided by the average of the opening and closing net operating assets, which is defined as capital employed plus intangibles less tax balances'. The ROCE targets for the 2012 awards, which will be measured in the 2014 financial year, are as follows:

	% of this element of the award vesting	Absolute ROCE in 2014
Below threshold	0%	Less than 10%
Threshold	20%	10%
Maximum	100%	20%
Between threshold and maximum	20%-100%	10%-20%

Consistent with award levels made in 2011 and following consultation with shareholders, the Committee has determined award levels for Executive Directors will be maintained at 200% of salary. Details of the 2012 awards under the TWPSP will be included in next year's Remuneration Report.

Land Value Plan

Arising out of the 2011 remuneration review, the Company is introducing the Taylor Wimpey Land Value Plan ('LVP') in 2012 for designated senior executives below Executive Director level. The LVP is designed to reward participants for managing the landbank in a way which adds value, through a combination of managing and adding value to the existing land portfolio and buying land and adding value over and above the base case for each acquisition. Performance will be measured over a three year period and awards to senior participants will be in shares which will be required to be retained for 12 months. In time the Committee may consider making LVP awards to the Executive Directors. Any such participation (if any) will, however, be subject to a prior and comprehensive shareholder consultation and if introduced there would be a corresponding reduction in award levels under the TWPSP.

Previous awards

Vesting of the awards made during 2009, 2010 and 2011 is subject to the achievement of a combination of Return on Capital Employed ('ROCE'), relative TSR performance and, for the 2011 awards only, operating margin. The table on page 43 summarises the performance conditions attached to each year's awards – straight line vesting takes place between the minimum and maximum vesting levels as set out in the table above. Awards were made under the TWPSP and TWSOP for 2009 and under the TWPSP only for 2010 and 2011.

With regard to the awards made in 2008, in addition to the ROCE and EPS tests not being met (as reported in the 2010 Remuneration Report), the TSR performance criteria were also not met and therefore it can now be confirmed that no vesting took place for any participant under these awards. Accordingly, these awards have now lapsed in full.

Performance testing for the 2009 awards which were made in August of that year will be undertaken at the conclusion of the performance period at the end of 2012, with any vesting to only take place after the announcement of the Company's 2012 Full Year results in March/April 2013.

With regard to the awards made in two equal tranches in March and August 2010, performance testing will be undertaken at the conclusion of the relevant performance period, namely, at the end of 2012 and

30 June 2013. Any vesting will only take place after the announcement of the 2012 Full Year results (in or around March 2013) in respect of the first tranche and after the Half Year results in or around August 2013 in respect of the second tranche.

During 2011, awards were made to 21 executives (2010: 23) over an aggregate of 11,902,398 shares (2010: 13,879,107), based on a share price of 41.18 pence (35.15 pence for the later grant for a new joiner below Director level) (2010: 40.01 pence, 35.1 pence and 31.3 pence). Dependant upon the performance conditions as set out in the table on page 43, the awards will be tested after the conclusion of the performance period at the end of 2013 with any vesting to only take place after the announcement of the 2013 Full Year results in or around March 2014 (save for one award made later to a new joiner below Board level which will only be capable of vesting on 3 October 2014).

Details of awards made to Executive Directors appear on pages 48 to 49.

Taylor Wimpey Share Option Plan

Awards under this plan may be income tax-approved up to HMRC's aggregate limit of £30,000. Awards normally vest after three years from the start of the performance measurement period (four years for awards made during 2009) provided that the performance condition has then been achieved. No awards were made under the TWSOP in either 2010 or in 2011 and no awards will be made under the TWSOP in 2012. Details of awards held by Executive Directors appear on pages 48 to 49.

Additional performance tests

An underlying requirement for any vesting under the current share-based incentive plans is that at the time of approving the vesting, the Committee must be satisfied with the overall financial performance of the Group.

With regard to margin performance measure, the Committee will retain the right (as part of its overall discretion) to reduce the vesting of this part of the award if volumes (i.e. the number of homes sold) have not been satisfactory during the relevant performance period.

All-employee share plans

The Company encourages share ownership by employees in order to help to align employee interest with that of the Company and its shareholders. Accordingly, it operates two all-employee share plans, a Sharesave Plan and a Share Incentive Plan ('UK Share Purchase Plan'). Both Schemes are HMRC approved and have standard terms under which all UK employees with at least three months' service can participate. During 2011, 800 employees (2010: 600) applied to join the Sharesave Plan. Options were granted over 15,030,026 shares (2010: 11,532,281) at an option price of 24.04 pence per share (2010 22.88 pence per share). A total of 663 participants (2010: 568) contributed to the UK Share Purchase Plan and purchased 1,408,537 partnership shares (2010: 1,563,702). Such shares are eligible for a 1:1 match if held for three years. Details of awards held during the year by Executive Directors appear on pages 48 to 49.

Performance graph

The graph on page 43 shows the Company's performance, measured by TSR, for the five year period to 31 December 2011, compared with the performance of the FTSE 250 Share Indices and the TWPSP sector peer group used for awards made up to 2011 and the new Housebuilders index to be used from 2012.

The FTSE 250 and the peer group comparator groups are those used in successive years' awards under the TWPSP and TWSOP, described above. The FTSE 100 is not shown as it is no longer used as a performance measure for the share plans.

Other share plan information

In accordance with International Financial Reporting Standards, details of the sources of shares issued or transferred during the year to meet maturing or vesting rights under the Company's share-based reward schemes, and the potential further requirement for shares to satisfy options and awards outstanding at the end of the year, are shown in Note 23 to the consolidated financial statements. Share plans are also compliant with the ABI's dilution guidelines and meet investor guidelines.

The Company's present intention is to meet the requirement for shares in respect of share plans by a mix of market purchases and utilising the remaining balance of shares in the appropriate Employee Share Trust, wherever it is possible to do so. Where there are relatively small requirements for shares, these may continue to be met for administrative convenience from other sources, including new issue.

Share ownership guidelines

As part of the Remuneration Review, the Remuneration Committee has reviewed its share ownership guidelines in order to encourage greater levels of shareholding by employees at all levels within the Company and the Committee has also taken into account comments received from key institutional shareholders and investor bodies.

The guidelines have been extended to cover a larger number of executives who participate in share schemes, with all participating executives required to build up shareholdings through the retention of shares vesting under the Company's share plans.

Following the review, Executive Directors are still expected to maintain a qualifying interest in ordinary shares of broadly equivalent in value to not less than their annual base salary and should do so within five years of their appointment. As part of this requirement, Executive Directors are required to retain at least 50% of their net of taxes gain arising from any shares vesting or acquired pursuant to the Company's long term incentive share plans, until such time as the guidelines have been met. The net amount of shares held on trust by way of deferral under the STIA will continue to count towards the target shareholding for each Executive Director. Members of the Group Management Team and other designated executives are expected to maintain an interest of equivalent to 50% and 20% of their base salaries respectively and will accordingly, be required to retain at least 50% of shares vesting or acquired pursuant to the Company's long term incentive plans until such guidelines are met.

The Committee will continue to keep these guidelines under regular review to ensure that they remain both reasonable and appropriate having regard to all relevant circumstances. These guidelines are intended to demonstrate the Committee's commitment of aligning the interests of its Executive Directors and management with those of its shareholders.

The Chairman and the Non Executive Directors are also encouraged to hold shares in the Company in order to align their interests with those of shareholders.

Pension arrangements

Details of the Group's principal UK pension schemes are given in Note 21 on page 83 to the consolidated financial statements.

Taylor Wimpey Pension Schemes

Taylor Wimpey Personal Choice Plan ('PCP')

The PCP was introduced on 1 April 2002. It is a defined contribution stakeholder pension scheme, which all new eligible UK employees are

invited to join. All active members of the defined benefit arrangements were invited to join the PCP when those arrangements closed to future accrual.

Pete Redfern and James Jordan each have a pension allowance of 20% of the earnings cap, in lieu of pension membership, due to legislative changes introduced in 2009. For 2011 a total of £25,920 (2010: £8,240) was paid to Pete Redfern and between 21 July and 31 December 2011 a total of £10,800 was paid to James Jordan. The payment is made in addition to their respective existing pension allowance of 25% of salary (Pete Redfern) and 28% of salary (James Jordan) above the earnings cap as described below – details of these payments are set out below under The George Wimpey Staff Pension Scheme section.

The George Wimpey Staff Pension Scheme

Pete Redfern and James Jordan are members of the Executive section of The George Wimpey Staff Pension Scheme ('the Scheme'). They have a Normal Retirement Age under this Scheme of 62. The Scheme was closed to new members on 1 January 2002 and was closed to future accrual on 31 August 2010. All active members were invited to join the PCP from 1 September 2010, referred to above and to which members and the Company contribute.

In addition, Pete Redfern receives a pension allowance amounting to 25% of the difference between his basic salary and the pension scheme earnings cap. For 2011 a total of £171,876 (2010: £144,100) was paid in respect of Pete Redfern. James Jordan also receives a pension allowance amounting to 28% of the difference between his basic salary and the pension scheme earnings cap. Between his appointment to the Board on 21 July 2011 and 31 December 2011 a total of £36,996 was paid in respect of James Jordan.

Pension allowances do not count towards the calculation of any bonus awards which are based only on base salary. Details of the pension arrangements for Ryan Mangold and Sheryl Palmer are set out on page 50.

Taylor Woodrow Group Pension and Life Assurance Fund (the 'Fund')

The Fund was closed to new entrants from 31 March 2002. With effect from 1 September 2004, a restriction was applied so as to limit the amount of any increase in pensionable salary of members of the Fund to the lesser of the actual increase in basic salary or the RPI, subject to a maximum of 5% per annum. The Fund ceased future accrual on 30 November 2006 and from 1 December 2006 existing active Fund members were invited to participate in the PCP.

Life assurance arrangements

Life assurance of up to four times basic salary and a pension of up to two-thirds of the member's entitlement for a spouse on death in service, or in retirement, are provided, together with a children's allowance of up to 100% of the dependant's pension for three or more eligible children.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts of employment providing for a maximum of one year's notice either way.

Service contracts for all Executive Directors and letters of appointment for all Non Executive Directors are available for inspection as described in the Notice of 2012 Annual General Meeting on page 106.

Remuneration Report continued

Details of the Executive Directors' service contracts are summarised in the table below:

Name	Date of contract	Unexpired term (months)	Notice period by Company (months)	Notice period by Director (months)	Normal retirement age	Current age
Pete Redfern	13 October 2004	12	12	12	62	41
Ryan Mangold	16 November 2010	12	12	12	Note 1	40
James Jordan	20 September 2005 Note 2	12	12	12	62	50

Note 1: Ryan Mangold is a member of the Taylor Wimpey Personal Choice Plan, a stakeholder pension scheme described earlier, which can be taken any time after reaching age 55, the Minimum Pension Age.

Note 2: James Jordan already had an appropriate service contract with the Company in his previous role as Group Company Secretary and General Counsel, which has remained in place.

It is the Company's policy that liquidated damages should not automatically apply on the termination of an Executive Director's contract. In accordance with this approach, payment for early termination of contract (without cause) by the Company is to be determined, in the case of each of the Executive Directors, having regard to normal legal principles which require mitigation of liability on a case-by-case basis. Any such payment would typically be determined by reference to the main elements of a Director's remuneration, namely: salary, bonus entitlement (subject to Committee discretion as appropriate), benefits-in-kind and pension entitlements. Phased payments will be considered by the Company where appropriate. There are no change of control provisions that apply in relation to the service contract of any Executive Director.

Chairman and Non Executive Directors

Neither the Chairman nor the Non Executive Directors have service contracts. Their terms of engagement are regulated by letters of appointment as follows:

Name	Date of appointment as a Director	Date of initial letter of appointment	Term of appointment	Notice period by Company (months)	Notice period by Director (months)
Kevin Beeston	1 July 2010	13 May 2010	3 years, reviewed annually	6	6
Kate Barker	21 April 2011	7 February 2011	3 years, reviewed annually	6	6
Brenda Dean	3 July 2007	21 November 2007	3 years, reviewed annually	6	6
Mike Hussey	1 July 2011	30 June 2011	3 years, reviewed annually	6	6
Tony Reading	3 July 2007	21 November 2007	3 years, reviewed annually	6	6
Rob Rowley	1 January 2010	1 December 2009	3 years, reviewed annually	6	6

The Chairman receives an annual fee of £250,000 which is paid monthly. The Chairman's fees were fixed by the Board prior to his appointment as Chairman following independent advice provided by New Bridge Street.

Brenda Dean and Tony Reading were independent non executive directors of George Wimpey Plc ('GW') until the merger with Taylor Woodrow plc on 3 July 2007. Their respective dates of appointment were 7 October 2003 and 15 April 2005 and, as set out in the Corporate Governance Report, time spent as a director of GW is deemed to count towards each Director's overall term of office as a Director of the Company from a Code perspective.

Fees of Non Executive Directors are determined by the Board in their absence taking into account the research carried out by independent remuneration consultants of fees paid to Non Executive Directors of similar sized companies and the sector-based peer group. Non Executive Director fees are subject to the aggregate annual limit of £1,000,000 imposed by the Articles of Association and will be reviewed annually.

The basic fee paid to each Non Executive Director is £50,000 per annum and has been at this level since July 2007. The Senior Independent Director receives an additional payment of £10,000 per annum in respect of the performance of this role. The standard fee for chairing a Board Committee is £10,000 per annum. The Chairman does not receive any additional fee for chairing the Nomination Committee.

Neither the Chairman nor the Non Executive Directors participate in any of the Company's share plans or bonus plans and are not eligible to join the Company's pension scheme.

All Directors will submit themselves for election or re-election, as appropriate, at the Annual General Meeting in accordance with the Code.

Part 2: Audited information

Directors' emoluments

	Basic salary/fee £000	Pension allowance £000	Benefits-in-kind £000 ^(a)	STIA in respect of 2011 £000	Other benefits/payments £000 ^(a)	2011 total ^(b) £000	2010 total £000	Basic salary p.a. with effect from 01.04.2012 £000 ^(b)
Executive								
Pete Redfern	713	172	25	764	–	1,674	1,563	735
Ryan Mangold (Appointed 16 November 2010)	290 ^{(e)(g)}	34	1	311	13	649	76	317
James Jordan (Appointed 21 July 2011) ^(b)	149	37	15	355	–	556	–	341
Sheryl Palmer (Resigned 21 July 2011) ^(c)	212	1	5	–	–	218	2,124	–
Chris Rickard (Resigned 16 November 2010)	–	–	–	–	–	–	1,213	–
Non Executive								
								Fees p.a. with effect from 01.01.2012
Kevin Beeston (Appointed 1 July 2010) ^(d)	250	–	–	–	–	250	125	250
Kate Barker (Appointed 21 April 2011)	35	–	–	–	–	35	–	50
Brenda Dean	50	–	–	–	–	50	50	50
Mike Hussey (Appointed 1 July 2011)	25	–	–	–	–	25	–	50
Tony Reading	60	–	–	–	–	60	60	60
Rob Rowley	70	–	–	–	–	70	68	70
Andrew Dougal (Resigned 21 April 2011)	15	–	–	–	–	15	50	–
Katherine Innes Ker (Resigned 21 April 2011)	15	–	–	–	–	15	56	–
Norman Askew (Resigned 30 June 2010)	–	–	–	–	–	–	100	–
David Williams (Resigned 31 March 2010)	–	–	–	–	–	–	18	–
Aggregate emoluments	1,884	244	46	1,430	13	3,617		
2010							5,503	

- (a) Benefits-in-kind includes non-cash payments such as health insurance, company car provision and fuel allowances. Other benefits include car allowance and employer's contribution to a pension scheme.
- (b) At the time of his appointment on 21 July 2011, James Jordan's annual salary was £333,125 per annum. James Jordan's pension allowance and benefits in kind are for the period 21 July to 31 December 2011. The STIA amount is for the full year.
- (c) Sheryl Palmer received a base salary at the rate of £404,000 p.a. from 1 January 2011 to 26 March 2011. On 27 March 2011 she received an increase of 2.5% and received a base salary at the rate of £414,100 from 27 March 2011 until her date of leaving the Board on 21 July 2011. Post completion of the sale of the North American business which took place in July 2011 (the 'transaction'), and pursuant to an ongoing contractual matter in relation to the service agreement between Sheryl Palmer and Taylor Morrison Inc. ("TMI"), Sheryl Palmer received from TMI the sum of US\$1.5m which, following agreement with the purchasers on a number of commercial matters relating to the transaction was treated as an offset by them against the final price paid for the business.
- (d) The Company also paid £25,000 (2010: £10,416) at the rate of £2,083.33 per month as a contribution towards the Chairman's annual office and related administration costs incurred in carrying out his role. Kevin Beeston's base fee is £250,000 per annum.
- (e) Ryan Mangold has joined the Flexible Pension Arrangement (salary exchange) operated by the Company and the amount exchanged since his appointment as a Director on 16 November 2010 was £2,138. The Flexible Pension Arrangement is a voluntary arrangement, the effect of which is to allow members and the Company to benefit from savings in National Insurance contributions through the sacrifice of a portion of salary, which would then be paid into a pension scheme as a Company contribution, prior to NIC being calculated. The Scheme therefore reduces the effective salary of the individual.
- (f) With effect from 1 April 2012, the base salaries of Pete Redfern, Ryan Mangold and James Jordan will be £735,437, £316,956 and £341,453 respectively reflecting the proposed salary increases of 2.5%, 8.5% and 2.5%. Their base salaries with effect from 1 April 2011 were £717,500, £292,125 and £333,125 respectively.
- (g) This includes £25,600 (2010: £2,138) company contribution in lieu of salary to Ryan Mangold's non-Group pension arrangements described on page 50.

Aggregate emoluments of the Group Management Team (excluding Executive Directors)

	Basic salary/fee £000	Pension allowance £000	Benefits-in-kind £000 ^(a)	STIA in respect of 2011 £000	Other benefits £000	2011 total £000	2010 total £000	Basic salary p.a. with effect from 01.04.2012 £000
4 members ^(b)	1,001	101	72	931	160	2,265	3,117	862

- (a) Includes non-cash payments.
- (b) There were five members who were not Executive Directors until 21 July 2011, when James Jordan joined the Board, from which date there were four members (2010: seven members who were not Executive Directors)
- (c) In addition, a charge of £281,000 (2010: £424,000) was booked in respect of share-based payments.

Remuneration Report continued

Directors' share-based reward and options

Aggregate emoluments disclosed on page 47 do not include any amounts for the value of options to acquire ordinary shares in the Company and any other share-based reward granted to or held by the Directors. Set out below are details of one Director who exercised options over ordinary shares during the year (2010 nil).

Share Options exercised

Name of Director	Plan	Number of option shares exercised	Exercise price (pence)	Market price at exercise date (pence)	Gains on exercise 2011 £	Gains on exercise 2010 £
James Jordan	Sharesave Plan	37,614*	25.52	37.93	4,668	–

* All shares have been retained by James Jordan

Details of options and conditional awards over shares held by Directors who served during the year are as follows:

Name of Director	Plan	1 January 2011 ^(a)	Granted/ Awarded in 2011 (number)	Lapsed in 2011 (number)	Exercised/ vested (number)	31 December 2011	Exercise price (pence)	Date of grant	Date from which exercisable /capable of vesting	Expiry date
Pete Redfern	Deferred Shares (STIA)	305,345	–	–	305,345 ⁽ⁱ⁾	–	–	13.03.08	31.12.10	31.12.10
	Deferred Shares (STIA)	497,284	–	–	–	497,284	–	22.03.10	31.12.12	31.12.12
	Deferred Shares (STIA)	–	409,674 ^(b)	–	–	409,674	–	04.04.11	31.12.13	31.12.13
	Performance Share Plan	637,902	–	637,902	–	–	–	17.04.08	17.04.11 ^(e)	17.04.11
	Performance Share Plan	1,601,423	–	–	–	1,601,423	–	07.08.09	01.01.13 ^(e)	01.01.13
	Performance Share Plan	1,574,606	–	–	–	1,574,606	–	22.03.10 ^(f)	22.03.13 ^(e)	22.03.13
	Performance Share Plan	2,012,779	–	–	–	2,012,779	–	06.08.10 ^(f)	06.08.13 ^(e)	06.08.13
	Performance Share Plan	–	3,484,701 ^(d)	–	–	3,484,701	–	01.04.11 ^(g)	01.04.14 ^(e)	01.04.14
	Share Option Plan	1,497,345	–	1,497,345	–	–	93.49	28.04.08	28.04.11	28.04.18
	Share Option Plan	3,202,846	–	–	–	3,202,846	39.34	07.08.09 ^(h)	01.01.13 ^(e)	07.08.19
	Sharesave Plan	–	63,331 ^(c)	–	–	63,331	24.04	11.10.11	01.12.16	31.05.17
	Total	11,329,530	3,957,706	2,135,247	305,345	12,846,644				
Ryan Mangold	Deferred Shares (STIA)	–	20,848 ^(b)	–	–	20,848	–	04.04.11	31.12.13	31.12.13
	Performance Share Plan	190,645	–	–	–	190,645	–	07.08.09	01.01.13 ^(e)	01.01.13
	Performance Share Plan	171,238	–	–	–	171,238	–	22.03.10 ^(f)	22.03.13 ^(e)	22.03.13
	Performance Share Plan	218,889	–	–	–	218,889	–	06.08.10 ^(f)	06.08.13 ^(e)	06.08.13
	Performance Share Plan	–	1,418,771 ^(d)	–	–	1,418,771	–	01.04.11 ^(g)	01.04.14 ^(e)	01.04.14
	Share Option Plan	381,291	–	–	–	381,291	39.34	07.08.09 ^(h)	01.01.13 ^(e)	07.08.19
	Sharesave Plan	39,335	–	–	–	39,335	22.88	06.10.10	01.12.13	31.05.14
	Total	1,001,398	1,439,619	–	–	2,441,017				
James Jordan	Deferred Shares (STIA)	230,882	–	–	–	230,882	–	22.03.10	31.12.12	31.12.12
	Deferred Shares (STIA)	190,205	–	–	–	190,205	–	04.04.11	31.12.13	31.12.13
	Performance Share Plan	557,638	–	–	–	557,638	–	07.08.09	01.01.13 ^(e)	01.01.13
	Performance Share Plan	548,300	–	–	–	548,300	–	22.03.10 ^(f)	22.03.13 ^(e)	22.03.13
	Performance Share Plan	700,878	–	–	–	700,878	–	06.08.10 ^(f)	06.08.13 ^(e)	06.08.13
	Performance Share Plan	1,617,897	–	–	–	1,617,897	–	01.04.11 ^(g)	01.04.14 ^(e)	01.04.14
	Share Option Plan	1,115,277	–	–	–	1,115,277	39.34	07.08.09 ^(h)	01.01.13 ^(e)	07.08.19
	Sharesave Plan	37,614	–	–	37,614	–	25.52	15.10.08	01.12.11	31.05.12
	Sharesave Plan	–	63,331 ^(c)	–	–	63,331	24.04	11.10.11	01.12.16	31.05.17
	Total	4,998,691	63,331	–	37,614	5,024,408				

Name of Director	Plan	1 January 2011 ^(a)	Granted/ Awarded in 2011 (number)	Lapsed in 2011 (number)	Exercised/ vested (number)	31 December 2011	Exercise price (pence)	Date of grant	Date from which exercisable /capable of vesting	Expiry date
Sheryl Palmer	Performance Share Plan	140,280	–	140,280	–	–	–	17.04.08	17.04.11 ^(e)	17.04.11
	Performance Share Plan	416,508	–	150,406 ^(b)	–	266,102	–	07.08.09	01.01.13 ^(e)	01.01.13
	Performance Share Plan	454,499	–	265,125 ^(b)	–	189,374	–	22.03.10 ^(f)	22.03.13 ^(e)	22.03.13
	Performance Share Plan	580,974	–	387,316 ^(b)	–	193,658	–	06.08.10 ^(f)	06.08.13 ^(e)	06.08.13
	Share Option Plan	329,278	–	329,278	–	–	93.49	28.04.08	28.04.11	28.04.18
	Share Option Plan	833,016	–	300,812 ^(b)	–	532,204	39.34	07.08.09 ^(h)	01.01.13 ^(e)	07.08.19
	Total	2,754,555	–	1,573,217	–	1,181,338				

(a) Or date of appointment.

