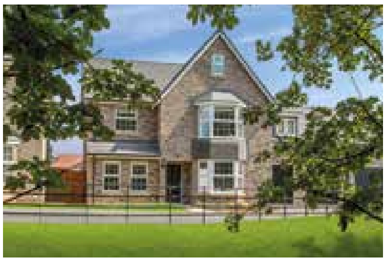
Galliford Try plc
Annual Report and
Financial Statements 2015

Delivering our strategy



Galliford Try is one of the UK's leading housebuilding and construction groups.

Our hybrid business model, which spans complementary markets and cycles, gives us a unique set of competitive advantages.

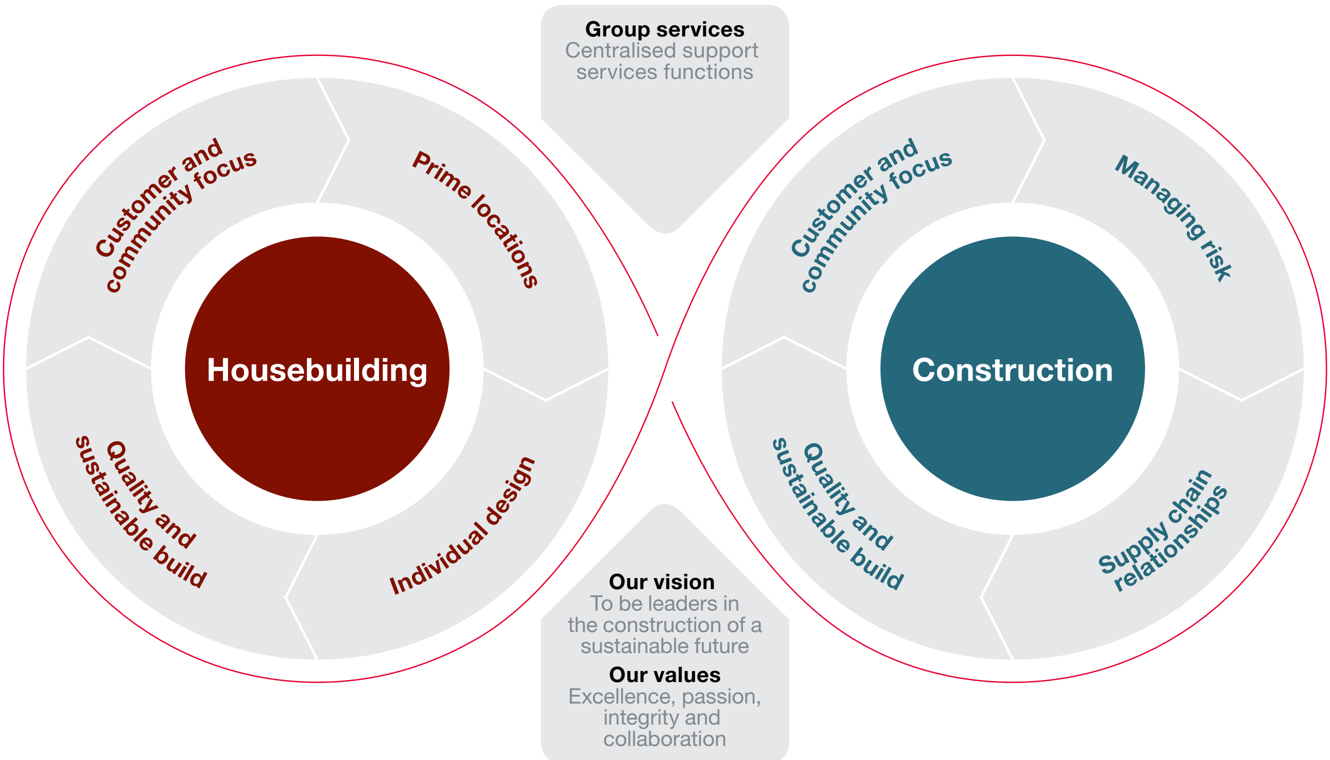
Our shares are listed on the London Stock Exchange and we are a member of the FTSE 250, in the Home Construction sector.

Please refer to page 8 for more information about our business model

Strategic report

Governance

Financials



Highlights

Group key performance indicators

Revenue[1]
Up 31%; Group revenue excluding JVs £2,348m
£2,431m

Profit before tax
Up 20%
£114m

Earnings per share
Up 19%
112.8p

Dividend per share
Up 28%
68p

Year end net debt
Up by £12.2m
£17.3m

Return on net assets
Up 2.5 points
23.3%

Earnings per share (pre-exceptional)
Up 23%
116.3p

Profit before tax (pre-exceptional)
Up 24%
£117.7m

Please refer to page 10 for our performance against our strategy

Divisional highlights

Housebuilding

- 11% increase in revenue to £1,108 million. 3,177 completions (2014: £1,002 million, 3,107 completions).
- Linden Homes margin increased to 16.0% (2014: 15.1%).
- Sales reserved, contracted or completed of £343 million (2014: £348 million).
- Galliford Try Partnerships delivered significant growth, with revenue up 36% to £329 million and a contracting order book of £825 million (2014: £500 million).
- Further increase in Galliford Try Partnerships mixed-tenure revenue contributed to higher margin of 2.9% (2014: 2.1%).
- Total landbank (including Galliford Try Partnerships) of 15,750 plots (2014: 13,900 plots).
- 100% of land required for 2016 financial year in place, 87% of land secured for 2017.

Construction

- Improving market conditions contributed to a number of major project wins.
- 1.2% Construction margin (2014: 1.0%).
- £173 million year end cash balance in Construction, demonstrating continued strong cash management (2014: £151 million).
- Successful integration of Miller Construction has accelerated our growth plans and provided access to new frameworks.
- £3.5 billion order book (2014: £3.0 billion[2]).
- 88% of this year's planned revenue secured (2014: 84%).

1 'Revenue' includes share of joint ventures of £82.3 million (2014: £83.0 million). 'Group revenue', where stated throughout this Annual Report, excludes share of joint ventures. Group revenue in the year to 30 June 2015 is £2,348.4 million.
2 Including Miller Construction. 30 June 2014 excluding Miller Construction was £1.4 billion.

Our businesses at a glance

Housebuilding

We are one of the UK's leading housebuilders. Our Housebuilding division comprises Linden Homes, which develops both private and affordable homes for sale, and Galliford Try Partnerships, our specialist affordable housing business.

Please refer to page 20 for our review of Housebuilding

Revenue
Up 11%

£1,108m

Landbank
Up 13%

15,750

Completions by sector
Up 2%

3,177

Sales in hand by activity
Down 1%

£343m

Linden Homes

Linden Homes delivers around 3,000 houses and apartments each year, the majority of which are for private sale.

We develop distinctive and diverse new homes in prime locations. By using renowned architects, we pay meticulous attention to detail to create homes that complement their surroundings. As well as meeting our customers' needs, our approach has led to numerous industry awards.

We have a South of England focus, with an increasing presence in the North and Midlands. We also embrace the delivery of complex projects including brownfield, refurbishment and regeneration projects.

Revenue
Up 3%

£779m

Profit from operations
Up 8%

£124m

Operating margin
Up from 15.1%

16.0%

Galliford Try Partnerships

Partnerships is our specialist affordable housing contractor, providing services to housing associations and local authorities. We have a strong presence in the South East, Midlands and North East England, and a growing business across the rest of the country.

Galliford Try Partnerships also develops mixed-tenure projects, providing private housing for sale on regeneration-led sites. We draw on Linden Homes' expertise in housing development and sales to successfully deliver these projects. Galliford Try Partnerships completed 408 private units in the year.

Revenue
Up 36%

£329m

Profit from operations
Up 88%

£9.4m

Operating margin
Up from 2.1%

2.9%

01

02

03


01 Cholsey Meadows in Oxfordshire
02 Royal Barham House in Truro, Cornwall
03 Riverside in Godalming, Surrey

04


05


04 Silvertown Way in East London
05 Bournville Gardens Retirement Village in Birmingham
06 The Sycamores, Birtley, part of the Gateshead Regeneration scheme

06


Our businesses at a glance continued

Construction

We are a major UK contractor, operating mainly under the Galliford Try and Morrison Construction brands. Our diverse business works across the public, regulated and private sectors. We create long-term client relationships, based on our ability to innovate, provide sustainable whole-life solutions and deliver projects to high standards.

Please refer to page 26 for our review of Construction

Revenue
Up 55%
£1,293m

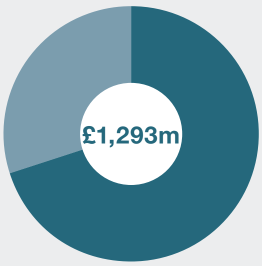
Cash
Up 14%
£173m

Profit margin
Up from 1.0%
1.2%

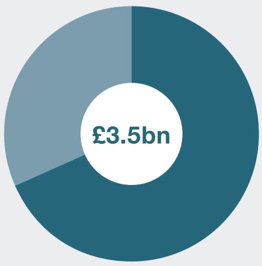
Profit from operations
Up 96%
£15.7m

Order book
Up 17%
£3.5bn

Revenue by sector
- Building (£907m)
- Infrastructure (£386m)



Order book
- Building (£2.4bn)
- Infrastructure (£1.1bn)



Building

Building serves a range of clients across the UK. The acquisition of Miller Construction in July 2014 further enhanced the scale and geographical coverage of our Building business.

Revenue
Up 98%
£907m

Profit from operations
Up 167%
£8.0m

Infrastructure

Infrastructure carries out civil engineering projects, primarily in the highways, rail and aviation, environmental, water and waste, and power and security markets.

Revenue
Up 3%
£386m

Profit from operations
Up 54%
£7.7m

PPP Investments

Investments delivers major building and infrastructure projects through public private partnerships. It leads bid consortia and arranges finance, makes equity investments, manages construction through to operations, and ultimately realises its investment to fund new projects.

Revenue
Up 91%
£28.8m

Profit from operations
Up £5.5m
£3.7m

01


01 St George's Hospital Helipad in South London
02 Resorts World Birmingham
03 Pathology Lab at Queen Elizabeth Hospital in Gateshead

02


03


04


05


04 Hamilton Square Station, Birkenhead
05 MAG (Manchester Airports Group) Capital Delivery Framework

06


06 St Michael's, part of the Kent 'Excellent Homes for All' scheme

Executive Chairman's statement

Record results, enhanced targets

"Galliford Try had another excellent year, with strong growth in earnings and a further significant increase in the dividend. We have made key appointments to the Board to give us both the leadership and independent oversight we need for the next stage of our success, along with my continuing involvement as Non-executive Chairman."

Pre-exceptional earnings per share
Up 23%

116.3p

Dividend per share
Up 28%

68p

Greg Fitzgerald
Executive Chairman

Introduction
This was another record year, keeping us on track to meet our enhanced 2018 targets. Linden Homes increased both revenue and margin, with mortgage availability, the planning environment and the land market remaining positive. Galliford Try Partnerships grew faster than expected and we see further substantial potential for this exciting business. Construction is benefiting from a rapidly improving market and the acquisition of Miller Construction, with a good pipeline of opportunities at appropriate margins.

We achieved this performance during a period of significant evolution of the Board. In September 2014, Amanda Burton retired as a Non-executive Director, with Ian Coull stepping down as Chairman in October due to his other commitments.

Having announced my intention to retire as Chief Executive at the end of 2015, I accepted the Board's request to become Executive Chairman on an interim basis when Ian Coull stepped down and I am delighted to provide continuity to the Board as Non-executive Chairman from January 2016.

In April 2015, we announced that Peter Truscott, a highly experienced industry leader, would be our new Chief Executive from 1 October 2015. Peter Ventress joined as Deputy Chairman and Senior Independent Director, replacing Peter Rogers who retired. Peter Ventress will take over as Non-executive Chairman in November 2017.

We also appointed Gavin Slark as a Non-executive Director and promoted Ken Gillespie to Chief Operating Officer.

I thank Ian Coull, Peter Rogers and Amanda Burton for their significant contributions to the Board, and the other non-executive directors for their incredible efforts during this period of change. I also thank the Board and everyone at Galliford Try for their contribution to our success, and for their support during my 34 years of service.

We have a high-calibre, independent majority on the Board and I believe the Group has the right leadership for the next phase of its development.

Strategy
We continue to successfully implement our strategy. Linden Homes' strategy is unchanged. The acquisition of land assets from Shepherd Homes in May 2015 added further sites in Yorkshire and increased our landbank by more than 500 plots.

Galliford Try Partnerships' excellent prospects mean we have increased both our revenue and margin expectations. Having targeted 2018 revenue of around £350 million, we are now aiming to exceed £400 million. Our margin target is now at least 4.0%, against an original target of 3.5% to 4.0%.

The acquisition of Miller Construction was a significant development, giving us positions on important frameworks, a strengthened geographical presence and a high-quality order book. As a consequence, we increased Construction's 2018 revenue target from £1.25 billion to £1.5 billion, while retaining our margin target of 2.0%.

Dividend

The directors are proposing a final dividend of 46.0 pence per share, an increase of 21%. This follows the interim dividend of 22.0 pence per share, 47% higher than the prior year, giving a total dividend for the year of 68.0 pence per share, up 28%. With earnings per share pre-exceptional items up 23% to 116.3 pence, this results in a total dividend covered 1.7 times by pre-exceptional earnings. Looking forward we have enhanced our progressive dividend policy, aiming to reduce our target earnings cover for the dividend from 1.7 to 1.5 times.

People

Last year, I said that getting our people strategy and recruitment right would be a major factor in achieving our 2018 objectives. This remains the case, so we were delighted that Miller Construction and Shepherd Homes brought around 660 people into the Group, including several senior leaders.

Retaining our people remains a challenge. Our reputation helps us to attract people but also makes our people attractive to others. We continue to look to improve retention. We also develop talent through our graduate and apprentice programmes, and now directly employ 238 graduates, apprentices or trainees.

Sustainability

Conditions in our supply chain remain challenging. The availability of materials has improved but it is still difficult to obtain skilled tradespeople, leading to cost inflation. It also means we have fewer experienced people working on our sites which, coupled with our significant business growth, may have affected our health and safety performance. While our RIDDOR Accident Frequency Rate is in line with the industry average, it has increased from 0.10 last year to 0.14 this year. We continue to work hard to achieve the highest safety standards, as described on page 34.

Outlook

Housebuilding and Construction are in a position to grow, with a significant landbank and order book.

In Housebuilding, the UK's supply of new homes continues to fall significantly short of demand, underpinning the growth aspirations of both Linden Homes and Galliford Try Partnerships. The outlook for Linden Homes remains strong, with the mortgage and land markets and the planning environment all positive. The main issue is building to schedule, given the shortage of skilled people.

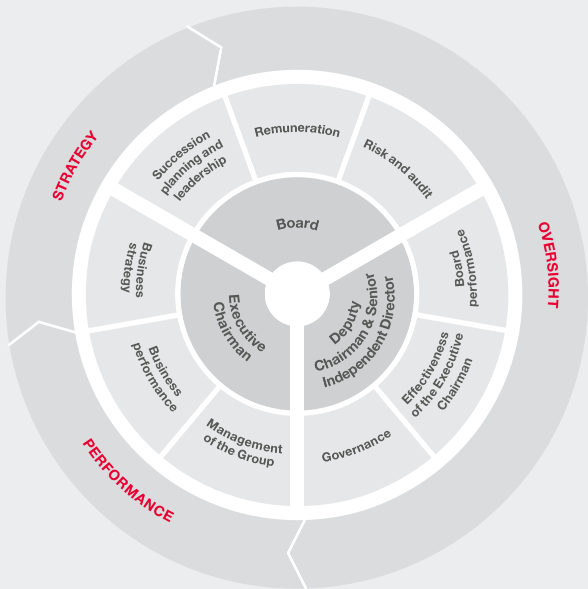
In Galliford Try Partnerships, affordable housing remains high on the political agenda, with renewed emphasis on home ownership products. Despite the challenges of welfare reform and the recent rent cuts, housing associations remain financially robust and are continuing to leverage their balance sheets to support mixed-tenure developments. This makes us confident of continued growth in Galliford Try Partnerships and will support longer-term margin improvement as clients require mixed-tenure expertise.

Construction's markets are improving and, with increasing opportunities for new work, we remain confident that margins will move up towards our 2018 target.

Greg Fitzgerald
Executive Chairman

Summary of governance

The Group has a robust governance structure, with an agreed division of responsibilities between the Executive Chairman, Deputy Chairman and the Board. The key features are shown below with more information contained on pages 40 to 47.



Board

Succession planning and leadership: ensuring the Group has the right leaders at Board, Executive Board and other senior management levels.

Remuneration: appropriately incentivising future performance, rewarding successful performance delivery, and ensuring we recruit and retain our most talented and experienced executives.

Risk and audit: continuously monitoring and enhancing the Group's risk management and internal audit processes.

Deputy Chairman & Senior Independent Director

Board performance: assessing the Board's effectiveness through the annual performance evaluation.[1]

Effectiveness of the Executive Chairman: evaluating the Executive Chairman's performance, in addition to the Board's collective performance evaluation.

Governance: ensuring proper standards of corporate governance are maintained, including compliance with the UK Corporate Governance Code.

Executive Chairman

Management of the Group: managing the Group and its subsidiaries day-to-day, in his executive capacity.

Business performance: delivering the Group's operational and financial performance.

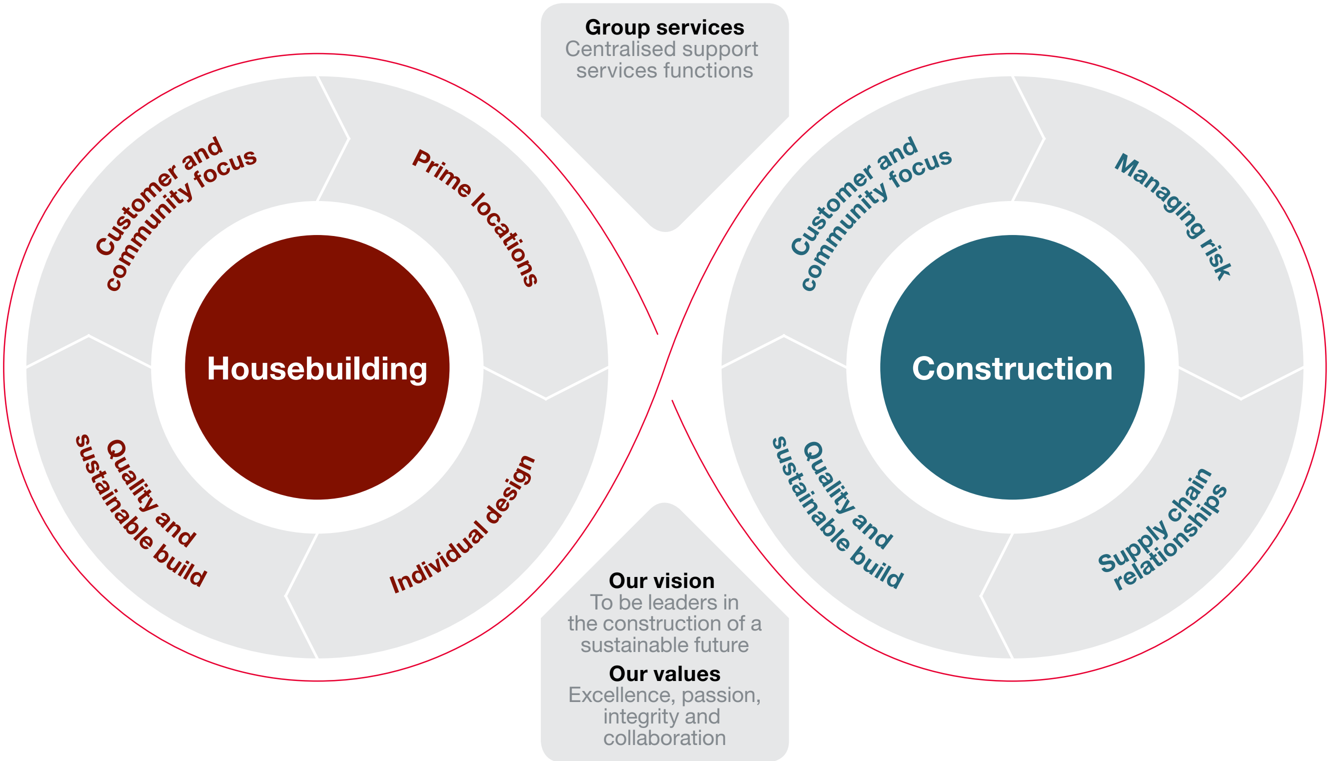
Business strategy: implementing the Group's strategic direction, as agreed by the Board.

1 The retirement of the then Deputy Chairman coincided with the scheduled 2015 Board evaluation process, therefore the evaluation was led by the Executive Chairman, facilitated by the General Counsel and Company Secretary.

Business model

A complementary business

Our hybrid business model creates long-term shareholder value by harnessing the benefits of our two complementary businesses, Housebuilding and Construction. This model is rare in our industry. It limits the impact of economic cycles and allows us to prioritise high-quality business, so we can target margins and deliver disciplined revenue growth.



Reduced reliance on any one market

Housebuilding and Construction primarily work separately, serving different customers with different requirements and different sources of financing. This makes us less reliant on any one market and means we do not have to pursue low-margin revenue when markets are tough.

Reduced impact of economic cycles

Housebuilding adapts quickly to economic changes, particularly during a recovery, while long contracts and lead times make Construction late cycle. This means that if one business turns down, the other remains strong, reducing the economic risk to the Group.

Complementary financial profiles

Construction generates cash from clients' regular payments, while Housebuilding uses cash to pay for land and development, until the homes are sold. These complementary cash flow profiles strengthen our balance sheet by minimising our need for external debt.

Complementary businesses

Construction and Housebuilding also work together, so we can build mixed-use projects with significant commercial elements and create homes on attractive but complex sites. Our divisions also benefit from the efficient provision of central services, such as health and safety, human resources, and finance.

Housebuilding

Prime locations

Using our substantial landbank of prime sites, we identify each area's housing needs to create prestigious and sustainable developments, containing both private and affordable homes. Our expertise in brownfield sites enables us to consider attractive locations that other housebuilders cannot tackle, while Linden Homes' development and sales skills help Galliford Try Partnerships to develop mixed-tenure sites for housing associations.

Individual design

We collaborate with some of the industry's leading architects to create award-winning designs which distinguish us from other housebuilders. They complement local styles, helping us to produce distinctive developments with meticulous attention to detail. Our new Linden Homes Layouts help us to build private and affordable homes efficiently, without compromising on design.

Quality and sustainable build

We are renowned for the expert build and high specification of our developments. We use the latest methods of construction and materials, and the latest in energy efficiency and lifestyle technology to reduce running costs for homeowners and each development's overall carbon footprint.

Customer and community focus

We think about the customer at every stage, from before we buy the land to the aftersales service. The Linden Way programme shares best practice across Linden Homes and Galliford Try Partnerships, in line with our aim to offer a first-class service to all our customers. We also embrace the communities around our developments to bring tangible and long-lasting benefits to the places where we build.

Please refer to page 20 for our review of Housebuilding

Construction

Managing risk

Our hybrid business model allows us to be selective about projects, while our robust risk management helps us to deliver them effectively. The diversity of our business and our order book, which is spread across the public, private and regulated sectors, also protects us from downturns in particular markets.