(b) Market value per share on date of grant 4 April 2011 was 41.58 pence.

(c) Market value per share on date of grant 11 October 2011 was 36.79 pence.

(d) Market value per share on date of grant 1 April 2011 was 40.88 pence.

(e) Or later publication of the preliminary full year or half year results announcement on which the associated performance condition will be calculated.

(f) Due to the timing of the 2009 awards, the 2010 awards were made in two equal tranches, after the full year and half year announcements. This was to reduce the potential overlap of the vesting of the 2009 and 2010 awards in 2013 due to the fact that the 2009 awards were effectively based on four year performance periods.

(g) Vesting will be 20% for the 2011 award (2010 award 20% for both tranches; 2009 award 25%) for threshold performance (50th percentile for TSR; 10% ROCE; 10% margin (2011 awards only)) and 100% (2010 for both tranches and 2009: 100%) for upper quartile performance (75th percentile for TSR; 20% ROCE; 13% margin (2011 awards only)) with straight line vesting between these two thresholds.

(h) Vesting will be 25% for threshold performance (2009: 10% ROCE; 2008: ROCE to exceed Cost of Capital ('CoC')) and 100% for upper quartile performance (2009: 20% ROCE; 2008: ROCE to exceed CoC by 3%) with straight line vesting between these two thresholds.

(i) Vesting of deferred shares pursuant to the 2008 Bonus Plan which had been held in the Company's Share Trust for a period of three years.

(j) Sheryl Palmer's interests in the TWSPS and TWSOP have been reduced on a pro rata basis following her standing down from the Board on 20 July 2011. Testing on the balance will take place at the end of the applicable performance period in line with other participants.

There have been no variations to the terms and conditions or performance criteria for outstanding share options during the financial year.

The performance criteria relating to the Performance Share Plans and Share Option Plans appear earlier in this Directors' Remuneration Report.

The market price of the ordinary shares on 31 December 2011 was 37.5 pence and the range during the year was 28.71 pence to 43.31 pence. Details of any share awards made to Executive Directors during 2012 will be included in the 2012 Remuneration Report.

Directors' interests in shares of the Company

Directors' interests in 1p ordinary shares held (fully paid) ('ordinary shares'):

	at 01.01.11 ordinary shares ^(a)	at 31.12.11 ordinary shares	Deferred Shares held on trust under the STIA ^(b)	Executive Directors' share interests (including Deferred Shares) at 31.12.11 valued at 31.12.11 share price and expressed as a percentage of base salary at 31.12.11 ^(c)	Executive Directors' share interests (including Deferred Shares) at 31.12.11 valued at 28.02.12 share price and expressed as a percentage of base salary at 01.04.12 ^(d)
Kevin Beeston	905,562	1,055,562			
Pete Redfern	548,427	832,239	444,409	67%	91%
Ryan Mangold ^(e)	28,510	56,370	10,215	9%	11%
James Jordan ^(e)	179,639	220,825	206,332	48%	66%
Kate Barker	–	20,000			
Brenda Dean	33,065	59,704			
Mike Hussey	–	75,000			
Tony Reading	300,000	400,000			
Rob Rowley	200,000	200,000			

(a) Or date of appointment.

(b) Shares conditionally held as deferral of Company bonus count towards the achievement of the share retention targets described on page 45. Accordingly, only the net amount of shares has been included in this column and in the percentages set out in the fifth and sixth columns.

(c) Percentage of shareholding achieved at 31 December 2011 towards the targets described on page 45 calculated on 2011 salary and at 31 December 2011 share price. Salaries as at 31 December 2011 for Pete Redfern, Ryan Mangold and James Jordan were £717,500, £292,125 and £333,125 respectively.

(d) Percentage of shareholding achieved at 31 December 2011 towards the targets described on page 45 calculated on 1 April 2012 salary and at 28 February 2012 share price. Salaries as at 1 April 2012 for Pete Redfern, Ryan Mangold and James Jordan will be £735,437, £316,956 and £341,453 respectively.

(e) Including partnership and matching shares held under the Share Purchase Plan described on page 44.

Note: The Share price on 31 December 2011 and used in the above calculation was 37.5 pence per share and on 28 February 2012 was 52.65 pence per share.

Note: The above table does not include the deferral into shares of 25% of the 2011 STIA for any Executive Director.

Remuneration Report continued

Directors' pension entitlements

Defined benefit schemes

The George Wimpey Staff Pension Scheme

Pete Redfern and James Jordan are members of The George Wimpey Staff Pension Scheme ('GWSPS'). The following table sets out the transfer value of their accrued benefits under the Scheme calculated in a manner consistent with 'The Occupational Pension Schemes (Transfer Values) Regulations 2008'.

	Accrued pension as at 31 December 2010 £	Increase in accrued pension from 31 December 2010 to 31 December 2011 £	Accrued pension as at 31 December 2011 ^(a) £	Transfer value gross of Director's contributions at 31 December 2011 ^(b) £	Transfer value gross of Director's contributions at 31 December 2010 ^(b) £	Increase in transfer value from 31 December 2010 to 31 December 2011 less Director's contributions ^(c) £	Increase in accrued pension from 31 December 2010 to 31 December 2011 less inflation £	Transfer value of accrued pension increase less Director's contributions ^(d) £
Pete Redfern	26,551	1,381	27,932	366,600	269,800	96,800	0	0
James Jordan	23,576	1,226	24,802	425,300	332,500	92,800	0	0

(a) The GWSPS closed to future accrual on 31 August 2010 so pension accrual ceased on that date. Pension accrual shown above is the amount which would be paid annually on retirement based on service to 31 August 2010. Pension benefits include a two thirds spouse's pension. Pensions accrued up to 5 April 2006 are guaranteed to increase in payment in line with inflation limited each year to 5%. Pensions accrued after 5 April 2006 are guaranteed to increase in payment in line with inflation limited each year to 2.5%. Pensions accrued up to 5 April 2009 will revalue in deferment in line with inflation subject to an overall cap of 5% per annum. Pensions accrued after 5 April 2009 will revalue in deferment in line with inflation subject to an overall cap of 2.5% per annum. We have only taken into account defined benefits accrued over the period to 31 August 2010 and have not included any Defined Contribution pension benefits accrued after this date.

(b) Transfer values have been calculated in accordance with the occupational Pension Schemes (Transfer Value) Regulations 2008.

(c) The increase in the transfer value includes the effect of fluctuations in the transfer value due to factors beyond the control of the Company and Directors, such as financial market movements.

(d) The GWSPS closed to future accrual on 31 August 2010 and so no contributions were made after 31 August 2010.

Non-Group pension arrangements

Ryan Mangold has, and Sheryl Palmer had until her resignation on 20 July 2011, non-Group pension arrangements, to which contributions were paid by the Company as set out below:

	2011 £	2010 £
Ryan Mangold ^(a)	24,861	4,275
Sheryl Palmer ^(b)	(c)	7,300

(a) Ryan Mangold also received a pension allowance of £33,928 in 2011 (2010: Nil) in lieu of Company pension contributions over the Annual Allowance limit introduced in April 2011 of £50,000.

(b) To date of resignation.

(c) Sheryl Palmer's US cash balance pension plan was frozen on 1 January 2011.

Approval

This Remuneration Report was approved by the Board of Directors on 28 February 2012 and signed on its behalf by the Remuneration Committee Chairman:



Anthony Reading
28 February 2012

Statutory, regulatory and other formal information

Introduction

This section contains the remaining matters on which the Directors are required to report each year, which do not appear elsewhere in this Directors' Report. Certain other matters required to be reported on appear elsewhere in the Report and Accounts as detailed below:

- a list of the subsidiary and associated undertakings, including branches outside the UK, principally affecting the profits or net assets of the Group in the year appears on page 104;
- changes in asset values are set out in the consolidated balance sheet on page 58 and in the Notes to the accounts on pages 61 to 103;
- the Group's profit before taxation and the profit after taxation and minority interests appear in the consolidated income statement on page 56 and in the Notes to the accounts on pages 61 to 103; and
- a detailed statement of the Group's treasury management and funding is set out in Note 20 on page 78.

Directors

The following Directors held office throughout the year:

Kevin Beeston, Chairman;

Pete Redfern, Chief Executive;

Ryan Mangold, Group Finance Director;

Brenda Dean, Independent Non Executive Director;

Tony Reading MBE, Independent Non Executive Director;

Rob Rowley, Independent Non Executive Director and Senior Independent Director.

The following changes took place during the year:

Kate Barker CBE was appointed as an Independent Non Executive Director on 21 April 2011;

Mike Hussey was appointed as an Independent Non Executive Director on 1 July 2011;

James Jordan was appointed as Group Legal Director on 21 July 2011 (and also continues in his role as the Group Company Secretary);

Andrew Dougal and Katherine Innes Ker, Independent Non Executive Directors, each stood down as a Director on 21 April 2011; and

Sheryl Palmer, formerly the Director with executive responsibility for the Group's US and Canadian businesses, stood down as a Director on 20 July 2011 following the completion of their sale.

The Directors together with their biographical information are shown on pages 28 and 29.

Retirement, election and re-election

The Company has determined that in accordance with the UK Corporate Governance Code, all Directors should seek election or re-election at this year's AGM as explained in the Notes to the Notice of Meeting and on page 33 of the Corporate Governance Report.

Each of the Directors proposed for election or re-election at the AGM is being unanimously recommended by all of the other members of the Board. This recommendation follows the completion of the annual performance evaluation process, which included a detailed appraisal of the Board, its Committees and in respect of each Director. Further information relating to the evaluation is set out below and in the Corporate Governance Report on page 33.

The Articles of Association of the Company further regulate the appointment and removal of Directors, as does the Companies Act 2006 and related legislation. The Company's Articles of Association may be amended by special resolution of the shareholders. The powers of the Directors are described in the Corporate Governance Report.

Qualifying third party indemnity

The Company has granted an indemnity in favour of its Directors and officers and those of its Group companies against the financial exposure that they may incur in the course of their professional duties as Directors and officers of the Company and/or its subsidiaries/affiliates. The indemnity has been put in place in accordance with section 234 of the Companies Act 2006 in respect of which the Company took advice from Slaughter and May.

Audit and auditor

Each Director has, at the date of approval of this Report, confirmed that:

- to the best of their knowledge there is no relevant audit information 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have confirmed their willingness to continue in office as auditor of the Company and a resolution to re-appoint them will be proposed at the AGM.

It is the Company's general policy that its auditors will not carry out non-audit services except where it is appropriate to do so and in accordance with the Company's formal policy for the carrying out of such work. Deloitte LLP provided non-audit services to the Group during the year within the policy framework as described in the Corporate Governance Report.

Annual General Meeting

The AGM will be held at 11:00 am on 26 April 2012 at The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP.

Formal notice of the AGM including details of special business is set out in the Notice of Meeting on page 106 and on the Company's Web site plc.taylorwimpey.co.uk. Voting on all resolutions at this year's AGM will again be conducted by way of a poll as the Board believes this gives as many shareholders as possible the opportunity to have their votes counted, whether their votes are tendered by proxy in advance of, or in person at the AGM.

Statutory, regulatory and other formal information continued

Web communication

With shareholders' consent, the Company has adopted Web communication. The benefits of Web communication are that it:

- enables the Company to significantly reduce its printing and postage costs;
- enables shareholders to access information faster, on the day documents are published on the Company's Web site; and
- reduces the amount of resources consumed, such as paper, and lessens the impact of printing and mailing activities on the environment.

Shareholder communications (including the 2011 Annual Report and Accounts) are available electronically through the Company's Web site.

The Company provides hard copy documentation to those shareholders who have requested this and is, of course, happy to meet any such requests.

Registrar

The Company's registrar is Capita Registrars. Their details, together with information on facilities available to shareholders, are set out in the Shareholder Facilities section on page 114.

Capital structure

Details of the Company's issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in Note 23 on page 88.

The Company has two classes of shares: Ordinary Shares of 1p, each of which carries the right to one vote at general meetings of the Company and such other rights and obligations as are set out in the Company's Articles of Association; and Deferred Shares which carry no voting rights.

As part of the debt restructuring announced on 21 April 2009 the Company issued Warrants to certain of its lenders giving the holders the right, up to 29 April 2014, to subscribe for up to an aggregate of approximately 58 million Ordinary Shares (representing approximately 5% of the Company's issued share capital at the time the Warrants were issued). Warrants remain over approximately 1.47% of the current issued share capital at the subscription price per share of 17.4473 pence (25 pence prior to the Placing and Open Offer). The Warrants are transferable and carry entitlement to subscription for three months after the passing of a resolution for the winding-up of the Company. To date, aggregate exercises of Warrants have resulted in the issue of 10,864,768 new Ordinary Shares of 1p each.

The authority given by shareholders at the AGM held on 21 April 2011 for the Company to purchase a maximum of 319.8 million of its own shares remained valid at 31 December 2011. The authority was not exercised during 2011 or prior to the date of this Report. The Company has no current intention of exercising the authority but will nevertheless be seeking the usual renewal of this authority at the AGM. The Company currently holds no shares in treasury.

There are no specific restrictions on the size of a holding, the exercise of voting rights, nor on the transfer of shares, which are governed by the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in the Remuneration Report on page 44. The Employee Share Ownership Trusts generally abstain from voting in respect of shares held by them.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Substantial interests

The persons set out in the table below have notified the Company pursuant to Rule 5.1 of the Disclosure and Transparency Rules of their interests in the ordinary share capital of the Company.

At 28 February 2012, no change in these holdings had been notified nor, according to the Register of Members, did any other shareholder at that date have a disclosable holding of the Company's issued share capital.

Directors' interests, including interests in the Company's shares, are shown in the Remuneration Report.

Substantial interests in the Company's shares as at 28 February 2012

Name	Number of shares held (millions)	Percentage of issued voting share capital
Schroders plc	474.65	14.80
BlackRock Inc	313.62	9.81
Third Avenue Management LLC	191.58	5.98
JPMorgan Asset Management Holdings Inc	159.64	4.99
Legal & General Group Plc	127.16	3.97
Ignis Asset Management Limited	97.50	3.05
Standard Life Investments Limited	96.39	3.02

Dividend

Information relating to the recommended 2011 final dividend is set out in the Chairman's Statement on page 4 and in the notes to resolution 2 on page 109 in the Notes to the Notice of Annual General Meeting.

The Company will be operating a Dividend Re-Investment Plan, further details of which are set out on page 110 of this Annual Report.

The right to receive any dividend has been waived in part by the Trustee of the Company's Employee Share Ownership Trusts over those Trusts' combined holding of 22,911,329 shares.

Research and development

During 2011 the Company continued to prototype the previously introduced house type range. Feedback from customers and the Company's regional business units, fed through divisional review groups, allowed the Company to make further revisions and improvements to ensure it has the best house type range to support the business and to provide customers with what they want.

In addition, during 2011 the Company started building its first houses to the 2010 building regulations. These provided for an improvement in the thermal efficiency of the Company's homes. Simultaneously, the Company started to work with its expert consultant team and supply chain on how it would meet the evolving 2013 building regulations. These will be a stepping stone

from the 2010 regulations to Zero Carbon housing in 2016. The Company will continue to pursue its strategy of building fabric first before adding renewables.

Taylor Wimpey personnel chaired the NICOLE (Network for industrially contaminated land in Europe) Brownfield Working Group which published a significant report in 2011 on environmental liability transfer in Europe.

Taylor Wimpey personnel sit on the Advisory Board of HOMBRE (Holistic Management of Brownfield Regeneration), a four year Seventh Framework EU funded research project looking at sustainable brownfield re-use.

Through CIRIA (Construction Industry Research Information Association) Taylor Wimpey personnel have contributed to Steering Groups on VOC (volatile organic contamination) remediation and asbestos in soils.

Taylor Wimpey personnel are also continuing collaborative work with WRAP (Waste and Resources Action Programme) on wastage, recyclates, reverse logistics and qualitative supply chain assessment on waste and resource efficiency.

Through the Land Forum, Taylor Wimpey personnel have supported various early stage research initiatives into evaluating the true cost of brownfield land, supporting the revised statutory guidance and better regulation of regeneration.

Employee involvement and communication

The Company is committed to ensuring open and regular communication throughout the Group on both business-related issues and issues of general interest. There is a formal Employee Consultative Committee structure in place in all operations and elected representatives meet with management to consult on appropriate issues. Intranet systems are continually updated which provide a valuable communication tool across the Group and an important facility for providing employees with access to a wide range of information. Information is regularly cascaded throughout the Group via e-mail – including regular communications from the Chief Executive – and via verbal briefings and by management presentations.

During 2011, a total of fourteen presentations took place across the country, which were attended by staff from all the Company's Business Units, at which the Chief Executive and other senior management presented the Company's strategy first hand. This was a very successful exercise and was very well received by the Company's workforce. All employees were invited to contribute to the development of the strategy and several of their ideas were adopted in framing both the strategy and its method of implementation. An internal forum has been established on the Group's intranet inviting employees to comment and make suggestions on the strategy and its implementation with each one being read by the Chief Executive and responded to.

This is in addition to the continuing forum on the intranet called 'Open Door' which allows direct communication with the Chief Executive on strategic areas of focus and other matters in order to enable all employees to contribute and comment. All employees are encouraged to participate and use the forum.

The Company promotes share ownership as widely as possible and maintains all-employee share plans, including the Save As You Earn share option scheme and the Share Incentive Plan, as widely as possible across the Group.

Equal opportunities

The Company remains committed to equality of opportunity in all of its employment practices, policies and procedures across the Group. To this end, within the framework of applicable law, we are committed, wherever practicable, to achieving and maintaining a workforce which broadly reflects that of the local catchment area within which we operate. No employee or potential employee will receive less favourable treatment due to their race, creed, colour, nationality, ethnic origin, religion, political or other opinion, affiliation, gender, sexual orientation, marital status, family connections, age, membership or non-membership of a trade union, or disability, unless justifiable in exceptional circumstances, for example due to health and safety considerations. Instruction on equal opportunities is part of the induction programme.

Employment of people with disabilities

It is our policy that people with disabilities should have fair consideration for all vacancies within the Group.

The Company is therefore committed, where possible, to ensuring that people with disabilities are supported and encouraged to apply for employment and to achieve progress once employed. They will be treated so as to ensure that they have an equal opportunity to be selected, trained and promoted. In addition, every reasonable effort is made for disabled persons to be retained in the employment of the Group by investigating the possibility of making reasonable adjustments to the job, workplace or equipment.

Charitable donations

The Company has a Charity Committee, which operates within written terms of reference and charitable guidelines approved by the Board. The Committee's aims are to monitor and review charitable donations made by regional businesses as against the guidelines and to assess and administer larger donations centrally. The members of the Committee are the Group HR Director (Chairman), Group Legal Director and Company Secretary, UK Land and Planning Director, Group Investor Relations Manager and Group Financial Controller. The Company and the Committee encourage non-financial contributions also and for employees to participate in charitable causes.

During the year, Group companies donated £211,000 (2010: £95,000 excluding North America) to various charities in the UK.

Further information on the Group's donations, activities and initiatives can be found in the 2011 Corporate Responsibility Report which is available on the Company's Web site: plc.taylorwimpey.co.uk/CorporateResponsibility

Political donations

The Company does not make donations to political parties and neither does it intend to. The Company does support certain industry-wide organisations which directly assist the housebuilding industry such as the Home Builders Federation and the CBI. Whilst we do not regard this as political in nature, the Companies Act 2006 definition of 'political organisations' and related terms is very wide and in certain circumstances a donation or a subscription to a charity or other organisation could retrospectively be categorised as a political donation. Accordingly, the Company will be seeking the usual annual dispensation at the Annual General Meeting as a matter of prudence.

Statutory, regulatory and other formal information continued

Directors' Report: Business Review
p02-27

Policy on payment of suppliers

The nature of the Group's operations means that there is no single Group standard in respect of payment terms to suppliers. Generally, business units are responsible for establishing payment terms with suppliers when entering into each transaction or series of linked transactions. In the absence of dispute, valid payment requests are met as expeditiously as possible within such terms. Our standard framework agreements with contractors establish the due date for payment as 30 days from the later of the date of issue of the invoice or request for payment, or the relevant month end notified by the employer, and for suppliers, the due date for payment is the end of the month following the month of receipt of the supplier's invoice for goods and/or services delivered to the Company.

Trade creditor days for the Group for the year ended 31 December 2011 were 32 days (2010: 30 days). This is based on the ratio of year end Group trade creditors (excluding sub-contract retentions and unagreed claims of £31.2 million (2010: £34.4 million) and land creditors, see Note 19 to the Consolidated Financial Statements) to amounts invoiced during the year by trade creditors. The Company had no significant trade creditors at 31 December 2011.

Agreements

Apart from a small number of borrowing agreements, pursuant to which the Company borrows or is able to borrow money, which could potentially be terminated by the other party upon a change of control of the Company, there are no significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

Important events since the year end

There have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2011.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company 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 accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company 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 will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's Web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This Report of the Directors was approved by the Board of Directors on 28 February 2012.



James Jordan
Group Legal Director and Company Secretary
Taylor Wimpey plc
28 February 2012

Directors' Report: Governance
p28-64

Financial Statements
p55-105

Shareholder Information
p106-116

Independent Auditor's Report

We have audited the financial statements of Taylor Wimpey plc for the year ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.
- Under the Listing Rules we are required to review:
 - the Directors' Statement contained within the Directors' Report on Corporate Governance in relation to going concern;
 - the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Other matters

We have reported separately on the parent Company financial statements of Taylor Wimpey plc for the year ended 31 December 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.



Colin Hudson, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Registered Auditor
London, United Kingdom
28 February 2012

Consolidated Income Statement

for the year to 31 December 2011

£ million	Note	Before exceptional items 2011	Exceptional items (Note 5) 2011	Total 2011	Before exceptional items 2010 (Restated Note 1)	Exceptional items (Note 5) 2010 (Restated Note 1)	Total 2010 (Restated Note 1)
Continuing operations							
Revenue	3	1,808.0	–	1,808.0	1,767.7	–	1,767.7
Cost of sales		(1,520.3)	–	(1,520.3)	(1,537.9)	(17.3)	(1,555.2)
Gross profit/(loss)		287.7	–	287.7	229.8	(17.3)	212.5
Net operating expenses	5	(129.4)	(5.8)	(135.2)	(129.2)	(38.2)	(167.4)
Profit/(loss) on ordinary activities before finance costs		158.3	(5.8)	152.5	100.6	(55.5)	45.1
Interest receivable		3.7	–	3.7	3.4	–	3.4
Finance costs	7	(73.3)	(5.5)	(78.8)	(119.6)	(83.4)	(203.0)
Share of results of joint ventures	13	1.2	–	1.2	(0.3)	–	(0.3)
Profit/(loss) on ordinary activities before taxation		89.9	(11.3)	78.6	(15.9)	(138.9)	(154.8)
Taxation (charge)/credit	8	(24.2)	1.5	(22.7)	(31.3)	360.8	329.5
Profit/(loss) for the year from continuing operations		65.7	(9.8)	55.9	(47.2)	221.9	174.7
Discontinued operations							
Profit for the year		43.1	–	43.1	67.0	17.6	84.6
Profit for the year		108.8	(9.8)	99.0	19.8	239.5	259.3
Attributable to:							
Equity holders of the parent				99.0			259.3
Non-controlling interests				–			–
				99.0			259.3
Basic earnings per share – total Group							
	Note			2011			2010
Basic earnings per share – total Group	9			3.1p			8.1p
Diluted earnings per share – total Group	9			3.0p			7.9p
Basic earnings per share – continuing operations	9			1.8p			5.5p
Diluted earnings per share – continuing operations	9			1.7p			5.3p
Adjusted basic earnings/(loss) per share – continuing operations	9			2.1p			(1.5)p
Adjusted diluted earnings/(loss) per share – continuing operations	9			2.0p			(1.4)p

Consolidated Statement of Comprehensive Income

for the year to 31 December 2011

£ million	Note	2011	2010
Exchange differences on translation of foreign operations	25	1.8	33.9
Movement in fair value of hedging derivatives		3.0	(3.6)
Actuarial (loss)/gain on defined benefit pension schemes	21	(33.2)	46.9
Tax credit/(charge) on items taken directly to equity	14	4.8	(15.9)
Other comprehensive (expense)/income for the year net of tax		(23.6)	61.3
Profit for the year		99.0	259.3
Total comprehensive income for the year		75.4	320.6
Attributable to:			
Equity holders of the parent		75.4	320.6
Non-controlling interests		—	—
		75.4	320.6

Directors' Report: Business Review
p02-27

Directors' Report: Governance
p28-54

Financial Statements
p55-105

Shareholder Information
p106-116

Consolidated Balance Sheet

at 31 December 2011

£ million	Note	2011	2010
Non-current assets			
Goodwill	10	–	2.4
Other intangible assets	11	5.1	1.0
Property, plant and equipment	12	5.0	7.6
Interests in joint ventures	13	31.9	49.7
Trade and other receivables	16	70.3	96.5
Deferred tax assets	14	342.8	372.4
		455.1	529.6
Current assets			
Inventories	15	2,686.6	3,436.2
Trade and other receivables	16	72.5	155.7
Tax receivables		10.9	19.8
Cash and cash equivalents	16	147.7	183.9
		2,917.7	3,795.6
Total assets		3,372.8	4,325.2
Current liabilities			
Trade and other payables	19	(697.8)	(902.9)
Tax payables		(70.4)	(162.7)
Bank loans and overdrafts	17	–	(15.1)
Provisions	22	(76.6)	(46.8)
		(844.8)	(1,127.5)
Net current assets		2,072.9	2,668.1
Non-current liabilities			
Trade and other payables	19	(199.7)	(257.1)
Debenture loans	18	(164.6)	(250.0)
Bank and other loans	17	(100.0)	(573.3)
Retirement benefit obligations	21	(210.2)	(250.5)
Deferred tax liabilities	14	–	(0.8)
Provisions	22	(18.5)	(42.9)
		(693.0)	(1,374.6)
Total liabilities		(1,537.8)	(2,502.1)
Net assets		1,835.0	1,823.1
Equity			
Share capital	23	287.7	287.7
Share premium account	24	754.4	753.7
Own shares	26	(8.4)	(0.6)
Other reserves	25	46.7	101.4
Retained earnings	25	753.1	679.4
Equity attributable to parent		1,833.5	1,821.6
Non-controlling interests		1.5	1.5
Total equity		1,835.0	1,823.1

The financial statements of Taylor Wimpey plc (registered number: 00296805) were approved by the Board of Directors and authorised for issue on 28 February 2012. They were signed on its behalf by:



P Redfern
Director



R Mangold
Director

Consolidated Statement of Changes in Equity

for the year to 31 December 2011

For the year to 31 December 2011
£ million

	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2011	287.7	753.7	(0.6)	101.4	679.4	1,821.6
New share capital subscribed	–	0.7	–	–	–	0.7
Own shares acquired	–	–	(10.0)	–	–	(10.0)
Utilisation of own shares	–	–	2.2	–	–	2.2
Share-based payment credit	–	–	–	–	3.9	3.9
Cash cost of satisfying share options	–	–	–	–	(1.2)	(1.2)
Exchange differences on translation of foreign operations	–	–	–	1.8	–	1.8
Increase in fair value of hedging derivatives	–	–	–	3.0	–	3.0
Actuarial loss on defined benefit pension schemes	–	–	–	–	(33.2)	(33.2)
Deferred tax credit	–	–	–	–	4.8	4.8
Transfer to retained earnings	–	–	–	(0.4)	0.4	–
Recycling of translation reserve on disposal of subsidiaries	–	–	–	(59.1)	–	(59.1)
Profit for the year	–	–	–	–	99.0	99.0
Equity attributable to parent	287.7	754.4	(8.4)	46.7	753.1	1,833.5
Non-controlling interests						1.5
Total equity						1,835.0

For the year to 31 December 2010
£ million

	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Balance as at 1 January 2010	287.7	753.6	(5.0)	76.7	385.5	1,498.5
New share capital subscribed	–	0.1	–	–	–	0.1
Utilisation of own shares	–	–	4.4	–	(4.4)	–
Share-based payment credit	–	–	–	–	2.8	2.8
Cash cost of satisfying share options	–	–	–	–	(0.4)	(0.4)
Exchange differences on translation of foreign operations	–	–	–	33.9	–	33.9
Decrease in fair value of hedging derivatives	–	–	–	(3.6)	–	(3.6)
Actuarial gain on defined benefit pension schemes	–	–	–	–	46.9	46.9
Deferred tax charge	–	–	–	–	(15.9)	(15.9)
Transfer to retained earnings	–	–	–	(5.6)	5.6	–
Profit for the year	–	–	–	–	259.3	259.3
Equity attributable to parent	287.7	753.7	(0.6)	101.4	679.4	1,821.6
Non-controlling interests						1.5
Total equity						1,823.1

Directors' Report: Business Review
p02-27

Directors' Report: Governance
p28-54

Financial Statements
p55-105

Shareholder Information
p106-116

Consolidated Cash Flow Statement

for the year to 31 December 2011

£ million	Note	2011	2010
Net cash (used in)/from operating activities	28	(34.8)	87.9
Investing activities			
Interest received		6.3	0.8
Dividends received from joint ventures		10.9	17.1
Proceeds on disposal of property, plant and investments		0.8	0.1
Purchases of property, plant and investments	12	(1.7)	(3.7)
Purchases of software	11	(4.1)	(1.0)
Amounts invested in joint ventures		–	(1.0)
Amounts repaid from/(loaned to) joint ventures		2.5	(3.9)
Disposal of subsidiaries	27	562.3	–
Net cash from investing activities		577.0	8.4
Financing activities			
Proceeds from sale of own shares		0.7	–
Cash cost of satisfying share options		(1.2)	(0.4)
Purchase of own shares		(7.9)	–
Repayment of debenture loans		(85.4)	(732.4)
Increase in debenture loans		–	250.0
Repayment of overdrafts, bank and other loans		(487.1)	(348.7)
Increase in bank and other loans		–	781.7
Net cash used in financing activities		(580.9)	(49.8)
Net (decrease)/increase in cash and cash equivalents		(38.7)	46.5
Cash and cash equivalents at beginning of year		183.9	132.1
Effect of foreign exchange rate changes		2.5	5.3
Cash and cash equivalents at end of year	28	147.7	183.9

Notes to the Consolidated Financial Statements

for the year to 31 December 2011

1. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and on a historical cost basis except as otherwise stated below.

The Group has significantly reduced its debt outstanding through the year and has prepared a forecast for a period greater than 12 months. This forecast indicates that the Group will have sufficient resources for at least the next 12 months from the date of signing these financial statements.

The principal accounting policies adopted, which have been applied consistently, except as otherwise stated, are set out below.

Basis of accounting

The consolidated financial statements have been prepared in accordance with applicable International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted for use in the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS relevant to the Group's operations and effective for accounting periods beginning on 1 January 2011.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where a subsidiary is disposed of which constituted a major line of business, it is disclosed as a discontinued operation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Joint ventures

Undertakings are deemed to be a joint venture when the Group has joint control via either voting rights or a formal agreement which includes that unanimous consent is required for strategic, financial and operating decisions. Joint ventures are consolidated under the equity accounting method. On transfer of land and/or work in progress to

joint ventures, the Group recognises only its share of any profits or losses, namely that proportion sold outside the Group.

Where a jointly controlled operation is undertaken the related assets and liabilities are consolidated on a proportional consolidation basis.

Segmental reporting

The Group is divided into three operating divisions for management reporting and control:

- Housing United Kingdom;
- Housing Spain; and
- Corporate

The Group completed the disposal of its North American business in July 2011. These results have been presented as discontinued operations. In accordance with the requirements of IFRS 5 'Discontinued operations and assets held for sale' the prior year results of the North American business have been restated for the income statement, cash flow and related notes.

Revenue

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after eliminating sales within the Group. Revenue and profit are recognised as follows:

(a) Private housing development properties and land sales

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser. Revenue in respect of the sale of residential properties is recognised at the fair value of the consideration received or receivable on legal completion.

(b) Cash incentives

Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

(c) Contracting work and social housing contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(d) Interest receivable

Interest income on bank deposits is recognised on an accruals basis. Also included in interest receivable are interest and interest related payments the Group receives on other receivables.

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies continued

Exceptional items

Exceptional items are defined as items of income or expenditure which, in the opinion of the Directors, are material and unusual in nature or of such significance that they require separate disclosure on the face of the income statement in accordance with IAS 1 'Presentation of Financial Statements'.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies other than the functional currency are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at an appropriate average rate for the year. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as assets and liabilities denominated in the functional currency of the company in which they arose.

The Group enters into forward contracts in order to hedge its exposure to certain foreign exchange transaction risks relating to the functional currency in accordance with Group policy. It also uses foreign currency borrowings and derivatives to hedge its net investment exposure to certain overseas subsidiaries (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

Operating leases

The Group as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable (and costs paid and payable) as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is

recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary or jointly-controlled entity, the carrying value of any attributable goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Brands

Internally generated brands are not capitalised. Acquired brands are capitalised. Their values are calculated based on the Group's valuation methodology, which is based on valuations of discounted cash flows. Brands are stated at cost, less accumulated amortisation and any accumulated impairment losses.

Software development costs

Costs that are directly associated with the production of identifiable and unique software controlled by the Group, and that generate economic benefits beyond one year, are recognised as intangible assets. Computer software development costs recognised as assets are amortised on a straight-line basis over three to five years from the time of implementation, and are stated at cost less accumulated amortisation and any accumulated impairment losses.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Buildings are depreciated over 50 years.

Plant and equipment is stated at cost less depreciation. Depreciation is charged so as to expense the cost or valuation of assets over their estimated useful lives. Depreciation is charged, where material, on buildings over the expected useful life of the asset. Other assets are depreciated using the straight-line method, on the following bases:

Plant, fixtures and equipment 20-25%; and computer equipment 33%.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds, less any selling expenses, and the carrying amount of the asset and this difference is recognised in the income statement.

1. Significant accounting policies continued

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If the recoverable amount of a cash-generating unit is estimated to be less than its carrying amount, impairment losses are allocated first to the intangible assets in the cash-generating unit.

If the full impairment of intangible assets is not sufficient to reduce the carrying value of the cash-generating unit to its recoverable amount, tangible fixed assets must then be reviewed for impairment. If the recoverable amount of tangible fixed assets exceeds their carrying value, no further impairment is required. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables and other receivables

Trade receivables on normal terms excluding derivative financial instruments do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated unrecoverable amounts. Trade receivables on extended terms, particularly in respect of land, are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate. Derivative financial instruments are measured at fair value.

Mortgage receivables relate to sales incentives including shared equity. Where the receivable is due over one year it is discounted to present value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

Derivative financial instruments and hedge accounting

The Group uses forward exchange contracts to hedge transactions denominated in foreign currencies. The Group also uses foreign currency borrowings and derivatives to hedge its net investment exposure to movements in exchange rates on translation of certain individual financial statements denominated in foreign currencies other than Sterling which is the functional currency of the parent Company. Interest rate derivatives are used to manage interest rate risk in respect of borrowings. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of net investments in foreign operations are recognised directly in reserves and the ineffective portion, if any, is recognised immediately in the Consolidated Income Statement.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the Consolidated Income Statement. Gains or losses from remeasuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are also recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in reserves is retained in reserves until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in reserves is transferred to the income statement for the period. In the situation that a derivative financial instrument does not meet the specific criteria of IAS 39 'Financial instruments' for hedging it is presented as a held for trading asset or liability.

Notes to the Consolidated Financial Statements continued

Directors' Report: Business Review
p02-27

1. Significant accounting policies continued

Customer deposits

Customer deposits are recorded as a liability within 'other payables' on receipt and released to the income statement as revenue upon legal completion.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Inventories

Inventories are initially stated at cost or at the fair value at acquisition date when acquired as part of a business combination and then held at the lower of this initial amount and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the Group.

Non-refundable land option payments are initially recognised in inventory. They are reviewed regularly and written off to the income statement when it is probable that they will not be exercised.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are also recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is measured on a non-discounted basis using the tax rates and laws that have then been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based payments'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest after adjusting for the effect of non-market vesting conditions.

Employee benefits

The Group accounts for pensions and similar benefits under IAS 19 Employee benefits. In respect of defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of such plans are recognised separately in the income statement; service costs are spread systematically over the lives of employees; and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Payments to defined contribution schemes are charged as an expense as they fall due.

Key sources of estimation uncertainty and critical accounting judgements

Estimation of costs to complete

In order to determine the profit that the Group is able to recognise on the proportion of completions for the period, internal site valuations are carried out for each development at regular intervals throughout the year. The valuations will include an estimation of the costs to complete and remaining revenues which may differ from the actual costs incurred and revenues received on completion.

Carrying value of land and work in progress

In order to assess the appropriateness of the carrying value of land and work in progress, the Group is required to make estimations of sales prices, costs and margins expected on sites in order to determine whether any write-downs or reversals are required to ensure inventory is stated at the lower of cost and net realisable value. Following previous significant impairments of inventories, the Group has again undertaken a detailed review on a site-by-site basis of the net realisable value of its land and work in progress. As market conditions have stabilised in the United Kingdom, the Group has not recorded any other reversals of net realisable value as there is no clear evidence of a sustained change in the economic circumstances at the balance sheet date.

Directors' Report: Governance
p28-54

Financial Statements
p55-105

Shareholder Information
p106-116

1. Significant accounting policies continued

Continuing Group gross profit includes a positive contribution of £99.6 million (2010: £103.5 million), relating to realisation of written down inventory above its originally estimated net realisable value, where our market assumptions in previous net realisable value exercises have been exceeded. This has partly been due to actions taken by the Group in the re-plan of sites, the further utilisation of standard house types and continued value engineering driving build cost savings as well as other external factors. These amounts are stated before the allocation of overheads excluded from the Group's net realisable value exercise.

Impairment of other intangible assets

The determination of whether other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the asset has been allocated. The value in use calculation involves significant judgement including an estimate of the future cash flows expected to arise from the cash-generating unit, the future growth rate of revenue and costs, and a suitable discount rate. If the current trading conditions significantly improve the impairment provision relating to other intangible assets may reverse in part or in whole.

Pensions

The value of plan assets and liabilities is determined based on various long term actuarial assumptions, including future rates of inflation, salary growth, yields, returns on investments and mortality rates. Changes in these assumptions over time and differences to the actual outcome will be reflected in the Group's Consolidated Statement of Comprehensive Income. Note 21 details the main assumptions in accounting for the Group's defined benefit pension schemes.

Tax and deferred tax

Aspects of tax accounting require management judgement and interpretation of tax legislation across many jurisdictions, in some cases relating to items which may not be resolved with the relevant tax authority for many years.

In determining the carrying amounts of deferred tax assets, management is required to assess the timing of the utilisation of provisions for tax purposes and whether it is probable that sufficient taxable profits will be available to enable the asset to be recovered.

Going concern

The Group has recorded profits in the current year and has significantly reduced financial borrowings, partly due to the disposal of the North American business.

The Group has prepared forecasts with certain sensitivities and whilst the economic conditions have stabilised there continues to be certain risks including mortgage availability and weakened demand due to market environment. However the Directors are satisfied that the Group will be able to continue to operate within the available financing facilities for at least the next 12 months from the date of signing these financial statements.

Accordingly the consolidated financial statements have been prepared on a going concern basis.

Adoption of new and revised Standards and Interpretations

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS 24 (amended) Related party disclosures. Clarifies and simplifies the definition of a related party and will require certain entities to make additional disclosures. The amendment is not expected to have any impact on the Group's financial statements.

IAS 32 (amended) Financial instruments presentation. Classification of Rights issue, where offered for a fixed amount of foreign currency, these should be classified as equity. The amendment is not expected to have any impact on the Group's financial statements.

IFRIC 14 (amended) Prepayments of a minimum funding requirement. These amendments correct an unintended consequence of IFRIC 14 where in some circumstances entities are not entitled to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued.

IFRIC 19 Extinguishing financial liabilities and equity instruments. Requires that where a debtor issues equity instruments to a creditor to settle all or part of a financial liability, these instruments should be deemed fully paid and measured at the fair value of the liability extinguished. The amendment is not expected to have any impact on the Group's financial statements.

Improvements to IFRSs 2010 (amendments). This release incorporated amendments to seven International Financial Reporting Standards (IFRSs). This is part of the IASB's amendments issued under the annual improvements process, which is designed to make necessary, but non-urgent, amendments to IFRSs.

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, there are no Standards and Interpretations which have not been applied in these financial statements that were in issue and endorsed by the EU but not yet effective.

2. General information

Taylor Wimpey plc is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 114. The nature of the Group's operations and its principal activities are set out in the Chief Executive's Review on pages 6 to 10.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policy set out on pages 61 to 62.

Notes to the Consolidated Financial Statements continued

3. Revenue

An analysis of the Group's continuing revenue is as follows:

£ million	2011	2010 (Restated Note 1)
Housing	1,783.1	1,756.3
Land sales	24.9	11.4
Consolidated revenue	1,808.0	1,767.7
Interest receivable	3.7	3.4
Total revenue for the year	1,811.7	1,771.1

Housing revenue includes £143.9 million (2010: £128.0 million) in respect of the value of properties accepted in part exchange by the Group.

4. Operating segments

IFRS 8 Operating segments requires information to be presented in the same basis as it is reviewed internally. The Group's Board of Directors view the businesses on a geographic basis when making strategic decisions for the Group and as such the Group is organised into three operating divisions – Housing United Kingdom, Housing Spain, and Corporate.

The North American business has been presented as discontinued operations following its disposal on 13 July 2011. The prior year net assets of the North American business have been presented separately as discontinued operations.