Supply chain relationships

Our long-term relationships enable us to secure the supply chain we need to deliver our projects. In turn, this helps us to improve service quality for our clients, to increase our efficiency and to address key sustainability issues such as health and safety, environment, and community impact.

Quality and sustainable build

Delivering the best for our clients enhances our reputation and helps us to win new work. We are recognised for our high standards of project delivery and have won numerous prestigious awards. Sustainability is integral to our approach and we are renowned for our ability to provide sustainable, whole-life solutions for our clients.

Customer and community focus

We aim to become our clients' long-term partner, so we are an extension of their teams and have a comprehensive understanding of their targets. We also develop strong community relationships, so we are welcomed locally and can work effectively in the areas we operate in.

Please refer to page 26 for our review of Construction

Strategy 2013–2018

Strategy, targets and progress

Group strategy

The Group's ultimate aim is to deliver superior returns to shareholders. To do this, we have a Group strategy with three main elements:

- Delivering disciplined growth by focusing on the quality of opportunities, prioritising margin and leveraging synergies between Housebuilding and Construction.
- Operating sustainably, recognising that health and safety and our people are the top two priorities for achieving our 2018 objectives.
- Generating shareholder return by growing earnings and dividends, and carefully managing our balance sheet.

In each of these areas we have a number of targets, which we aim to achieve by 2018. The baseline for these targets was our 2013 performance. During the year to 30 June 2015, we enhanced a number of the targets, as shown by the charts. We monitor our progress towards them using key performance indicators. Our targets are based on the assumptions listed on page 13.

Key:
- Actual performance
- Target
- Enhanced target

Housebuilding

Strategy

Linden Homes

- Focus on increasing our operating margin towards 18% by maximising the efficiency and effectiveness of our operations.
- Deliver disciplined expansion in volumes by continuing to focus on prime sites in prime locations.
- Increase the predominance of houses over apartments.

Galliford Try Partnerships

- Continue to grow our contracting revenues.
- Grow our mixed-tenure revenue by leveraging Linden Homes' relationships, reputation and development skills.
- Use the cash generated by Galliford Try Partnerships' contracting activities to fund mixed-tenure developments.

Landbank

- Strengthen our landbank across all our Housebuilding activities, building a landbank of around 14,000 plots early in the strategy period and maintaining it at this level to 2018.

Construction

Strategy

Building and Infrastructure

- Retain our discipline and select projects with appropriate risk and cash profiles.
- Focus on both the public and private sectors, frameworks and increasing our capability in major projects.
- Target margin improvements.

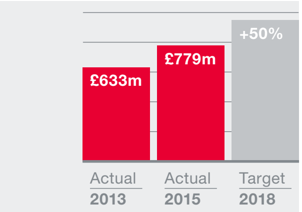
Investments

- Target our PPP investment capabilities to support our Construction, Galliford Try Partnerships and Facilities Management businesses.
- Increasingly become a collaborative investment partner for public sector clients to give us access to a pipeline of projects rather than one-off bids.

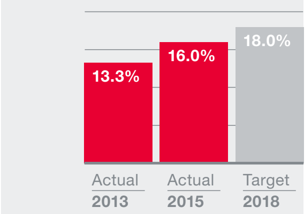
Targets

Linden Homes

Revenue

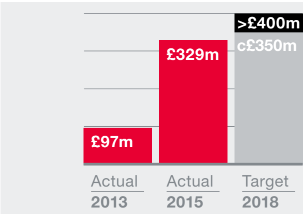


Operating margin

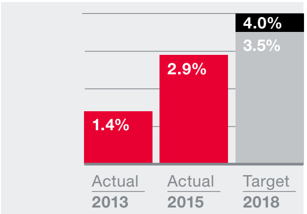


Galliford Try Partnerships

Revenue

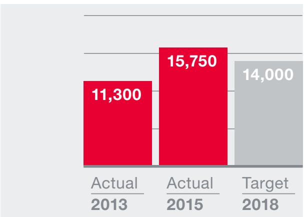


Operating margin



Landbank

Plots



Progress

Linden Homes

- Further increased the margin to 16.0%, from 15.1% in 2014, and 13.3% in 2013 and set up Business Improvement Forums to drive further efficiencies across all disciplines.
- Grew revenue by 3%, including an increase in the average selling price.
- Maintained Southern focus, while increasing our presence in the Midlands and the North.
- Acquired Shepherd Homes' land assets in Yorkshire, including six sites under development.
- Increased the proportion of larger houses, while slightly reducing the overall number of units completed, reflecting our disciplined approach.

Galliford Try Partnerships

- Delivered rapid growth in both contracting and mixed-tenure revenues, securing a number of important contract wins and investing cash generated by contracting into mixed-tenure projects.
- Enhanced our 2018 revenue and margin targets, and announced our intention to allow Galliford Try Partnerships to operate in a net debt position of up to £30 million to accelerate its mixed-tenure growth.

Landbank

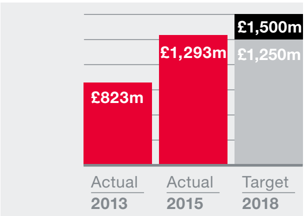
- Took advantage of the continuing favourable land market to further increase the number of plots to a record 15,750, including 515 plots acquired from Shepherd Homes.
- Secured all the plots needed by Housebuilding for 2016 and 87% for 2017.

Please refer to page 20 for our review of Housebuilding

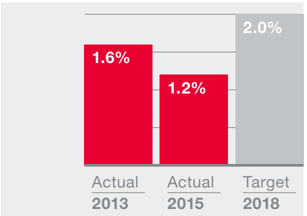
Targets

Construction

Revenue



Margin



Progress

Building and Infrastructure

- Acquired Miller Construction, accelerating our growth, strengthening our position on major frameworks and expanding our geographical presence.
- Awarded places on a number of major frameworks and continued to win a wide range of new business at appropriate margins.

Investments

- Substantially increased the scale of our PPP business through the Miller Construction acquisition.
- Reached financial close on a number of key projects, providing equity investment opportunities and significant additions to the order book for Construction, Galliford Try Partnerships and Facilities Management.

Please refer to page 26 for our review of Construction

Strategy 2013–2018 continued

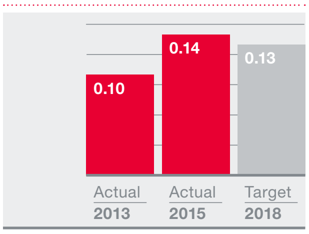
Strategy, targets and progress

Sustainability
Strategy

Health & Safety
- Implement policies and procedures to establish safe working practices for everyone.
- Implement programmes to improve employee and subcontractor safety behaviours.
- Work with our employees to ensure we maintain our culture of care.

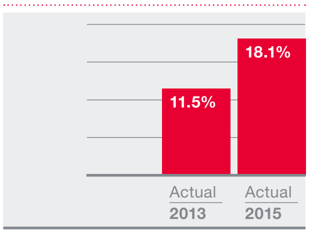
People
- Implement policies and procedures to ensure we have sufficient competent and capable employees.
- Consult our employees to identify training and development needs and opportunities to improve business performance.
- Implement programmes to drive fairness, inclusion and respect across the Group.

Accident Frequency Rate[1]



1 By RIDDOR classification

Staff churn[2]



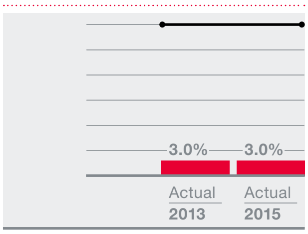
2 Against a benchmark of 15%

Shareholder return
Strategy

Financial management
- Actively manage cash in Construction and investment in Housebuilding to control the Group's net debt position.
- Ensure the Group has the funding to implement its growth strategy through internal cash generation and appropriate debt facilities.

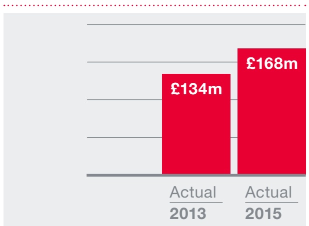
Efficiency
- Help the divisions to implement their strategies by providing high-quality Group functions, such as health and safety, sustainability and people development, contributing to profit and earnings growth, and the ability to pay higher dividends.

Gearing

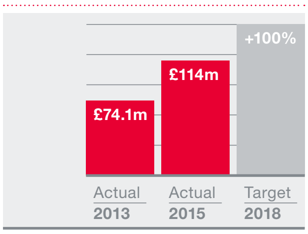


Maximum 30%

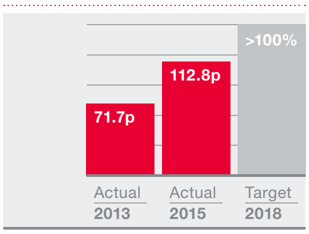
Average net debt



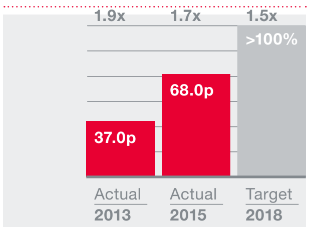
PBT



Earnings per share



Dividend per share & cover



Progress

Health & Safety

- Our RIDDOR Accident Frequency Rate rose from 0.10 in 2014 to 0.14.
- Continued to address the behavioural aspects of safety, through our 'Challenging Beliefs, Affecting Behaviour' programme, and reaffirmed a 'back to basics' approach to fundamental health and safety principles.

People

- Employee churn rate was 18.1%, up from 15.7% in 2014, reflecting increased employee mobility across the industry.
- Acquisition of Miller Construction brought 600 people into the Group, with a further 59 joining from Shepherd Homes.
- A culture of fairness, inclusion and respect is supported by enhanced maternity and paternity benefits along with a focus on attracting diverse new talent to the business.

Please refer to page 32 for more information about sustainability

Progress

Financial management

- Grew profit before tax and exceptional items by 24% compared to 2014, leading to a 23% increase in pre-exceptional earnings per share.
- Continued to focus on cash and working capital management, with a strong cash performance in our Construction business helping to fund further investment in land and work-in-progress in Housebuilding.
- Year end net debt of £17.3 million, resulting in gearing of 3.0%.
- Enhanced our progressive dividend policy, leading to a 28% increase in dividend per share to 68.0 pence, with earnings cover of 1.7 times.

Please refer to page 16 for our financial review

Assumptions

In quantifying our strategic objectives for 2018, we made the following assumptions about market conditions. These assumptions have not materially changed since we set our objectives:

- economic growth continues in line with current consensus, with interest rates rising gradually from the second half of 2015;
- the private housing market continues 'as is', with mortgage availability and flexibility maintained and no material change to Help to Buy;
- government support for affordable housing continues; and
- construction markets continue a steady recovery.

We also made a number of assumptions about the Group and our divisions, notably that:

- the Group has financing in place throughout the period and average debt just above 2014 levels;
- Linden Homes delivers mid-to-high single digit growth in unit numbers from 2016, with a stable mix of private and affordable units, and no house price inflation;
- Galliford Try Partnerships doubles the number of mixed-tenure units between 2014 and 2016, and has one new office (in the North West); and
- Construction delivers steady growth towards its revenue and margin targets over the period to 2018.

Remuneration

Certain elements of our executive directors' remuneration are directly linked to our financial performance. More information on performance-related pay can be found in the Directors' Remuneration Report, on pages 53 to 61.

Risk

The key risks to achieving our strategic objectives are explained in the Principal risks section, overleaf.

Principal risks

Management of risk

Identifying, evaluating and managing our principal risks and uncertainties is integral to the way we do business.

Our policies and procedures enable us to identify, evaluate and manage risk. We maintain risk registers at Group, divisional and business unit level that detail these risks, relate them to our objectives and rate them based on their likelihood and potential impact. This determines how the risk is managed, the responsibility for its management and how it is monitored. The Board assesses the levels of residual risk.

The risk register and associated mitigating actions are regularly reviewed by the Risk Committee we established in the previous year. It is chaired by the Group Finance Director and managed by the Director of Risk & Internal Audit. We undertake an annual review of market developments, Group strategy and projects secured in the context of our risk management processes, to ensure they adapt to changing requirements. This, in co-ordination with the Board's review of internal controls and their effectiveness, helps to ensure that our management of risk remains up-to-date and relevant.

Key risk areas, implications and mitigating actions

Health, safety, environment and community
Maintaining high standards of health and safety, and mitigating negative environmental and community impacts.

Implication
Failings can cause harm to those on or around our sites and/or have an impact on our reputation, costs and management resource.

Mitigation
- Implementing our Health, Safety & Sustainability (HS&S) strategy, which is supported by comprehensive policies and frameworks.
- Demonstrating our commitment to HS&S by having Board level representation via the Chief Operating Officer.
- Driving the importance of HS&S through our behavioural safety programme and 'back to basics' initiative.

People
Developing, attracting and retaining the best people for the business in order to maintain a high-performing, skilled and diverse workforce.

Implication
Failure to do this could impact our overall leadership of the business and ability to deliver our planned strategy and business growth.

Mitigation
- Implementing our established HR strategy, based on best practice, Investors in People principles and relevant legislation.
- Succession planning enables continuity and the ability to identify future leaders.
- Regularly reviewing remuneration and benefits packages to ensure we remain competitive.

Supply chain
A financially stable, high-quality supply chain that allows us to successfully deliver our projects on time and to budget.

Implication
Exposure to financial, reputational, technical, quality, and health and safety risks in the supply chain, as well as potential supplier insolvency and materials shortage could cause delays and additional costs.

Mitigation
- Monitoring construction progress against programme in order to replan/reassess resources where applicable.
- Selecting our supply chain for both materials and people carefully.
- Continuing to improve our supply chain by integrating their way of working with our internal processes and standards to drive improvement such as BS 11000.
- Reviewing profit margin and cash forecasting by contract to identify any supply chain issues early.

For more information about our approach to these areas, see our sustainability section on page 32

Key risk areas, implications and mitigating actions continued

Macro environment

A stable economy has a positive impact on consumer confidence in the housing market. Demand for houses is critically affected by mortgage availability and interest costs. The level of public sector spending governs demand for construction in the important public and regulated sectors.

Implication

A weakening economy can undermine consumer confidence and hence demand for new houses; this will also be constrained by the threat of interest rate rises. Reduced public spending could impact regulated infrastructure projects and the availability of project finance.

Mitigation

- Closely monitoring government, industry and economic data on housing prices, sales volumes and construction, together with statistics on mortgage approvals, lending and interest rate expectations.
- Anticipating market changes and having flexibility to adjust land acquisition plans, development and build programmes, sales releases and purchaser incentives accordingly.
- Adapting our approach to the sectors and clients where we see the best opportunities.
- Maintaining a strong balance sheet.

Markets

The success of our Housebuilding and Construction businesses relies on a combination of factors. In Housebuilding some of these include the availability and price of land, how long it takes to obtain planning permission and the availability of affordable housing funding. In Construction, some of these include the level of commercial risk we accept in each contract and pricing in relation to this risk as well as having a suitable pipeline of work in place.

Implication

Our Housebuilding business could be negatively impacted financially by a lack of available land, acquiring land at the wrong price, or underestimating development or project costs. Our delivery could be affected by delays in the planning process or the availability of affordable housing funding. In our Construction business potentially serious financial and allocation issues could result from us taking on too much risk, including credit and counterparty, pricing and technical ability to deliver; failing to secure contracts at a price and on terms that deliver an acceptable return on risk; and lack of a suitable pipeline of opportunities.

Mitigation

- Maintaining a landbank that balances plots with full planning consent, outline consent and zoned for residential development and strategic land held primarily under options to purchase in the future.
- Rigorous pre-acquisition site appraisal processes.
- Robust approach to contract selection and terms, and carrying out further specific risk assessments for major projects.
- Keeping apprised of market intelligence, monitoring order book and pipeline, and undertaking business planning process forecasts for market trends allowing us to match resources to project workloads.

Corporate

Our ability to achieve our 2018 growth strategy is contingent on a number of Group factors.

Implication

Without access to sufficient financing, the ability to deliver projects on time and to budget, and meet our sustainability targets, as well as being able to maintain a strong brand would be jeopardised, meaning we could be prevented from successfully executing our Company strategy.

Mitigation

- Funding is provided by equity and bank borrowings; our revolving credit facility was extended to 2020 on improved terms and a new £100 million interest rate hedge was put in place ensuring a stable funding platform and improved visibility for the rest of the decade.
- Demonstrating our commitment to sustainability by having Board level representation via the Chief Operating Officer.
- Operating contingency and disaster recovery policies to mitigate any potential financial or reputational damage; these are tested and reviewed on a regular basis.

Financial review

Continued strong performance

"Once again, Galliford Try delivered a strong financial performance. We continued to manage cash and our balance sheet carefully, and ensured we have the financing we need to deliver our growth strategy to 2018."

Financial highlights

- Profit before tax up 20% to £114.0 million.
- Profit before tax and exceptional items up 24% to £117.7 million.
- Return on net assets increased to 23.3%.
- Extended £400 million unsecured bank facility by one year to 2020, on improved terms.
- Strong financial position, with Group year end net debt of £17.3 million and Construction cash balance of £173 million.
- Investment in Housebuilding developments, including joint ventures, up to £769 million.
- Equity up by £35.0 million to £569.2 million.
- Net tangible assets up by 2% to £412.8 million.

Graham Prothero
Finance Director

Introduction

Galliford Try had another strong year, with profit before tax and earnings per share reaching new records and a robust return on net assets. We remain on track to achieve our enhanced 2018 targets. During the year, we increased a number of these targets, as discussed in the Executive Chairman's statement on page six.

Results

Revenue including joint ventures rose 31% to £2,431 million (2014: £1,851 million). Group revenue, excluding our share of joint ventures, was 33% higher at £2,348 million (2014: £1,768 million). The acquisition of Miller Construction in July 2014 added around £400 million to revenue this year.

Profit from operations, which is stated before finance costs, exceptional items, tax and our share of joint ventures' interest and tax, rose 26% to £138.9 million (2014: £110.5 million). This resulted in another record profit before tax and exceptional costs of £117.7 million, up 24% from £94.9 million in 2014 reflecting revenue growth and improving margins across the Group.

In line with our strategy we have increased our use of debt to fund the growth of our Housebuilding operations, increasing our investment in work in progress and expanding the landbank to 15,750 units. Average net debt during the year was £168 million and year end net debt was £17.3 million, both of which were in line with our plans. During the year we extended our five-year bank facility for a further year, on improved terms.

Housebuilding

Linden Homes

Linden Homes grew revenue by 3% to £779.0 million (2014: £759.6 million), reflecting a higher average selling price, partially offset by a small reduction in unit numbers. Prices benefited from a greater proportion of larger houses and further price inflation in an improving market. Revenue included sales of land predominantly into strategic joint ventures of £51.1 million (2014: total land sales of £7.2 million).

Linden Homes achieved a gross margin of 22.4%, compared with 21.4% in 2014. Excluding land sales, the gross margin for the year was 21.2% (2014: 21.0%). We saw benefits from our margin improvement plan, higher margin sites coming through from our strategic land portfolio, and a continued reduction in the proportion of legacy land.

Profit from operations increased by 8% to £124.3 million (2014: £114.9 million). The operating margin rose from 15.1% in 2014 to 16.0%. Following an operating margin in the first half of the year of 15.1%, the margin achieved in the second half of the year was 16.7%. Excluding land sales predominantly into strategic joint ventures, the operating margin for the year was 14.7% (2014: 14.6%). Return on net assets was 22.5%, compared with 22.4% in 2014, reflecting continued strong working capital management. In July 2015, we implemented an operational restructuring in the South in order to improve our overhead leverage, generating savings in 2016 of £0.5 million and annualised savings thereafter of up to £2 million.

On 30 June 2015, we completed the sale of Linden Homes' shared equity portfolio, for proceeds of £18.6 million representing 76 pence per £1, considerably higher than previous benchmark portfolio disposals. This was in line with the carrying amount in our balance sheet and represented excellent value for us. The sale allows us to redeploy the capital to support our growth.

Galliford Try Partnerships

Galliford Try Partnerships continued to achieve excellent growth, with a 36% increase in its revenue, from £242.8 million in 2014 to £329.4 million in 2015. Of this, £56.1 million came from mixed-tenure developments (up 152%) and £273.3 million from contracting (up 24%).

Galliford Try Partnerships contributed profit from operations of £9.4 million, up from £5.0 million in 2014. Operating profit was depleted by cost inflation incurred on the conclusion of some older contracts, in particular in the South East, and benefited from a transfer of land into an important joint venture with a housing association. This represented a blended operating margin of 2.9% (2014: 2.1%).

Net cash stood at £15 million at 30 June 2015 (2014: £28 million), with the movement reflecting Galliford Try Partnerships' investment of cash to fund mixed-tenure developments. Looking forward, our intention is to allow Galliford Try Partnerships to operate in a net debt position of up to £30 million to accelerate its mixed-tenure growth.

Construction

With strengthening market demand we are winning work with improved appraisal margins, although the result for the year is still constrained by older contracts.

Revenue increased by 55% to £1,293.2 million (2014: £832.9 million), reflecting underlying growth and the contribution from Miller Construction. Profit from operations was £15.7 million (2014: £8.0 million), including the contribution of Miller Construction, representing a margin of 1.2% (2014: 1.0%).

Building delivered profit from operations of £8.0 million (2014: £3.0 million), with a margin of 0.9% (2014: 0.7%). Cost inflation continued to impair profitability on contracts priced before current supply chain constraints arose. The result in 2014 included the benefit of £3.1 million from disposing of three investments, which were held, managed and delivered within the Building division.

Infrastructure's profit from operations was £7.7 million (2014: £5.0 million), representing a margin of 2.0% (2014: 1.3%).

PPP Investments reported revenue of £28.8 million (2014: £15.1 million) and a profit from operations of £3.7 million (2014: loss of £1.8 million), including profits from sales of investments of £6.6 million.

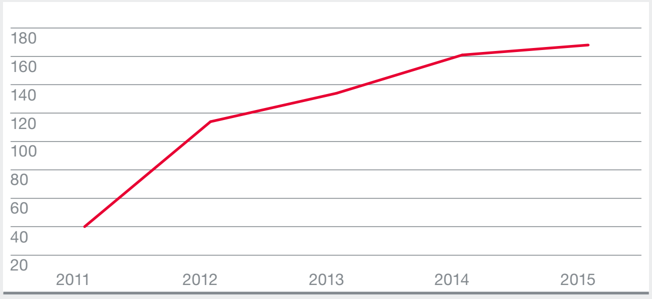
Capital structure and funding

The Group is funded by ordinary shares, retained profits and a single bank facility. In February 2014, we entered into a five-year facility for £400 million, provided by a consortium of four banks. In February 2015, we extended the facility for a further year on improved terms, so that it now matures in 2020. The facility provides the funding we need for our growth plans. We are targeting period-end gearing of no more than 30%, with average and peak levels well below our covenants.