Segment information about these businesses is presented below:

For the year to 31 December 2011 £ million	Housing United Kingdom	Housing Spain	Corporate	Consolidated
Revenue:				
External sales	1,779.4	28.6	–	1,808.0
Result:				
Profit/(loss) on ordinary activities before joint ventures, finance costs and exceptional items	172.0	0.2	(13.9)	158.3
Share of results of joint ventures	1.2	–	–	1.2
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	173.2	0.2	(13.9)	159.5
Exceptional items	(5.8)	–	–	(5.8)
Profit/(loss) on ordinary activities before finance costs, after share of results of joint ventures and exceptional items	167.4	0.2	(13.9)	153.7
Finance costs, net (including exceptional finance costs)				(75.1)
Profit on ordinary activities before taxation				78.6
Taxation (including exceptional tax)				(22.7)
Result from continuing operations:				55.9
Result from discontinued operations:				
Profit for the year from discontinued operations				43.1
Profit for the year – total Group				99.0

4. Operating segments continued

At 31 December 2011
£ million

	Housing United Kingdom	Housing Spain	Corporate	Consolidated
Assets and liabilities:				
Segment operating assets	2,761.9	76.1	1.5	2,839.5
Joint ventures	31.7	0.2	–	31.9
Segment operating liabilities	(1,072.1)	(14.9)	(115.8)	(1,202.8)
Continuing Group net operating assets/(liabilities)	1,721.5	61.4	(114.3)	1,668.6
Net current taxation				(59.5)
Net deferred taxation				342.8
Net debt				(116.9)
Net assets				1,835.0

2011
£ million

	Housing United Kingdom	Housing Spain	Corporate	Consolidated
Other information – continuing operations:				
Property, plant and equipment additions	0.8	0.1	–	0.9
Software development costs	4.1	–	–	4.1
Depreciation – plant and equipment	0.6	0.2	–	0.8

For the year to 31 December 2010 (restated Note 1)
£ million

	Housing United Kingdom	Housing Spain	Corporate	Consolidated
Revenue:				
External sales	1,736.6	31.1	–	1,767.7
Result:				
Profit/(loss) on ordinary activities before joint ventures, finance costs and exceptional items	123.3	(3.6)	(19.1)	100.6
Share of results of joint ventures	(0.3)	–	–	(0.3)
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	123.0	(3.6)	(19.1)	100.3
Exceptional items	–	(17.3)	(38.2)	(55.5)
Profit/(loss) on ordinary activities before finance costs, after share of results of joint ventures and exceptional items	123.0	(20.9)	(57.3)	44.8
Finance costs, net (including exceptional finance costs)				(199.6)
Loss on ordinary activities before taxation				(154.8)
Taxation (including exceptional tax)				329.5
Result from continuing operations:				174.7
Result from discontinued operations:				
Profit for the year from discontinued operations				84.6
Profit for the year – total Group				259.3

Notes to the Consolidated Financial Statements continued

4. Operating segments continued

At 31 December 2010 (restated Note 1) £ million	Housing United Kingdom	Housing Spain	Corporate	Consolidated
Assets and liabilities – continuing operations:				
Segment operating assets	2,719.4	82.6	10.3	2,812.3
Joint ventures	33.7	0.2	–	33.9
Segment operating liabilities	(1,124.5)	(12.9)	(75.0)	(1,212.4)
Net operating assets/(liabilities)	1,628.6	69.9	(64.7)	1,633.8
Discontinued operations				
Operating assets				900.5
Operating liabilities				(287.8)
				612.7
Total net operating assets				2,246.5
Goodwill				2.4
Net current taxation				(142.9)
Net deferred taxation				371.6
Net debt				(654.5)
Net assets				1,823.1

2010 £ million (restated Note 1)	Housing United Kingdom	Housing Spain	Corporate	Consolidated
Other information – continuing operations:				
Property, plant and equipment additions	1.7	0.1	–	1.8
Software development costs	1.0	–	–	1.0
Depreciation – plant and equipment	2.2	0.2	–	2.4

5. Net operating expenses and profit on ordinary activities before finance costs

£ million	2011	2010 (Restated Note 1)
Administration expenses	136.4	127.0
Net other (income)/expense	(7.0)	2.2
Exceptional items	5.8	38.2
	135.2	167.4

Net other income/(expense) includes profits on the sale of property, plant and equipment, VAT refunds and ground rents receivable.

Exceptional items: £ million	2011	2010 (Restated Note 1)
Net land and work in progress write-downs	–	17.3
Restructuring costs	–	6.5
Refinancing expenses	–	31.7
Pension enhanced transfer value offer	5.8	–
Exceptional items	5.8	55.5

Market conditions have stabilised in the United Kingdom, however there continues to be uncertainty due to continued scarcity of mortgage finance and unemployment. The Spanish market whilst stable continues to be challenging, however there have been no material market condition changes. The Group has completed its assessment on the carrying value of land and work in progress which has not resulted in further land and work in progress net write-downs (31 December 2010: £17.3 million) to the lower of cost and net realisable value, nor any reversals of previous write-downs (2010: £nil million) as there is no clear evidence of a sustained change in the economic circumstances at the balance sheet date.

5. Net operating expenses and profit on ordinary activities before finance costs continued

The current year exceptional costs of £5.8 million relates to the George Wimpey Staff Pension Scheme (GWSPS) enhanced transfer value exercise. Deferred members of the GWSPS have been offered enhanced transfer values in an exercise designed to reduce the volatility of the Group's future pension obligations.

In 2010 the Group incurred £6.5 million of costs predominantly in relation to actions relating to the Group's review of strategic options with regards to the North American business. Refinancing expenses of £31.7 million incurred in 2010 were predominantly fees payable to lenders and advisors in relation to the refinancing of the Group's debt facilities.

The Group paid a premium over nominal value of £5.5 million following the repurchase of £85.4 million of Senior Notes 10.375% due 2015 and this is presented as an exceptional finance charge (Note 7). In 2010 £83.4 million interest related breakage costs on the refinancing were included within exceptional finance costs in the Consolidated Income Statement.

Profit on ordinary activities before financing costs for continuing operations has been arrived at after charging: £ million	2011	2010 (Restated Note 1)
Cost of inventories recognised as expense in cost of sales, before write-downs of inventories	1,454.4	1,478.2
Write-downs of inventories	–	17.3
Depreciation – plant and equipment	0.8	2.4
Minimum lease payments under operating leases recognised in income for the year	6.6	5.5

The remuneration paid to Deloitte LLP, the Group's external auditors, is as follows: £ million

	2011	2010
Fees payable to the Company's auditors for the audit of the Company's annual accounts and consolidated financial statements	0.1	0.2
Fees payable to the Company's auditors and their associates for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	0.3	0.6
Total audit fees	0.4	0.8
Other services pursuant to legislation	0.1	0.1
Tax services	0.5	0.7
Corporate finance services	0.2	–
Other assurance services	0.4	2.0
Total non-audit fees	1.2	2.8
Total fees	1.6	3.6

Non-audit services in 2011 and 2010 predominantly relate to work undertaken as a result of Deloitte LLP's role as auditors, or work resultant from knowledge and experience gained as part of the role. Other services include necessary work related to the Group's refinancing process and certain attest services in relation to the interested party offers for the North American business. Their work was either the subject of a competitive tender or was best performed by the Group's auditors because of their knowledge of the Group. Tax services include tax compliance work and advisory services for Taylor Wimpey plc and subsidiaries. See page 36 for details of the Group's policies in respect of non-audit services and approval by the Audit Committee.

6. Staff costs

Continuing Group	2011 Number	2010 Number (Restated Note 1)
Average number employed		
Housing United Kingdom including corporate office	3,464	3,484
Housing Spain	65	85
	3,529	3,569
United Kingdom	3,464	3,484
Overseas	65	85
	3,529	3,569
Discontinued operations	337	731

Notes to the Consolidated Financial Statements continued

6. Staff costs continued

£ million	2011	2010 (Restated Note 1)
Remuneration		
Wages and salaries	143.9	143.2
Redundancy costs	1.8	1.8
Social security costs	18.1	17.3
Other pension costs	6.6	7.2
	170.4	169.5

Discontinued operations	33.2	64.7
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The information required by the Companies Act 2006 and the Listing Rules of the Financial Services Authority is contained on pages 39 to 50 in the Directors' Remuneration Report.

7. Finance costs

Finance costs from continuing operations are analysed as follows:		
£ million	2011	2010 (Restated Note 1)
Interest on overdrafts, bank and other loans	29.1	27.2
Interest on debenture loans	23.2	58.0
Movement on interest rate derivatives and foreign exchange movements	(1.0)	2.4
	51.3	87.6
Unwinding of discount on land creditors and other payables	7.9	9.0
Notional net interest on pension liability (Note 21)	14.1	23.0
	73.3	119.6

Exceptional finance costs:

Senior Note 10.375% due 2015 premium and bank loans and debenture fees and breakage fees	5.5	83.4
	78.8	203.0

The exceptional finance costs incurred in 2011 relate to the premium paid on the repurchase of £85.4 million of Senior Notes 10.375% due 2015 and the prior year costs relate to one-off interest related breakage payments following the early redemption of loan notes, debenture loans and certain arrangement fees.

8. Tax

Tax (charged)/ credited in the income statement for continuing operations is analysed as follows:		
£ million	2011	2010 (Restated Note 1)
Current tax:		
UK corporation tax: Current year	–	(0.8)
Prior years	6.0	60.8
Foreign tax: Current year	–	–
Prior years	(0.2)	0.1
	5.8	60.1
Deferred tax:		
UK: Current year	(28.5)	269.4
	(28.5)	269.4
	(22.7)	329.5

Corporation tax is calculated at 26.5% (2010: 28%) of the estimated assessable profit (2010: loss) for the year in the UK. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the year includes a credit in respect of exceptional items of £1.5 million (2010: £360.8 million credit) in respect of UK tax. The 2010 credit in the UK related to the recognition of a deferred tax asset of £300.0 million relating to trading losses carried forward and the settlement of various issues with HM Revenue and Customs.

8. Tax continued

The charge for the year includes an amount of £22.2 million relating to the impact on the deferred tax asset of the 2% reduction in UK corporation tax from 27% to 25%.

The (charge)/credit for the year can be reconciled to the profit/(loss) per the income statement as follows: £ million	2011	2010 (Restated Note 1)
Profit/(loss) before tax	78.6	(154.8)
Tax at the UK corporation tax rate of 26.5% (2010: 28%)	(20.8)	43.3
Net over-provision in respect of prior years	5.8	60.8
Tax effect of expenses that are not deductible in determining taxable profit	(0.3)	(5.9)
Non-taxable income	–	0.2
Losses not recognised	(7.3)	(45.2)
Recognition of deferred tax asset relating to trading losses	22.1	300.0
Current year impact of settlement with Tax Authorities	–	(23.7)
Impact of 2% rate reduction on deferred tax	(22.2)	–
Tax (charge)/credit for the year	(22.7)	329.5

9. Earnings per share

	2011	2010 (Restated Note 1)
Basic earnings per share	3.1p	8.1p
Diluted earnings per share	3.0p	7.9p
Basic earnings per share – continuing operations	1.8p	5.5p
Diluted earnings per share – continuing operations	1.7p	5.3p
Basic earnings per share – discontinued operations	1.4p	2.6p
Diluted earnings per share – discontinued operations	1.3p	2.6p
Adjusted basic earnings/(loss) per share – continuing operations	2.1p	(1.5p)
Adjusted diluted earnings/(loss) per share – continuing operations	2.0p	(1.4p)
Weighted average number of shares for basic/adjusted earnings per share – million	3,190.1	3,193.8
Weighted average number of shares for diluted basic/adjusted earnings/(loss) per share – million	3,282.3	3,297.6

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and the associated net tax charges, are shown to provide clarity on the underlying performance of the Group. A reconciliation of earnings attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below.

£ million	2011	2010 (Restated Note 1)
Earnings from continuing operations for basic profit per share and diluted earnings per share	55.9	174.7
Adjust for exceptional items (Notes 5 and 7)	11.3	138.9
Adjust for exceptional tax items (Note 8)	(1.5)	(360.8)
Earnings/(loss) from continuing operations for adjusted basic and adjusted diluted earnings per share	65.7	(47.2)

Notes to the Consolidated Financial Statements continued

10. Goodwill

£ million

Cost and carrying amount	
At 1 January 2010 and 1 January 2011	2.4
Disposal of subsidiaries	(2.4)
At 31 December 2011	–

The goodwill related to a mortgage advisory service acquired within the North American business in a prior year. It was disposed of in the current year when the North American business was sold on 13 July 2011.

11. Other intangible assets

£ million	Brands	Software development costs	Total
Cost			
At 1 January 2010	140.2	18.7	158.9
Additions	–	1.0	1.0
At 31 December 2010	140.2	19.7	159.9
Additions	–	4.1	4.1
Disposals	–	(18.7)	(18.7)
At 31 December 2011	140.2	5.1	145.3
Amortisation/impairment			
At 1 January 2010	(140.2)	(18.7)	(158.9)
Charge for the year	–	–	–
At 31 December 2010	(140.2)	(18.7)	(158.9)
Charge for the year	–	–	–
Disposals	–	18.7	18.7
At 31 December 2011	(140.2)	–	(140.2)
Carrying amount			
31 December 2011	–	5.1	5.1
31 December 2010	–	1.0	1.0

The Group has evaluated its performance in the current year and concluded that it would not be appropriate to reverse any of the previously recognised impairment charges.

Additions in the year relate to certain software and consultancy services relating to a new IT system being developed for use by the operational business units.

During the year the Group disposed of software development costs which were previously held at nil book value.

12. Property, plant and equipment

£ million	Freehold land and buildings	Plant and equipment	Total
Cost			
At 1 January 2010	1.0	26.2	27.2
Additions	–	3.7	3.7
Disposals	–	(4.7)	(4.7)
Changes in exchange rates	–	0.3	0.3
At 31 December 2010	1.0	25.5	26.5
Additions	0.5	1.2	1.7
Disposals	–	(4.3)	(4.3)
Disposal of subsidiaries	–	(7.8)	(7.8)
Changes in exchange rates	–	(0.1)	(0.1)
At 31 December 2011	1.5	14.5	16.0
Accumulated depreciation			
At 1 January 2010	–	(19.0)	(19.0)
Disposals	–	4.7	4.7
Charge for the year	–	(4.3)	(4.3)
Changes in exchange rates	–	(0.3)	(0.3)
At 31 December 2010	–	(18.9)	(18.9)
Disposals	–	3.7	3.7
Charge for the year	–	(1.7)	(1.7)
Disposal of subsidiaries	–	5.8	5.8
Changes in exchange rates	–	0.1	0.1
At 31 December 2011	–	(11.0)	(11.0)
Carrying amount			
£ million	Freehold land and buildings	Plant and equipment	Total
At 31 December 2011	1.5	3.5	5.0
At 31 December 2010	1.0	6.6	7.6

Notes to the Consolidated Financial Statements continued

13. Interests in joint ventures

£ million	2011	2010
Aggregated amounts relating to share of joint ventures		
Current assets	40.8	60.0
Total assets	40.8	60.0
Current liabilities	(2.6)	(2.7)
Non-current liabilities	(32.2)	(36.0)
Total liabilities	(34.8)	(38.7)
Carrying amount	6.0	21.3
Loans to joint ventures	25.9	28.4
Total interests in joint ventures	31.9	49.7

£ million	2011	2010 (Restated Note 1)
Share of post-tax profits from joint ventures		
Revenue	1.6	3.8
Cost of sales	(1.0)	(4.1)
Gross profit/(loss)	0.6	(0.3)
Net operating income	0.9	–
Profit/(loss) on ordinary activities before finance costs	1.5	(0.3)
Finance costs	(0.2)	–
Profit/(loss) on ordinary activities before tax	1.3	(0.3)
Taxation	(0.1)	–
Share of joint ventures' post-tax results for the year	1.2	(0.3)

The Group has two (2010: three) principal joint ventures.

Particulars of principal joint ventures are as follows:

Country of incorporation	Name of joint venture equity accounted in the consolidated accounts	Taylor Wimpey plc interest in the issued ordinary share capital
Great Britain	Strada Developments Limited ^(a)	50%
Great Britain	Academy Central Limited Liability Partnership ^{(a)(b)}	62%

(a) Interest held by subsidiary undertakings.

(b) The Group is equally represented on the Board of Academy Central Limited Liability Partnership. It and the other partner have equal voting rights over operational management of the entity.

14. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

£ million	Losses	Retirement benefit obligations	Other temporary differences	Total
At 1 January 2010	–	114.7	4.1	118.8
Credit/(charge) to income ^(a)	300.0	(30.6)	(1.2)	268.2
Charge to equity ^(a)	–	(15.9)	–	(15.9)
Changes in exchange rates	–	0.1	0.4	0.5
At 31 December 2010	300.0	68.3	3.3	371.6
(Charge)/credit to income	(10.2)	(18.6)	0.3	(28.5)
Credit to equity	–	4.8	–	4.8
Disposal of subsidiaries	–	(1.8)	(3.3)	(5.1)
At 31 December 2011	289.8	52.7	0.3	342.8

(a) 2010 income statement movements have not been restated

Closing deferred tax on UK temporary differences has been calculated at the enacted rate of 25% (2010: 27%). The effect of the reduction in the UK corporation tax rate from 27% to 25% is a reduction in the net deferred tax asset at the end of 2011 of an amount of £26.4 million. Of this £26.4 million, £4.2 million has been charged directly to the Statement of Comprehensive Income.

The proposed reduction in the main rate of corporation tax by 1% per year to 23% by 2014 is expected to be enacted separately each year. Based on the level of deferred tax recognised at the balance sheet date a charge of £13.7 million for each 1% reduction would arise. The Group will assess the impact of the reduction in rate in line with its accounting policy in respect of deferred tax at each balance sheet date.

The net deferred tax balance is analysed into assets and liabilities as follows:

£ million	2011	2010
Deferred tax assets	342.8	372.4
Deferred tax liabilities	–	(0.8)
	342.8	371.6

The Group has not recognised potential deferred tax assets relating to tax losses and other temporary differences carried forward amounting to £67.6 million (2010: £78.6 million) in the UK and £24.7 million (2010: £29.8 million) in other jurisdictions.

At the balance sheet date, the Group has unused UK capital losses of £252.4 million (2010: £253.0 million), all of which are agreed as available for offset against future capital profits. In 2010 the Group conceded a significant proportion of capital losses as part of a wider settlement agreement with HM Revenue & Customs. No deferred tax asset has been recognised in respect of the remaining capital losses at 31 December 2011 because the Group does not believe that it is probable that these capital losses will be utilised in the foreseeable future.

15. Inventories

£ million	2011	2010
Raw materials and consumables	1.2	1.7
Finished goods and goods for resale	17.9	19.4
Residential developments:		
Land ^(a)	2,018.9	2,248.4
Development and construction costs	643.8	1,159.6
Commercial, industrial and mixed development properties	4.8	7.1
	2,686.6	3,436.2

(a) Details of land creditors are in Note 19

The Directors consider all inventories to be current in nature. The operational cycle is such that the majority of inventory will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised, as this will be subject to a number of issues such as consumer demand and planning permission delays.

Continuing Group gross profit includes a positive contribution of £99.6 million (2010: £103.5 million), relating to realisation of written down inventory above its originally estimated net realisable value, where our market assumptions in previous net realisable value exercises have been exceeded. This has partly been due to actions taken by the Group in the re-plan of sites, the further utilisation of standard house types and continued value engineering driving build cost savings as well as other external factors. These amounts are stated before the allocation of overheads excluded from the Group's net realisable value exercise.

Notes to the Consolidated Financial Statements continued

16. Other financial assets Trade and other receivables

£ million	Current		Non-current	
	2011	2010	2011	2010
Trade receivables	44.8	94.0	68.2	74.8
Currency and interest rate derivatives	–	–	–	6.2
Other receivables	27.7	61.7	2.1	15.5
	72.5	155.7	70.3	96.5

The average credit period taken on sales is 8 days (2010: 16 days). An allowance has been made for estimated irrecoverable amounts from trade receivables of £5.5 million (2010: £8.3 million). This allowance has been determined by reference to past default experience.

Cash and cash equivalents

£ million	2011	2010
Cash and cash equivalents (see Note 20)	147.7	183.9

Cash and cash equivalents comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value in both years.

17. Overdrafts, bank and other loans

£ million	2011	2010
Bank overdrafts repayable on demand	–	12.1
Bank loans	–	476.3
Other loans	100.0	100.0
	100.0	588.4
Amount due for settlement within one year	–	15.1
Amount due for settlement after one year	100.0	573.3
Total bank borrowings	100.0	588.4

£ million	Bank overdraft	Bank and other loans
Analysis of borrowings by currency:		
31 December 2011		
Sterling	–	100.0
	–	100.0
Analysis of borrowings by currency:		
31 December 2010		
Sterling	–	152.0
Canadian dollars	12.1	–
Euros	–	97.4
US dollars	–	326.9
	12.1	576.3

Bank borrowings and overdrafts are borrowed at variable rates of interest, from 3.0% to 6.0% (2010: 2.5% to 6.0%).

Secured bank loans and overdrafts outstanding totalled £nil million (2010: £15.1 million). Secured bank loans and overdrafts are secured on certain fixed asset properties, land and mortgages receivable.

Other loans comprise a £100.0 million (2010: £100.0 million) variable rate term loan with an investment fund.

18. Debenture loans

£ million

	2011	2010
Unsecured		
£250m Senior Note 10.375% due 2015	164.6	250.0
Carrying value	164.6	250.0
Fair value	175.4	261.2

The fair value for all debenture loans has been derived from inputs that are observable for the liability either directly or indirectly, relevant for the term and currency.

During the current year the Group has repurchased £85.4 million of Senior Notes 10.375% due 2015.

£ million

	2011	2010
Repayable		
Total falling due in more than one year	164.6	250.0
	164.6	250.0

Interest rates and currencies of debenture loans:

	Fixed rate £ million	Weighted average interest rate %	Weighted average time until maturity years
31 December 2011			
Sterling	164.6	10.4	4.0
31 December 2010			
Sterling	250.0	10.4	5.0
	250.0	10.4	5.0

As part of the Group's £250.0 million Senior Notes issued on 14 December 2010, disclosures of certain metrics are required to be annually presented, including the following:

- 'Net financial expense', considered to be the Group's interest on overdrafts, bank and other loans and interest on debenture loans less bank interest receivable was £52.3 million (2010: £85.8 million).
- 'Interest coverage ratio', defined as profit on ordinary activities before finance costs and exceptional items over the net financial expense. In the year this ratio was 3.0 (2010: 2.1).
- 'Net debt/EBITDA' defined as the Group's overdrafts, debenture, bank and other loans less cash and cash equivalents over profit/(loss) on ordinary activities before finance costs, exceptional items, depreciation and amortisation and after share of results of joint ventures. At 31 December 2011 the ratio was 0.7 (2010: 3.3).

Notes to the Consolidated Financial Statements continued

19. Trade and other payables

£ million	Current		Non-current	
	2011	2010	2011	2010
Trade payables	322.2	374.5	144.4	175.9
Currency and interest rate derivatives	1.4	9.0	–	–
Other payables	374.2	519.4	55.3	81.2
	697.8	902.9	199.7	257.1

Trade payable days were 32 days (2010: 30 days), based on the ratio of year end trade payables (excluding sub-contract retentions and unagreed claims of £31.2 million (2010: £34.4 million) and land creditors) to amounts invoiced during the year by trade creditors.

Other payables include customer deposits for reserving plots of £17.0 million (2010: £83.8 million) and £136.4 million (2010: £133.8 million) relating to certain accruals associated with completed sites.

Land creditors (included within trade payables) are due as follows:

£ million	2011	2010
Due within one year	163.5	198.4
Due in more than one year	142.9	170.8
	306.4	369.2

Land creditors are denominated as follows:

£ million	2011	2010
Sterling	303.9	317.1
US dollars	–	1.6
Canadian dollars	–	47.2
Euros	2.5	3.3
	306.4	369.2

Land creditors of £197.3 million (2010: £160.2 million) are secured against land acquired for development, or supported by bond or guarantee.

20. Financial instruments

Capital management

The Group's objective is to obtain a strong credit rating for the business and to have an appropriate funding structure based on maintaining a minimum interest cover and within a maximum level of gearing adjusted for land creditors. Shareholders' equity and long term debt are used to finance fixed assets and medium to long term land bank. Revolving credit facilities are used to fund net current assets including work in progress.