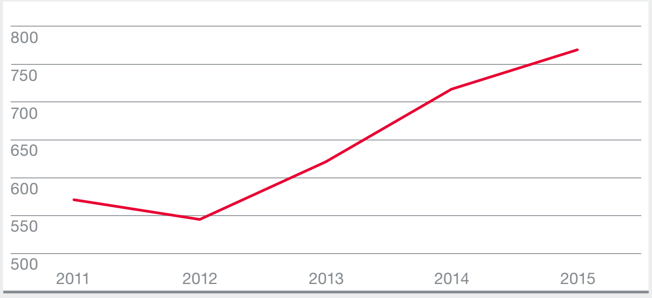
During the year we also entered a five-year, £100 million interest rate swap at 1.4%. This is in addition to the existing £75 million interest rate swap, which expires in 2017. The swaps allow us to lock in current low interest rates and give us certainty about the cost of a significant portion of our debt. We also deploy bank project funding in joint ventures, on the basis of limited recourse to the Group.

Our hybrid business model reduces our reliance on external funding, as Construction generates cash which helps fund our continued investment in Housebuilding. The Construction division had an average cash balance of £97 million during the year. Net capital employed in Housebuilding rose to £769 million, to support its growth. This included increasing the landbank to a record 15,750 units. In a benign land market, we have also been able to take further advantage of deferred land payments, increasing our land creditors to £391 million (2014: £233 million).

Average net debt £m



Net capital employed in housebuilding £m



Financial review continued

Exceptional items
Exceptional items totalled a net cost of £3.7 million, related to the integration of Miller Construction. This compared to our expectation at the time of the acquisition of £4.0 million. Exceptional profit in the previous year totalled £0.3 million.

Taxation
The effective tax rate was 19.0% (2014: 18.9%) compared to a blended standard rate of 20.75%. The low rate is largely attributable to the tax on our joint venture profits being included within profit before tax, investment sales, land remediation relief and the impact of exceptional items. The pre-exceptional effective rate was 19.1%. We believe our effective tax rate will continue to be just below the headline rate of corporation tax in future years.

Earnings and dividend
Earnings per share pre-exceptional items increased by 23% to 116.3 pence (2014: 94.2 pence). Net of exceptional items, earnings per share were 112.8 pence (2014: 94.6 pence). Details of the calculation of earnings per share can be found in note 8 to the financial statements.

The directors are recommending a final dividend of 46.0 pence per share which, subject to approval at the AGM, will be paid on 25 November 2015 to shareholders on the register at 23 October 2015.

Together with the interim dividend of 22.0 pence per share paid in April, this will result in a total dividend in respect of the year of 68.0 pence per share, an increase of 28% over the previous year. The total dividend is 1.7 times covered by pre-exceptional earnings, in line with our strategy.

The cost of the final dividend is £38 million, resulting in a total dividend cost relating to the year of £56 million.

Cash and equity
Managing cash is a critical focus for the Group. Following the increase in our landbank, we finished the year with net debt of £17.3 million (2014: £5.1 million). Cash balances in Construction improved to £172.7 million at 30 June 2015 (2014: £151.3 million).

Group average net debt during the year was £168 million. Housebuilding requires net investment and the year end net capital employed in its developments and joint ventures was £769 million (2014: £717 million). We continue to purchase land on deferred payment terms where possible and land creditors increased by £158 million to £391 million.

Total equity increased by £35.0 million to £569.2 million, while tangible net assets increased by £6.7 million to £412.8 million. This represented net assets per share at 30 June 2015 of £6.92 (2014: £6.49) and tangible net assets per share of £5.02 (2014: £4.93).

Group return on net assets, which is profit before tax, finance costs and amortisation, divided by average net assets, increased to 23.3% from 20.8%, reflecting disciplined profit growth in all our divisions.

Acquisition of Miller Construction
We acquired the Miller Construction business on 9 July 2014, for cash consideration of £16.6 million. At that date following finalisation of our fair value review, Miller Construction had total identifiable net liabilities of £3.6 million, resulting in goodwill arising on the acquisition of £20.2 million. The acquired business included an order book of £1.4 billion and a cash balance of £23.6 million.

At the time of acquisition, we expected to realise cost savings of £7.0 million per annum, with circa £6.0 million being realised in the 2015 financial year. We now expect cost savings to total £8.0 million per annum, with approximately £7.0 million achieved this year.

Pension and share scheme costs
The total pension cost charged to the income statement was £14.4 million (2014: £13.6 million). Under IAS 19 'Employee Benefits' there is a surplus in the Group's final salary pension schemes. This was calculated at 30 June 2015 by an independent actuary. The gross surplus recognised on the balance sheet is £1.2 million (2014: £1.0 million surplus).

The last valuation of the Galliford Try Final Salary scheme, at 1 July 2012, showed a deficit of £33.7 million. The latest valuations of the Group's other schemes showed a deficit of £1.6 million. The Group made annual deficit funding payments of £6.2 million to the schemes. A new valuation of the Galliford Try Final Salary scheme, as at 30 June 2015, is underway and is likely to be finalised during the next financial year. Further details of the Group's pension arrangements can be found in note 30 to the financial statements.

Amounts charged to the income statement in respect of employee share schemes amounted to £3.9 million in 2015. Further details can be found in note 27 to the financial statements.

Treasury management and financial instruments
The Group operates under treasury policies and procedures approved by the Board. Our financial instruments principally comprise bank borrowings, interest rate swaps, and cash and liquid resources that arise directly from our operations. We do not trade in financial instruments. The Group finances its operations through a mixture of retained profits and bank borrowings. We have rigorous controls to ensure we maintain borrowings at an acceptable level. On a daily basis, we aggregate the bank balances or borrowings in all the Group's operating companies into a total cash or borrowing figure, so we can obtain the most advantageous offset arrangements and interest rate.

Construction maintains significant cash balances, while Linden Homes requires net investment. Galliford Try Partnerships generates cash surpluses in its contracting business, which it may deploy as working capital for mixed-tenure developments.

The Group's bank facility is subject to covenants in respect of interest cover, gearing and minimum consolidated tangible assets. We continue to operate well within these covenants.

The main risk arising from our financial instruments is interest rate risk. While our policy is to accept a degree of interest rate risk, in 2012 the Group entered into a five-year swap agreement to fix the interest rate of £75 million of borrowings at 1.5% for five years. During this year, we took out a second interest rate swap, to fix the interest rate on a further £100 million of borrowings at 1.4% for five years. This hedge matures in February 2020, at the same time as our bank facility.

Virtually all of our activities take place in the UK and the Group had no material foreign currency exposure at 30 June 2015.

Maximum credit risk exposure

The directors consider that the maximum credit risk exposure in each class of financial asset is represented by the carrying value as at 30 June 2015. Further information can be found in notes 18 and 25 to the financial statements.

Contingent liabilities

The directors ensure that contingent liabilities, as described in note 33 to the financial statements, are appropriately assessed, documented and monitored.

Going concern

The Group's statement of going concern, together with further related information, can be found in the Directors' Report on page 64. The principal risks and uncertainties that could affect the Group's future financial performance are detailed on pages 14 and 15.

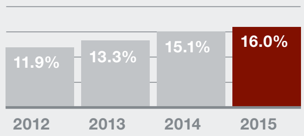
Critical accounting policies and assumptions

The Group's principal accounting policies are set out in note 1 to the financial statements, together with a description of the key estimates and judgments affecting the application of those policies and amounts reported in the financial statements. There were no significant changes to the Group's critical accounting policies or assumptions in the year.

Graham Prothero
Finance Director

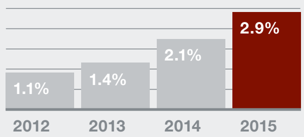
Linden Homes operating margin (%)

+0.9
percentage points



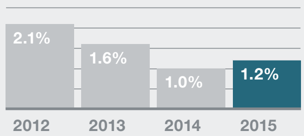
Galliford Try Partnerships operating margin (%)

+0.8
percentage points



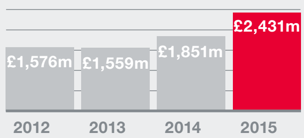
Construction operating margin (%)

+0.2
percentage points



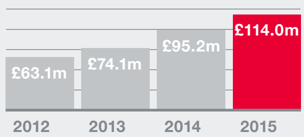
Revenue (£m)

+31%



Profit before tax (£m)

+20%



Divisional review

Housebuilding

This was another good year for Housebuilding, as we generated revenue and margin growth and continued to benefit from our unrivalled position in affordable housing.

Wilshere Park in Welwyn, Hertfordshire

Our Housebuilding division comprises Linden Homes and Galliford Try Partnerships. Andrew Richards is Managing Director for Linden Homes, while Galliford Try Partnerships reports directly to the Executive Chairman. As of 1 October 2015 Galliford Try Partnerships will report to the Chief Executive.

Revenue
Up 11%
£1,108m

Completions
Up 2%
3,177

Landbank
Up 13%
15,750

By sector

Private
12,550

Affordable
3,200

By area of operation

South
11,150

Midlands/East/North
4,600

Sales in hand by activity
Down 1%
£343m

Private
£212m

Affordable
£131m

Strategy

Our strategies for Linden Homes, Galliford Try Partnerships and the landbank are set out on page 10, along with our associated targets to 2018.

Market

The UK has a growing population and a rising proportion of single-person households, with the result that around 250,000 new homes are needed each year to meet demand. The number of units completed has been well below this in recent years, with total completions in the year to June 2015 estimated at 131,000.

Regional demand varies, depending on local economies and job markets. In the last few years the market in London and the South East has been particularly strong compared to the rest of the UK, leading to sharp increases in prices. However, house price inflation moderated to more sustainable levels during the year and we are not currently seeing significant differences in sales by region.

The availability and terms of mortgages are important drivers of demand. Both remained favourable this year, with more mortgages available at very low interest rates, and the mortgage market remaining competitive.

Government policy affects both demand and industry regulation. Help to Buy, introduced in April 2013, continues to benefit the market, particularly outside the South and South East, as does the recent change to stamp duty. The planning environment remains positive, but a shortage of planning officers in local authorities continues to cause delays.

Housing associations are the main procurers of new affordable homes. Provision of new homes by local authorities remains at very low levels, although this is a growing market opportunity.

Housing associations have strong balance sheets and the ability to borrow against their existing housing stocks, at very low rates of interest. The provision of guarantees by the Homes and Communities Agency (HCA) also helps to reduce their funding costs.

Lower levels of government grants mean that housing associations are increasingly looking to cross-subsidise new affordable homes by developing homes for sale. This makes us an attractive partner, given our capabilities in housing development.

There is also strong demand in the private rental sector. Institutional investors and housing associations continue to show interest in investing in this market, creating opportunities to build these developments.

Divisional review: Housebuilding continued

Linden Homes

"Our strategy continues to deliver disciplined growth for us, as we focus on prime sites, quality and attention to detail. The market remains positive and we expect to deliver further increases in revenue and margins."

Andrew Richards
Managing Director, Linden Homes

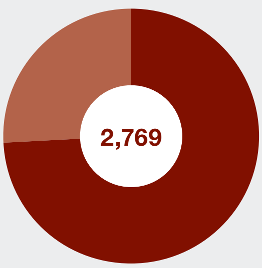
Performance

	2015	2014
Revenue (£m)	779.0	759.6
Profit from operations (£m)	124.3	114.9
Operating profit margin (%)	16.0	15.1
Completions	2,769	2,887

Completions 2,769

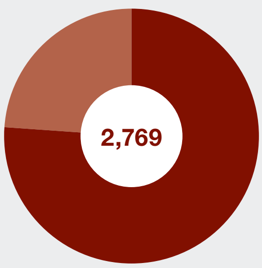
By sector

- Private (2,059)
- Affordable (710)



By area of operation

- South (2,111)
- Midlands/East/North (658)



Revenue increased by 3% to £779.0 million, with completions of 2,769 compared with 2,887 in 2014. Excluding our joint venture partners' share, completions were 2,566 against 2,748 in 2014.

Private housing completions accounted for 2,059 of the total (2014: 2,244). The average selling price of these units rose by 7% to £327,000, principally because our mix of product changed towards more expensive houses but this also reflects some price inflation across the geographies. There were 710 affordable housing completions (2014: 643), with an average selling price of £120,000 (2014: £124,000).

We had 62 active selling sites (2014: 65), with sales per site per week remaining healthy at 0.61, compared with 0.63 in 2014. Cancellation rates remained at 17% (2014: 17%). We finished the year with sales in hand of £300 million (2014: £308 million).

Our gross margin improved from 21.4% to 22.5%, with the operating margin up from 15.1% to 16.0% and return on capital remained robust at 22.5% (2014: 22.4%). The operating margin benefited from:

- using more land bought at current prices and from higher margin land coming through from our strategic land portfolio;
- our continued focus on business improvement;
- procurement savings;
- our ongoing success with land sales; and
- further increases in revenue from our affordable housing developments.

Sales price inflation helped to partially offset cost pressures in the supply chain.

During the year we made good progress on our margin improvement plan, which will yield further benefits in the current and future years. We have a number of initiatives to improve processes, from land buying through to customer care, and we are now deploying the first site plans using our Linden Homes Layouts, bringing some of the benefits of standard procurement and construction to a proportion of our homes. We are pleased to see higher margin sites coming through from our strategic land portfolio, and a continued reduction in the proportion of legacy land. In July 2015, we implemented an operational restructuring in the South in order to improve our overhead leverage.

The land market continues to allow us to secure opportunities on robust assumptions in strong locations. At 30 June 2015, Linden Homes' landbank stood at a record 13,550 plots. Including 2,200 plots in Galliford Try Partnerships, our total housebuilding landbank was 15,750. The figure represents the number of plots we own and control, including sites under option but excluding longer-term strategic options. 77% of the total private landbank is houses, with the remainder apartments. Linden Homes' average cost per plot is £69,000 and the expected average selling price per plot is £291,000.

The gross development value of our landbank increased by 18% to £3.9 billion (2014: £3.6 billion). Our strategic land holdings stood at 1,500 acres at the year end (2014: 1,405 acres) and we expect to generate in excess of 8,000 plots from this land. To increase delivery in both the short and longer-term, we expanded our strategic land team during the year.

Affordable housing and regeneration

In addition to our Galliford Try Partnerships business (see page 25), Linden Homes develops affordable homes for sale. Providing a proportion of affordable housing on our sites is often a condition of obtaining planning permission. We sell a large majority of these affordable homes to housing associations, who typically pay us during the construction phase and help us to optimise the cash contribution from affordable homes.

This business had another strong year, benefiting from our excellent client relationships, active management of our grant from the HCA, which we can use to support affordable housing schemes, and further growth in our joint venture relationships with leading housing associations.

During the year, we formed important new joint ventures with Home Group at Newhall in Harlow, and with Spectrum Housing Group, through which we will deliver new homes in the South West over the next 15 years. Our existing joint ventures, with Thames Valley Housing, Aster Homes, Notting Hill Housing and Devon & Cornwall Housing, all performed well.

Public land releases through the HCA's Delivery Partner Panel and the Greater London Authority have provided excellent land acquisition opportunities. We continue to be successful in securing public land on deferred payment terms.

The underlying fundamentals for the UK affordable homes market continue to be strong, with a continuing and cumulative shortfall between supply and demand. The changes to social rent setting policy announced in the recent budget will have an impact on the tenure profile of affordable housing, but will not reduce underlying demand. We anticipate some uncertainty in the short-term, as registered providers assess the impact and local authorities consider the potential in alternative tenures.

01


02


03


01 Millbrook Park in Mill Hill, North London
02 Raikes Chase in Gloucester
03 Edge in Newhall, Essex

Divisional review: Housebuilding continued

Outlook

The housing market remains positive for us. The shortage of housing in the UK will continue, with mortgage availability contributing to demand and to sustainable increases in selling prices. Continued government support for Help to Buy is also beneficial.

In affordable homes we have unrivalled capabilities, with both contracting and development expertise, which is a highly attractive combination to clients in this rapidly growing market.

At the year end, we had secured plots for 100% of our planned developments in 2016 and 87% for 2017. We will continue to drive efficiency to enhance our margin.

While supply chain conditions have eased somewhat during the year, the main challenge continues to be to deliver homes within our expected timescales and costs.

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01 Nightingale Park in Sarisbury Green, Hampshire
02 Wilberforce Manor in Pocklington, East Yorkshire
03 The Copse in Newton Abbot, Devon

Galliford Try Partnerships

Galliford Try Partnerships had another excellent year.

Procurement of affordable homes relies on a range of mechanisms of supply. Our contracting business incorporates tendered work, land-led projects (whereby we introduce a site to a registered provider), and contracting with development joint ventures. Mixed-tenure incorporates direct development and development of affordable schemes in joint venture, sales of land into such joint ventures, and development and contracting revenues on mixed-tenure sites. The use of joint ventures with registered providers is an important element of our strategy and likely to grow in future.

Galliford Try Partnerships grew revenue from £242.8 million to £329.4 million, an increase of 36%. Of this, £56.1 million came from mixed-tenure developments and £273.3 million from contracting. We completed 408 private units and around 1,800 equivalent contracting units. Profit from operations rose to £9.4 million (2014: £5.0 million), representing a margin of 2.9% (2014: 2.1%). This growth reflects our strong position in favourable markets in which we secured a number of major project wins. In June 2015, we signed a development agreement with the Greater London Authority to construct 1,100 mixed-tenure homes in Canning Town, with an approximate development value of £380 million. This is the largest standalone housing scheme the Group has undertaken. The project is being delivered through our existing joint venture with Thames Valley Housing and will provide a third of the homes for market rent for Thames Valley's Fizzy Living subsidiary.

Galliford Try Partnerships also secured and commenced work on the £81 million Great Eastern Quays project in East London, for Notting Hill Housing. Other key wins included a £36 million contract with ExtraCare Charitable Trust for a new retirement village – our seventh development for this client.

The increase in mixed-tenure revenue contributed to the rise in margins, as we successfully implemented our strategy to fund these developments using cash generated by Galliford Try Partnerships' contracting operations. The Linden Homes brand and approach to customer care makes these developments highly attractive to buyers and positions them as a premium product, compared to homes provided by competing contractors. Our capability in land-led developments also contributed to the higher margin. For these schemes, we find sites, obtain planning permission for affordable housing and then sell the site on to a housing association client. Galliford Try Partnerships' contracting order book was £825 million at the year end (2014: £513 million). At the same date, the business had £43 million of unit sales in hand.

Outlook

The outlook for the affordable homes market is strong, reflecting the critical shortage of homes in this sector. We see strong prospects for Galliford Try Partnerships and an opportunity to accelerate our growth in mixed-tenure developments, by investing up to £30 million of extra funding over the next few years to buy land for these schemes.

As in Linden Homes, the challenge is to ensure we have the resources, in terms of both our supply chain and our own people, to continue to deliver our plans.

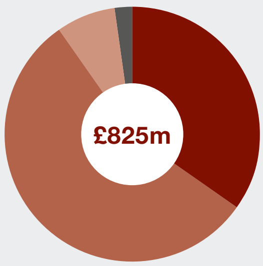
Performance

	2015	2014
Revenue (£m)	**329.4**	242.8
Profit from operations (£m)	**9.4**	5.0
Operating profit margin (%)	**2.9**	2.1
Completions	**408**	220
Equivalent contracting units	**1,800**	1,500
Order book (£m)	**825**	513

Order book

By area of operation

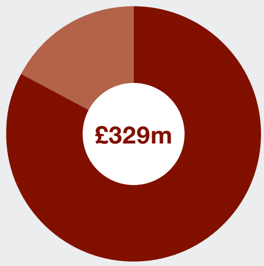
- North (£288m)
- South East (458m)
- Central (£61m)
- South West (£18m)



Revenue

By type

- Contracting (£273m)
- Mixed-tenure (£56m)



04

04 Brook House in North London

Divisional review

Construction

Construction benefited from improving markets and our acquisition of Miller Construction, which has strengthened our business and will help to accelerate our growth.

Queensferry Crossing, Firth of Forth

"Better market conditions and our success in securing long-term national frameworks have contributed to a robust performance this year. With a growing pipeline of good opportunities, we are optimistic about our prospects."

Ken Gillespie
Chief Operating Officer

Revenue
Up 55%
£1,293m

Cash
Up 14%
£173m

Revenue by activity

Strategy
Our strategies for Construction and PPP Investments are set out on page 10, along with our associated targets to 2018.

Market
The UK construction market has continued to recover and is generating an improving pipeline of projects at appropriate margins.

The public sector market depends on the government's ability to finance investment, either directly or by attracting private sector funds. We saw an improvement in this market in England and Wales ahead of the general election in May 2015, and continued good levels of spending in Scotland, where we are one of the largest contractors.

The regulated sector is driven by five-year investment plans. This market remained solid, as regulated entities continued to invest in line with their plans.

Private sector work depends on companies having the confidence to invest, which is linked to economic conditions, consumer spending and the availability of finance. The improving UK economy has led to increased activity, particularly in London and with clients in the hotels, leisure and office sectors.

The PPP market in England has seen the first PF2-funded projects finance work on the Priority School Building Programme. We are awaiting announcements of further PF2 projects.

In Scotland, there continues to be a healthy and visible pipeline of PPP projects. Scotland uses the Non-Profit Distribution (NPD) model to finance a number of these projects. This is designed to ensure that contractors earn fair returns on their investments. A pilot NPD programme is planned for Wales, which could open up opportunities in this market.

Divisional review: Construction continued

Performance

	2015	2014
Revenue (£m)	**1,293.2**	832.9
Profit from operations (£m)	**15.7**	8.0
Operating profit margin (%)	**1.2**	1.0
Order book (£bn)	**3.5**	3.0

Revenue
Up 55%

£1,293m

Profit from operations
Up 96%

£15.7m

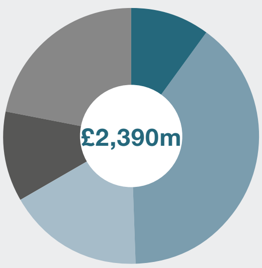
Order book

£3.5bn

Order book by sector

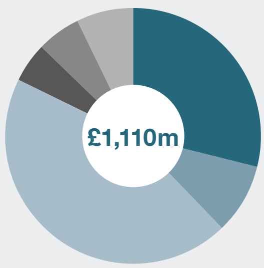
Building Up 15%

- Commercial (£240m)
- Education (£945m)
- Facilities management (£413m)
- Health (£269m)
- Other (£523m)



Infrastructure Up 21%

- Water (£322m)
- Rail (£98m)
- Highways (£494m)
- Utilities (£55m)
- Flood alleviation (£61m)
- Other (£80m)



We have continued to follow our strategy of being selective about the work we bid for in order to protect our margins and maintain our focus on cash. We also significantly enhanced our business by acquiring Miller Construction in July 2014.

Revenue increased by 55% to £1,293.2 million (2014: £832.9 million), benefiting from new contract wins and the contribution of Miller Construction, which added around £400 million to revenue during the year.

Margins were up at 1.2%, compared with 1.0% in 2014, with 1.5% for the second half of the financial year.

We continued to manage our cash carefully and had a cash balance in Construction of £173 million at the year end (2014: £151 million), representing 13% of revenue.

At 30 June 2015, our order book was £3.5 billion (2014: £3.0 billion including Miller Construction). Of the total order book, 72% was in the public sector (2014: 29%), 15% was in regulated industries (2014: 19%) and 13% was in the private sector (2014: 52%). Importantly, 69% of our order book is in frameworks (2014: 56%). The Miller Construction acquisition contributed to the increase in the size of our order book and the positive change in its sectoral split.

Clients are increasingly looking for a collaborative approach from contractors, who can work closely with them and other members of the supply chain to deliver projects in an innovative way. This is particularly important for us, given our emphasis on developing long-term client relationships and the number of frameworks we are now on. During the year, we therefore worked to formalise our approach to collaboration, so we can apply it consistently across the division. Our approach has been externally accredited to BS 11000, the European standard for collaboration.

On 1 September 2015, Bill Hocking was appointed Managing Director of the Construction Division and also joined the Executive Board.

Building

	2015	2014
Revenue (£m)	906.9	458.3
Profit from operations (£m)	8.0	3.0
Operating profit margin (%)	0.9	0.7
Order book (£m)	2,390	2,080

The acquisition of Miller Construction substantially increased the scale of our Building division. During the year, Building also secured a number of key projects. In particular, its performance showed the benefit of pursuing frameworks with public sector partners, allowing us to build long-term relationships with them.

Among our major wins, we were one of six contractors appointed to all three lots of the Southern Construction Framework, which allows all public bodies, and local and central government in the Southern region to procure projects or programmes valued at £1 million and above. The four-year framework is worth up to £3.9 billion in total.

We were also one of 11 contractors appointed to the Medium Value lot of the North West Construction Hub, which has a framework value of up to £400 million over four years. This allows public sector bodies across the North West to procure projects valued from £2 million to £9 million. It follows our appointment to the High Value lot in July 2014.

In the education market, we signed a £160 million Priority School Building Programme contract with the Education Funding Agency (EFA), covering the North East of England. This was the first batch funded by the government's new PF2 model to reach financial close. The construction contract is worth more than £103 million, with a further £56.6 million 25-year maintenance and life-cycle contract for our Facilities Management business.

We also won EFA contracts for the North and North East Lincolnshire batch, worth £47.6 million, and the Greenwich, Lewisham and Croydon batch (£45 million). The Highland Council awarded us a £48.5 million Hub North Scotland contract to deliver a community campus in Wick, which will replace three existing schools.

Continuing our long-term relationship with Frasers Property, we were awarded a contract to deliver three further phases of the Riverside Quarter residential development in Wandsworth. The contract has a total value of £69 million and will involve us building apartments for sale, affordable homes and commercial units.

In Scotland, we won a place on the Next Generation Estates Contract framework for the Ministry of Defence. The framework is worth up to £250 million over four years, for projects with values of up to £12 million, and is extendable for a further three years.

We have also signed contracts with Birmingham City University to build the new £46 million conservatoire in the Eastside region of the city.

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01 HMP Parc in Bridgend, South Wales
02 South Devon Link Road
03 Liverpool Wastewater Treatment Works

Divisional review: Construction continued

Infrastructure

	2015	2014
Revenue (£m)	386.3	374.6
Profit from operations (£m)	7.7	5.0
Operating profit margin (%)	2.0	1.3
Order book (£m)	1,110	920

Our Infrastructure business continued to secure substantial new contracts. In December 2014, as part of the Connect Roads consortium, we were appointed to design, build, finance and operate the £550 million Aberdeen Western Peripheral Route.

Two further major highways wins included our appointment by Highways England to its Collaborative Delivery Framework, where we are one of six contractors due to deliver up to £1.15 billion of work over five years, and our appointment as part of a joint venture to its Smart Motorways programme, worth a total of £1.55 billion.

In regulated markets, our joint venture with MWH Treatment and Black & Veatch was appointed preferred bidder by Scottish Water for its non-infrastructure Quality and Standards IV framework. This award is worth approximately £560 million to the joint venture over six years.

Southern Water appointed two of our other joint ventures to its AMP6 Framework. The appointments are expected to be worth around £215 million to Galliford Try over five years. Following the acquisition of Miller Construction, Infrastructure was also appointed to participate in the delivery of £250 million of Network Rail frameworks over five years.

Outlook

Improving markets in the public and private sectors are leading to a positive pipeline of opportunities. We remain focused on selecting work with appropriate risk and margin profiles. The acquisition of Miller Construction has significantly increased our order book and the number of frameworks we are on, giving us a broader range of opportunities for which we can tender.

Supply chain conditions remain challenging but our cost estimates on new work reflect the inflationary conditions. We expect to increase margins during 2016 and remain on track for our 2018 margin target of 2.0%.

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01 Hotel Football, Old Trafford
02 Littlehaven Sea Defence Scheme in South Shields
03 Pansport Bridge, part of the Elgin Flood Alleviation Scheme

PPP Investments

Performance	2015	2014
Revenue (£m)	28.8	15.1
Profit/(loss) from operations (£m)	3.7	(1.8)
Directors' valuation (£m)	18.1	1.8

During the year, we made new equity investments totalling £11.7 million including the purchase of the Miller Construction portfolio as part of the wider acquisition, and disposed of four investments generating an aggregate profit on disposal of £6.6 million. The directors' valuation of our total PPP portfolio was £18.1 million at 30 June 2015, compared with a value invested of £10.2 million (2014: valuation £1.8 million; value invested £1.1 million). We use discounted cash flows to value our portfolio. The average discount rate we have used to value our portfolio is 9%.

PPP Investments continued to provide good opportunities for our Construction, Galliford Try Partnerships and Facilities Management businesses, with projects closed during the year adding around £600 million to the order books for these divisions. These projects included the Aberdeen Western Peripheral Route and the first ever PF2 contract with the EFA, which are discussed under our Infrastructure and Building businesses earlier in this report.

The acquisition of Miller Construction gave us a place on the Hub North Scotland framework to add to our existing positions on the South East and South West hubs. These programmes continue to produce a healthy pipeline of work, as a result of our collaborative approach.

The Miller Construction acquisition also brought with it a team of experienced PPP professionals in a market where talent is highly sought after.

Outlook

There is a pressing need for both social and economic infrastructure, which cannot be financed through public sector capital budgets. The cost of funding for the private sector is at an all-time low, making this a good time to procure these assets using PPP models.

We believe the PF2 model works well and will allow public sector clients to drive excellent value for money for their projects. The project pipeline in Scotland and our strengthened position through Miller Construction make us confident about the prospects for PPP Investments.

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04 Express Park, Bridgwater, part of the Avon & Somerset PFI Scheme
05 James Gillespie's High School in Edinburgh
06 Aberdeen Community Health and Care Village

Sustainability in focus

Constructing a sustainable future

Sustainability is embedded throughout our business. Our vision to be leaders in the construction of a sustainable future underpins our strategic approach to managing our social, environmental and economic impacts. We achieve this through our six fundamentals of Health & Safety, Environment & Climate Change, Our People, Communities, Customers and Supply Chain.

Development of our Sustainability Route Map

Our six fundamentals of sustainability

- Health & Safety
- Environment & Climate Change
- Our People
- Communities
- Customers
- Supply Chain

Strategic management

For the past three years, we have strategically managed and reported our performance against a core set of sustainability Key Performance Indicators (KPIs). This year we have revisited our approach and reviewed our sustainability risks, allowing us to redefine our strategic sustainability objectives for the short-, medium- and long-term, and align them with our overarching strategic goals and stakeholders' priorities. Our objectives will be met through the delivery of our divisional strategies, which are represented through 'Sustainability Route Maps'. The Route Maps are in the final stages of completion and we look forward to reporting our progress against them next year.

Effective governance

The Executive Board is accountable for sustainability across the Group. The Health, Safety & Sustainability Director oversees the management of sustainability and regularly reports to the Executive Board and the plc Board, via the Chief Operating Officer, on our strategic progress. The Sustainability Steering Group, chaired by the Health, Safety & Sustainability Director, and consisting of senior representatives from each division and Group Services, meets quarterly to discuss Company and industry sustainability matters, best practice, risks and opportunities. The group members then cascade information and implement actions within their divisions or functions.

Stakeholder engagement

We recognise the importance of our stakeholders' opinions and actively listen and respond to their concerns at all levels of the organisation. Our key stakeholders include employees, customers, our supply chain and partners, local and national government, local communities and non-governmental organisations.

To ensure we remain drivers of industry best practice, we maintain memberships and participate in numerous industry groups, including the Considerate Constructors Scheme, Constructing Excellence, CIRIA (the construction industry research and information association), Civil Engineering Contractors Association, Green Construction Board, Home Builders Federation, NextGeneration, National House-Building Council, Supply Chain Sustainability School and Build UK, formerly the UK Contractors Group.

External recognition

Our approach to identifying and managing various elements of sustainability within our business is regularly recognised by industry and best practice groups.

FTSE4Good
Galliford Try is a member of the FTSE4Good Index, an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. To be included in the index, companies must meet stringent environmental, social and governance criteria.

NextGeneration
NextGeneration benchmarks UK housebuilders' performance in managing and delivering sustainable development. In 2014, Linden Homes was ranked fourth out of the top 25 housebuilders, up from sixth place in 2013.

Sustainable Developer Award
We have won numerous sustainability awards, including the 2014 *What House?* Sustainable Developer of the Year Award for our holistic approach to all aspects of sustainability.

Considerate Constructors Scheme (CCS)
We are Associate Members of CCS, which measures our sites' performance against their appearance, community, environment, safety and workforce. This year, a record 41 sites won CCS National Site Awards, ranking us second in the industry.

CDP
The CDP independently measures a company's approach to managing carbon impacts. In 2014, Galliford Try scored 79 for disclosure and B for performance, exceeding the industry average of 74 and C, respectively.

Supply Chain Excellence Award
We won the *Construction News* Supply Chain Excellence Award in recognition of our collaborative and innovative 'Optimum schools' approach on Hillview School for Girls in Tonbridge, Kent. By engaging with our supply chain early in this project we realised significant cost and time efficiencies.

Sustainability in focus continued

Management

Health & Safety

We place the highest priority on health and safety. Our commitment to managing all aspects of health, safety and general well-being effectively extends to all those who work for us or come into contact with our sites and operations. Our OHSAS 18001 certified management system ensures we have processes in place to minimise risk, and our award-winning behavioural safety programme, ‘Challenging Beliefs, Affecting Behaviour’, embeds safety into the core of our culture.

Environment & Climate Change

We aim to protect the environment and plan for its improvement. We recognise the impact our business has on the environment (including pollution, carbon, waste, water and biodiversity), and manage these impacts strategically though our third party ISO 14001 certified environmental management system. We also focus on resource efficiency to realise commercial benefits for us and our clients and to minimise the global impact of our construction activities.

Our People

We are committed to developing our people by investing in their careers. Attracting and retaining the very best talent is critical for the delivery of the Group’s 2018 targets and we achieve this by managing employee relations, respecting employee rights, training and developing our talent through the Galliford Try Academy and maintaining an inclusive organisational culture.

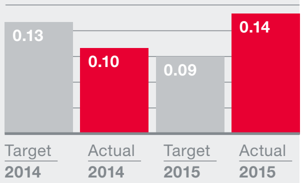
The annual Chief Executive’s roadshow, bi-annual employee magazine and intranet keep employees informed of the latest strategic, performance and other business matters.

Performance highlights

Accident Frequency Rate

0.14

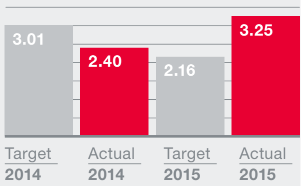
(RIDDORs per 100,000 hours worked)



Accident Incident Rate

3.25

(RIDDORs per 1,000 workers)

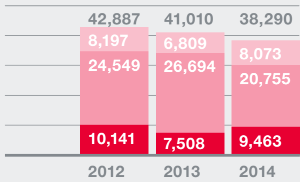


Carbon dioxide equivalent emissions[2]

38,290

Key
- Scope 2: electricity
- Scope 1: non-fleet fuel
- Scope 1: fleet fuel

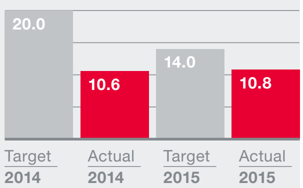
(tonnes)



Waste per £100,000 revenue[3]

10.8

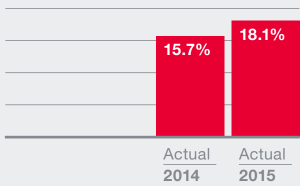
(tonnes of construction and demolition waste)



Employee churn

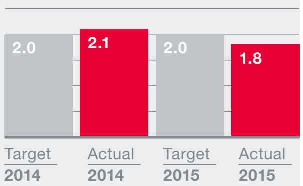
18.1%

(voluntary turnover against a benchmark of 15%)



Training days per employee

1.8



KPIs

Commentary

- 64 reportable RIDDOR accidents (2014: 35).
- 71,108 safe behaviour discussions (2014: 75,463).
- 968 employees completed 'Challenging Beliefs, Affecting Behaviour' training (2014: 494).
- 64 executive-led health, safety and environmental assessments (2014: 67).
- 90% of employees agree that we place a high priority on health and safety (2014: 93%).[1]
- 83% of employees understand their role in 'Challenging Beliefs, Affecting Behaviour' (2014: 86%).[1]
- 0 prohibition or improvement notices received (2014: 0).
- The Group received a President's Award, among others, from the Royal Society for the Prevention of Accidents and a Health and Safety Award from *Builder & Engineer* for 'Challenging Beliefs, Affecting Behaviour'.

1 Results derived from the employee survey.

Although it remains in line with the industry average, our number of reportable RIDDOR accidents increased in the year, and we are working hard to improve this. During the first half of the year, we spent significant time aligning Miller Construction's approach with our own, while in the second half we rolled out a Group-wide Drug and Alcohol policy, delivered new 'Challenging Beliefs, Affecting Behaviour' Leadership Update training and launched a 'back to basics' communications campaign, including posters, toolbox talks and a Group-wide shutdown day. The 'back to basics' campaign will continue next year and we will also implement a set of health and safety 'Golden Rules'.

- 1.7t Greenhouse Gases Protocol Scope 1 and 2 carbon dioxide equivalent (CO_2e) emissions per £100,000 revenue (2013: 2.4t)[2].
- 92% of construction and demolition waste diverted from landfill (2014: 94%)[3].
- 89% of construction, demolition and excavation waste diverted from landfill (2014: 87%)[3].
- 84 employees completed a four-day IOSH Managing Environmental Responsibilities course (2014: 90[3]).
- 576 employees completed internal training on other environmental aspects (2014: 413).
- 109g/km average fleet emissions (2014: 113g/km).
- 0 environmental prosecutions or fixed penalties (2014: 0).

2 This year, we have changed our reporting to show CO_2e emissions, reflecting both carbon dioxide and other greenhouse gas emissions. These figures are reported by calendar year and externally verified. The latest figures are certified to ISO 14064-3. Emissions reported cover all those arising from our fleet, gas and electricity in all offices and sites and all other fuel used directly (eg diesel on site etc), as per the Greenhouse Gas Protocol definitions of Scope 1 and 2 emissions.
3 Historically figures have been reported by calendar year but these have now been restated to reflect our financial year.

Over the past three years we have dramatically reduced our carbon footprint and consistently recycled or reused the vast majority of our waste. This benefits the environment and reduces our operational costs. Our ongoing actions to drive this improvement included an internal carbon communications campaign, progressive reductions in fleet emissions, use of eco-cabins, waste segregation and waste forums. Biodiversity enhancements on site are being driven through participation in the CIRIA Big Challenge initiative.

The key activities for this year include ensuring we comply with the Energy Savings Opportunity Scheme regulations; improving the efficiency of our data collection and rolling out the UKCG- and CITB-developed Site Environmental Awareness Training Scheme to our employees.

- 5,268 employees (2014: 4,099).
- 80% of employees are engaged (2014: 79%)[4].
- 78% of employees are proud to work for Galliford Try (2014: 78%)[4].
- 69% of employees are satisfied with their jobs (2014: 68%)[4].
- 66% of employees completed the employee survey (2014: 68%).
- 4.3% of the workforce are graduates/trainees (2014: 4.2%).
- 9,328 training days delivered (2014: 9,044).
- 43% of employees attended the Chief Executive's roadshow (2014: 43%).

	Gender[6]		Ethnicity[6]		
	Male	Female	White	BME[7]	Unknown
Total Group	4,252	1,323	3,142	142	2,291
Senior grades[5]	250	16	203	4	59

4 Results derived from the employee survey.
5 Senior management grades are defined as levels 1–3 on our scale which encompasses directors, heads of discipline and business leaders.
6 Gender and ethnicity figures are based on employee numbers at year end (5,575) rather than the monthly average (5,268).
7 Black and Minority Ethnic (BME).

Positive economic growth in the UK has increased job availability and employee mobility across the industry. Despite this increased churn we have attracted significant numbers of new people to the business (growing our employee base by 29%), and our annual employee survey yet again showed above benchmark employee engagement. The number of training days per employee this year fell to slightly below target although we believe this to be largely a reflection of our data collection procedures and steps will be taken to address this next year. Our diversity figures again remain in line with industry measures.

We continue to evolve our approach and this year we have implemented a number of initiatives based on our employee feedback. These include a new induction process, an enhanced benefits package, a facility to purchase extra annual leave and enhanced maternity and paternity pay.

Sustainability in focus continued

Management

Communities

Our objective is to make a positive impact in the communities in which we operate. We recognise that our construction projects affect the surrounding area, so we aim to maximise the benefits to the communities in which we work and minimise any negative impacts by actively engaging with local stakeholders before and during construction.

We also support charitable causes at Group, division, business unit and project level, by donating time, money and materials.

Customers

We aim to give total commitment and high standards to all our customers. All divisions follow robust quality management procedures to deliver consistently high-standard products and services. Linden Homes' approach is set out in The Linden Way, while Construction and Galliford Try Partnerships use the ISO 9001 certified management system. This year, our Building and Infrastructure divisions' approaches to collaboration were recognised by achieving BS 11000 certification.

Supply Chain

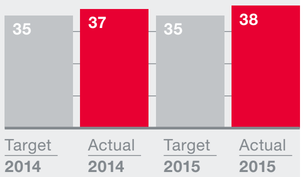
We actively engage with our supply chain to promote our principles and practices. Our supply chain predominantly consists of subcontractors, who operate on our sites, and suppliers, who provide materials. We select and manage our subcontractors and some materials suppliers at a local level to maximise local economic impact. This is coupled with the central procurement of key commodities to benefit from strategic supplier partnerships and economies of scale.

Performance highlights

Considerate Constructors Scheme

38

(average score)

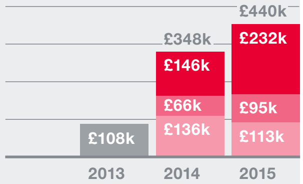


Charitable donations[1]

£439,682

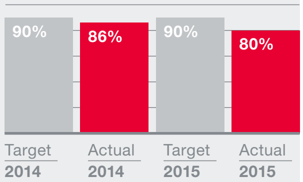
Key
- Time
- Materials
- Financial
- Total

(time, materials and financial)



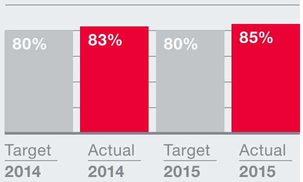
Linden Homes – customer satisfaction[3]

80%



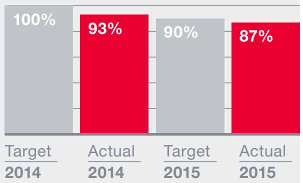
Construction – client satisfaction

85%



Timber supplied with FSC/PEFC certification[5]

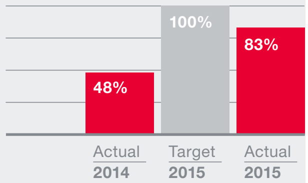
87%



Preferred suppliers

83%

(registered with the Supply Chain Sustainability school[6])



KPIs	Commentary
• 41 Considerate Constructors Scheme awards won (2014: 19). • 273 apprentices supported by Linden Homes' subcontractors (2014: 139). • 63 days were volunteered by employees through the Group's volunteering policy (2014: 25)[2]. • We continue to be patrons of CRASH, the industry's charity for homeless people, and support charity fundraising by employees, including 83 employees participating in a Land's End to John O'Groats cycle relay, raising £45,000. • Alongside £87,000 of direct support from Galliford Try, £50,000 was raised for Rowcroft Hospice through the Colour Road Rush event we hosted on the A380 South Devon Highway in August 2015. • 23 sites participated in the UK Contractors Group (now Build UK) Open Doors Weekend, which informs young people about careers in the industry. 1 The breakdown of charitable donations by time, materials and financial is only available from 2014 onwards. 2 We believe this to be more than stated and are working on a way to improve our capture of this information.	Year-on-year improvements in our site-level community engagement are demonstrated through further improvement in our Considerate Constructors Scheme score, which has been driven by improved best practice sharing around the Group. We participate in community and charity initiatives and invest time money and materials in recognition of the value our employees derive from being directly involved. Within Linden Homes we inspire, co-ordinate and promote our community activities through the Linden Homes Foundation. The Foundation is now in its third year of operation and showcases more than 570 examples of the division's positive impact on communities. **http://thefoundation.lindenhomes.co.uk**
Housebuilding • 5.8 net promoter score achieved (2014: 15.5)[3]. • 0.31 defects per home (Linden Homes NHBC reportable items during construction) (2014: 0.29). **Construction** • 51% repeat work secured in Building (2014: 53%[4]). • £3.5 billion forward order book secured (2014: £3.0 billion). 3 Customer satisfaction and net promoter scores from 2014 onwards are derived from an independent NHBC survey. Net promoter scores can range from a maximum of 100 to a minimum of -100. 4 The 2014 figure relates to Construction and Galliford Try Partnerships.	Customer satisfaction scores for our Housebuilding division have dipped but remain high. The key milestones this year were launching a new Customer Relationship Management system, appointing a Business Improvement Director and establishing nine business improvement forums. The outcomes from these forums, such as standard home layouts, will drive efficient processes which, in turn, will improve our customer experience. Next year we will implement these forums' initiatives and refresh our customer service training. Given our Construction client satisfaction scores have remained consistently high in recent years, we decided this year to revise our process, to get greater depth of feedback. The new process will be launched in the near future. We recognise the efficiencies that Building Information Modelling (BIM) can bring to our clients and so we continue to develop our approach in accordance with our BIM strategy, supported by a dedicated working group.
• 99.2% of timber was verified as coming from legal and sustainable sources (2014: 99.4%)[5]. • 161 representatives from our preferred suppliers attended our Supply Chain Business Briefing to learn about our progress, business growth areas and new initiatives (2014: 135). • We launched the iSupplier Portal, which allows suppliers to track the progress of their invoices. • We were named winner of the *Construction News* Supply Chain Excellence Award. 5 Timber certified by the Forest Stewardship Council (FSC) or Pan European Forest Council (PEFC) has been independently verified as being legally and sustainably sourced. Our long-term goal is for 100% of our suppliers to have this certification but recognising that this is difficult and costly for our suppliers to achieve, we lowered our short-term target from 100% to 90%, which we narrowly missed. Where our suppliers do not have FSC/PEFC certification we check that their suppliers do, and this covers over 99% of our timber. Historically, figures have been reported by calendar year but these have now been restated to reflect our financial year. 6 The Supply Chain Sustainability School provides free practical support to address sustainability in the form of e-learning modules, tailored self assessment and action plans, sustainability training and networking opportunities.	This year, we formed a multi-functional team to oversee our strategic approach to the Construction division's subcontractor management. This team oversaw the development of an on-boarding system and an externally facilitated supplier feedback session. Outputs from the latter will shape our strategic approach. Our Group Procurement function has expanded its award-winning collaborative procurement approach to major frameworks. By engaging key suppliers early in the design process and standardising elements across a number of education projects, we are improving cost visibility and reducing costs and procurement time. We continue our partnership with the Supply Chain Sustainability School[6] and participate in its forums, events and portal development. Through promoting the school to our preferred suppliers we have increased their membership significantly in the 15 months since we joined.