Financial assets and financial liabilities

Categories of financial assets and financial liabilities are as follows:

Financial assets £ million	Note	2011 Carrying value	2010 Carrying value
Cash and cash equivalents	(b)	147.7	183.9
Derivative financial instruments:			
Designated as effective hedging instruments	(a)	–	–
Held for trading	(a)	–	6.2
Loans and receivables:			
Land receivables	(b)	9.9	15.4
Trade and other receivables	(b)	41.9	121.1
Mortgage receivables	(b)	66.5	54.9
		266.0	381.5

Land receivables and trade and other receivables are included in the balance sheet as trade and other receivables for current and non-current amounts.

Current and non-current trade and other receivables, as disclosed in Note 16, include £24.5 million (2010: £70.0 million) of non-financial assets.

20. Financial instruments continued

Financial liabilities £ million	Note	2011 Carrying value	2010 Carrying value
Derivative financial instruments:			
Designated as effective hedging instruments	(a)	–	–
Held for trading	(a)	1.4	9.0
Amortised cost:			
Overdrafts, bank and other loans		100.0	588.4
Land creditors	(b)	306.4	369.2
Trade and other payables	(b)	501.6	571.6
Debenture loans	(c)	164.6	250.0
		1,074.0	1,788.2

(a) Derivative financial instruments are carried at fair value. The fair values are derived from inputs that are observable for the asset or liability either directly or indirectly and relevant for the term, currency and instrument.

(b) The Directors consider that the carrying amount of other financial assets and liabilities recorded in the financial statements approximates their fair values.

(c) Details of fair values of debenture loans are provided in Note 18.

Land creditors are included in the balance sheet as trade and other payables for current and non-current amounts. Current and non-current trade and other payables, as disclosed in Note 19, include £88.1 million (2010: £210.2 million) of non-financial liabilities.

The Group has the following types of derivatives:

	2011 Notional amount	2011 Weighted average fixed	2010 Notional amount	2010 Weighted average fixed
Designated as held for trading:				
Floating £ to fixed £ interest	£35.0m	5.80%	£185.0m	5.28%
US\$160.5m floating US\$ to fixed £ interest	–	–	£100.0m	6.63%
Designated as hedging instruments:				
Currency forward contract to sell € against £	€55.0m	n/a	–	–

In addition, forward contracts have been entered into to hedge transaction risks on intra-Group loans to buy /(sell) against Sterling: €79.5 million and C\$0.9 million (2010: C\$192.0 million). The fair values of the forward contracts are not material as they were entered into on or near 31 December in each year and mature not more than one month later.

Profit/(loss) before tax has been arrived at after charging/(crediting) the following gains and losses: £ million	2011	2010 (Restated Note 1)
Change in fair value of financial liabilities designated as effective hedged items	–	1.2
Change in fair value of derivatives designated as effective hedging instruments	–	(1.2)
Change in fair value of derivatives classified as held for trading	1.5	2.5
	1.5	2.5

Market risk

The Group's activities expose it to the financial risks of changes in both foreign currency exchange rates and interest rates. The Group aims to manage the exposure to these risks by the use of fixed or variable rate borrowings, foreign currency borrowings and derivative financial instruments.

(a) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and variable interest rates. The exposure to these borrowings varies during the year due to the seasonal nature of cash flows relating to housing sales and the less certain timing of land payments. A combination of fixed rate borrowings and interest rate swaps are used to manage the volatility risk such that at the year end, if borrowings are greater than 50% of tangible net assets then taking all interest rate derivatives into account, fixed rate borrowings are not normally more than 70% of total borrowings and not less than 30%. Group policy does not allow the use of derivatives to speculate against changes to future interest rates and they are only used to manage exposure to volatility.

Notes to the Consolidated Financial Statements continued

20. Financial instruments continued

In order to measure the risk, variable rate borrowings and the expected interest cost for the year are forecast on a monthly basis and compared to budget using management's expectations of a reasonably possible change in interest rates. Interest expense volatility remained within acceptable limits throughout the year. At the year end the Group had £200.0 million (2010: £335.0 million) of fixed rate exposure equivalent to 171% (2010: 51%) of net debt.

Hedge accounting

Hedging activities are evaluated periodically to ensure that they are in line with Group policy. Only one interest rate swap is currently held which does not satisfy the strict requirements for hedge accounting and is therefore designated as held for trading.

A forward contract is currently being used to hedge the net investment risk in the Spanish operations.

Interest rate sensitivity

The effect on both income and equity, based on exposure to non-derivative floating rate instruments at the balance sheet date, for a 1% (2010: 1%) rise in interest rates is £0.4 million (2010: £(4.0) million), before tax. A fall of 1% (2010: 1%) in interest rates gives the same but opposite effect. For derivatives the fair values have been calculated based on rates available from a recognised financial information provider adjusted for the sensitivity as shown in the tables below.

The table assumes all other variables remain constant and in accordance with IFRS 7 does not attempt, for example, to include the effects of any resultant change in exchange rates.

1% increase in interest rates £ million	Sensitivity income 2011	Sensitivity equity 2011	Sensitivity income 2010	Sensitivity equity 2010
Derivatives	0.3	0.3	0.4	0.4
Non-derivatives	0.4	0.4	(4.0)	(4.0)
	0.7	0.7	(3.6)	(3.6)
1% decrease in interest rates £ million	Sensitivity income 2011	Sensitivity equity 2011	Sensitivity income 2010	Sensitivity equity 2010
Derivatives	(0.3)	(0.3)	(0.4)	(0.4)
Non-derivatives	(0.4)	(0.4)	4.0	4.0
	(0.7)	(0.7)	3.6	3.6

(b) Foreign currency risk management

The Group's overseas activities expose it to the financial risks of changes in foreign currency exchange rates. The Group completed the sale of its North American business in July 2011 and as such Spain is the only remaining overseas business.

The Group is not materially exposed to transaction risks as all Group companies conduct their business in their respective functional currencies. Group policy requires that transaction risks are hedged to the functional currency of the subsidiary using foreign currency borrowings or derivatives where appropriate.

The Group is also exposed to the translation risk of accounting for both the income and the net investment held in functional currencies other than Sterling. The net investment risk is partially hedged using foreign currency borrowings and derivatives. Assets and liabilities denominated in non-functional currencies are retranslated each month using the latest exchange rates and resultant exchange gains or losses monitored each month. Income is also measured monthly using the latest exchange rates and compared to a budget held at historical exchange rates. Other than the natural hedge provided by foreign currency borrowings the translation risk of income is not hedged using derivatives. The policy is kept under periodic review.

The Group's exposure to, and the way in which it manages, exchange rate risk has not changed from the previous year.

Hedge accounting

The Group has designated the carrying value of €55.0 million (2010: US\$138.0 million and €75.0 million) borrowings or foreign currency forward contracts as a net investment hedge of part of the Group's investment in Euro denominated assets.

The change in the carrying amount of the derivatives which were effective hedging instruments and the change in the carrying value of the borrowings offset the exchange movement on the Group's US dollar and € net investments and are included in the translation reserve. Following the disposal of the North American business, £59.1 million of translation reserves were recycled through the income statement.

20. Financial instruments continued

Foreign currency sensitivity

Following the disposal of the North American business, the Group is only exposed to the Euro due to its Spanish operations. The following table details how the Group's income and equity would increase/(decrease) on a before tax basis, to a 15% increase (2010: 15%) in the respective currencies against Sterling and in accordance with IFRS 7, all other variables remaining constant. A 15% (2010: 15%) decrease in the value of Sterling would have an equal but opposite effect.

The 15% (2010: 15%) change represents a reasonably possible change in the specified foreign exchange rates in relation to Sterling.

£ million	Income sensitivity 2011	Equity sensitivity 2011	Income sensitivity 2010	Equity sensitivity 2010
US dollar	–	–	0.1	(13.1)
Canadian dollar	–	–	(0.2)	(29.9)
Euro	1.0	(5.9)	(0.3)	(9.9)
	1.0	(5.9)	(0.4)	(52.9)

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations.

The Group's policy is that surplus cash when not used to repay borrowings is placed on deposit with the Group's main relationship banks and with other banks based on a minimum credit rating.

Land receivables arise from sales of surplus land on deferred terms. A policy is in place such that if the risk is not acceptable then the deferred payment must have adequate security, either by the use of an appropriate guarantee or a charge over the land. The fair value of any land held as security is considered by management to be sufficient in relation to the carrying amount of the receivable to which it relates.

Trade and other receivables comprise mainly amounts receivable from various housing associations and other housebuilders. Management considers that the credit quality of the various debtors is good in respect of the amounts outstanding and therefore credit risk is considered to be low. There is no significant concentration of risk. A small allowance for credit losses against sundry debtors is held, however the balance is not material in relation to the gross carrying value of this particular class of financial asset.

Mortgages receivables, including shared equity, are in connection with the various promotion schemes to support sales on a selective basis. The mortgages are mostly secured by a second charge over the property and are held at their carrying value.

The carrying amount of financial assets, as detailed above, represents the Group's maximum exposure to credit risk at the reporting date assuming that any security held has no value.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the expected cash flow timings of financial assets and liabilities with the use of term cash and cash equivalents, borrowings, overdrafts and committed revolving credit facilities for a minimum of 12 months from maturity. Future borrowing requirements are forecast on a monthly basis and funding headroom is maintained above forecast peak requirements to meet unforeseen events. The Group has a range of maturities with an average life of 3.2 years (2010: 3.5 years).

In addition to term borrowings and committed overdraft facilities the Group has access to committed revolving credit facilities and cash balances. At the balance sheet date, the total unused committed amount was £600.0 million (2010: £477.0 million) and cash and cash equivalents of £147.7 million (2010: £183.9 million).

Notes to the Consolidated Financial Statements continued

20. Financial instruments continued

The maturity profile of the anticipated future cash flows including interest using the latest applicable relevant rate based on the earliest date on which the Group can be required to pay financial liabilities on an undiscounted basis is as follows:

Financial liabilities £ million	Overdrafts, bank and other loans	Land creditors	Trade and other payables*	Debenture loans	Total
On demand	–	–	–	–	–
Within one year	5.8	169.5	456.7	17.1	649.1
More than one year and less than two years	5.8	84.6	28.3	17.1	135.8
More than two years and less than five years	108.8	57.2	15.0	198.7	379.7
In more than five years	–	16.8	1.6	–	18.4
31 December 2011	120.4	328.1	501.6	232.9	1,183.0

* Excludes land creditors

Financial liabilities £ million	Bank loans and overdraft	Land creditors	Trade and other payables*	Debenture loans	Total
On demand	15.1	–	–	–	15.1
Within one year	22.1	201.0	499.8	28.0	750.9
More than one year and less than two years	194.4	86.6	19.3	25.9	326.2
More than two years and less than five years	432.3	65.3	20.0	327.8	845.4
In more than five years	–	38.0	2.4	–	40.4
31 December 2010	663.9	390.9	541.5	381.7	1,978.0

* Excludes land creditors

The following table represents the undiscounted cash flow profile of the Group's derivative financial instruments and has been calculated using implied interest rates and exchange rates derived from the respective yield curves. Interest rate swaps are settled net and foreign currency swaps and forward contracts are settled gross, except in the case of a default by either party where the amounts may be settled net.

Derivatives £ million	Net-settled derivatives net amount	Gross-settled derivatives receivable	Gross-settled derivatives payable	Total
Within one year	(1.6)	–	–	(1.6)
More than one year and less than two years	–	–	–	–
More than two years and less than five years	–	–	–	–
31 December 2011	(1.6)	–	–	(1.6)

Derivatives £ million	Net-settled derivatives net amount	Gross-settled derivatives receivable	Gross-settled derivatives payable	Total
Within one year	(7.7)	6.6	(2.6)	(3.7)
More than one year and less than two years	(1.4)	106.6	(104.5)	0.7
More than two years and less than five years	–	–	–	–
31 December 2010	(9.1)	113.2	(107.1)	(3.0)

21. Retirement benefit schemes

Retirement benefit obligation comprises gross pension liability of £208.2 million (2010: £248.5 million) and gross post-retirement healthcare liability of £2.0 million (2010: £2.0 million).

The Group operates defined benefit and defined contribution pension schemes. In the UK, the Taylor Woodrow Group Pension and Life Assurance Fund (TWGP&LAF) and the George Wimpey Staff Pension Scheme (GWSPS) are funded defined benefit schemes and are managed by boards of Trustees. The TWGP&LAF merged with the Bryant Group Pension Scheme (BGPS) on 24 June 2002 and with the Wilson Connolly Holdings Pension Scheme (WCHPS), the Wainhomes Ltd Pension Scheme (WHLPS) and the Prestoplan Pension Scheme (PPS) on 27 August 2004. The TWGP&LAF was closed to future pension accrual with effect from 30 November 2006 and the GWSPS was closed to future accrual with effect from 31 August 2010. An alternative defined contribution arrangement, the Taylor Wimpey Personal Choice Plan (TWPCP), is offered to new employees and to members of the defined benefit schemes when they were closed to future accrual. Legacy George Wimpey staff were members of a UK Stakeholder arrangement and contributions to the arrangement ceased with effect from 31 August 2010. These members were offered membership of the TWPCP. The Group also operated a number of small overseas pension schemes including defined benefit schemes in the US and Canada, until 13 July 2011 when the business was disposed of. The Group made an additional payment of £16.25 million to each of the UK defined benefit schemes following the sale of the North American businesses in July 2011. Future revaluation of deferred member benefits in the UK defined benefit schemes will be based on the CPI in line with scheme rules. Pensioner increases will continue to be based on RPI.

The pension scheme assets of the Group's principal defined benefit pension schemes, TWGP&LAF and GWSPS, are held in separate trustee-administered funds to meet long term pension liabilities to past and present employees. The Trustees of the schemes are required to act in the best interests of the schemes' beneficiaries. The appointment of trustees is determined by each scheme's trust documentation. The Group has a policy that at least one-third of all trustees should be nominated by members of the scheme. The Trustees have agreed to hold Joint Trustee Board meetings to manage the schemes jointly, where appropriate, they have also implemented a Joint Investment Sub Committee to manage the investment of the combined defined benefit scheme assets. The Group and the Trustees have undertaken a review of the schemes' investment strategy, implementation of the investment changes started during 2011 and will be completed in 2012.

The most recent formal triennial valuations of the TWGP&LAF and the GWSPS were carried out as at 31 March 2010. The Group agreed revised funding schedules under which the Group will make annual funding contributions of £22.0 million per annum in respect of the TWGP&LAF over 10 years from the valuation date and £24.0 million per annum in respect of the GWSPS from the valuation date. Previously the Group was making annual funding contributions of £20.0 million per annum over eight years in respect of the TWGP&LAF and £25.0 million per annum over 10 years in respect of the GWSPS. Following the last valuation of the GWSPS, the ordinary contribution rate was set at 18% of pensionable salaries, which was applicable until the scheme was closed to future accrual in August 2010. The projected unit method was used in all valuations and assets were taken into account using market values.

In September 2011 the Group undertook an enhanced transfer value exercise, for members of the GWSPS, which was materially complete at the end of the year. There was an approximate 14% member uptake of the offer which included a 15% additional pension and cash contribution.

Contributions of £6.6 million (2010: £4.1 million) were charged to income in respect of defined contribution schemes.

The main financial assumptions, which were used for the triennial funding valuation and are all relative to the inflation assumption, are as set out below:

Assumptions	TWGP&LAF	GWSPS
RPI inflation	3.60%	3.85%
Discount rate – pre/post-retirement	6.85%-5.10%	6.75%-4.75%
General pay inflation	–	–
Real pension increases	0.00%	0.00%
Valuation results		
Market value of assets	£758m	£694m
Past service liabilities	£1,022m	£953m
Scheme funding levels	74%	73%

There have been two significant post valuation events, the future revaluation of deferred member benefits to be based on CPI from 1 January 2011, which will reduce liabilities by £20.0 million for the TWGP&LAF and £19.0 million for the GWSPS and the additional Company payment to each scheme of £37.5 million in December 2010 have increased assets for both schemes. Annual funding contributions take into account these post valuation events.

Notes to the Consolidated Financial Statements continued

21. Retirement benefit schemes continued

The results of the March 2010 valuations of the Group's pension schemes have been updated to 31 December 2011 and the position of overseas schemes has been included within the IAS 19 disclosures. The principal actuarial assumptions used in the calculation of the disclosure items are as follows:

	United Kingdom	
	2011	2010
As at 31 December		
Discount rate for scheme liabilities	4.90%	5.40%
Expected return on scheme assets	5.04%-5.43%	5.55%-5.92%
General pay inflation	n/a	n/a
Deferred pension increases	1.95%	2.45%
Pension increases	2.00%-3.55%	2.20%-3.65%

The basis for the above assumptions are prescribed by IAS 19 and do not reflect the assumptions that may be used in future funding valuations of the Group's pension schemes.

The current life expectancies (in years) underlying the value of the accrued liabilities for the main UK plans are:

Life expectancy	2011		2010	
	Male	Female	Male	Female
Member currently age 65	87	90	86	90
Member currently age 45	88	92	88	92

The life expectancies have been derived using mortality assumptions that were based on the results of a recent investigation into the mortality experience of the schemes. The base tables used are the PA92 series tables with appropriate age rating adjustments. Future improvements in life expectancy are allowed for in the form of the medium cohort projections, with a 1% per annum underpin to future improvements in life expectancy.

The fair value of assets and present value of obligations of the Group's defined benefit pension schemes are set out below:

	Expected rate of return % p.a	United Kingdom £ million	North America £ million	Total plans £ million	Percentage of total plan assets held
31 December 2011					
Assets:					
Equities	7.45%	641.8	–	641.8	38%
Bonds	4.70%	428.3	–	428.3	26%
Gilts	2.95%	459.2	–	459.2	27%
Other assets	2.80%-7.45%	151.3	–	151.3	9%
		1,680.6	–	1,680.6	100%
Present value of defined benefit obligations		(1,888.8)	–	(1,888.8)	
Deficit in schemes recognised as non-current liability		(208.2)	–	(208.2)	
31 December 2010					
Assets:					
Equities	7.65%	587.3	10.0	597.3	37%
Bonds	5.40%	324.9	7.0	331.9	21%
Gilts	4.15%	481.0	–	481.0	30%
Other assets	3.20%-7.65%	191.2	2.7	193.9	12%
		1,584.4	19.7	1,604.1	100%
Present value of defined benefit obligations		(1,828.4)	(24.2)	(1,852.6)	
Deficit in schemes recognised as non-current liability		(244.0)	(4.5)	(248.5)	

To develop the expected long term rate of return on assets assumption, the Group considered the current level of expected returns on investments (particularly government bonds) and the historical level of the risk premium associated with the other asset classes in which the portfolio is invested. The expectations for future returns of each asset class were then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio.

21. Retirement benefit schemes continued

The expected return on scheme assets is based on market expectations at the beginning of the financial period for returns over the life of the related obligation. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value. Some of these bond investments are issued by the UK Government. The risk of default on these is very small. The trustees also hold bonds issued by public companies. There is a more significant risk of default on these which is assessed by various rating agencies.

The trustees also have a substantial holding of equity investments. The investment return related to these is variable, and they are generally considered riskier investments. Similarly, the trustees have holdings in 'alternative' investments which are also considered riskier investments but are intended to reduce the overall risk of the portfolio by introducing greater diversification.

It is generally accepted that the yield on equity investments will contain a premium, 'the equity risk premium', to compensate investors for the additional risk of holding this type of investment. There is significant uncertainty about the likely size of this risk premium.

A summary of the target asset allocations of the major defined benefit schemes are shown below:

	TWGP&LAF	GWSPS
UK Equities	7.6%	5.3%
Non-UK Equities	30.4%	21.2%
Index-Linked Gilts	9.4%	20.3%
Fixed-Interest Gilts	5.1%	8.7%
Other bonds	25.0%	25.5%
Alternatives (GTAA; Opportunistic credit; EMD; Active commodities)	20.5%	19.0%
Property	2.0%	–

£ million	2011	2010 (Restated Note 1)
Amount charged against income:		
Current service cost	–	(3.2)
Settlement (loss)/curtailment gain ^(a)	(4.0)	12.0
Operating (cost)/income	(4.0)	8.8
Expected return on scheme assets	82.3	73.8
Interest cost on scheme liabilities	(96.4)	(96.8)
Finance charges	(14.1)	(23.0)
Total charge	(18.1)	(14.2)

(a) The settlement for 2011 is in relation to an enhanced transfer value exercise, and the curtailment for 2010 is in respect of the closure of the GWSPS to future accrual.

The actual return on scheme assets was a gain of £96.1million (2010: £145.7 million).

£ million	2011	2010 (Restated Note 1)
Actuarial gains in the Statement of Comprehensive Income:		
Difference between actual and expected return on scheme assets	13.8	70.7
Experience losses arising on scheme liabilities	–	(8.6)
Changes in assumptions	(47.0)	(12.8)
Actuarial loss associated with discontinued operations	–	(2.4)
Total (loss)/gain recognised in the Statement of Comprehensive Income	(33.2)	46.9

Notes to the Consolidated Financial Statements continued

21. Retirement benefit schemes continued

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income is £201.9 million loss (2010: £168.7 million loss).

£ million	2011	2010 ^(a)
Movement in present value of defined benefit obligations		
1 January	1,852.6	1,818.7
Disposal of subsidiary	(24.2)	–
Changes in exchange rates	–	0.7
Service cost	–	3.7
Settlement loss/curtailment (gain)	1.8	(12.6)
Benefits paid and expenses	(84.8)	(81.0)
Contributions – employee	–	0.9
Interest cost	96.4	98.3
Actuarial losses	47.0	23.9
31 December	1,888.8	1,852.6

£ million	2011	2010 ^(a)
Movement in fair value of scheme assets		
1 January	1,604.1	1,412.3
Disposal of subsidiary	(19.7)	–
Changes in exchange rates	–	0.7
Expected return on scheme assets and expenses	82.3	74.9
Contributions – employer and employee	84.9	126.4
Benefits paid	(84.8)	(81.0)
Actuarial gains	13.8	70.8
31 December	1,680.6	1,604.1

(a) 2010 income statement movements have not been restated

£ million	2011	2010	2009	2008	2007
History of experience gains and losses:					
Fair value of scheme assets	1,680.6	1,604.1	1,412.3	1,280.5	1,434.2
Present value of defined benefit obligations	(1,888.8)	(1,852.6)	(1,818.7)	(1,557.7)	(1,650.6)
Deficit in the scheme	(208.2)	(248.5)	(406.4)	(277.2)	(216.4)
Difference between actual and expected return on scheme assets:					
Amount	13.8	70.8	102.7	(210.4)	(12.7)
Percentage of scheme assets	0.8%	4.4%	7.3%	16.4%	1.0%
Experience adjustments on scheme liabilities:					
Amount	–	(9.7)	29.1	(22.1)	26.7
Percentage of scheme liabilities	–	0.5%	1.6%	1.4%	2.0%

The estimated amounts of contributions expected to be paid to the TWGP&LAF during 2012 are £22.0 million and to the GWSPS are £24.0 million.