Directors and Executive Board

Greg Fitzgerald*
Executive Chairman

Greg Fitzgerald was appointed to the Board in July 2003 and was Managing Director of the Housebuilding division before being appointed Chief Executive on 1 July 2005. He was appointed Executive Chairman on 21 October 2014. He was a founder of Midas Homes in 1992 and its Managing Director when it was acquired in 1997, subsequently chairing Midas Homes and Gerald Wood Homes. He is a Non-executive Director of the National House-Building Council, and was appointed a Governor of South Devon College in July 2015.

Aged 51.

Graham Prothero*
Finance Director

Graham Prothero joined Galliford Try as Finance Director on 1 February 2013. He was previously with Development Securities plc, a listed property developer and investor in the UK, where he was Finance Director from November 2008. From 2001 until 2008, Graham was a partner with Ernst & Young. Graham is a member of the Institute of Chartered Accountants and previously held the position of Finance Director with Blue Circle Properties and Taywood Homes.

Aged 53.

Ken Gillespie*
Chief Operating Officer

Ken Gillespie joined the Group and its Executive Board in March 2006 on the acquisition of Morrison Construction, of which he was Managing Director. He joined Morrison in 1996 having spent the previous 13 years holding senior positions with George Wimpey. Ken was appointed as an Executive Director of Galliford Try on 1 March 2013, and Chief Operating Officer on 30 April 2015, having previously been Construction division Chief Executive. Ken was appointed as Chairman and Director of the Scottish Contractors Group Limited in 2013.

Aged 50.

Gavin Slark**
Non-executive Director

Gavin Slark joined the Board on 13 May 2015. He is currently Chief Executive Officer of Grafton Group plc, an independent company operating in the merchanting, DIY retailing and mortar manufacturing markets in Britain, Ireland and Belgium. He joined Grafton Group in April 2011 and was appointed Chief Executive Officer in July 2011. He was previously Group Chief Executive of BSS Group plc, a leading UK distributor to specialist trades including the plumbing, heating and construction sectors.

Aged 50.

Peter Ventress**
Deputy Chairman and
Senior Independent Director

Peter Ventress joined the Board on 30 April 2015. He is a Non-executive Director of Premier Farnell plc and was formerly Chief Executive Officer of European textile service business Berendsen plc. Prior to joining Berendsen in 2010, Peter spent 10 years in senior management positions in Europe and Canada in the office products distribution industry with Corporate Express N.V., becoming Chief Executive in 2007. In 2008 he was appointed head of all Staples' activities outside the United States and Canada.

Aged 54.

Andrew Jenner**
Non-executive Director

Andrew Jenner was appointed to the Board in January 2009. Andrew was Group Chief Financial Officer of Serco Group plc from 2002 to 2014. Prior to joining Serco in 1996 he worked for Unilever and Deloitte & Touche LLP.

Aged 46.

Ishbel Macpherson**
Non-executive Director

Ishbel Macpherson was appointed to the Board on 1 February 2014. She is a Non-executive Director of Dignity plc and Senior Independent Director of both Dechra Pharmaceuticals plc and Bonmarché Holdings plc. She has previously served as Non-executive Director, Chair of the Remuneration Committee, Senior Independent Director and Chair of Speedy Hire plc, as well as non-executive directorships of GAME Group plc, MITIE Group plc, Synthomer plc, May Gurney Integrated Services plc and Hydrogen Group plc. Ishbel has over 20 years' experience in investment banking with Dresdner Kleinwort Wasserstein, Hoare Govett and Barclays.

Aged 55.

Terry Miller**
Non-executive Director

Terry Miller was appointed to the Board on 1 February 2014. Terry was previously General Counsel for The London Organising Committee of the Olympic Games and Paralympic Games, and is currently an independent Non-executive Director of the British Olympic Association, a Director and Trustee of the Invictus Games Foundation, and a Non-executive Director of Goldman Sachs International Bank. Prior to her LOCOG appointment, Terry was International General Counsel for Goldman Sachs, having spent 17 years with Goldman Sachs based in London.

Aged 63.

Andrew Richards*
Managing Director, Linden Homes

Andrew Richards was appointed Managing Director of Linden Homes and joined the Executive Board in July 2013. He was promoted from Managing Director of the Investments division, having joined the Group through the acquisition of Morrison Construction in March 2006, which he joined in 2000 having previously worked for investment bank Dresdner Kleinwort from 1997.

Aged 43.

Kevin Corbett CEng MICE MIStructE*
General Counsel and Company Secretary

Kevin Corbett joined the Executive Board of Galliford Try plc on 1 February 2012 and was appointed General Counsel and Company Secretary on 1 March 2012. Kevin was previously Chief Counsel Global for AECOM.

Aged 55.

* Member of the Executive Board.
** Member of the Audit, Nomination and Remuneration Committees.

Governance

Maintaining strong governance across the Group

This year the Group has met the challenges posed by significant Board changes while continuing to maintain strong governance, and deliver and enhance the Group's strategy

The announcement in September 2014 that Greg Fitzgerald, the Group's Chief Executive, planned to retire and the subsequent decision by Ian Coull to step down due to other commitments required increased focus by the Board on composition and succession. In response, the Group consulted with major institutional shareholders and other stakeholders and recommended the appointment of Greg Fitzgerald as Executive Chairman for a limited period, supported by Peter Rogers as Deputy Chairman to provide stability and continuity of performance. The specifically defined separation of roles of Executive Chairman and Deputy Chairman ensured that strong governance was maintained throughout the temporary period while a new Chief Executive and non-executive directors were sought.

Peter Truscott will join as Chief Executive in October 2015 and Greg Fitzgerald will relinquish his executive responsibilities in January 2016 and become Non-executive Chairman, whereupon the Group will revert to its previous governance structure of separate Non-executive Chairman and Chief Executive. Following Greg Fitzgerald's anticipated retirement as Chairman at the 2017 AGM, Peter Ventress will become Chairman.

Board composition

Biographical summaries for each of the directors, their respective committee responsibilities and their external directorships are set out on pages 38 and 39.

All directors continue to demonstrate commitment to their roles, and will stand for re-election at the 2015 AGM.

Peter Truscott has been appointed as Chief Executive from 1 October 2015. Ken Gillespie was appointed as Chief Operating Officer from 30 April 2015. Peter Ventress and Gavin Slark were appointed as non-executive directors from 30 April 2015 and 13 May 2015, respectively. Since 30 April 2015, Peter Ventress has also been Deputy Chairman and Senior Independent Director. Ishbel Macpherson and Terry Miller were appointed chairs of the Remuneration and Nomination committees on 16 September and 21 October 2014, respectively. Amanda Burton, Ian Coull and Peter Rogers stepped down from the Board on 16 September, 21 October 2014 and 30 April 2015, respectively. Greg Fitzgerald has indicated his intention to retire as Chairman at the 2017 AGM. There have been no other changes to the Board, either during or since the end of the financial year.

Executive Chairman and Deputy Chairman

There is a clear specification of duties of Executive Chairman and Deputy Chairman to ensure proper division of responsibilities and balance of power. The Board believes that the arrangements put in place provide a robust transitional governance structure until Peter Truscott joins as Chief Executive on 1 October 2015. During the period of combined Chairman and Chief Executive, from October 2014 to October 2015, the Executive Chairman held responsibility for strategy, business performance and management of the Group while the Deputy Chairman held responsibility for governance, the performance of the Board and for monitoring the effectiveness of the Executive Chairman. Prior to October 2014, the roles of Chairman and Chief Executive were as disclosed in previous governance reports. Copies of the respective roles of the Chairman and Chief Executive and (when applicable) Executive Chairman and Deputy Chairman are available on the Group's website. The Company will start to revert to recommended best practice from October 2015 when Peter Truscott joins. Greg Fitzgerald will remain as Executive Chairman to effect a smooth transition until 1 January 2016, when he will become Non-executive Chairman.

Peter Rogers served as Deputy Chairman and Senior Independent Director from 21 October 2014 until 30 April 2015. Peter Ventress was appointed to the Board on 30 April 2015 and assumed the role of Deputy Chairman and Senior Independent Director from that date.

Balance of non-executive and executive directors

Length of appointment

Diversity

Senior Independent Director

Amanda Burton was the Group's Senior Independent Director until 16 September 2014 when the role was assumed by Peter Rogers, who served as Interim Deputy Chairman and Senior Independent Director until 30 April 2015 when he was replaced by Peter Ventress.

The Senior Independent Director is available to shareholders throughout the year, in accordance with the UK Corporate Governance Code. During the year, the Senior Independent Director kept major shareholders informed of the progress of Board succession generally.

Non-executive directors

Other than the changes referenced, the roles and responsibilities of each of the non-executive directors, which are detailed in their individual letters of appointment, have not changed from the previous financial year. The letters of appointment are available for inspection on request at the Company's registered office and will be available immediately prior to the AGM.

Diversity

In 2013 the Board stated its commitment to addressing the expectations of the Davies Report 'Women on Boards' where appropriate and possible, and women currently hold 25% of Board positions. Furthermore, the Nomination Committee undertakes to consider a diverse range of candidates, including those from backgrounds not currently represented at Board level, for positions as and when they become available, while basing recruitment decisions on merit.

Further diversity disclosures can be found in the Strategic Report on page 35.

2014–2015 governance review

The table below summarises the main governance challenges faced by the Group during the year, their implications, mitigating actions and the results thereof, together with other material governance initiatives undertaken.

Governance action	Explanation	Governance implications	Mitigating actions and result
Board composition and succession: appointment of Executive Chairman	The decision of the Chairman to step down from the Board in October 2014 led to the Chief Executive, who had previously announced his intention to retire in December 2015, to be recommended to assume the role of Executive Chairman. The Board consulted with major institutional shareholders and other stakeholders, recommending the appointment of Greg Fitzgerald as Executive Chairman for a limited period to provide stability and continuity of the excellent performance of the Group.	The UK Corporate Governance Code recommends that the roles of Chairman and Chief Executive should not be exercised by the same individual, that a Chief Executive should not go on to chair the same Company, and that a Chairman should be independent on appointment, unless the Company explains why these principles should not apply.	Following consultation with shareholders, the Chief Executive assumed the role of Executive Chairman for a specific and limited time period from October 2014 to December 2015. During this time, the Deputy Chairman assumed responsibility for governance of the Group and performance of the Board. Re-election of the Executive Chairman was supported by over 95% of shareholders at the 2014 AGM. Following the appointment of the new Chief Executive (Peter Truscott), the Executive Chairman will relinquish his executive responsibilities on 1 January 2016.
Board composition and independence: new Board appointments	Following the announcements regarding the planned retirement of the Chief Executive and the stepping down of the Chairman, the Board, led by the Nomination Committee, commenced searches for a new Chief Executive and additional non-executive directors to replace Ian Coull, Greg Fitzgerald and Peter Rogers.	The percentage of independent non-executive directors decreased from 67% in the previous year to 63%, with the gender diversity percentage also decreasing from a peak of 33% to 25%. Due to his former executive responsibilities, Greg Fitzgerald is not considered independent for UK corporate governance purposes.	New appointments have brought the Board fresh experience and ideas to complement the existing members. The experience of Greg Fitzgerald will continue to be available to the Group. As Greg Fitzgerald is not considered independent, the number of Board committees on which he may sit or chair is limited. There is however, a sufficient number of independent non-executive directors to ensure the size and composition of the Board's relevant committees are appropriate and comply with the relevant provisions of the UK Corporate Governance Code.
Succession planning: Executive Board and divisional board level	Following appointment of external candidates such as the Chief Executive and Managing Director Construction Division in May 2015 the Group, led by the Executive Chairman and Chair of the Nomination Committee commenced a thorough review and refresh of talent mapping and succession planning.	Succession planning at Board-level should be replicated at upper management levels, such as the Group's Executive Board and divisional board levels to ensure talent and potential are nurtured and quality internal candidates are available to progress to Executive Board and plc Board-level positions, ensuring a progressive refreshing of those boards.	Each Executive Director and senior manager is directly responsible for their own succession plans and the development plans of their successors.
Group simplification	Following a simplification project to reduce the number of entities in the Group in 2013, further phases were undertaken in 2014 and 2015 to align the legal structure with the management and operational structure and further reduce the number of dormant and non-trading entities.	Reducing the number of dormant and non-trading entities reduces the compliance cost, risk, and administrative burden for the Group.	The structure of the Group's legal entities now closely relates to its management and operational structure, providing clarity for reporting purposes and the appropriate structure to support future Group developments.
Review and update of Board and Executive Board papers and reporting	Following the introduction of electronic board packs in 2013, the Board and Executive Board reviewed the style and content of reports and agenda items to ensure relevant information is being provided clearly and concisely.	To ensure that the Board is supplied with information in a timely manner and in a form and of a quality appropriate to enable it to discharge its duties effectively.	Divisional managing directors present their reports to the Board in writing or personally. Average Board pack length has been reduced by up to 50%.

Governance continued

Board: attendance

All meetings were led by the Chairman/Executive Chairman, including a specific performance assessment day at which individual appraisals were completed. The Company Secretary was in attendance. The Deputy Chairman and Senior Independent Director separately led a meeting of the non-executive directors to assess performance of the Executive Chairman, without him present.

Board: remit

There is a formal schedule of matters reserved for prior authorisation by the Board, the specifics of which have not materially changed from those disclosed in previous years. The Board held its annual strategy awayday in October 2014, reviewed progress against the Group business plan to 2018 and considered succession planning in respect of the Executive Board.

The Board continues to benefit from its established reporting mechanisms, which are designed to ensure crucial management and project-specific information, and significant Group-wide developments are reported quickly and accurately, and facilitate prompt approval of further actions. Throughout the year the Board also received regular Group, divisional and business unit-specific presentations, covering all aspects of the Group's operations.

Board: information, advice, evaluation, insurance and indemnity

Well-established Board procedures for the timely provision of information in advance of all Board and committee meetings and for the provision of independent professional advice, remained in operation throughout the financial year.

All directors have access to the advice and services of the General Counsel and Company Secretary. No director sought independent advice during the financial year.

Using the Group's well-established processes as a basis, an internal Board performance evaluation was completed online using specialist performance evaluation software. The software greatly improved the speed and clarity of reporting and was well received by participants.

The 2015 evaluation addressed themes including Board mechanics and effectiveness; Group performance and delivery of the enhanced strategy; and governance and sustainability. Tailored committee evaluations were also performed, covering areas such as committee mechanics and effectiveness, committee governance, communication, risk and internal controls, and external audit. Each aspect of the evaluation sought to gauge opinion on detailed aspects of the committees' workings, recent Group developments and market practice. Individual performance evaluations focused on the effectiveness of the contributions made by directors. Consideration was given to the aggregate time commitments of the non-executive directors. The Board is satisfied that each director is committed to his or her role. The findings and recommendations were presented to, and approved by, the Board in May 2015. As required by the UK Corporate Governance Code, the Group will be undertaking an external performance evaluation in 2016.

The Group maintains appropriate Directors' and Officers' Liability Insurance on behalf of, and provides individual indemnities to, the directors, and General Counsel and Company Secretary, which complies with the provisions of Section 234 of the Companies Act 2006.

2014/15 Board and committee attendance table

	Board	Executive Board	Audit Committee	Nomination Committee	Remuneration Committee[5]
Number of meetings (scheduled/attended)	8	12	3	4	4
Greg Fitzgerald Executive Chairman	8	12	By invitation	By invitation	By invitation
Peter Ventress[1] Deputy Chairman and Senior Independent Director	1	n/a	1	1	1
Andrew Jenner Non-executive Director	8	n/a	3	4	4
Ishbel Macpherson Non-executive Director	7[6]	n/a	3	3[6]	4
Terry Miller Non-executive Director	8	n/a	3	4	4
Gavin Slark[1] Non-executive Director	–	n/a	–	–	–
Ken Gillespie Chief Operating Officer	8	12	n/a	n/a	n/a
Graham Prothero Finance Director	8	12	By invitation	n/a	n/a
Kevin Corbett General Counsel and Company Secretary	8	12	3	4	4
Amanda Burton[2]	2	n/a	1	1	2
Ian Coull[3]	3	n/a	By invitation	1	2
Peter Rogers[4]	6	n/a	2	3	3

1 Peter Ventress and Gavin Slark joined the Board on 30 April 2015 and 13 May 2015, respectively.
2 Amanda Burton stepped down from the Board on 16 September 2014.
3 Ian Coull stepped down from the Board on 21 October 2014.
4 Peter Rogers stepped down from the Board on 30 April 2015.
5 Includes one meeting held by way of written resolution.
6 Ishbel Macpherson was unable to attend one meeting due to a family bereavement.

Executive Board Report

Membership of the Executive Board is detailed on pages 38 and 39. Executive management is normally the responsibility of the Chief Executive. He chairs the Executive Board, which in turn takes responsibility for the operational management of the Group under terms of reference delegated by the main Board. From October 2014, the Executive Board was chaired by the Executive Chairman. The Executive Board also has further delegated responsibility for making recommendations to the main Board on all items included in the formal schedule of matters reserved for main Board authorisation. There are regular performance and operational related reports and presentations from divisional management. The Assistant Company Secretary acts as secretary to the Executive Board. The minutes of Executive Board meetings are included as part of Group Board packs, while minutes of each divisional board are included in the Executive Board packs.

The Executive Board meets on a monthly basis and additional meetings are convened when necessary to consider and authorise specific operational or project matters.

Calendar of 2014/15 Board activities and areas of focus

Month	Activity or area of focus
July 2014	• Site visit – Resorts World Birmingham (Construction) • Approval of 2014–2015 Group budget • Presentation and review – Housebuilding • Proposed Miller Construction acquisition
September	• Full year results and Annual Report • Presentation and review – Construction • Annual corporate governance review
October	• Strategy meeting • Board changes – succession planning
November	• AGM • Governance arrangements following Board changes
December	• Health, Safety & Sustainability performance review • Presentation and review – risk registers and Risk Committee • 2015–2018 business plan
February 2015	• Presentation and review – IT and Oracle • Presentation and review – Procurement • Half year results
April	• Site visit – Wilshere Park (Housebuilding) • Presentations – Linden Homes, Galliford Try Partnerships, Affordable Housing & Regeneration • Board changes
May	• Site visit – Subsea 7 (Building) • Presentations – Construction, Investments • Board performance evaluation and planning for non-executive director appraisals • Annual Report design concepts • Succession planning review

Introduction: Andrew Jenner
Audit Committee Chair

"The Audit Committee has focused its attention on the financial reporting implications of the Miller Construction acquisition, changes in the UK Corporate Governance Code and maintaining appropriate processes to ensure the Annual Report is fair, balanced and understandable."

Audit Committee Report

The Committee has continued to monitor and review the results, risk management and internal control framework of a Group which is growing in size and complexity as a result of improving markets and acquisitions, such as Miller Construction and Shepherd Homes.

I am pleased to confirm on behalf of the Committee that the 2015 Annual Report and Financial Statements are considered fair, balanced and understandable in terms of the form and content of the strategic, governance and financial information presented therein. The Group has evolved the format of the Annual Report and Financial Statements over recent financial years and this report represents a consolidation of that process, especially in respect of remuneration reporting whereby the Directors' Remuneration Report reports against the previously disclosed and approved Policy.

Governance continued

We welcomed the appointment of Peter Ventress and Gavin Slark as Committee members in April and May 2015, respectively. We look forward to benefiting from their input and fresh perspectives and working closely together as a Committee into the next financial period and beyond. The Committee is also working well with the PricewaterhouseCoopers (PwC) audit team, following the auditor retender process undertaken in the previous year.

Audit Committee: composition and attendance

Membership of the Audit Committee is detailed on pages 38, 39 and 42. The Chairman/Executive Chairman, Chief Executive and Finance Director attend all Committee meetings by invitation. Andrew Jenner, who is Committee Chair, has a strong financial background which satisfies the UK Corporate Governance Code requirement that the Committee's membership has recent and relevant financial experience. The General Counsel and Company Secretary acts as secretary to the Committee.

Audit Committee: remit

The Committee meets at least three times a year, this number being deemed appropriate to the Audit Committee's role and responsibilities. The Committee's delegated authorities and calendar of prioritised work have not changed substantially from those disclosed in previous years. The key responsibilities of the Committee are: delegated responsibility from the Board for financial reporting; monitoring external audit, internal audit, risk and controls; and reviewing instances of whistleblowing. The terms of reference of the Committee are available on the Group's website.

The authorities and calendar of work remain in line with the requirements of the UK Corporate Governance Code. At each meeting, Committee members take time, in the absence of the executive directors, to review separately and discuss any issues meriting their attention. The adjacent table summarises the key activities during the financial year.

The Committee also continues to meet with the internal and external audit teams, without executive management present.

During the financial year, the risk and internal audit team focused on delivering its agreed calendar of audit reviews, under its rolling three-year internal audit plan, and also on providing commercial and risk management support across the Group at the request of the Committee, the Executive Board and senior management. Further information regarding its activities during the year can be found opposite.

As disclosed in note 5 to the financial statements, no significant non-audit related services were provided by the incumbent external auditor, PwC during the financial year, although the Group did receive non-audit-related advice and services covering general corporate matters. Policies and review mechanisms governing the provision of material non-audit services, and safeguarding the objectivity and independence of the external auditor, remained in force throughout the financial year. The Committee is satisfied that PwC is fully independent and accordingly has recommended to the Board that a resolution to re-appoint PwC is proposed at the 2015 AGM.

The Committee reviewed the integrity of the Group's financial statements and all formal announcements relating to the Group's financial performance. This included an assessment of each critical accounting policy, as set out on page 77, as well as review and debate over the following areas of significance:

- Contract revenue and provisions: in conjunction with the annual audit, the Committee reviewed a paper setting out key judgments in respect of revenue recognition and contract provisions, in relation to individually significant long-term construction contracts.
- Going concern: the Committee assessed the available bank facilities, and the associated covenants and sensitivities. The related paper also considered other commercial and economic risks to the Group's going concern status. The Committee reported to the Board on its findings.
- Goodwill impairment review: during the year, the Committee considered the judgments made in relation to the valuation methodology adopted by management and the model input used, as well as the sensitivities used by management and the related disclosures.
- Miller Construction acquisition accounting treatment, including fair value adjustments, recognition of intangible assets and goodwill, exceptional items and related disclosures.
- Disclosure of significant transactions.