The Group liability is the difference between the scheme liabilities and the scheme assets. Changes in the assumptions may occur at the same time as changes in the market value of scheme assets. These may or may not offset the change in assumptions. For example, a fall in interest rates will increase the scheme liability, but may also trigger an offsetting increase in the market value of the assets so there is no net effect on the Group liability.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1% p.a.	Decrease by £30.0m
Rate of inflation	Increase by 0.1% p.a.	Increase by £26.3m
Rate of mortality	Members assumed to live 1 year longer	Increase by £61.5m

21. Retirement benefit schemes continued

The projected liabilities of the defined benefit scheme are apportioned between members' past and future service using the projected unit actuarial cost method. The defined benefit obligation makes allowance for future earnings growth.

The gross post-retirement liability also includes £2.0 million at 31 December 2011 (2010: £2.0 million) in respect of continuing post-retirement healthcare insurance premiums for retired long-service employees. The liability is based upon the actuarial assessment of the remaining cost by a qualified actuary on a net present value basis at 31 December 2008.

The cost is calculated assuming a discount rate of 3.6% per annum (2010: 3.6%) and an increase in medical expenses of 10.0% per annum (2010: 10.0%). The premium cost to the Group in respect of the retired long-service employees for 2011 was £0.2 million (2010: £0.2 million).

22. Provisions

£ million	Housing maintenance	Restructuring	Other	Total
At 1 January 2010	9.1	15.9	73.8	98.8
Additional provision in the year	4.2	–	18.0	22.2
Utilisation of provision	(4.9)	(3.7)	(22.8)	(31.4)
Released	(0.2)	–	(1.0)	(1.2)
Changes in exchange rates	0.4	0.1	0.8	1.3
At 31 December 2010	8.6	12.3	68.8	89.7
Additional provision in the year	2.4	0.6	10.9	13.9
Utilisation of provision	(2.4)	(3.6)	(12.5)	(18.5)
Released	(0.1)	(4.9)	(2.3)	(7.3)
Disposal of subsidiaries	(8.1)	(2.0)	(30.3)	(40.4)
Transfers and reclassifications	–	–	58.4	58.4
Changes in exchange rates	–	–	(0.7)	(0.7)
At 31 December 2011	0.4	2.4	92.3	95.1

£ million	
Amount due for settlement within one year	76.6
Amount due for settlement after one year	18.5
31 December 2011	95.1

The Group restructuring provision relates to the reorganisation of the business following the merger with George Wimpey plc in 2007 and subsequent restructuring exercises. It is anticipated that the majority of this provision, which comprises predominantly of empty property costs, will be utilised within approximately six years.

Other provisions consist of a remedial work provision, provisions for legal claims and other contract-related costs. The remedial work provision covers various obligations, including aftercare at Springfield Environmental Limited which has a legal responsibility of a long term nature for the management of old, completed sites relating to a former business and provisions for losses on construction contracts. Also included in other provisions are amounts for legal claims and contract-related costs associated with various matters arising across the Group, the majority of which are anticipated to be settled within a three year period.

Transfers into other provisions of £58.4 million comprise certain provisions associated with the North American business relating to indemnities provided to the buyers of the North American business.

Notes to the Consolidated Financial Statements continued

23. Share capital

£ million	2011	2010
Authorised:		
22,200,819,176 (2010: 22,200,819,176) ordinary shares of 1p each	222.0	222.0
1,158,299,201 (2010: 1,158,299,201) deferred ordinary shares of 24p each	278.0	278.0
	500.0	500.0

	Number of shares	£ million
Issued and fully paid:		
31 December 2010	3,197,183,700	287.7
Share warrants exercised in the year	4,175,739	–
31 December 2011	3,201,359,439	287.7

During the year, options were exercised on 6,029,714 ordinary shares (2010: 156,674) all of which were met from our holding of shares in our ESOTs at varying prices from nil pence to 25.52p per share. Under the Group's executive share option plans, employees held options at 31 December 2011 to purchase 10,496,846 shares (2010: 23,606,831) at prices between 39.34p and 146.38p per share exercisable up to 7 August 2019. Under the Group's savings-related share option schemes, employees held options at 31 December 2011 to purchase 42,841,812 shares (2010: 37,487,029) at prices between 22.88p and 189.23p per share exercisable up to 31 May 2017. Under the Group's performance share plan employees held conditional awards at 31 December 2011 in respect of 29,831,231 shares (2010: 22,640,446) at nil pence per share exercisable up to 3 October 2014. Under the Group's share purchase plan employees held conditional awards at 31 December 2011 in respect of 6,354,976 shares (2010: 5,628,627) at nil pence per share.

Under the Override Agreement signed in April 2009, the Company agreed to issue 57.8 million warrants giving the holders the right to subscribe to an equivalent number of ordinary shares in Taylor Wimpey plc. The warrants may be exercised at 17.4473p per share by the holder within five years of the date of issue and as at 31 December 2011 4,660,617 warrants had been exercised.

24. Share premium account

£ million	
Balance at 1 January 2010	753.6
Share warrants exercised	0.1
Balance at 31 December 2010	753.7
Share warrants exercised	0.7
Balance at 31 December 2011	754.4

25. Reserves

£ million	Retained earnings	Capital redemption reserve	Translation reserve	Share-based payment tax reserve	Other	Total other reserves
Balance at 1 January 2010	385.5	31.5	29.3	5.6	10.3	76.7
Cancellation and disposal of treasury shares	(4.4)	–	–	–	–	–
Share-based payment credit	2.8	–	–	–	–	–
Cash cost of satisfying share options	(0.4)	–	–	–	–	–
Actuarial gain on defined benefit pension schemes	46.9	–	–	–	–	–
Deferred tax charge	(15.9)	–	–	–	–	–
Exchange differences on translation of overseas operations, net of tax	–	–	33.9	–	–	33.9
Decrease in fair value of hedging derivatives	–	–	(3.6)	–	–	(3.6)
Transfer to retained earnings	5.6	–	–	(5.6)	–	(5.6)
Profit for the year	259.3	–	–	–	–	–
Balance at 31 December 2010	679.4	31.5	59.6	–	10.3	101.4
Share-based payment credit	3.9	–	–	–	–	–
Cash cost of satisfying share options	(1.2)	–	–	–	–	–
Actuarial loss on defined benefit pension schemes	(33.2)	–	–	–	–	–
Deferred tax credit	4.8	–	–	–	–	–
Exchange differences on translation of overseas operations, net of tax	–	–	1.8	–	–	1.8
Increase in fair value of hedging derivatives	–	–	3.0	–	–	3.0
Transfer to retained earnings	0.4	–	–	–	(0.4)	(0.4)
Recycling of translation reserve on disposal of subsidiaries	–	–	(59.1)	–	–	(59.1)
Profit for the year	99.0	–	–	–	–	–
Balance at 31 December 2011	753.1	31.5	5.3	–	9.9	46.7

Other reserves

Capital redemption reserve

The capital redemption reserve arose on the historical redemption of parent Company shares, and is not distributable.

Translation reserve

The translation reserve consists of exchange differences arising on the translation of overseas operations. It also includes changes in fair values of hedging derivatives where such instruments are designated and effective as hedges of investment in overseas operations. Following the disposal of the North American business on 13 July 2011, £59.1 million was recycled through the income statement.

Share-based payment tax reserve

As explained in the statement of accounting policies, an expense is recorded in the Consolidated Income Statement over the period from the grant date to the vesting date of share options granted to employees. As there is a temporary difference between the accounting and tax bases, a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the balance sheet date) with the cumulative amount of the expense recorded in the Consolidated Income Statement. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory tax rate, the excess is recorded directly in equity, in this share-based payment tax reserve. As the Group had previously written off all its deferred tax assets through the Consolidated Income Statement in prior years, it was considered appropriate to transfer the remaining reserve of £5.6 million to retained earnings in 2010.

Other reserve

The Group issued 57.8 million of warrants with a fair value of £5.5 million in 2009 as part of its debt refinancing agreement. The full cost of the warrants was recognised in the Other reserve on their issuance.

Notes to the Consolidated Financial Statements continued

26. Own shares

£ million

Balance at 1 January 2010	5.0
Disposed of on exercise of options	(4.4)
Balance at 31 December 2010	0.6
Shares acquired	10.0
Disposed of on exercise of options	(2.2)
Balance at 31 December 2011	8.4

The own shares reserve represents the cost of shares in Taylor Wimpey plc purchased in the market, those held as treasury shares and held by the Taylor Wimpey Employee Share Ownership Trusts to satisfy options and conditional share awards under the Group's share plans.

	2011 Number	2010 Number
These comprise ordinary shares of the Company:		
Shares held in trust for bonus, option and performance award plans	23.8m	1.5m
	23.8m	1.5m

Employee Share Ownership Trusts (ESOTs) are used to hold the Company's shares (shares) which have been acquired on the market. These shares are used to meet the valid exercise options and/or vesting of conditional awards under the Executive Incentive Scheme, Performance Share Plan, Executive Share Option Scheme and the Savings-Related Share Option Scheme and the matching award of shares under the Share Purchase Plan.

During the year, Taylor Wimpey plc purchased £10 million of its own shares which are held in the ESOTs (2010: £nil).

The ESOTs' entire holding of shares at 31 December 2011, aggregating 23.8 million shares (2010: 1.5 million), was covered by outstanding options and conditional awards over shares at that date.

27. Discontinued operations

On 13 July 2011, Taylor Wimpey plc disposed of its North American business the results of which have been presented as discontinued operations. The Group received net proceeds of £731.9 million for the net assets of the North American business. The transaction costs for the disposal were £16.5 million and the Group realised £59.1 million of translation reserves associated with the North American business.

The net cash proceeds from the disposal of the North American business of £562.3 million are taken as proceeds of £731.9 million less net cash of £153.1 million and transaction costs of £16.5 million.

During the period, North America contributed £8.9 million (2010: £77.1 million) to the Group's net operating cash flows, received £10.0 million (2010: £15.7 million) in respect of investing activities and £31.9 million (2010: £2.9 million) in respect of financing activities.

£ million	2011	2010
Revenue	364.3	835.6
Cost of sales	(302.0)	(701.5)
Exceptional inventory write-downs	–	(7.5)
Cost of Sales	(302.0)	(709.0)
Gross profit	62.3	126.6
Net operating expenses	(27.7)	(50.5)
Profit on ordinary activities before finance costs and tax	34.6	76.1
Interest receivable	0.7	0.4
Finance costs	(3.6)	(3.2)
Share of results of joint ventures	4.6	10.2
Profit on ordinary activities before exceptional items and taxation	36.3	91.0
Exceptional items	–	(7.5)
Profit on ordinary activities before taxation	36.3	83.5
Taxation charge	(11.8)	(24.0)
Exceptional tax credit	–	25.1
Taxation (charge)/credit	(11.8)	1.1
Profit after tax from discontinued operations	24.5	84.6
Impairment	(24.0)	–
Transaction costs	(16.5)	–
Recycling of translation reserves	59.1	–
Profit from discontinued operations	43.1	84.6

Notes to the Consolidated Financial Statements continued

27. Discontinued operations continued

The Group disposed of the net assets of the North American business on 13 July 2011. The net assets were impaired by £24.0 million prior to disposal to reflect their fair value less costs to sell.

£ million	13 July 2011	December 2010
Goodwill	2.4	2.4
Property, plant and equipment	2.0	2.2
Interests in joint ventures	11.8	15.8
Inventories	753.2	755.6
Trade and other receivables	117.4	126.9
Cash and cash equivalents	199.3	111.9
Trade and other payables	(230.3)	(239.1)
Overdrafts bank and other loans	(46.2)	(15.0)
Retirement benefit obligation	(4.1)	(4.4)
Provisions	(40.4)	(44.3)
Current taxation liability	(12.6)	(17.5)
Deferred taxation asset	3.4	5.0
Impairment	(24.0)	–
Net assets of discontinued operations	731.9	699.5

28. Notes to the cash flow statement

£ million	2011	2010 (Restated Note 1)
Profit on ordinary activities before finance costs		
Continuing operations	152.5	45.1
Discontinued operations	34.6	76.1
Non-cash exceptional items:		
Inventories write-downs	–	24.8
Adjustments for:		
Depreciation of plant and equipment	1.7	4.3
Pensions curtailment	1.8	(12.6)
Share-based payment charge	3.9	2.8
Profit on disposal of property and plant	(0.2)	–
Decrease in provisions	(11.9)	(10.4)
Operating cash flows before movements in working capital	182.4	130.1
(Increase)/decrease in inventories	(7.1)	168.8
Increase in receivables	(12.9)	(42.5)
(Decrease)/increase in payables	(38.8)	91.9
Pension contributions in excess of charge	(84.7)	(119.1)
Cash generated by operations	38.9	229.2
Income taxes (paid)/received	(16.4)	25.7
Interest paid	(57.3)	(167.0)
Net cash (used in)/generated from operating activities	(34.8)	87.9

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less.

28. Notes to the cash flow statement continued

Movement in net debt

£ million	Cash and cash equivalents	Overdrafts, banks and other loans	Debenture loans	Total net debt
Balance 1 January 2010	132.1	(161.1)	(721.9)	(750.9)
Cash flow	46.5	(433.0)	482.4	95.9
Foreign exchange	5.3	5.7	(10.5)	0.5
Balance 31 December 2010	183.9	(588.4)	(250.0)	(654.5)
Cash flow	(38.7)	487.1	85.4	533.8
Foreign exchange	2.5	1.3	–	3.8
Balance 31 December 2011	147.7	(100.0)	(164.6)	(116.9)

On 13 July 2011 the Group disposed of its North American business. At the point of disposal the business had cash and cash equivalents of £199.3 million and overdrafts, bank and other loans of £46.2 million.

29. Contingent liabilities and capital commitments

General

The Group in the normal course of business, has given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts and given guarantees in respect of the Group's share of certain contractual obligations of joint ventures.

The Group has entered into counter-indemnities in the normal course of business in respect of performance bonds.

Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

The Group has no material capital commitments as at 31 December 2011 (2010: nil).

30. Operating lease arrangements

The Group as lessee

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

£ million	2011	2010
Within one year	9.4	14.0
In more than one year but not more than five years	25.3	33.4
After five years	7.6	12.2
	42.3	59.6

Operating lease payments principally represent rentals payable by the Group for certain office properties and vehicles.

Notes to the Consolidated Financial Statements continued

31. Share-based payments

Equity-settled share option plan

Details of all equity-settled share-based payment arrangements in existence during the year are set out in the paragraphs on 'Executive share-based reward' in the Directors' Remuneration Report on pages 39 to 50.

	2011		2010	
	Options	Weighted average exercise price (in £)	Options	Weighted average exercise price (in £)
Schemes requiring consideration from participants:				
Outstanding at beginning of year	62,621,773	0.45	69,235,774	0.52
Granted during the year	15,030,026	0.24	11,532,281	0.23
Lapsed during the year	(15,847,421)	0.74	(11,664,539)	1.30
Exercised during the year	(4,675,629)	0.26	(142,825)	0.26
Cancellations during the year	(2,073,902)	0.29	(6,338,918)	0.32
Outstanding at the end of the period	55,054,847	0.29	62,621,773	0.45
Exercisable at the end of the period	5,352,607	0.34	978,975	2.38

The weighted average share price at the date of exercise for share options exercised during the period was £0.26 (2010: £0.26). The options outstanding at 31 December 2011 had a range of exercise prices from £0.11 to £3.10 (2010: £0.23 to £3.10) and a weighted average remaining contractual life of 2.2 years (2010: 4.0 years).

	2011		2010	
	Options	Weighted average exercise price (in £)	Options	Weighted average exercise price (in £)
Schemes not requiring consideration from participants:				
Outstanding at beginning of year	28,269,073	–	23,318,576	–
Granted during the year	22,070,038	–	15,295,654	–
Lapsed during the year	(13,532,083)	–	(10,302,383)	–
Exercised during the year	(2,159)	–	(13,849)	–
Cancellations during the year	(26,717)	–	(28,925)	–
Outstanding at the end of the period	36,778,152	–	28,269,073	–
Exercisable at the end of the period	2,662,813	–	127,439	–

Schemes not requiring consideration from participants include the George Wimpey Long Term Incentive Plan and the Performance Share Plans. The Conditional awards outstanding at 31 December 2011 had a weighted average remaining contractual life of 2.8 years (2010: 1.5 years).

For share plans with non-market conditions granted during the current and preceding year, the fair value of the awards at grant date was determined using the Binomial model. The inputs into that model were as follows:

	2011	2010
Weighted average share price	£0.38	£0.29
Weighted average exercise price	£0.16	£0.18
Expected volatility	93%	74%
Expected life	3/5 years	3/5 years
Risk free rate	1.2%	1.5%
Expected dividend yield	0.0%	0.0%

The weighted average fair value of share awards granted during the year is £0.31 (2010: £0.33).

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term.

31. Share-based payments continued

For share awards with market conditions granted during the current year, the fair value of the awards was determined using the Monte Carlo simulation model. The inputs into that model were as follows:

	2011	2010
Weighted average share price	£0.41	£0.31
Weighted average exercise price	Nil	Nil
Expected volatility	105%	98%
Expected life	3 years	3/7 years
Risk free rate	3.8%	1.4%
Expected dividend yield	0.0%	0.0%

The weighted average fair value of share options granted during the year is £0.32 (2010: £0.23).

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term. The expected life used in the model is based on historical exercise patterns.

The Group recognised total expenses of £3.9 million related to equity-settled share-based payment transactions in 2011 (2010: £2.8 million).

32. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures are disclosed below. The Group has loans with joint ventures that are detailed on Note 13. The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in Note 21.

Trading transactions

During the year, Group companies' purchases from joint ventures totalled £nil million (2010: £22.8 million). Purchases were based on open market values.

Remuneration of key management personnel

Details of the remuneration of the Directors and Executive Committee, who are the key management personnel of the Group, are contained in the audited part of the Remuneration Report on pages 47 to 50 and form part of these financial statements.

33. Dividends

The Directors believe that it is appropriate to commence dividend payments to shareholders at this time and are recommending a final dividend of 0.38 pence subject to shareholder approval at the Annual General Meeting, with a resultant total dividend of £12.1 million (2010: £nil).

In accordance with IAS 10 'Events after the balance sheet date' the proposed dividend has not been accrued as a liability as at 31 December 2011. The dividend will be paid on 22 May 2012 to all shareholders registered at the close of business on 20 April 2012.

Independent Auditor's Report

to the members of Taylor Wimpey plc

Directors' Report: Business Review
p02-27

Directors' Report: Governance
p28-54

Financial Statements
p55-105

Shareholder Information
p106-116

We have audited the parent Company financial statements of Taylor Wimpey plc for the year ended 31 December 2011 which comprise the Company Balance Sheet, and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011;
- 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Other matters

We have reported separately on the Group financial statements of Taylor Wimpey plc for the year ended 31 December 2011.



Colin Hudson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
28 February 2012

Company Balance Sheet

at 31 December 2011

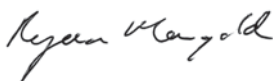
£ million	Note	2011	2010
Fixed assets			
Investment in Group undertakings	4	1,622.0	1,789.0
		1,622.0	1,789.0
Current assets			
Debtors	5	2,212.2	2,482.3
Cash at bank and in hand		139.3	66.7
		2,351.5	2,549.0
Current liabilities			
Creditors: amounts falling due within one year	6	(1,375.7)	(1,694.7)
		(1,375.7)	(1,694.7)
Net current assets		975.8	854.3
Total assets less current liabilities		2,597.8	2,643.3
Creditors: amounts falling due after one year	7	(264.6)	(823.4)
Provisions		(2.9)	(2.9)
Net assets		2,330.3	1,817.0
Capital and reserves			
Called-up share capital	9	287.7	287.7
Share premium account	10	754.4	753.7
Capital redemption reserve	11	31.5	31.5
Translation reserve	12	–	50.1
Profit and loss account	13	1,265.1	694.5
Own shares	14	(8.4)	(0.5)
Shareholders' funds	17	2,330.3	1,817.0

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent Company profit and loss account.

The financial statements were approved by the Board of Directors and authorised for issue on 28 February 2012. They were signed on its behalf by:



P Redfern
Director



R Mangold
Director

Notes to the Company Financial Statements

for the year to 31 December 2011

Directors' Report: Business Review
p02-27

Directors' Report: Governance
p28-54

Financial Statements
p55-105

Shareholder Information
p106-116

1. Significant accounting policies

The following accounting policies have been used consistently, unless otherwise stated, in dealing with items which are considered material.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and pronouncements of the Urgent Issues Task Force under the historical cost convention. As permitted by section 408 of the Companies Act 2006 the Company has not presented its own profit and loss account.

Under Financial Reporting Standard (FRS) 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its consolidated financial statements, which include the Company, are publicly available.

The Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has not reported transactions with fellow Group undertakings. The Company has also taken advantage of the exemption contained within FRS 29 'Financial Instrument Disclosures' and has not presented any disclosures required by that standard, as disclosures that comply with FRS 29 are included within the Taylor Wimpey plc consolidated financial statements in Note 20 on pages 78 to 82.

The principal accounting policies adopted are set out below.

Investments in Group undertakings

Investments are included in the balance sheet at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount of the investment. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account; if the impairment is not considered to be a permanent diminution in value, it may reverse in a future period to the extent it is no longer considered necessary.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Any liability or credit in respect of Group relief in lieu of current tax is also calculated using corporation tax rates that have been enacted or substantively enacted by the balance sheet date unless a different rate (including a nil rate) has been agreed within the Group.

Deferred tax

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise

from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Overseas currencies

Transactions denominated in foreign currencies are recorded in Sterling at actual rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. Unrealised exchange differences on intercompany long term loans and foreign currency borrowings, to the extent that they hedge the Company's investment in overseas investments, are taken to the translation reserve.

Derivative financial instruments and hedge accounting

The Company uses foreign currency borrowings and currency swaps to hedge its investment in overseas operations. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of investment in overseas operations are recognised directly in reserves and the ineffective portion, if any, is recognised immediately in the profit and loss account. The hedged items are adjusted for changes in exchange rates, with gains or losses from remeasuring the carrying amount being recognised directly in reserves.

Share-based payments

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. The cost of equity-settled share-based payments granted to employees of subsidiary companies are borne by the employing company.

Provisions

Provisions are recognised at the Directors' best estimate when the Company has a present obligation as a result of a past event and it is probable that the Company will have to settle the obligation.

Own shares

The cost of the Company's investment in its own shares, which comprise shares held in treasury by the Company and shares held by employee benefit trusts for the purpose of funding certain of the Company's share option plans, is shown as a reduction in shareholders' funds.