Calendar of 2014/15 Committee activities and areas of focus

Month	Activity or area of focus
September 2014	• Committee review of 2013–2014 full year results, including external auditor presentation, going concern review and approval of 'fair, balanced and understandable' process • Risk, internal audit and whistleblowing reports • Review of auditor independence and provision of non-audit services
February 2015	• Committee review of 2014–2015 half year results, including external auditor presentation, going concern review and approval of 'fair, balanced and understandable' process • External audit engagement review • Review of revised UK Corporate Governance Code and viability statement requirements • Initial review of IFRS 15 (revenue recognition), • Risk, internal audit and whistleblowing reports
May 2015	• Approval of 2015 external and internal audit plans • Early stage review of Strategic Report and related disclosures • Further discussion on UK Corporate Governance Code changes and IFRS 15 • Risk, internal audit and whistleblowing reports

Introduction: Terry Miller
Nomination Committee Chair

"Working closely with the Executive Chairman, the Committee took direct responsibility for the new executive and non-executive appointments."

Nomination Committee Report

Nomination Committee: composition and attendance

Membership of the Nomination Committee is detailed on pages 38, 39 and 42. The Committee was chaired by Peter Rogers to 16 September 2014, Ian Coull to 21 October 2014 and Terry Miller for the remainder of the year. The General Counsel and Company Secretary acts as secretary to the Committee.

Nomination Committee: remit

The terms of reference of the Committee can be found on the Group's website. The authorities delegated to the Committee by the Board comprise:

- reviewing the size, structure and composition of the Board;
- evaluating the balance of skills, knowledge and experience on the Board, including the impact of new appointments;
- overseeing and recommending the recruitment of any new directors;
- ensuring appointments are appropriately made against objective criteria; and
- keeping the leadership and succession requirements of the Group under active review.

Working closely with the Executive Chairman, the Committee took direct responsibility for the processes which led to the appointment of Peter Ventress, Peter Truscott and Gavin Slark as Deputy Chairman and Senior Independent Director, Chief Executive and Non-executive Director, respectively. The Committee prepared detailed job specifications and external consultants were appointed to provide advice on the availability of suitable external candidates. The Committee then commenced a formal, rigorous and transparent selection process, which included considering and interviewing a diverse shortlist of candidates, before recommending the final appointments to the Board.

In addition, the Committee took responsibility for determining and recommending to the Board Greg Fitzgerald's role as Non-executive Chairman from 1 January 2016 to the 2017 AGM, when it is anticipated Peter Ventress will become Chairman. Further background to all appointments, together with the Board's agreed position on diversity in accordance with the requirements of the UK Corporate Governance Code, can be found on pages 40 and 41.

In accordance with best practice and the latest guidance issued by the Institute of Chartered Secretaries and Administrators, the new non-executive directors received a formal and thorough induction programme including: Board policies and procedures; share dealing restrictions; financial, strategic and operational summaries; governance processes; meetings with senior management and advisors; and other Group-specific information and training.

The Committee continues to review both Board composition and progress made by potential internal candidates as part of succession planning for key executive roles. The Committee Chair also participated in the recruitment of Bill Hocking the new Managing Director of the Construction division, whose appointment was announced during the year.

The Committee remains comprised wholly of independent non-executive directors, exceeding the requirements of provision B.2.1 of the UK Corporate Governance Code. External consultants The Zygos Partnership (Zygos) and Norman Broadbent plc (Norman Broadbent) advised on all prospective Board appointments, including the appropriateness of open advertising and other recruitment methodologies. There is no other connection between Zygos and the Group or Norman Broadbent and the Group.

Governance continued

Remuneration Committee Report 2015

Remuneration Committee: composition and attendance

Membership of the Remuneration Committee is detailed on pages 38, 39 and 42. The Committee was chaired by Amanda Burton until she stepped down from the Board on 16 September 2014, and by Ishbel Macpherson thereafter.

Remuneration Committee: remit

The authorities delegated to the Committee by the Board have not materially changed from those disclosed in the 2014 Annual Report and Financial Statements. Further information regarding the work of the Committee during the financial year can be found in the Directors' Remuneration Report on page 53, and, in respect of the Committee's involvement in the formulation of the Group's Remuneration Policy, in the Directors' Remuneration Policy Report on pages 52 to 63 of the 2014 Annual Report and Financial Statements.

Other governance matters

The Group continues to operate a suite of governance and risk management policies, procedures and training programmes, all of which address obligations arising under the relevant legislation. The Group Corporate and Finance Manuals, which summarise the policies, procedures and authority matrices by which the central functions and divisions operate, were refreshed and updated during the financial year.

Shareholder relations

The Company continues to prioritise maintaining effective relationships with all its shareholders and seeks to engage with interested parties. The Board, and in particular the Executive Chairman and Finance Director, continue to organise meetings with existing and prospective institutional shareholders. Specific reports regarding shareholder views are provided to the Board for analysis and discussion. The Board continues to engage actively with institutional shareholders in line with the UK Stewardship Code, whether on key matters of specific relevance to the Group and its operations or general market themes. The Board, the Senior Independent Director and other non-executive directors, are available to attend meetings with shareholders and address any significant concerns stakeholders may have.

2014 was the first year the Group distributed documents such as the Annual Report and Financial Statements to shareholders electronically rather than by post. This method of document delivery has been well received by shareholders, with few requests to revert to hard copy mailings.

The Group's AGM, held in November each year, continues to be a popular means for private shareholders to receive updates on Group performance, including presentations from Board members and opinions on progress. All directors of the Company were in attendance at the 2014 AGM, with the exception of Ishbel Macpherson, who was unable to attend due to a family bereavement. All arrangements for the meeting including notice period and voting arrangements followed the requirements of the UK Corporate Governance Code and related best practice. The Board was delighted to welcome, at their request, representatives from Marstons plc as observers of the poll voting procedure.

Reporting, risk, internal audit and controls

The governance review commencing on page 41 details the specific actions undertaken by the Group during the financial year, including those with a risk management focus. The Board's approach to risk and internal audit, including its systems in relation to the preparation of consolidated accounts, and the material controls of the Group's established internal control framework have not changed substantially from those disclosed in detail in the 2013 Annual Report and Financial Statements.

The Group's governance reporting structure shown opposite clarifies the effective Group, divisional and operational board structures upon which the delegated authorities matrices and Corporate and Finance Manuals are overlaid, and reflects changes made in 2014.

During the financial year, the Group undertook a substantial external compliance review of its policies and procedures in respect of its commercial operations and major projects. The directors are pleased with the overall level of compliance found and are in the process of implementing the recommendations. A separate programme of 14 internal audits was also completed across the Group's operations and three progress checks were completed against previous recommendations.

There were no significant internal control failings or weaknesses during the year. Any matters of non-compliance with the provisions of the Group Corporate and Finance Manuals have been rectified either during the financial year or by the date of this Annual Report.

Compliance statement

The Group believes that the highest standards of corporate governance are integral to the delivery of its strategy, enabling the means by which the Board may manage the expectations of stakeholders to optimise sustainable performance.

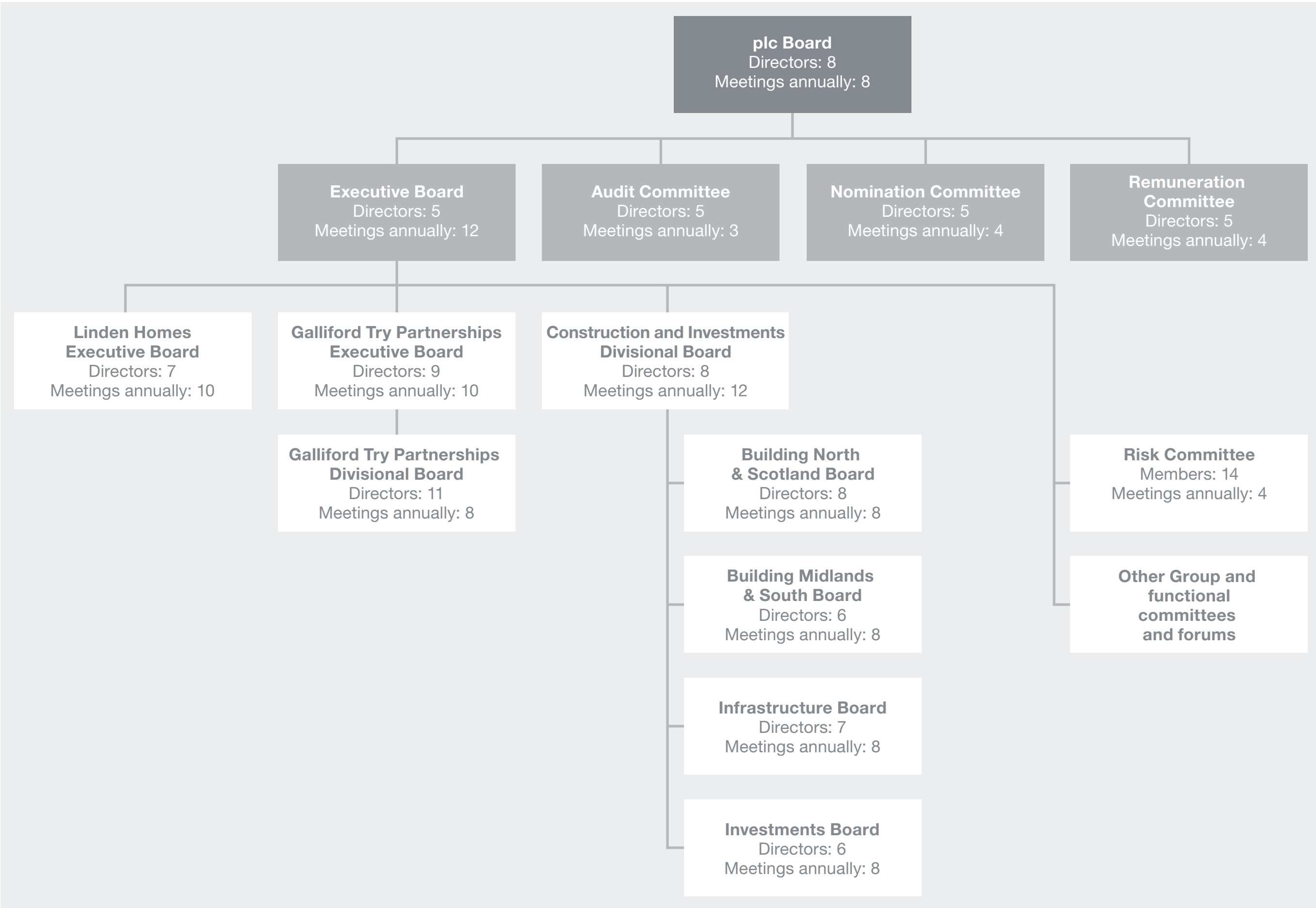
The UK Corporate Governance Code 2012 (the Code), applicable to all premium listed companies with reporting periods that began before 1 October 2014, is the governance code to which the Group is subject. The Group remains compliant with the UK Listing Authority's Disclosure and Transparency Rules 7.2.5 and 7.2.6 and related information can be found in the Directors' Report on pages 62 to 64.

As a member of the FTSE 250, Galliford Try has committed to complying with the provisions of the Code and, in doing so, seeks both to support and foster the highest standards of corporate governance. The Group has fully complied with the requirements of the Code, with the exception of provisions A.2.1 (as regards combining temporarily the roles of Chairman and Chief Executive) and A.3.1 (independence of Chairman on appointment). In these areas of non-compliance, the directors recognise that the situation is for a specific and limited time period, and consider that this temporary deviation from full compliance with the Code is in the best interests of the Company and its shareholders as a whole.

For and on behalf of the Board

Kevin Corbett
General Counsel and Company Secretary

Group governance reporting structure 2015



Remuneration Policy and Report

Introduction: Ishbel Macpherson
Remuneration Committee Chair

"Following approval by shareholders at the 2014 AGM, the Group's Remuneration Policy is now established. This year's Report therefore describes the application of the existing Policy by the Committee during the year."

Remuneration Policy and Report
Committee Chair's annual statement

Following approval by shareholders at the 2014 AGM, the Group's Remuneration Policy is now established until the 2017 AGM. The Policy cannot be altered without shareholder consent, nor any payments made to directors which fall outside it. The key aspects of the Policy are summarised on pages 48 to 52. The work of the Committee during the year has therefore been to ensure the application of the agreed Policy to every aspect of executive remuneration, especially during the search for new executive and non-executive Board directors. This is described in the Directors' Remuneration Report beginning on page 53.

The Group performed solidly during the year; below median TSR performance against housebuilding comparators was balanced by clear TSR outperformance against construction sector peers. The acquisition of Miller Construction at the beginning of the financial year resulted in the further enhancement of the strategy to 2018, and necessitated some revision of key targets and elements of variable pay by the Committee to ensure that the targets remained as challenging. We are happy to approve the reward packages received by the Executive Chairman and his executive team during the financial year, and, in particular, the variable elements of pay.

Further details regarding the specific variable elements of pay received by the executive directors to recognise their continued strong annual performance delivered for shareholders in pursuit of the strategy of disciplined and sustainable growth can be found in the Directors' Remuneration Report on pages 53 to 61. All variable elements of pay were specifically approved in line with the Remuneration Policy.

The Committee continues to monitor and review pay and conditions across the Group, and in particular the wider executive population immediately beneath the senior team. Merit-based pay increases were awarded to all staff on review in July 2015, with an average rise across the Group of 3.34%. Further details regarding salary increases awarded to Greg Fitzgerald, Graham Prothero and Ken Gillespie can be found in the Directors' Remuneration Report.

Finally, I would like to add that I am grateful to Amanda Burton who stepped down from the Board and as Chair of this Committee in September 2014. Amanda played a significant role with the Committee to install a remuneration framework and Policy which was overwhelmingly supported by shareholders at the AGM, and which has proven sufficiently pragmatic to accommodate the Board changes the Group has seen during the year.

Ishbel Macpherson
Chair of the Remuneration Committee

Remuneration: strategy
The Group's remuneration strategy is to incentivise future executive performance appropriately, reward successful performance delivery and to ensure that we recruit and retain our most talented and experienced executives.

Remuneration: policy
During the year, the Committee ensured the consistent operation of the Remuneration Policy as agreed by shareholders at the 2014 AGM. Full details of the Remuneration Policy can be found on pages 52 to 57 of the 2014 Annual Report and Financial Statements and we summarise the key aspects below. In light of the Board changes in the year the Committee has described how the approved Policy has been applied in the following summary.

In summary, the Group's Remuneration Policy is to:

- ensure that remuneration packages are structured so that they can attract, retain and motivate the executives required to achieve the Group's strategic objectives;
- engender a performance culture which will position Galliford Try as an employer of choice and deliver shareholder value;
- deliver a significant proportion of total executive pay through performance related remuneration and in share-based form;
- position performance related elements of remuneration so that upper quartile rewards may be achieved in circumstances where outstanding results and peer sector outperformance have been delivered; and
- ensure that failure is not rewarded.

The Policy is shaped by environmental, social and governance factors, which help determine the design of incentive structures to ensure that responsible behaviour is encouraged. Furthermore, recognising that even well designed incentives cannot cater for all eventualities, should any unforeseen issues arise that would make any payments unjustifiable, the Committee can use its discretion to address such outcomes by scaling back payments. The Committee operates clawback provisions within both the Annual Bonus Plan and Long Term Incentive Plan (LTIP), which facilitate the retrieval of payments made to directors and executive management in circumstances of error, financial misstatement or misconduct.

Directors' service contracts and policy for payments to departing executive directors

The service contracts and letters of appointment for the Board directors serving at the date of this Annual Report are detailed in the following table:

	Contract date[1]	Notice period[2,3] (months)
Non-executive directors		
Andrew Jenner	1 January 2009	6
Ishbel Macpherson	1 February 2014	6
Terry Miller	1 February 2014	6
Gavin Slark	13 May 2015	6
Peter Ventress	30 April 2015	6
Executive directors		
Greg Fitzgerald	1 July 2003	12
Graham Prothero	18 June 2012	12
Ken Gillespie	19 February 2013	12
Peter Truscott[4]	30 April 2015	12

1 Contract dates shown are the directors' initial contract as an executive director or non-executive director of the Group. Executive directors have a rolling notice period as stated. Non-executive appointments are reviewed after a period of three years and their appointment is subject to a rolling notice period as stated. All serving directors will stand for re-election at the 2015 AGM.
2 There are no contractual provisions requiring payments to directors on loss of office or termination, other than payment of notice periods. The Remuneration Committee may seek to mitigate such payments where appropriate.
3 Subject to the discretion of the Nomination Committee, the Group's practice is to agree notice periods of no more than six months for non-executive directors and no more than 12 months for executive directors.
4 Peter Truscott will join the Group on 1 October 2015.

Executive directors' service contracts are available at the Company's registered office and will be available for inspection at the AGM.

For executive directors, at the Group's discretion, a sum equivalent to 12 months' salary and benefits may be paid in lieu of notice. In the contracts of Graham Prothero, Ken Gillespie and Peter Truscott there are mitigation provisions to pay any such lump in monthly instalments, subject to offset against earnings elsewhere. This will also be the case for any future appointments.

For the proportion of the financial year worked, bonuses may be payable pro rata at the discretion of the Committee. Depending upon the circumstances, the Committee may consider additional non-statutory payments in respect of an unfair dismissal award, outplacement support and assistance with legal fees.

An executive director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract.

The Group may suspend executive directors or put them on a period of gardening leave during which they will be entitled to salary, benefits and pension.

Any share-based entitlements granted to an executive director under the Group's share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death in service, serious illness, injury, disability, retirement or other circumstances 'good leaver' status can be applied at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure).

For 'good leavers', awards may vest at the normal time (other than by exception) to the extent that the performance conditions have been satisfied. The level of vested awards will be reduced pro rata, based on the period of time after the grant date and ending on the date of cessation of employment relative to the three-year performance period, unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case. Deferred bonus shares vest early.

The overriding principle will be to honour contractual remuneration entitlements and determine on an equitable basis the appropriate treatment of deferred and performance-related elements of remuneration, taking into account the circumstances. Failure will not be rewarded.

Policy on recruitment

In cases where the Group recruits a new executive director, the Committee will align the new executive's remuneration with the approved Remuneration Policy. In arriving at a value for individual remuneration, the Committee will take into account the skills and experience of the candidate, the market rate for a candidate of that experience, as well as the importance of securing the preferred candidate. In exceptional circumstances the Committee reserves the right to award additional remuneration (in cash and/or shares) in excess of Remuneration Policy at appointment, exclusively to replace lost rewards or benefits. The Committee also has the discretion to meet certain other incidental expenses (for example, relocation costs) to secure recruitment of preferred candidates, although this was not exercised during the year. Further details of the Recruitment Policy are set out on page 52.

Remuneration Policy and Report continued

Components of executive reward

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
Salary To provide a competitive and appropriate level of basic fixed pay, sufficient to attract, motivate and retain directors of high calibre, able to develop and execute the Group's strategy.	Normally reviewed annually, with any changes typically taking effect from 1 July. Set taking into consideration pay and employment conditions across the Group, the economic environment, the responsibilities and accountabilities of each role, the experience of each individual, his or her marketability and the Group's key dependencies on the individual. Reference is also made to salary levels among relevant housebuilder and construction peers and, other companies of equivalent size and complexity. The Committee reserves the right to reduce salary levels (and has done so in the past) if the circumstances warrant it.	When reviewing salaries, both Group and individual performance are considered. There is no prescribed maximum. The Committee's policy on salary increases for executive directors is for increases to be broadly in line with the average across the workforce, unless there is a promotion or material change in role or business circumstances, in which case increases may be higher. Last year's salaries are set out in the Directors' Remuneration Report.
Benefits To provide cost-effective and market-competitive benefits.	Benefits provided to executive directors currently comprise entitlements to a company car or cash equivalent allowance, private medical and permanent health insurance, and life assurance. The benefits provided may be subject to minor amendment from time to time by the Committee within the Remuneration Policy.	The cost of benefit provision varies from year to year, depending on the cost to the Group, and there is no prescribed maximum limit. Benefit costs are monitored and controlled to ensure that they remain appropriate and represent a small element of total remuneration costs.
Pension To provide a market-competitive retirement benefit.	The executive directors may each receive contributions to a money purchase pension scheme or salary supplements in lieu of Company pension contributions.	20% of basic salary.
Annual Bonus Plan Rewards the achievement of stretching annual goals that support the Group's annual and strategic objectives. Compulsory deferral of part of the bonus into shares provides alignment with shareholders.	Executive directors and a selected senior management population, subject to invitation and approval by the Committee, may participate in the Annual Bonus Plan. Where the bonus earned and payable equates to over 50% of the recipient's basic salary in any one financial year, two-thirds of the bonus earned in excess of that 50% salary threshold is required to be deferred into restricted shares. Although beneficially held by the participants, the restricted shares are legally retained by the trustee of the Galliford Try Employee Benefit Trust (EBT) for three years, and are subject to forfeiture provisions, unless otherwise agreed by the Committee. Subject to continued employment, the restricted shares are legally transferred to participants on the third anniversary of allocation. The Committee operates clawback provisions within the Annual Bonus Plan, which facilitate the retrieval of payments made to directors and executive management in circumstances of error, financial misstatement or misconduct.	Dependent on achieving specified financial (no less than 50% of the bonus) and strategic targets, the bonus may be scaled back if certain non-financial targets are not achieved. Last year's performance measures are described in the Directors' Remuneration Report on pages 55 and 56. The maximum opportunity is 150% of salary for the Chief Executive/Executive Chairman and 100% of salary for other executive directors. At least half of the annual bonus opportunity may be earned for on-target performance. Bonuses start to be earned from 0% of salary for achieving threshold performance.

Components of executive reward continued

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
Long Term Incentive Plan (LTIP) Rewards the achievement of sustained long-term financial and operational performance and is therefore aligned with the delivery of value to shareholders. Facilitates share ownership to provide further alignment with shareholders. Making of annual awards aids retention.	Under the rules of the 2006 LTIP, the Committee is authorised to recommend that the trustee of the EBT grant provisional share allocations to invited participants annually. The vesting of any award depends on the achievement of performance conditions linked to specific grants over an associated three-year plan cycle. The Committee operates clawback provisions within the LTIP, which facilitate the retrieval of payments made to directors and executive management in circumstances of error, financial misstatement or misconduct.	Measures are currently based on EPS growth and relative TSR, measured against two unweighted industry peer groups. The Committee may vary the measures and targets that are included in the plan and the weightings between them from year to year. Any material changes to the measures would be subject to prior consultation with the Company's major shareholders. Details of performance conditions are provided on pages 56 and 57. The maximum value of a base award that may be granted in any financial year to any individual will not exceed 100% of their basic annual salary as at the award date. In the event of outstanding performance there is the potential to achieve vesting of up to 200% of the base award. The minimum level of vesting that may occur is 7.5% of basic salary. Dividends may accrue on LTIP awards over the vesting period and, subject to the discretion of the Committee, be paid out either as cash or shares on vesting, in respect of the number of shares that have vested.
All-employee schemes To encourage employee share participation.	The Group may from time to time operate tax-approved share plans (such as an approved Save As You Earn scheme for the benefit of all staff) for which executive directors could be eligible.	The schemes are subject to the limits set by HM Revenue & Customs (HMRC), which may be further limited at the Committee's discretion.
Shareholding guidelines To ensure the interests of the executive directors are aligned to those of shareholders.	The Group's share retention policy requires executive directors to build and maintain a shareholding over a five-year period equivalent in value to at least 100% of basic salary or, in the case of the Chief Executive, at least 150% of basic salary.	
Non-executive fees To provide a competitive and appropriate level of fees sufficient to attract, motivate and retain a chairman and non-executive directors of high calibre.	The Deputy Chairman, and when relevant, the Non-executive Chairman are paid a single fixed fee. The non-executives are paid a basic fee. The chairs of Board Committees and the Senior Independent Director are paid an additional fee to reflect their extra responsibilities. The level of these fees is reviewed periodically by the Committee and Chief Executive for the Chairman, by the Chairman and executive directors for the non-executive directors. Fees are set taking into consideration market levels in comparably sized FTSE companies and relevant housebuilder and construction peers, the time commitment and responsibilities of the role and the experience and expertise required. Non-executive directors (including any Non-executive Chairman) are entitled to reimbursement of reasonable expenses. Non-executive directors cannot participate in any of the Group's annual bonus or share plans and are not eligible for any pension entitlements from the Group. The Chairman is eligible to participate in the Group's medical assurance plan.	The Committee is guided by the general pay increase for the broader employee population, but on occasions may need to recognise, for example, changes in responsibility or time commitments. Current fee levels are disclosed on pages 60 and 61.

Remuneration Policy and Report continued

Policy on recruitment continued

Element	General policy	Specifics
Salary	At a level required to attract the most appropriate candidate.	Discretion to pay lower base salary with incremental increases, as new appointee becomes established in the role.
Pension and benefits	In line with policy for executive directors.	–
Bonus	In line with existing schemes.	Specific targets could be introduced where necessary within the annual bonus limit (150% of base salary for Chief Executive and 100% for other directors). Pro-rating applied as appropriate for intra-year joiners.
Long Term Incentive Plan	In line with Group policies and LTIP rules.	An award may be made in the year of joining or can be delayed until the following year. Targets would normally be the same as for awards to other directors.
Other share awards	The Committee may make an incentive award to replace deferred pay forfeited by an executive leaving a previous employer.	Awards would, where possible, be consistent with the awards forfeited in terms of structure, value, vesting periods and performance conditions.

The Committee may, in exceptional and appropriate circumstances, make use of the flexibility provided in both the Listing Rules and the approved Remuneration Policy, to make awards outside the existing parameters of the LTIP, if it deems such an award to be appropriate to replace forfeited deferred variable pay, in order to secure the preferred candidate.

For internal promotions to executive director positions, the Committee's policy is for legacy awards or incentives to be capable of vesting on their original terms or, at the discretion of the Committee, they may be amended to bring them into line with the policy for executive directors.

For a new Non-executive Chairman, Deputy Chairman or non-executive director, the fee arrangement would be set in accordance with the approved Remuneration Policy at that time.

Legacy arrangements

Authority is contained within the Remuneration Policy for the Group to honour any commitments entered into with current or former directors (such as the payment of a pension or vesting and exercise of a past LTIP award) that have been disclosed to shareholders in previous Directors' Remuneration Reports.

External directorships

With prior written approval of the Board in each case, executive directors are permitted to accept external appointments as non-executive directors and retain any associated fees.

Policy: shareholder consultation and voting analysis

The Committee actively consults with relevant institutional shareholders regarding, and in advance of, substantial changes to Remuneration Policy or individual executive salary packages. It has not been necessary to approach shareholders during the year.

The Directors' Remuneration Report from page 53 onwards has been subject to audit.

Directors' Remuneration Report

Remuneration Committee: composition and attendance

Membership of the Remuneration Committee is detailed on pages 38, 39 and 42. The Committee was chaired by Amanda Burton until 18 September 2014 and Ishbel Macpherson thereafter. During the financial year the other members comprised Peter Rogers, Terry Miller, Andrew Jenner, Ian Coull, Peter Ventress and Gavin Slark. The General Counsel and Company Secretary acts as secretary to the Committee, and the Chief Executive and Executive Chairman have standing invitations to attend all Committee meetings. No director, or the General Counsel and Company Secretary, is present when his or her own remuneration is being considered.

During the financial year, the Committee prioritised the calendar of key activities and areas of focus set out below.

Calendar of 2014/15 Committee activities and areas of focus

Month	Activity or area of focus
July 2014[1]	• Update on EPS and TSR performance measures to 30 June 2014 • Preparatory approval of 2014–2015 Annual Bonus Plan targets and metrics • Consideration of 2014 Remuneration Policy and Directors' Remuneration Report disclosures
September 2014	• Approval of 2014 grants under the Annual Bonus Plan, Long Term Bonus Plan and LTIP • Consideration of SAYE invitation • Consideration of EBT shareholdings and market purchases
December 2014	• Succession planning, Board changes and associated remuneration
March – April 2015	• Chief Executive's recruitment and proposed package • Review of Greg Fitzgerald's terms on transition to Non-executive Chairman
May 2015	• Group and senior management remuneration review • Review of Annual Bonus Scheme to 30 June 2015 • Review of LTIP performance conditions for 2012, 2013 and 2014 awards • Review of SAYE rules • Review of EBT shareholdings and future market purchases • Review of market trends • Review of the Committee's Terms of Reference

1 Due to time constraints caused by the Miller Construction acquisition, consideration of the agenda items together with the key decisions required by the meeting were undertaken by way of written resolutions on the basis of the previously circulated meeting pack.

Remuneration advice and advisors

The Committee is informed of key developments and best practice in the field of remuneration and regularly obtains advice from independent external consultants, when required, on individual remuneration packages and on executive remuneration practices in general.

New Bridge Street (NBS) is the Committee's sole remuneration consultant, having been appointed in January 2011. Services provided to the Committee by NBS encompassed remuneration guidance, regulatory guidance and share plan-related consultancy. Fees paid to NBS for services provided to the Committee during the financial year were £65,345.

NBS does not provide any other services to the Group, although NBS is part of Aon plc. Aon continues to provide advice to the Group specifically relating to private medical insurance policies. The Committee is satisfied that these services do not impinge on the independence of NBS. Furthermore, NBS is a signatory to the Remuneration Consultants' Code of Conduct which requires that its advice be objective and impartial.

The General Counsel and Company Secretary, together with the Group HR Director also advises the Committee as necessary and makes arrangements for the Committee to receive independent legal advice at the request of the Committee Chair.

Performance

The Group continued its strong financial performance during the year, and changed its FTSE classification from Heavy Construction to Home Construction in December 2014. The closing mid-market quotation for the Company's shares on 30 June 2015 was £17.37 (2014: £11.42). The high and low during the year were £17.83 and £11.19 respectively (2014: £13.54 and £9.53).

Comparative TSR performance across the financial year, reflecting share price movements plus dividends reinvested, ranked the Company as 9.4% below and 45.9% above median, respectively, equivalent to between sixth and seventh, and above first against its dual comparator groups drawn from the housebuilding and construction industries.

Remuneration Policy and Report continued

The Company's TSR over the last six financial years, based on the 30 trading day average values, is shown below.

The FTSE 250 Index was chosen as an index which includes companies of a comparable size and complexity and the FTSE All Share Index was chosen as a broader index which gives a wider perspective of performance.

Total Shareholder Return

■ **Galliford Try plc** ■ **FTSE 250** ■ **FTSE All Share** Source: Thomson Reuters

This graph shows the value, by 30 June 2015, of £100 invested in Galliford Try Plc on 30 June 2009, compared with £100 invested in the FTSE 250 Index or the FTSE All Share Index on the same date. The other points plotted are the values at intervening financial year ends.

The Executive Chairman's total gross remuneration and the percentage achieved of the maximum Annual Bonus Plan and LTIP awards, is shown below for the last six financial years:

	Year ended 30 June					
	2010	2011	2012	2013	2014	**2015[1]**
Total remuneration (£000)	1,020	2,559	2,468	4,114	3,212	**2,793**
Annual bonus (% of maximum)	98%	94%	88%	94%	97%	**79%**
LTIP (% of maximum)	0%	75%	93%	87%	63%	**63%**

1 LTIP value estimated based on average share price of £15.90 in the last quarter of the financial year (1 April 2015 to 30 June 2015).

Profit before tax, earnings per share and total dividend per share growth for the 2014–2015 financial year was 20%, 19% and 28% against the prior year respectively. Those increases compare to a 32.8% annualised increase in total Group remuneration to £271 million, for the year ended 30 June 2015 including the impact of Miller Construction.

Directors' remuneration and single figure annual remuneration

The remuneration of the directors serving during the financial year was as follows (together with 2014 comparative figures):

	Salary and fees £000		Annual bonus £000		Taxable benefits[1] £000		Pension[2] £000		LTIP[3] £000		Sharesave £000		Total £000	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014[4]	**2015**	2014	**2015**	2014
Executive directors														
Greg Fitzgerald	**550**	535	**656**	777	**26**	29	**110**	107	**1,451**	1,749	**–**	15	**2,793**	3,212
Graham Prothero	**349**	338	**277**	327	**16**	15	**70**	68	**804**	–	**–**	–	**1,516**	748
Ken Gillespie	**351**	333	**309**	253	**13**	13	**71**	67	**947**	1,141	**–**	–	**1,691**	1,807

1 Includes benefits such as car allowance and medical insurance.
2 This is a salary supplement paid to the directors in lieu of direct pension contributions.
3 Estimate based on average price of £15.90 for the last quarter of the financial year (1 April 2015 to 30 June 2015). Pursuant to the 2012 LTIP, 91,266, 50,572 and 59,557 shares respectively will vest to Greg Fitzgerald, Graham Prothero and Ken Gillespie on 26 September 2015.
4 LTIP figures reported in 2014 for that year were based on an estimated value, as per note 3, above. These have now been updated with the actual value as at the date of vesting.

Directors' remuneration and single figure annual remuneration continued

	Salary and fees £000		Annual bonus £000		Taxable benefits £000		Pension £000		LTIP £000		Sharesave £000		Total £000	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Non-executive directors														
Andrew Jenner	**46**	44	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**46**	44
Ishbel Macpherson[5]	**46**	17	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**46**	17
Terry Miller[5]	**46**	17	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**46**	17
Gavin Slark[6]	**5**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5**	–
Peter Ventress[6]	**11**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**11**	–
Amanda Burton[7]	**13**	48	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**13**	48
Ian Coull[7]	**50**	150	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**50**	150
Peter Rogers[7]	**37**	44	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**37**	44

5 Ishbel Macpherson and Terry Miller joined the Group on 1 February 2014 and their remuneration was pro-rated accordingly in the prior year.
6 Gavin Slark and Peter Ventress joined the Group on 13 May 2015 and 30 April 2015 respectively. Their remuneration has been pro-rated accordingly.
7 Amanda Burton, Ian Coull and Peter Rogers resigned on 16 September 2014, 21 October 2014 and 30 April 2015 respectively.

Performance-related remuneration

Annual Bonus Plan

For the financial year to 30 June 2015, Group targets were based 60% on profit at both the half and full year, 30% attributable to monthly, half year and full year cash management targets, and 10% on margin enhancement. The Chief Operating Officer's targets were initially based on 50% Group targets and 50% Construction division targets, with subsequent adjustment to incorporate a Group procurement target following his promotion to Chief Operating Officer. Senior management has been subject to similar targets, which were applied to their respective divisional or business unit performance. The bonus outcome was subject to a scale back if certain non-financial targets in relation to health and safety, and HR were not achieved.

The performance outcome against the Group targets (before deductions for health and safety, and HR) set for the Annual Bonus Plan in 2014–2015 was as set out below. Construction division targets (applicable to the Chief Operating Officer) were based on divisional profit, cash management and margin enhancement, and work secured, with an additional Group procurement target from January 2015.

	% of bonus				
Measure	Threshold	On-target	Maximum	Actual performance	Payout % of bonus
Group targets (Executive Chairman, Finance Director)					
Group profit[1]	0%	32.5%	60%	Above target	50%
Group cash management[2]	0%	15%	30%	Above target	27%
Group margin enhancement[3]	0%	5%	10%	On-target	4.5%
Total	**0%**	**52.5%**	**100%**		**81.5%**
Chief Operating Officer targets					
Group profit[1]	0%	15%	30%	Above target	25%
Group cash management[2]	0%	7.5%	15%	Above target	13.5%
Group margin enhancement[3]	0%	1.5%	2.5%	On-target	1.2%
Construction division profit[4]	15%	15%	30%	At maximum	30%
Construction division cash management[2]	0%	3.5%	7.5%	Above target	5.3%
Construction division work secured[5]	0%	2.5%	5%	Above maximum	5%
Group procurement target[6]	0%	5%	10%	Above maximum	10%
Total	**15%**	**50%**	**100%**		**90%**

1 Threshold for any bonus to be paid on Group profit before tax was £105 million and £40 million for the full year and half year, respectively. On-target is £111 million (25%) and £43 million (7.5%), respectively and maximum was £116 million (50%) and £45 million (10%), respectively.
2 Cash management related to monthly month end cash/debt figures in accordance with a predetermined cash budget schedule. Monthly cash threshold at which bonus started to be paid was budget. Maximum bonus was paid at 10% improvement on cash budget.
3 Margin enhancement relates to division-specific margin enhancement targets as determined on a management accounts basis. Threshold and target was budget, with maximum paid on 10–20 bps enhancement.
4 Threshold and target for any bonus to be paid on Construction division profit/(loss) before tax was £3.7 million and (£4.6) million for the full year and half year, respectively. Maximum was £8.7 million (50%) and (£4.3) million (10%), respectively.
5 As at June 2015 the same level of work secured as at June 2014 (as a percentage of future turnover).
6 Additional Group procurement target from 1 January 2015, following promotion to Chief Operating Officer, based on internal supply chain metrics.

Remuneration Policy and Report continued

The Committee determined that in respect of the year to 30 June 2015, the resulting Annual Bonus Plan awards were as follows:

	On-target bonus (% of salary)	Maximum bonus (% of salary)	Actual bonus payable for 2014–2015 (% of salary)	Actual bonus payable for 2014–2015 (£000)	Cash (£000)	Shares (£000)
Greg Fitzgerald	78.8	150	119	656	402	254
Graham Prothero	52.5	100	79	277	208	69
Ken Gillespie	50.0	100	90	309	217	92

The Committee considered the performance against targets set at the start of the year for profit before tax, margin, cash flow and other performance metrics, and looked at a broader assessment of management, key strategic decisions taken during the year and business performance. Bonus deductors were also considered: first based on a health and safety matrix in force across the entire Group that reduces bonus by specified percentages relating to the number of accidents, incidents and other reportable events, and second an HR-related target based on the completion of an annual performance and target setting appraisal. Targets were met to the extent shown in the table overleaf.

Two-thirds of the bonus earned in excess of the 50% salary threshold is required to be deferred into restricted shares. Although beneficially held by the participants, the allocated restricted shares are legally retained by the trustee of the EBT for a period of three years, and are subject to forfeiture provisions, unless otherwise agreed by the Committee. Subject to continued employment, the restricted shares are legally transferred to participants on the third anniversary of allocation.

Long Term Incentive Plan performance conditions

Date of grant	Performance conditions	Comparator group
September 2011	• Vesting based on TSR and EPS performance over the three years to 30 June 2014. • Vesting of up to 50% of the base award subject to EPS performance. 15% vests for aggregate EPS of 171 pence over the period, increasing to 50% vesting for aggregate EPS of 209 pence. • Vesting of up to 75% is subject to TSR performance relative to the housebuilding comparator group. 7.5% of the award vests if the Company's TSR is median, increasing to 25% vesting if TSR is upper quartile. Vesting can increase to a maximum of 75% of the base award for 100th percentile performance, although any vesting above 25% also requires maximum EPS to have been achieved. • Vesting of up to 75% is subject to TSR performance relative to the construction comparator group, on the same basis as for housebuilding companies. • Actual performance achieved for the 2011 LTIP performance period ending on 30 June 2014 was: EPS of 227.2 pence and TSR of between fourth and fifth place below the median against its housebuilding comparator group, and first above the upper quartile against its construction comparator group. This resulted in vesting of 125% of base awards.	**Housebuilding** Barratt Developments plc; Bellway plc; The Berkeley Group Holdings plc; Bovis Homes Group plc; Persimmon plc; Redrow plc; and Taylor Wimpey plc. **Construction** Balfour Beatty plc; Carillion plc; Costain Group plc; Henry Boot plc; Keller Group plc; Kier Group plc; M J Gleeson Group plc; and Morgan Sindall Group plc. (M J Gleeson Group plc was reclassified as a member of the housebuilding comparator group in 2013.)

Long Term Incentive Plan performance conditions continued

Date of grant	Performance conditions	Comparator group
September 2012	• Vesting based on TSR and EPS performance over the three years to 30 June 2015. • Vesting of up to 50% of the base award will be based on EPS performance. 15% will vest for aggregate earnings per share of 203 pence over the period, increasing to 50% vesting for aggregate EPS of 248 pence. • Vesting of up to 75% of the base award will be based on achieving: 7.5% for median performance against the housebuilding comparator group, increasing to 25% vesting if the Company's TSR is 24% (8% per annum) higher than that of the median ranked comparator company. Vesting can increase to a maximum of 75% of base award (25% per annum) for achieving a TSR that is 75% (25% per annum) higher than the median ranked comparator company. Any vesting above 25% also requires the maximum EPS target to have been achieved. • Vesting of up to 75% of the base award is subject to TSR performance relative to a comparator group of construction companies on the same basis as for housebuilding companies. • Actual performance achieved for the 2012 LTIP performance period ending 30 June 2015 was: EPS of 279.1 pence and TSR of 196.1% which was below the median against its housebuilding comparator group and higher than 75% in excess of the median against the construction comparator group. This resulted in vesting of 125% of base awards.	**Housebuilding** Barratt Developments plc; Bellway plc; The Berkeley Group Holdings plc; Bovis Homes Group plc; M J Gleeson plc; Persimmon plc; Redrow plc; and Taylor Wimpey plc. **Construction** Balfour Beatty plc; Carillion plc; Costain Group plc; Henry Boot plc; Keller Group plc; Kier Group plc; and Morgan Sindall Group plc.
September 2013	• Vesting based on TSR and EPS performance over the three years to 30 June 2016. • Vesting of up to 50% of the base award will be based on EPS performance. 15% will vest for aggregate EPS of 258 pence over the period, increasing to 50% vesting for aggregate EPS of 315 pence. Vesting of up to 75% of the base award based on the same TSR and EPS conditions for 2012 awards for each of the housebuilding and construction comparator groups.	Same as for the September 2012 grant with the addition of Crest Nicholson Holdings plc to the housebuilding comparator group.
September 2014	• Vesting based on TSR and EPS performance over the three years to 30 June 2017. • Vesting of up to 50% of the base award will be based on EPS performance. 15% will vest for aggregate EPS of 334 pence over the period, increasing to 50% vesting for aggregate EPS of 408 pence. Vesting of up to 75% of the base award based on the same TSR and EPS conditions for the 2013 awards for each of the housebuilding and construction comparator groups.	Same as for the September 2013 grant.
September 2015	• Vesting based on TSR and EPS performance over the three years to 30 June 2018. • Vesting of up to 50% of the base award will be based on EPS performance. 15% will vest for aggregate EPS of 410 pence over the period, increasing to 50% vesting for aggregate EPS of 500 pence. Vesting of up to 75% of the base award based on the same TSR and EPS conditions for the 2014 awards for each of the housebuilding and construction comparator groups.	Same as for the September 2014 grant.

Remuneration Policy and Report continued

Directors' share plan interests

Further detail regarding the proportion of LTIP awards subject to the three-year performance period ending 30 June 2015, and vesting in September 2015, is given in the preceding table on page 57. Outstanding awards held by executive directors are detailed in the table below.

Executive director	Plan	Date	Share price at grant[2]	Base award quantum at 1 July 2014	Awarded	Vested (125.0% of base awards for LTIP)	**Base award quantum at 30 June 2015**	Value of awards vested during financial year £000	Actual or anticipated vesting date
Greg Fitzgerald	Long Term Incentive Plan[1]	22.09.11	£4.21	112,826	–	141,032	**–**	1,749	22.09.14
	Long Term Incentive Plan	26.09.12	£6.67	73,013	–	–	**73,013**	–	26.09.15
	Long Term Incentive Plan	30.09.13	£10.40	51,690	–	–	**51,690**	–	30.09.16
	Long Term Incentive Plan	30.09.14	£12.49	–	44,035	–	**44,035**	–	30.09.17
	Annual Bonus Plan	22.09.11	£4.57	30,117	–	30,117	**–**	373	22.09.14
	Annual Bonus Plan	26.09.12	£7.10	17,133	–	–	**17,133**	–	26.09.15
	Annual Bonus Plan	30.09.13	£10.40	32,571	–	–	**32,571**	–	30.09.16
	Annual Bonus Plan	30.09.14	£12.31	–	27,577	–	**27,577**	–	30.09.17
Graham Prothero	Long Term Incentive Plan[1]	01.02.13	£6.67	40,458	–	–	**40,458**	–	26.09.15
	Long Term Incentive Plan	30.09.13	£10.40	32,690	–	–	**32,690**	–	30.09.16
	Long Term Incentive Plan	30.09.14	£12.49	–	27,902	–	**27,902**	–	30.09.17
	Annual Bonus Plan	30.09.13	£10.40	2,971	–	–	**2,971**	–	30.09.16
	Annual Bonus Plan	30.09.14	£12.31	–	8,572	–	**8,572**	–	30.09.17
Ken Gillespie	Long Term Incentive Plan[1]	22.09.11	£4.21	73,634	–	92,042	**–**	1,141	22.09.14
	Long Term Incentive Plan	26.09.12	£6.67	47,646	–	–	**47,646**	–	26.09.15
	Long Term Incentive Plan	30.09.13	£10.40	32,202	–	–	**32,202**	–	30.09.16
	Long Term Incentive Plan	30.09.14	£12.49	–	27,485	–	**27,485**	–	30.09.17
	Annual Bonus Plan	22.09.11	£4.57	13,834	–	13,834	**–**	172	22.09.14
	Annual Bonus Plan	26.09.12	£7.10	6,942	–	–	**6,942**	–	26.09.15
	Annual Bonus Plan	30.09.13	£10.40	6,866	–	–	**6,866**	–	30.09.16
	Annual Bonus Plan	30.09.14	£12.31	–	4,665	–	**4,665**	–	30.09.17
	Sharesave	19.11.10	Exercise price £2.71	2,876	–	–	**2,876**	–	01.01.16 to 30.06.16

1 Each LTIP award is a provisional allocation of a number of shares which is equal in value as at the date of grant to 100% of the individual's basic salary as at the date of grant. The award is subject to performance conditions over a three-year period as described on page 57.
2 The face values of the LTIP awards are (to the nearest thousand): for Greg Fitzgerald £475,000 (2011), £487,000 (2012), £538,000 (2013) and £550,000 (2014); for Graham Prothero, £270,000 (2012), £340,000 (2013) and £349,000 (2014); and for Ken Gillespie, £310,000 (2011), £318,000 (2012), £335,000 (2013) and £343,000 (2014). The face values have been calculated on the basis of the share price at grant of a base award.