Dividends paid

Dividends are charged to the Company's profit and loss reserve in the period of payment in respect of an interim dividend, and in the period in which shareholders' approval is obtained in respect of the Company's final dividend.

2. Particulars of employees

	2011 No.	2010 No.
Directors	3	3

The Executive Directors received all of their remuneration, as disclosed in the Directors' Remuneration Report on pages 39 to 50, from Taylor Wimpey UK Limited and Taylor Morrison Incorporated up to the point of the sale of North American business on 13 July 2011. However, it is not practicable to allocate such costs between their services as Executives of Taylor Wimpey UK Limited, Taylor Morrison Incorporated and their services as Directors of Taylor Wimpey plc and other Group companies. The fees of the Chairman and the Non Executive Directors, which are wholly attributable to the Company, are disclosed on page 47 of the Directors' Remuneration Report. The Company was recharged costs of £4.6 million (2010: £8.4 million) in respect of staff costs for Directors and employees of subsidiary companies who provided services to Taylor Wimpey plc during the year, which includes amounts in respect of employer contributions to both defined contribution and defined benefit pension schemes. Information in respect of the Group's defined benefit pension schemes is provided in Note 21, to the Taylor Wimpey plc consolidated financial statements. Contributions in respect of the Defined Contribution Scheme for Directors can be found in the Directors' Remuneration Report on page 50. There were no outstanding contributions at the year end.

3. Auditors' remuneration

£ million	2011	2010
External audit services	0.1	0.2
Other services	0.5	2.0
Tax services	0.5	0.4
Corporate finance services	0.2	–

A description of other services is included in Note 5 on page 69 to the Group financial statements.

4. Investments in Group undertakings

£ million	Shares	Loans	Total
Cost			
31 December 2010	4,888.1	337.6	5,225.7
Changes in exchange rates	–	6.3	6.3
Additions	363.4	–	363.4
Disposals	(4.2)	(343.9)	(348.1)
31 December 2011	5,247.3	–	5,247.3
Provision for impairment			
31 December 2010	3,364.6	72.1	3,436.7
Charge for the year	262.8	–	262.8
Release of previous impairments	(2.1)	(72.1)	(74.2)
31 December 2011	3,625.3	–	3,625.3
Carrying amount			
31 December 2011	1,622.0	–	1,622.0
31 December 2010	1,523.5	265.5	1,789.0

All of the above investments are unlisted and particulars of principal subsidiary undertakings are listed on page 104, which forms part of these financial statements.

During the year the Company recognised an impairment charge of £262.8 million (2010: £nil) against the value of its investment in subsidiary undertakings. The release of impairments during the year of £74.2 million (2010: £nil) reflect the permanent increase in value of assets in the underlying subsidiaries following the disposal of the Group's North American business.

Notes to the Company Financial Statements continued

for the year to 31 December 2011

5. Debtors

£ million	2011	2010
Amounts falling due within one year:		
Due from Group undertakings	2,206.1	2,461.4
Other debtors	0.7	3.7
Corporation tax debtor	5.4	11.0
Amounts falling due after one year:		
Currency and interest rate derivatives	–	6.2
	2,212.2	2,482.3

6. Creditors: amounts falling due within one year

£ million	2011	2010
Due to Group undertakings	1,369.2	1,623.2
Other creditors	4.9	14.2
Currency and interest rate derivatives	–	41.9
Corporation tax creditor	1.6	15.4
	1,375.7	1,694.7

7. Creditors: amounts falling due after one year

£ million	2011	2010
Debenture loans	164.6	250.0
Bank loans	–	473.4
Other loans	100.0	100.0
	264.6	823.4
Bank and other loans are repayable as follows:		
In more than two years but less than five years	100.0	573.4
	100.0	573.4

Other loans comprise a £100 million variable rate fixed loan with an investment fund.

8. Debenture loans

£ million

	2011	2010
Unsecured Senior Notes 10.375% due 2015	164.6	250.0
Repayable		
In more than five years	–	–
In more than one year but less than five years	164.6	250.0
Within one year or on demand	–	–
	164.6	250.0

During the current year the Company has repurchased £85.4 million of Senior Notes 10.375% due 2015.

9. Share capital

£ million

	2011	2010
Authorised:		
22,200,819,176 (2010: 22,200,819,176) ordinary shares of 1p each	222.0	222.0
1,158,299,201 (2010: 1,158,299,201) deferred ordinary shares of 24p each	278.0	278.0
	500.0	500.0

	Number of shares	£ million
Issued and fully paid:		
31 December 2010	3,197,183,700	287.7
Share warrants exercised	4,175,739	–
31 December 2011	3,201,359,439	287.7

During the year, options were exercised on 6,029,714 ordinary shares (2010: 156,674) all of which were met from our holding of shares in our ESOTs at varying prices from nil pence to 25.52p per share. Under the Group's executive share option plans, employees held options at 31 December 2011 to purchase 10,496,846 shares (2010: 23,606,831) at prices between 39.34p and 146.38p per share exercisable up to 7 August 2019. Under the Group's savings-related share option schemes, employees held options at 31 December 2011 to purchase 42,841,812 shares (2010: 37,487,029) at prices between 22.88p and 189.23p per share exercisable up to 31 May 2017. Under the Group's performance share plan employees held conditional awards at 31 December 2011 in respect of 29,831,231 shares (2010: 22,640,446) at nil pence per share exercisable up to 3 October 2014. Under the Group's share purchase plan employees held conditional awards at 31 December 2011 in respect of 6,354,976 shares (2010: 5,628,627) at nil pence per share.

Under the Override Agreement signed in April 2009, the Company agreed to issue 57.8 million warrants giving the holders the right to subscribe to an equivalent number of ordinary shares in Taylor Wimpey plc. The warrants may be exercised at 17.4473p per share by the holder within five years of the date of issue and as at 31 December 2011 4,660,617 warrants had been exercised.

10. Share premium

£ million

	2011	2010
1 January	753.7	753.6
Share warrants exercised	0.7	0.1
31 December	754.4	753.7

Notes to the Company Financial Statements continued

for the year to 31 December 2011

11. Capital redemption reserve

£ million	2011	2010
31 December	31.5	31.5

12. Translation reserve

£ million	2011	2010
1 January	50.1	36.1
Transfer (to)/from profit and loss account	(50.1)	14.0
31 December	–	50.1

13. Profit and loss account

£ million	2011	2010
1 January	694.5	768.4
Profit/(loss) for the financial year	521.2	(55.5)
Transfer from/(to) translation reserve	50.1	(14.0)
Cancellation and utilisation of own shares	–	(4.4)
Cash cost of satisfying share options	(0.7)	–
31 December	1,265.1	694.5

As permitted by section 408 of the Companies Act 2006, Taylor Wimpey plc has not presented its own profit and loss account. The profit of the Company for the financial year was £521.2 million (2010: loss of £55.5 million).

Included in the Company profit and loss account is £256.6 million (2010: £332.1 million) which is not distributable.

14. Own shares

£ million	2011	2010
Own shares	8.4	0.5
These comprise ordinary shares of the Company:		
	Number	Number
Treasury shares	–	–
Shares held in trust for bonus, options and performance award plans	23.8m	1.5m

The market value of the shares at 31 December 2011 was £8.9 million (2010: £0.5 million) and their nominal value was £0.24 million (2010: £0.01 million).

Dividends on these shares have been waived except for 0.01p per share in respect of the shares held in trust.

Employee Share Ownership Trusts (ESOTs) are used to hold the Company's shares (shares) which have been acquired on the market. These shares are used to meet the valid exercise options and/or vesting of conditional awards under the Executive Incentive Scheme, Performance Share Plan, Executive Share Option Scheme and the Savings-Related Share Option Scheme and the matching award of shares under the Share Purchase Plan.

During the year, Taylor Wimpey plc purchased £10 million of its own shares which are held in the ESOTs (2010: £nil).

The ESOTs' entire holding of shares at 31 December 2011, aggregating 23.8 million shares (2010: 1.5 million), was covered by outstanding options and conditional awards over shares at that date.

15. Share-based payments

Details of share awards granted by the Company to employees of subsidiaries, and that remain outstanding at the year end over the Company's shares, are set out in Note 31 to the Taylor Wimpey plc consolidated financial statements. The Company did not recognise any expense related to equity-settled share-based payment transactions in the current or preceding year.

16. Contingent liabilities

The Company has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts.

Provision is made for the Directors' best estimate of known legal claims and legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

In 2008, the Company issued a guarantee in respect of the Taylor Woodrow Group Pension and Life Assurance Fund, a defined benefit pension scheme in which a number of its subsidiary companies participate, and which had a deficit under IAS 19 of £177.4 million at 31 December 2011 (2010: £172.6 million). The guarantee commits the Company to ensure that the participating subsidiaries make deficit repair contributions in accordance with a schedule agreed with the Trustees during the year of £22.0 million per annum for 10 years.

17. Reconciliation of movement in shareholders' funds

£ million	2011	2010
Opening shareholders' funds	1,817.0	1,872.4
Profit/(loss) for the financial year	521.2	(55.5)
New share capital subscribed	0.7	0.1
Purchase of own shares	(10.0)	–
Utilisation of own shares	1.4	–
Closing shareholders' funds	2,330.3	1,817.0

18. Dividend

The Directors believe that it is appropriate to commence dividend payments to shareholders at this time and are recommending a final dividend of 0.38 pence subject to shareholder approval at the Annual General Meeting, with a resultant total dividend of £12.1 million (2010: £nil).

In accordance with IAS 10 'Events after the balance sheet date' the proposed dividend has not been accrued as a liability as at 31 December 2011. The dividend will be paid on 22 May 2012 to all shareholders registered at the close of business on 20 April 2012.

Particulars of Principal Subsidiary Undertakings

Country of incorporation and principal operations	Taylor Wimpey plc interest is 100% in the issued ordinary share capital of these undertakings included in the consolidated accounts
United Kingdom	Taylor Wimpey Holdings Limited George Wimpey Limited Taylor Wimpey UK Limited ^(a) Taylor Wimpey Developments Limited ^(a)
Spain	Taylor Wimpey de España S.A.U. ^{(a)(b)}

(a) Interests held by subsidiary undertakings.

(b) 9% cumulative, redeemable preference shares are additionally held.

Five Year Review

£ million	2011	2010 ^(b)	2009	2008 ^(a)	2007 ^(a)
Revenue – continuing	1,808.0	1,767.7	2,595.6	3,467.7	4,142.8
Profit on ordinary activities before exceptional items, finance costs and tax	158.3	100.6	37.7	86.3	435.5
Share of results of joint ventures	1.2	(0.3)	5.6	7.6	23.4
Exceptional items	(5.8)	(55.5)	(580.7)	(1,884.5)	(379.7)
Net finance costs, including exceptional finance costs	(75.1)	(199.6)	(162.5)	(179.1)	(112.8)
Profit/(loss) for the financial year	78.6	(154.8)	(699.9)	(1,969.7)	(33.6)
Taxation, including exceptional taxation	(22.7)	329.5	59.3	76.6	(173.4)
Profit for the year from discontinued operations	43.1	84.6	–	53.1	10.3
Profit/(loss) for the financial year	99.0	259.3	(640.6)	(1,840.0)	(196.7)
Profit/(loss) for the financial year before tax and exceptional items	89.9	(15.9)	(96.1)	(74.7)	346.1
Balance sheet					
Goodwill & Intangibles	5.1	1.0	2.4	–	820.3
Other fixed assets	5.0	5.4	8.2	15.5	39.0
Interests in joint ventures	31.9	33.9	51.9	67.7	59.9
Non-current loans and receivables	70.3	50.7	65.0	47.9	76.4
Non-current assets (excluding tax)	112.3	91.0	127.5	131.1	995.6
Inventories	2,686.6	2,680.6	3,603.3	4,890.6	6,017.8
Other current assets (excluding cash and debt)	72.5	74.7	130.5	181.3	408.1
Trade and other payables	(697.8)	(705.1)	(760.0)	(1,170.7)	(1,540.3)
Provisions	(76.6)	–	(47.8)	(56.1)	(48.2)
Net-current assets (excluding cash and debt)	1,984.7	2,050.2	2,926.0	3,845.1	4,837.4
Trade and other payables	(199.7)	(215.9)	(278.6)	(343.4)	(418.2)
Retirement obligations	(210.2)	(246.0)	(409.3)	(279.8)	(219.1)
Provisions	(18.5)	(103.3)	(51.8)	(51.0)	(38.4)
Non-current creditors (excluding debt) and provisions	(428.4)	(565.2)	(739.7)	(674.2)	(675.7)
Net assets held for sale	–	699.5	–	–	–
Net debt	(116.9)	(751.3)	(750.9)	(1,529.3)	(1,415.4)
Tax balances	283.3	298.9	(62.0)	(99.5)	(36.7)
Net assets	1,835.0	1,823.1	1,500.9	1,673.2	3,705.2
Capital employed excluding assets held for sale	1,946.8	1,873.9	2,249.4	3,202.5	4,300.3
Add back intangibles	5.1	1.0	–	–	120.3
Less tax balances	(283.3)	(298.9)	62.0	99.5	36.7
Net operating assets excluding assets held for sale	1,668.6	1,576.0	2,311.4	3,302.0	4,457.3
Statistics					
Adjusted earnings/(loss) per share – continuing Group	2.1p	(1.5)p	(4.3)p	(7.2)p	29.5p
Tangible net assets per share ^(b)	57.3p	56.9p	46.9p	119.8p	249.1p
Number of shares in issue at year end (millions) ^(b)	3,201.4	3,197.2	3,196.9	1,526.0	1,158.3
Return on capital employed ^(c)	8.3%	4.9%	1.5%	2.6%	14.8%
Operating margin	8.8%	5.7%	1.7%	2.6%	11.1%
Net gearing ratio ^(d)	6.4%	41.2%	50.0%	91.4%	38.2%
Return on net operating assets	9.8%	5.3%	1.6%	2.5%	14.4%
UK short term landbank (plots) ^(e)	65,264	63,566	66,089	74,917	86,155
ASP UK £'000	171	171	160	171	191
Completions UK (homes)	10,180	9,962	10,186	13,394	14,862
Total inventory/net debt	23.0	3.6	4.8	3.2	4.3

(a) The results of the construction business which was disposed of on 9 September 2008 are included within profit for the year from discontinued operations for 2008 and 2007.

(b) 2008 has been restated to reflect the increase in shares related to the open offer as part of the equity raise on 1 June 2009.

(c) Return on capital employed is calculated as profit on ordinary activities before amortisation of brands, exceptional items, finance costs and tax but including share of results of joint ventures, divided by the average of opening and closing capital employed. In 2008 and 2007 the results

of the Construction division, of £2.1 million and £13.4 million respectively, were also included.

(d) Net gearing ratio is net debt divided by net assets.

(e) The total number of plots that we either own or control, with some form of planning consent.

(f) The results of the North American business have been restated for 2010. The 2010 balance sheet has the North American assets separated as assets held for sale and £57.8m tax liabilities have been reclassified to provisions.

Notice of Annual General Meeting

This notice of meeting is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from a stockbroker, solicitor, bank manager, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Taylor Wimpey plc (the 'Company'), please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares. If you have sold or transferred part only of your holding of shares in the Company, please consult the person who arranged the sale or transfer.

Notice is hereby given of the seventy seventh Annual General Meeting of the Company to be held on 26 April 2012 at 11:00 am at The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP for the following purposes:

Ordinary Business

Ordinary Resolutions:

1. To receive the Reports of the Directors and the Auditors and the Financial Statements for the year ended 31 December 2011.
2. To declare due and payable on 22 May 2012 a final dividend of 0.38 pence per ordinary share of the Company for the year ended 31 December 2011 to shareholders on the register at close of business on 20 April 2012.
3. To re-elect as a Director, Kevin Beeston.
4. To re-elect as a Director, Pete Redfern.
5. To re-elect as a Director, Ryan Mangold.
6. To re-elect as a Director, Kate Barker CBE.
7. To re-elect as a Director, Baroness Dean of Thornton-le-Fylde.
8. To re-elect as a Director, Anthony Reading MBE.
9. To re-elect as a Director, Robert Rowley.
10. To elect as a Director, Mike Hussey who was appointed as a Director of the Company by the Board since the last Annual General Meeting.
11. To elect as a Director, James Jordan who was appointed as a Director of the Company by the Board since the last Annual General Meeting.
12. To re-appoint Deloitte LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
13. Subject to the passing of resolution 12, to authorise the Audit Committee to determine the remuneration of the auditors on behalf of the Board.
14. That the Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
 - (A) up to a nominal amount of £10,716,327 (such amount to be reduced by the nominal amount of any equity securities (as defined in the Companies Act 2006) allotted under paragraph (B) below in excess of £10,716,327); and

- (B) comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £21,432,654 (such amount to be reduced by any shares and rights to subscribe for or convert any security into shares allotted under paragraph (A) above) in connection with an offer by way of a rights issue:

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary;

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of the Annual General Meeting of the Company in 2013 (or, if earlier, until the close of business on 25 July 2013) but, in each case, so that the Company may make offers and enter into agreements during this period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends; and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Special Resolutions:

15. That, if resolution 14 is passed, the Board be given the power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash, free of the restriction in Section 561 of the Companies Act 2006, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of or invitation to apply for equity securities (but in the case of the authority granted under paragraph (B) of resolution 14, by way of a rights issue only):

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to holders of other equity securities, as required by the rights of those securities or, as the Board otherwise considers necessary;

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (B) in the case of the authority granted under paragraph (A) of resolution 14 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities up to a nominal amount of £1,607,449,

such power to apply until the end of the Annual General Meeting of the Company in 2013 (or, if earlier, until the close of business on 25 July 2013), but during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends; and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

16. That the Company be authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of the ordinary shares of 1p each of the Company ('ordinary shares'), provided that:

- (A) the maximum number of ordinary shares hereby authorised to be purchased shall be 321,489,828;
- (B) the minimum price which may be paid for ordinary shares is 1p per ordinary share;
- (C) the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which such ordinary share is purchased;
- (D) the authority hereby conferred shall expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2013 and 25 October 2013 unless such authority is renewed prior to such time; and
- (E) the Company may make contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may purchase ordinary shares in pursuance of any such contracts, as if the authority conferred by this resolution had not expired.

Special Business

Ordinary Resolutions:

- 17. To approve the Directors' Remuneration Report for the year ended 31 December 2011.
- 18. That in accordance with Sections 366 and 367 of the Companies Act 2006, the Company and all companies which are its subsidiaries when this resolution is passed are authorised to:
 - (A) make political donations to political parties and/or independent election candidates not exceeding £250,000 in aggregate;
 - (B) make political donations to political organisations other than political parties not exceeding £250,000 in aggregate; and
 - (C) incur political expenditure not exceeding £250,000 in aggregate,

during the period beginning with the date of passing this resolution and ending at the conclusion of the Annual General Meeting of the Company in 2013.

For the purposes of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings given by Sections 363 to 365 of the Companies Act 2006.

Special Resolution:

- 19. That a general meeting other than an Annual General Meeting of the Company may continue to be called on not less than 14 clear days' notice.

Explanatory notes relating to each of the above resolutions are set out on pages 109 to 113.

Action to be taken

If you wish to attend and vote at the Annual General Meeting in person, please bring with you the attendance card accompanying this document and retain it until the end of the meeting. It will authenticate

your right to attend, speak and vote, and will help us to register your attendance without delay. Registration will be available from 9:30 am on the day of the meeting. For the safety and comfort of those attending the meeting, large bags, cameras, recording equipment and similar items will not be allowed into the building. The meeting will commence at 11:00 am and light refreshments will be available from 9:30 am and also after the conclusion of the meeting. There is wheelchair access to the venue for shareholders who require it or those with reduced mobility. However, attendees are strongly advised to bring their own carers to assist with their general mobility around the venue. An induction loop system operates in the meeting room. Directions to the venue can be found on the reverse of your attendance card.

If you would like to vote on the resolutions but cannot come to the Annual General Meeting, please fill in the proxy form sent to you with this notice and return it to our registrar as soon as possible. They must receive it by no later than 11:00 am on 24 April 2012. If you prefer, you can submit your proxy electronically either via the internet at www.capitashareportal.com or, if you are a CREST member, through the CREST system by completing and transmitting a CREST proxy instruction as described in the procedural notes below.

Recommendation

Your Directors are of the opinion that the resolutions to be proposed at the Annual General Meeting are in the best interests of shareholders as a whole and recommend you to vote in favour of them. Each Director will be doing so in respect of his or her own beneficial shareholding.

Inspection of documents

The following documents will be available for inspection at the Company's registered office, Gate House, Turnpike Road, High Wycombe, Buckinghamshire HP12 3NR, during normal business hours from the date of this notice of meeting until the date of the Annual General Meeting and at The British Medical Association, BMA House, Tavistock Square, London WC1H 9JP from 15 minutes before the Annual General Meeting until it ends:

- copies of the Executive Directors' service contracts; and
- copies of the letters of appointment of the Chairman and the Non Executive Directors.

A copy of the full Annual Report and Financial Statements of the Company for the year ended 31 December 2011, including the Directors' Remuneration Report referred to in resolution 17, is also available on our Web site plc.taylorwimpey.co.uk.

By Order of the Board



James Jordan
Group Legal Director and Company Secretary

Taylor Wimpey plc
Registered Office:
Gate House
Turnpike Road
High Wycombe
Buckinghamshire
HP12 3NR

(Registered in England and Wales under number 296805)

28 February 2012

Notes to the Notice of Meeting

Procedural notes

1. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes which shareholders may cast), shareholders must be registered in the Register of Members of the Company at 6:00 pm on 24 April 2012 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Shareholders then on the Register of Members shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant Register of Members after that deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
2. As at 28 February 2012 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 3,207,563,590 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 February 2012 were 3,207,563,590.
3. If you are a shareholder of the Company at the time and date set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend and to speak and vote on your behalf at the meeting. Shareholders may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company but must attend the Annual General Meeting to represent you. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras; lines are open 8:30 am to 5:30 pm Monday to Friday).
4. To be valid any proxy form or other instrument appointing a proxy must be received by post to Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or (during normal business hours only) by hand at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or, if you prefer, electronically via the internet at www.capitashareportal.com or, if you are a member of CREST, via the service provided by Euroclear UK and Ireland Limited at the electronic address provided in note 9, in each case no later than 11:00 am on 24 April 2012. All forms of proxy received after this time will be void. A form of proxy sent electronically at any time that is found to contain any virus will not be accepted.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as further described in notes 8 and 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such persons should direct any communications and enquiries to the registered holder of the shares by whom they were nominated and not to the Company or its registrar.
7. The statement of the rights of shareholders in relation to the appointment of proxies in notes 3 and 4 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, it must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11:00 am on 24 April 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

13. Under Section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a Web site a statement setting out any matter relating to:

- (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or
- (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

The Company may not require the shareholders requesting any such Web site publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a Web site under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the Web site. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a Web site.

14. Any member attending the meeting has the right to ask questions and participate in the meeting. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a Web site in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

15. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found at plc.taylorwimpey.co.uk.

16. Voting on all resolutions at this year's Annual General Meeting will be conducted by way of a poll, rather than on a show of hands. The Board believes that a poll is more representative of shareholders' voting intentions because it gives as many shareholders as possible the opportunity to have their votes counted (whether their votes are tendered by proxy in advance of, or in person at, the Annual General Meeting). The results of the poll will be announced via a Regulatory News Service and made available at plc.taylorwimpey.co.uk as soon as practicable after the Annual General Meeting.

EXPLANATORY NOTES TO THE RESOLUTIONS ORDINARY BUSINESS

Ordinary Resolutions

Resolution 1: To receive the annual report and financial statements

English company law requires the Directors to lay the Financial Statements of the Company for the year ended 31 December 2011 and the reports of the Directors and Auditors before a general meeting of the Company.

Resolution 2: To declare a final dividend

The Directors recommend the payment of a final dividend of 0.38 pence per share in respect of the year ended 31 December 2011. If approved at the Annual General Meeting, the dividend will be paid on 22 May 2012 to shareholders who are on the Register of Members at the close of business on 20 April 2012.

Notes to the Notice of Meeting continued

Dividend Re-Investment Plan

Subject to shareholders approving the dividend as set out in Resolution 2 at the Annual General Meeting scheduled for 26 April 2012, the Company will be offering a Dividend Re-Investment Plan (the 'DRI Plan'). For 2012 and in future years, the DRI Plan will be provided and administered by the DRI Plan administrator, Capita IRG Trustees Limited, which is authorised and regulated by the Financial Services Authority ('FSA'). The DRI Plan will offer shareholders the opportunity to elect to invest cash dividends received on their ordinary shares, in purchasing further ordinary shares of the Company. These shares would be bought in the market, on competitive dealing terms.

All shareholders will shortly be sent details of the DRI Plan and how it will be offered in connection with the proposed 2011 final cash dividend. This will include, for current participants in the Taylor Wimpey DRI Plan, details of certain changes to the terms and conditions which are necessary from an FSA compliance perspective.

Full details of the terms and conditions of the DRI Plan and the actions required to participate will be available on the Company's Web site: plc.taylorwimpey.co.uk or on request from the registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, e-mail: ssd@capitaregistrars.com tel: 0871 664 0300 (UK) or +44 20 8639 3399 (overseas).

Resolutions 3 to 11: Election of Directors

In accordance with the UK Corporate Governance Code which states that all directors of FTSE 350 companies should be subject to annual election by shareholders, the Board has resolved that all Directors of the Company will retire and, being eligible, offer themselves for re-election or election (as appropriate) by shareholders at the Annual General Meeting.

Mike Hussey and James Jordan, who were each appointed as Directors of the Company by the Board since the last Annual General Meeting, held in April 2011, will retire and offer themselves for election by shareholders for the first time, as is required by the Company's Articles of Association.

Details of the Directors' service contracts, remuneration and interests in the Company's shares and other securities are given in the Directors' Remuneration Report to shareholders on pages 39 to 50 of the Report and Accounts. Full biographical information concerning each Director is on pages 28 and 29 of the Report and Accounts.

The following summary information is given in support of the Board's proposal for the election or re-election (as appropriate) of the Directors of the Company:

Kevin Beeston – offers himself for re-election.

Kevin has been a Non Executive Director and Chairman of the Group since July 2010. The Board is satisfied that he continues to be independent in character and judgement in applying his expertise at meetings of the Board and of the Nomination Committee (which he Chairs) and the Remuneration Committee, and that his other commitments do not detract from the extent or quality of time which he is able to devote to the Company. His biography appears on page 28.

Pete Redfern – offers himself for re-election.

Pete has been Chief Executive since July 2007 and was previously Group Chief Executive of George Wimpey Plc. His biography appears on page 28.

Ryan Mangold – offers himself for re-election.

Ryan has been Group Finance Director since November 2010. His biography appears on page 28.

Kate Barker CBE – offers herself for re-election.

Kate has been an Independent Non Executive Director since April 2011. The Board is satisfied that she continues to be independent in character and judgement in applying her expertise at meetings of the Board and of the Audit and Nomination Committees, and that her other commitments do not detract from the extent or quality of time which she is able to devote to the Company. Her biography appears on page 29.

Baroness Dean of Thornton-le-Fylde – offers herself for re-election.

Brenda has been an Independent Non Executive Director since July 2007. She has been subjected to a rigorous annual appraisal, having served for eight years in that capacity including previously for George Wimpey Plc. The Board is satisfied that she continues to be independent in character and judgement in applying her expertise at meetings of the Board and of the Nomination and Remuneration Committees, and that her other commitments do not detract from the extent or quality of time which she is able to devote to the Company. Her biography appears on page 29.

Anthony Reading MBE – offers himself for re-election.

Tony has been an Independent Non Executive Director since July 2007. He has been subjected to a rigorous annual appraisal, having served for six years in that capacity including previously for George Wimpey Plc and will have completed seven years by the time of the Annual General Meeting. The Board is satisfied that he continues to be independent in character and judgement in applying his expertise at meetings of the Board and of the Remuneration Committee (which he Chairs) and the Audit and Nomination Committees, and that his other commitments do not detract from the extent or quality of time which he is able to devote to the Company. His biography appears on page 29.

Robert Rowley – offers himself for re-election.

Rob has been an Independent Non Executive Director since January 2010 and the Senior Independent Director since April 2010. The Board is satisfied that he continues to be independent in character and judgement in applying his expertise at meetings of the Board and of the Audit Committee (which he Chairs) and the Nomination and Remuneration Committees, and that his other commitments do not detract from the extent or quality of time which he is able to devote to the Company. His biography appears on page 28.

The Board confirms that each of the above Directors has recently been subject to formal performance evaluation, details of which are set out in the Corporate Governance Report, and that each continues to demonstrate commitment and to be an effective member of the Board.

Mike Hussey – appointed since last AGM and offers himself for election.

Mike was appointed as a Non Executive Director on 1 July 2011. He is Chief Executive of Alcamantar and has held a number of senior roles in the property sector. The Board is satisfied that he is independent in character and judgement and that his other commitments do not detract from the extent or quality of time which he will be able to devote to the Company

James Jordan – appointed since last AGM and offers himself for election.

James was appointed as a Director on 21 July 2011. He is the Legal Director for the Group and is also the Group Company Secretary, a position he has held since 2007. He has a wealth of experience, having previously been Group Company Secretary and General Counsel of George Wimpey Plc between 2002 and 2007, when he was appointed to the same position with Taylor Wimpey plc. James is a solicitor and held a number of posts in other industrial sectors prior to joining the George Wimpey Plc.

Resolution 12: Re-appointment of Deloitte LLP ('Deloitte') as auditors of the Company

In accordance with English company law, the Company is required to appoint auditors at each general meeting at which accounts are laid before the shareholders. It is therefore proposed that the auditors are appointed from the conclusion of the 2012 Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before shareholders. The Board recommends the re-appointment of Deloitte as the Company's auditors.

Resolution 13: Authorisation of the Audit Committee to agree on behalf of the Board the remuneration of Deloitte as auditors

The Board seeks shareholders' authority for the Audit Committee to determine on behalf of the Board the remuneration of Deloitte for their services. The Board has adopted a procedure governing the appointment of Deloitte to carry out non-audit services, details of which are given in the Corporate Governance Report. Details of non-audit services performed by Deloitte in 2011 are given in Note 5 on page 69 of the Report and Accounts.

Resolution 14: Authority to allot shares

Your Directors wish to renew the existing authority to allot unissued shares in the Company, which was granted at the Company's last Annual General Meeting held on 21 April 2011 and is due to expire at the conclusion of this Annual General Meeting. Accordingly, Paragraph (A) of resolution 14 would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £10,716,327 (representing 1,071,632,700 ordinary shares). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 14 March 2012, the latest practicable date prior to publication of this notice of meeting.

In line with guidance issued by the Association of British Insurers ('ABI'), paragraph (B) of resolution 14 would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £21,432,654 (representing 2,143,265,400 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of resolution 14. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 14 March 2012, the latest practicable date prior to publication of this notice of meeting.

The authorities sought under paragraphs (A) and (B) of resolution 14 will expire at the earlier of 25 July 2013 and the conclusion of the Annual General Meeting of the Company to be held in 2013.

The Directors have no present intention to exercise either of the authorities sought under this resolution. However, if they do exercise the authorities, the Directors intend to follow ABI recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

Notes to the Notice of Meeting continued

Special Resolutions

Resolution 15: Authority to dis-apply pre-emption rights

The Board wishes to renew the existing authority from shareholders to allot shares or sell any shares held in treasury for cash otherwise than to existing shareholders pro rata to their holdings. Resolution 15, which will be proposed as a special resolution and therefore requires a 75% majority of votes to be cast in favour, would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be, similar to previous years, limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £1,607,449 (representing 160,744,900 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 14 March 2012, the latest practicable date prior to publication of this notice. In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

The authority will expire at the earlier of 25 July 2013 and the conclusion of the Annual General Meeting of the Company held in 2013.

Resolution 16: Authority to make market purchases of shares

This resolution will be proposed as a special resolution and therefore requires a 75% majority of votes to be cast in favour.

Any purchases under this authority would be made in one or more tranches and would be limited in aggregate to 10% of the ordinary shares of the Company in issue at the close of business on 14 March 2012.

The maximum price to be paid on any exercise of the authority would not exceed 105% of the average of the middle market quotations for the Company's ordinary shares for the five business days immediately preceding the date of the purchase. Shares purchased pursuant to these authorities could be held as treasury shares, which the Company can re-issue quickly and cost-effectively, and provides the Company with additional flexibility in the management of its capital base. The total number of shares held as treasury shall not at any one time exceed 10% of the

Company's issued share capital. Accordingly, any shares bought back over the 10% limit will be cancelled. The Company currently holds no shares in treasury.

This is a standard resolution, sought by the majority of public listed companies at Annual General Meetings. The Board's current intention of utilising this authority is generally limited to acquiring shares for the various share scheme arrangements. We would only consider a more formal share purchase programme if it would result in an increase in earnings per share and was in the best interests of shareholders generally, having regard to all relevant circumstances.

The total number of options, conditional share awards and warrants to subscribe for ordinary shares outstanding as at the close of business on 14 March 2012 was 120,146,771, representing approximately 3.7% of the issued ordinary share capital of the Company as at that date and approximately 4.2 % of the Company's issued ordinary share capital following any exercise in full of this authority to make market purchases.

The Company has warrants over 39,715,323 ordinary shares, representing 1.2% of the Company's ordinary issued share capital as at close of business on 14 March 2012. If the authority given by Resolution 16 were to be fully used, these would represent 1.4% of the Company's ordinary issued share capital at that date.

This authority will last until the earlier of 25 October 2013 and the conclusion of the Company's Annual General Meeting in 2013.

SPECIAL BUSINESS

Ordinary Resolutions

Resolution 17: Approval of the Directors' Remuneration Report for the year ended 31 December 2011

The Directors' Remuneration Report for the year ended 31 December 2011 has been prepared in accordance with Sections 420 and 421 of the Companies Act 2006. Section 439 of said Act requires the Company to give shareholders notice of an ordinary resolution approving the Directors' Remuneration Report. The Directors' Remuneration Report is on pages 39 to 50 of the Report and Accounts. The Board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives. The vote on the Remuneration Report has advisory status in respect of the remuneration policy and overall remuneration packages and is not specific to individual levels of remuneration.

Resolution 18: Authority to make political donations

In order to comply with its obligations under the Companies Act 2006 and to avoid any inadvertent infringement of that Act, the Board wishes to renew its existing authority for a general level of political donation and/or expenditure. Resolution 18 seeks to renew the existing authority for the Company to make political donations and incur political expenditure. The Companies Act 2006 requires this authority to be divided into three heads (as set out in Resolution 18) with a separate amount specified as permitted for each. An amount not exceeding £250,000 for each head of the authority has been proposed. In accordance with the Companies Act 2006, Resolution 18 extends approval to all of the Company's subsidiaries.

This authority will last until the conclusion of the Annual General Meeting of the Company in 2013, unless renewal is sought at that meeting.

The Company and the Group do not make any donations to political parties or organisations but do support certain industry-wide initiatives such as the Home Builders Federation in the UK. Whilst we do not regard this as political in nature, in certain circumstances donations made for charitable or similar purposes could possibly be treated as a donation to a political organisation under the relevant provisions of the Companies Act 2006. For example, a donation to a humanitarian charity which may also operate as a political lobby, sponsorship, subscriptions, paid leave to employees fulfilling public duties and payments to industry representative bodies could constitute a donation to a political organisation within the current definitions in the Companies Act 2006.

Details of the Company's and the Group's charitable donations appear on page 53 of the Report and Accounts.

Special Resolution

Resolution 19: Notice of general meetings

This resolution will be proposed as a special resolution and therefore requires a 75% majority of votes to be cast in favour.

The Companies (Shareholders' Rights) Regulations 2009 have increased the notice period required for general meetings of the Company to 21 days unless shareholders agree to a shorter notice period, which cannot be less than 14 clear days. At the 2011 Annual General Meeting, a resolution was passed approving the Company's ability to call general meetings (other than Annual

General Meetings, which will continue to be held on at least 21 clear days' notice) on not less than 14 clear days' notice. As this approval will expire at the conclusion of this Annual General Meeting, Resolution 19 proposes its renewal. The shorter notice period of 14 clear days would not be used as a matter of routine for any general meeting, but only where the flexibility is merited by the business of a particular meeting and is thought to be to the advantage of shareholders as a whole. The renewed approval will be effective until the Company's Annual General Meeting in 2013, when it is intended that a similar resolution will be proposed.

Note that in order to be able to call a general meeting on less than 21 clear days' notice, the Company must in respect of that meeting make available electronic voting to all shareholders.

Shareholder Facilities

Annual General Meeting

11:00 am on 26 April 2012 at:

The British Medical Association, BMA House,
Tavistock Square, London, WC1H 9JP.

Latest date for receipt of proxy instructions for the 2012
Annual General Meeting: 11:00 am on 24 April 2012.

Group Legal Director and Company Secretary and Registered Office

James Jordan
Gate House
Turnpike Road
High Wycombe
Buckinghamshire HP12 3NR
Tel: +44 (0)1494 558323
Fax: +44 (0)1494 885663
E-mail: james.jordan@taylorwimpey.com

Registrar

For any enquiries concerning your shareholding or
details of shareholder services, please contact:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
E-mail: ssd@capitaregistrars.com
Tel: 0871 664 0300 (UK)

(Calls cost 10p per minute plus network extras;
lines are open 8:30 am to 5:30 pm Mon-Fri).

Tel: +44 20 8639 3399 (overseas)

Auditors

Deloitte LLP

Solicitors

Slaughter and May

Stockbrokers

J.P. Morgan Cazenove
Jefferies Hoare Govett

Shareholders' Services

Web communications

Shareholders have previously passed a resolution enabling the Company to make documents and information available to shareholders by electronic means and via a Web site, rather than by sending hard copies. This way of communicating is enabled in accordance with the Companies Act 2006, Rule 6 of the Disclosure and Transparency Rules and the Company's Articles of Association.

Making documents and information available electronically:

- enables the Company to reduce printing and postage costs;
- allows faster access to information and enables shareholders to access documents on the day they are published on the Company's Web site;
- reduces the amount of resources consumed, such as paper, and lessens the impact of printing and mailing activities on the environment.

The Company provides hard copy documentation to those shareholders who have requested this and is, of course, happy to provide hard copies to any shareholders upon request.

The Company's Web site url is plc.taylorwimpey.co.uk and shareholder documentation made available electronically is generally accessible at plc.taylorwimpey.co.uk/InvestorRelations.

Electronic communications

The Company also encourages shareholders to elect to receive notification of the availability of Company documentation by means of an e-mail. Shareholders can sign up for this facility by logging onto our Web site at plc.taylorwimpey.co.uk.

On-line facilities for shareholders

You can access our Annual and Interim Reports and copies of recent shareholder communications on-line at: plc.taylorwimpey.co.uk/InvestorRelations.

To register for on-line access, go to plc.taylorwimpey.co.uk/ShareholderInformation, and click on the service you require. To access some of these services you will first be required to apply on-line.

Once you have registered for access, you can make on-line enquiries about your shareholding and advise the Company of changes in personal details.

Dividend Re-Investment Plan

You can choose to invest your cash dividends in purchasing Taylor Wimpey shares on the market under the terms of the Dividend Re-Investment Plan. For further information on the Plan and how to join, contact Capita Registrars.

Dividend mandates

We strongly encourage all shareholders to receive their cash dividends by direct transfer to a bank or building society account. This ensures that dividends are credited promptly to shareholders without the cost and inconvenience of having to pay in dividend cheques at a bank. If you wish to use this cost-effective and simple facility, complete and return the dividend mandate form attached to your dividend cheque. Additional mandate forms may be obtained from Capita Registrars.

Duplicate share register accounts

If you are receiving more than one copy of our Annual Report, it may be that your shares are registered in two or more accounts on our Register of Members. You might wish to consider merging them into one single entry. Please contact Capita Registrars who will be pleased to carry out your instructions in this regard.

Low-cost share dealing services

We have arranged both telephone and on-line share dealing services for UK resident Taylor Wimpey shareholders to buy or sell up to £25,000 worth of Taylor Wimpey plc shares. The services are operated by Capita Registrars. To use the services either visit www.capitadeal.com or telephone +44 (0)871 664 0446 (calls cost 10p per minute plus network extras; lines open 8:00 am to 4:30 pm Mon-Fri). To deal, you will need to provide your surname, postcode, date of birth and investor code (which can be found on your share certificate or any form of proxy you have been sent). Shareholders are not in any way obliged to use this service when dealing in the Company's shares.

Taylor Wimpey and 'CREST'

Taylor Wimpey shares can be held in 'CREST' accounts, which do not require share certificates. This may make it quicker and easier for some shareholders to settle stock market transactions. Shareholders who deal infrequently may, however, prefer to continue to hold their shares in certificated form and this facility will remain available for the time being, pending the likely general introduction of dematerialised shareholdings in due course.

Taylor Wimpey share price

Our share price is printed in many of the UK daily newspapers and is also available on our Web site plc.taylorwimpey.co.uk. It appears on BBC Ceefax and other digital television interactive services. It may also be obtained by telephoning the FT Cityline service, telephone: +44 (0)9058 171690 and ask for 'Taylor Wimpey' on the voice activated response (calls cost 75p per minute from a BT landline, other networks may vary).

Gifting shares to charity

If you have a small holding of Taylor Wimpey plc shares, you may wish to consider gifting them to charity. You can do so through 'ShareGift', which is administered by a registered charity, Orr Mackintosh Foundation Limited. Shares gifted are re-registered into the name of the charity, combined with other donated shares and then sold through stockbrokers who charge no commission. The proceeds are distributed to a wide range of recognised charities. For further details, please contact Capita Registrars or approach ShareGift directly on www.sharegift.org or telephone them on +44 (0)20 7930 3737.

Unsolicited approaches to shareholders

We have received reports from a number of Taylor Wimpey shareholders who have each received what appear to be fraudulent approaches from third parties during recent months with respect to their shareholding in the Company. In some cases these are 'cold calls' and in others correspondence. They generally purport to be from a firm of solicitors or an investment company and offer, or hold out the prospect of, large gains on Taylor Wimpey shares or other investments you may hold. The approaches normally include the seeking of an advance payment from the shareholder, the disclosure of the shareholder's bank details or the sale of an unrelated investment. Shareholders are advised to be extremely wary of such approaches and advised to only deal with firms authorised by the UK Financial Services Authority ('FSA'). You can check whether an enquirer is properly authorised and report scam approaches by contacting the FSA on <http://www.fsa.gov.uk/Pages/Doing/Regulated/Law/Alerts/form.shtml> or by calling 0845 606 1234 and you can contact the Taylor Wimpey Investor Relations Department at twplc@taylorwimpey.com.

Principal Operating Addresses

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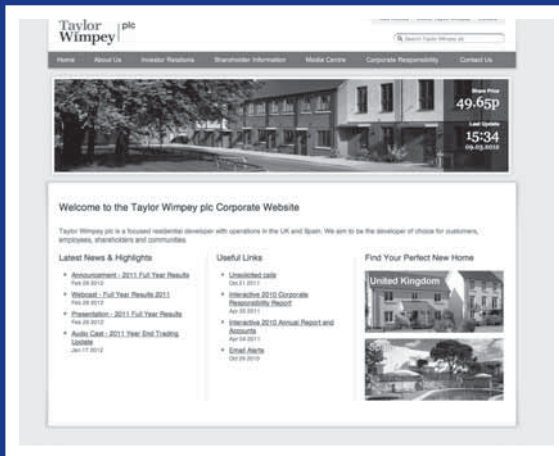
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plc.taylorwimpey.co.uk

Go on-line for more information

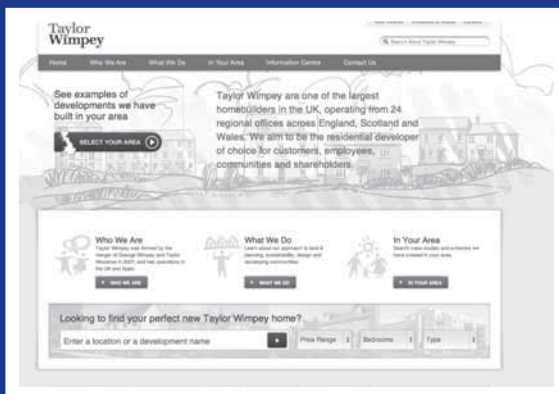
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The Taylor Wimpey plc Web site provides information for investors and shareholders, including:

- Corporate News
- Company announcements and presentations
- Share price data
- Current and historic Annual and Corporate Responsibility Reports
- Shareholder information

about.taylorwimpey.co.uk



The About Taylor Wimpey Web site provides information on:

- Who we are
- What we do
- Development case studies



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CarbonNeutral® printing company

Core Uncoated is a PEFC 70 certified stock that is produced from virgin wood fibre sourced mainly from Germany, Canada and Sweden. It is bleached using a Totally Chlorine Free process and can be disposed of by recycling, incineration for energy and composting. It is produced in a mill that is certified to the ISO14001 environmental management standard. The printing of this report is CarbonNeutral®.