Directors' share interests

As at 30 June 2015, the directors held the following beneficial, legal and unvested bonus share plan interests in the Company's ordinary share capital:

Director	Legally: As at 30 June 2014[2]	Legally: **As at 30 June 2015**	Beneficially[1]: As at 30 June 2014	Beneficially[1]: **As at 30 June 2015**	Total
Greg Fitzgerald	591,229	**632,818**	79,821	**77,281**	710,099
Graham Prothero	–	**–**	2,971	**11,543**	11,543
Ken Gillespie	223,198	**129,802**	27,642	**18,473**	148,275
Andrew Jenner	13,433	**13,433**	–	**–**	13,433
Ishbel Macpherson	–	**–**	–	**–**	–
Terry Miller	–	**–**	–	**–**	–
Gavin Slark	–	**–**	–	**–**	–
Peter Ventress	–	**–**	–	**–**	–

1 Greg Fitzgerald's, Ken Gillespie's and Graham Prothero's respective beneficial interests are held by the EBT in connection with the Annual Bonus Plan. Further details in relation to interests in LTIP, Annual Bonus Plan and sharesave schemes are provided in the share plans table above.
2 Not applicable to Gavin Slark and Peter Ventress who joined the Group on 13 May 2015 and 30 April 2015, respectively.
3 There were no changes in the directors' interests from 30 June 2015 to the date of this Annual Report.

Compliance with executive shareholding policy

As at 30 June 2015, Greg Fitzgerald and Ken Gillespie were both compliant with the minimum shareholding policy referred to on page 51, having shareholdings in market value on 30 June 2015 representing 1,999% and 657% of their respective base salaries.

Following his appointment in February 2013, Graham Prothero has five years to acquire the required shareholding and has undertaken to retain future shares vesting to him (net of shares sold for tax) under the LTIP for this purpose. A similar undertaking has been received from Peter Truscott.

External directorships

During the year, Greg Fitzgerald served as a Non-executive Director of the NHBC, for which he received and retained an annual fee of £35,072. Ken Gillespie remained a non-fee-earning Director of the Scottish Contractors Group, a non-profit industry body.

Implementation of Policy on exit payments in year

The Committee has undertaken to disclose in full any exit payments to executive directors triggered during the financial year. None were payable in the 2014–2015 financial year.

It was also not necessary for the Committee to operate the clawback provisions integrated into the Group's main executive incentive plans during the financial year.

Percentage change in remuneration of Executive Chairman/ Chief Executive and across workforce for 2014–2015

% change	Average across workforce	Executive Chairman
Salary	3.4	2.8
Bonus	28.0[1]	(15.6)
Benefits	(0.6)[2]	(10.4)

1 Based on comparison of average aggregate bonus awards divided by average numbers of staff.
2 Based on comparison of cost to the Company of benefits for the tax years ending in April 2014 and April 2015.

Relative importance of spend on pay

	2013–2014	**2014–2015**	% change
Total overall spend on pay (£m)	204.4	**271.0**	33
Dividend (£m)	43.6	**55.8**	28
Share buyback (£m)	–	**–**	–
Group profit before tax (£m)	95.2	**114.0**	20
Group income tax expense (£m)	18.0	**21.7**	21
Effective tax rate (%)	18.9	**19.0**	1

The equivalent total overall spend on pay in 2015 is disclosed in note 3 to the financial statements. The total overall spend on pay equates to average remuneration per staff member of £51,400 per annum as at 30 June 2015 (2014: £49,800).

Payments for loss of office and payments to former directors

In the year to 30 June 2015, the Group made no payments to any director for loss of office. Pursuant to the terms of the 2011 LTIP, on 22 September 2014 30,907 shares vested to Frank Nelson, who retired from the Board in September 2012.

Forward looking implementation of Policy

Recruitment

During the year, the Committee has led remuneration negotiations in respect of the new Chief Executive, and consulted with respect to that of Bill Hocking, the Managing Director of the Construction Division and member of the Executive Board from 1 September 2015. In each case the Committee aligned (or ensured the alignment of) the new executive's remuneration with the approved Remuneration Policy, comprising fixed and variable elements of pay. With respect to the performance-based elements of the new Chief Executive's remuneration, the Committee additionally considered the market value of forfeited awards from the previous employer in its consideration of an award outside the existing LTIP parameters, as permitted by both the Remuneration Policy and the Listing Rules.

Base salaries

At the 2015 salary review completed in May, the directors carefully scrutinised pay and employment conditions across the Group. Against the backdrop of an improving economy, industry-wide salary increases and a need to continue to retain key operational staff to deliver the enhanced 2018 strategy meant that average salary increases of 3.34% were accordingly approved for all staff across the Group's divisions and central functions, subject to individual personal performance. The overall pay budget increased by 3.34%, of which 1.0% were discretionary increases above the average pay increase, awarded to selected staff to reflect market adjustments and promotions.

Remuneration Policy and Report continued

With effect from 1 July 2015, Graham Prothero was awarded an annual salary increase of £27,000 to £375,000 following consideration by the Remuneration Committee that Graham's base salary required an adjustment to reflect the increased responsibilities that he will assume following the arrival of Peter Truscott as Chief Executive, particularly in connection with external relationships, many of which had previously been managed by Greg Fitzgerald, but will now revert to being in the domain of the Finance Director, as is more usual for companies of the scale of Galliford Try. Ken Gillespie's salary increased by £57,000 (to £390,000 per annum) from 1 April 2015 following his promotion to Chief Operating Officer and assumption of additional Group responsibilities. Greg Fitzgerald's salary will not change until he assumes the role of Non-executive Chairman, as outlined in Chairman and non-executive fees, below.

Annual bonus

The Committee has decided that for the financial year to 30 June 2016, the existing bonus structure remains appropriately aligned to corporate strategy. It will therefore remain in its current form, subject to adjustment of targets, with a pro-rated opportunity of 150% of salary for the Executive Chairman and new Chief Executive and an opportunity of 100% of salary for the other executive directors.

The level of award will be based on performance against a combination of Group targets for profit (60%), cash management (20%), margin enhancement (8%), succession planning (5%) and Housebuilding land acquisition and Construction order book targets (3.5% each). In the case of the Chief Operating Officer, these targets will be based on 50% Group (as above) and 50% construction division performance (divisional equivalents to Group targets including profit, cash management work secured and succession planning). The outcome may be subject to a scale back if certain non-financial targets in relation to health and safety, and human resources are not achieved, and the Committee retains discretion to amend targets if house price inflation is higher than anticipated.

The Committee has chosen not to disclose, in advance, the performance targets for the forthcoming year, as these include items which the Committee considers commercially sensitive. Information on the level of bonuses earned will be disclosed next year while information on the level of bonuses earned from the 2014–2015 annual bonus, together with the target range can be found earlier in this Directors' Remuneration Report.

LTIP

The base award levels under the LTIP for the 2015–2016 financial year continue to be 100% of base salary, with a stretch vesting opportunity of 200% of the base award. The Executive Chairman will not participate in the 2015/18 LTIP.

Vesting is based on TSR and EPS performance over the three years to 30 June 2018:

- Vesting of up to 50% of the base award will be based on EPS performance. 15% will vest if aggregate EPS is 410 pence over the period, increasing to 50% vesting for aggregate EPS of 500 pence.
- Vesting of up to 75% of the base award will be based on the same TSR and EPS conditions as the 2014 awards for each of the housebuilding and construction comparator groups. The peer groups will be the same as for the September 2014 grant.

All-employee schemes

The Group operates a HMRC approved sharesave scheme for the benefit of all staff. During the year, eligible employees were invited to participate in a three or five year scheme which granted options to purchase shares at a 20% discount to the share price as at the grant date. A resolution to renew the rules of the sharesave scheme for a further 10-year period will be put to shareholders at the 2015 AGM.

Chairman and non-executive fees

The former Chairman, Ian Coull, received a pro-rated fee of £150,000 for the 2014–2015 financial year. Ian received no benefits in connection with his position, other than membership of the Group's medical assurance plan. Greg Fitzgerald waived any entitlement to additional remuneration on assumption of the role of Executive Chairman; his remuneration in connection with his executive responsibilities being disclosed on page 54 of this Report. From 1 January 2016 following assumption of the role of Non-executive Chairman, Greg Fitzgerald's annual fee will be £190,000 per annum, together with membership of the Group's medical assurance plan.

The standard non-executive fee has remained at £40,000 per annum throughout the financial year and to date, and this is not anticipated to change for 2015–2016. The fee supplement for the three chairs of Board Committees is £7,500. The Deputy Chairman receives a fee of £65,000 per annum, with a fee supplement of £4,000 for the role of Senior Independent Director. The previous Deputy Chairman and Senior Independent Director, Peter Rogers, waived this fee, receiving the standard non-executive fee together with the fee supplement of £4,000 for the role of Senior Independent Director.

New Chief Executive

On appointment on 1 October 2015, Peter Truscott's salary will be £500,000 per annum. He will participate in the Annual Bonus Plan (with a maximum of 150% of salary per annum) and LTIP (with a base award of 100% of salary per annum) in line with the Remuneration Policy. Peter Truscott's entitlement to other benefits, including pension provision, medical benefits, and membership of the Group's Life Assurance scheme is the same as other executive directors.

In recognition of remuneration forfeited on termination of employment with Taylor Wimpey, following Peter Truscott's appointment on 1 October 2015 certain compensation payments will be awarded to him. These compensation payments will be determined in accordance with the recruitment policy and will include:

- Bonus forfeited for the period 1 January to 30 September 2015. This bonus will be payable in April 2016 based on Taylor Wimpey's performance as disclosed in their Directors' Remuneration Report.
- Two awards in respect of his forfeited 2013 and 2014 Taylor Wimpey Performance Share Plan awards. The first award, representing awards made in 2013 will vest within 30 days of the publication of Taylor Wimpey's Directors' Remuneration Report in April 2016, and shall vest based on the actual level of vesting disclosed in that report. The second award, representing awards made in 2014 shall vest on 30 September 2017, and shall have the same performance conditions as awards made in 2014 under the Galliford Try plc LTIP.

Further details will be disclosed in next year's Annual Report.

Employee benefit trust and dilution

The EBT is the primary mechanism by which shares required to satisfy the executive incentive plans are provided. During the financial year, the EBT purchased a further 240,000 shares in the market at an average price of £13.63, which resulted in a balance held at 30 June 2015 of 475,405 shares.

Including the purchase of shares, the Group provided net additional funds to the EBT during the financial year of £8.5 million, by extending the existing EBT loan facility.

In only issuing 16,461 new shares during or since the financial year, the Company has complied with the dilution guidelines of the Investment Association (formerly the Association of British Insurers). Applying the guidelines, the Group has 6.8% headroom against 'the ten percent in ten years' rule and 4.1% headroom against the 'five percent in ten years' rule for discretionary plans.

Shareholder voting on the Directors' Remuneration Report

The Committee takes account of annualised shareholder voting trends in connection with the Directors' Remuneration Report votes. In 2014 the single advisory vote was split into two resolutions: an advisory vote relating to the Company's Remuneration Report for that year, together with a binding vote on the Company's Remuneration Policy. Shareholders voted in support of the Remuneration Report by 99.46% in favour, and 98.13% in favour of the Remuneration Policy. Votes withheld represented 0.32% and 0.08%, respectively. Votes cast in support of the annual advisory resolution to approve the Directors' Remuneration Report over the four years prior to 2014 are: 98.52% (2013), 99.16% (2012), 87.66% (2011) and 95.38% (2010). Votes withheld in each of those years represented 3.16% (2013), 2.78% (2012), 1.91% (2011) and 0.08% (2010) of the total votes cast.

Companies and Groups (Accounts and Reports) Regulations (Amended) 2013 and the Financial Conduct Authority's Listing Rules

The Directors' Remuneration Report has been prepared in accordance with the Directors Remuneration Regulations 2013, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (Amended) 2013 and the Financial Conduct Authority's Listing Rules. The auditors are required to report on the remuneration data disclosed in the Directors' Remuneration Report section and state whether, in their opinion, that part of the Report had been properly prepared in accordance with relevant provisions of the Companies Act 2006 (as amended).

The Committee is governed by formal terms of reference agreed by the Board and is composed solely of non-executive directors, each of whom the Board considers to be independent. The latest terms of references are available on the Group's website.

For and on behalf of the Board

Ishbel Macpherson
Chair of the Remuneration Committee
16 September 2015

Directors' Report

The directors present their Annual Report and audited financial statements for the Group for the year ended 30 June 2015.

Principal activities

Galliford Try is a housebuilding and construction group, primarily operating in the UK. Galliford Try plc, registered in England and Wales with company number 00836539, is the Group Parent Company. More detailed information regarding the Group's activities during the year under review, and its future prospects, is provided on pages 1 to 31. The principal subsidiaries and joint ventures operating within the Group's divisions are shown in notes 12 and 36 to the financial statements.

Strategic Report

The Group is required by section 414A of the Companies Act 2006 to present a Strategic Report in the Annual Report. This can be found on pages 1 to 37.

The Corporate Governance Report on pages 40 to 64 is a statement for the purposes of Disclosure and Transparency Rule 7.2.1.

The Annual Report and Financial Statements use financial and non-financial KPIs wherever possible and appropriate.

Results and dividends

The profit for the year, net of tax, of £92.3 million is shown in the consolidated income statement on page 71. The directors have recommended a final dividend of 46 pence per share, which together with the interim dividend of 22 pence declared in February, results in a total dividend for the financial year of 68 pence. The total dividend for the financial year will distribute a total of £56 million. Subject to approval by shareholders in general meeting, the final dividend will be payable on 25 November 2015, to shareholders on the register at close of business on 23 October 2015.

Share capital, authorities and restrictions

The Company has one class of ordinary share capital, having a nominal value of 50 pence. The ordinary shares rank pari passu in respect of voting and participation and are listed for trading on the London Stock Exchange. At 30 June 2015, the Company had 82,289,865 ordinary shares in issue (2014: 82,274,395).

The directors are authorised on an annual basis to issue shares, to allot a limited number of shares in the Company for cash other than to existing shareholders, and to make market purchases of shares within prescribed limits. Resolutions to be proposed at the 2015 AGM will renew all three of the directors' standing authorities relating to share capital, which are further explained in the Notice of AGM sent separately to shareholders. Other than usual activity in connection with the Group's share plans, no shares have been issued or purchased by the Company under the relevant authorities either during the financial year or to the date of this Annual Report.

There are no restrictions on the transfer of the Company's shares, with the exceptions that certain shares held by the Galliford Try Employee Share Trust (EBT) are restricted for the duration of the applicable performance periods under relevant Group share plans, and directors and persons discharging managerial responsibilities are periodically restricted in dealing in the Company's shares under the Group Dealing Code, which reflects the requirements of the Model Code published by the UK Listing Authority under its Listing Rules. In certain specific circumstances, the directors are permitted to decline to register a transfer in accordance with the Company's articles of association. There are no other limitations on holdings of securities, and no requirements to obtain the approval of the Company, or other holders of securities in the Company, prior to the share transfer. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or voting rights.

There are no securities carrying specific rights with regard to control of the Company, with the exception that the EBT holds shares in the Company in connection with Group share plans which have rights with regard to control of the Company that are not exercisable directly by the employee. The EBT abstains from voting in respect of any shares so held. The EBT currently holds 0.55% of the issued share capital of the Company for the purposes of satisfying employee share options or share awards (2014: 0.82%).

Articles of Association

The Articles of Association, adopted in 2009 to reflect the Companies Act 2006, set out the internal regulations of the Company, and define various aspects of the Company's constitution including the rights of shareholders, procedures for the appointment and removal of directors, and the conduct of both directors and general meetings.

In accordance with the Articles, directors can be appointed or removed either by the Board or shareholders in general meeting. Amendments to the Articles require the approval of shareholders in general meeting expressly by way of special resolution. Copies of the Articles are available by contacting the General Counsel and Company Secretary at the registered office.

Significant direct and indirect holdings

As at 16 September 2015, being the date of this Annual Report, the Company had been made aware, pursuant to the FCA's Disclosure & Transparency Rules, of the following beneficial interests in 3% or more of the Company's ordinary share capital:

Shareholder	Interest	% capital
Standard Life Investments	5,754,388	6.99
Aberforth Partners	3,535,408	4.32

There were no material changes in any of the significant holdings between the financial year end and the date of this Annual Report.

Change of control provisions

There has been no change in the Group's contractual change of control provisions during the financial year, further related information can be found in the related disclosure on page 58 of the 2012 Annual Report and Financial Statements.

Board and directors' interests

Summary biographies of the Board directors as at the date of this Annual Report are on pages 38 and 39. Peter Ventress and Gavin Slark were each appointed as a Non-executive Director with effect from 30 April 2015 and 13 May 2015, respectively. Amanda Burton, Ian Coull and Peter Rogers stepped down from the Board on 16 September 2014, 21 October 2014 and 30 April 2015, respectively.

There have been no other changes to the Board, either during or since the financial year end, other than the appointment of Peter Truscott with effect from 1 October 2015.

The interests of the directors in the share capital of the Company are set out in the Directors' Remuneration Report on page 58, where details of executive directors' service contracts and non-executive directors' letters of appointment can also be found.

The Company operates a formal ongoing procedure for the disclosure, review and authorisation of directors' actual and potential conflicts of interest, in accordance with the Companies Act 2006. In addition, conflicts of interest are reviewed, and as necessary further authorised, by the Board on an annual basis. Details of Directors' and Officers' Liability Insurance and qualifying third party indemnities are given on page 42 of the Corporate Governance Report.

Employees

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, age, colour, disability or marital status. We value everyone as an individual, recognising that everyone is different and has different needs at work. We respect people's differences and treat everyone with dignity and respect. We create a culture in which everyone feels valued as an individual and is motivated to give their best in their jobs.

The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. We carry out regular workplace assessments, and provide occupational health checks and advice to support both employees and line managers. Appropriate arrangements are made for the continued training and employment, career development and promotion of disabled persons. If members of staff become disabled, the Group endeavours to continue employment, either in the same or alternative position, with appropriate retraining being given if necessary.

Further information on the Group's employees, employment practices and employee involvement is provided in the Strategic Report on pages 32 to 37 and the Remuneration Policy and Report on pages 48 to 61. Information on the Group's approach to environmental, social and community matters, including a consideration of the impact of the Group's business on the environment, is provided in the Strategic Report on pages 32 to 37.

Significant agreements

Except for the agreements underpinning the Group's refinancing of its revolving credit facility in February 2015, there are no persons with which it has contractual or other arrangements which are essential to its business.

Charitable and political donations

For information regarding charitable donations please refer to the Strategic Report on page 36.

It is Group policy to avoid making political donations of any nature and accordingly none were made during the year. However, the Group notes the wide application of Part 14 of the Companies Act 2006, but does not consider the housebuilding and construction industry bodies of which it is a member to be political organisations for the purposes of the Act.

Creditor payment policy

Group policy regarding creditor payment is to agree payment terms contractually with suppliers and land vendors, ensure the relevant terms of payment are included in contracts, and to abide by those terms when satisfied that goods, services or assets have been provided in accordance with the agreed contractual terms. In November 2013, the Group became a signatory to the Prompt Payment Code which contains, among other things, commitments to pay suppliers within agreed contract terms.

Financial instruments

Further information regarding the Group's financial instruments including interest rate hedges, related policies and a consideration of its liquidity and other financing risks can be found in the financial review from page 16, and in note 25 to the financial statements.

Directors' Report continued

Important developments since year end
There have been no material events or developments affecting the Company or any of its operating subsidiaries since 30 June 2015.

Going concern
In accordance with the Financial Reporting Council's Guidance on Going Concern and Liquidity published in 2009, the requirements of the UK Corporate Governance Code and Listing Rule 9.8.6R(3), the directors have conducted a rigorous and proportionate assessment of the Group's ability to continue in existence for the foreseeable future. This has been reviewed during the financial year, taking into account the Group's refinancing of its core revolving credit facility agreed in February 2015, and the directors have concluded that there are no material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Furthermore, the Group has adequate resources and visibility as to its future workload, as explained in this Annual Report. It is therefore justified in using the going concern basis in preparing these financial statements.

Independent auditor
Each of the directors at the date of approval of this Annual Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself 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 section 418 of the Companies Act 2006.

A resolution is to be proposed at the forthcoming AGM for the reappointment of PricewaterhouseCoopers LLP as auditor of the Company, at a rate of remuneration to be determined by the Audit Committee.

AGM
The AGM will be held at the offices of Royal Bank of Scotland, 3rd Floor Conference Centre, 250 Bishopsgate, London EC2M 4AA on 13 November 2015 at 11am. The notice convening the AGM, sent to shareholders separately, explains the items of business which are not of a routine nature.

Fair, balanced and understandable
In accordance with the principles of the UK Corporate Governance Code and as further described on pages 43 and 44, the Group has arrangements in place to ensure that the information presented in this Annual Report is fair, balanced and understandable. The directors consider, on the advice of the Audit Committee, that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Approval of Report
This Directors' Report, including by reference the Strategic Report on pages 1 to 37 and the Corporate Governance and Directors' Remuneration Reports on pages 40 to 61, was approved by the Board of directors on 16 September 2015.

For and on behalf of the Board

Kevin Corbett
General Counsel and Company Secretary
16 September 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, the directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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.

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 the Group and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group 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 Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors whose names and functions are listed on pages 38 and 39, confirms that to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Strategic Report contained in pages 1 to 37 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Greg Fitzgerald
Executive Chairman
16 September 2015

Forward looking statements

Forward looking statements have been made by the directors in good faith using information up until the date on which they approved this Annual Report. Forward looking statements should be regarded with caution due to uncertainties in economic trends and business risks. The Group's businesses are generally not affected by seasonality.

Independent auditors' report to the members of Galliford Try plc

Report on the financial statements

Our opinion
In our opinion:

- Galliford Try plc's Group financial statements and Company financial statements (the financial statements) give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2015 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited
The financial statements comprise:

- the balance sheets as at 30 June 2015;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the statements of cash flows for the year then ended;
- the consolidated statement of changes in equity and the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach
Overview
- Overall Group materiality: £5,550,000 which represents 5% of profit before tax.
- Taken together, the reporting units in scope accounted for 86% of Group revenue and 90% of Group profit before tax.
- Risk of fraud in revenue recognition and contract accounting.
- Risk that Linden Homes' developments may not be valued appropriately.
- Risk that amounts recoverable on construction contracts may not be valued appropriately.
- Risk that the net assets and intangibles from the acquisition of Miller Construction may not be valued appropriately.

The scope of our audit and our areas of focus
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Risk of fraud in revenue recognition and contract accounting Most businesses face a risk of fraud in revenue recognition. Construction contract accounting is inherently complex and we focused on this area because there is judgment involved in estimating the costs to complete of projects. Revenue from fixed price construction contracts is recognised based upon management's assessment of the value of works carried out considering performance against the programme of works, measurement of the works, detailed evaluation of the costs incurred and comparison to external certification of the work performed. Profit is not recognised until the outcome of the contract is reasonably certain. Refer to Note 1 Accounting Policies on page 78 of the Annual Report and Financial Statements (Annual Report) and the Audit Committee Report on page 44 of the Annual Report.	• We identified and assessed key judgments inherent in the estimation of significant construction contract projects, by validating stage-of-completion and costs to completion on significant projects using surveyors' latest valuations, as well as evaluating the final outcome on projects completed in the year in relation to previous estimates made. We found overall estimates and judgments to be reasonable and consistent throughout the business. • We agreed revenue recognised on a sample of major projects to supporting documentation such as customer contracts and signed variations. No material exceptions were noted from our testing. • We tested the timing of construction contract revenue recognition, taking into account contractual obligations, the percentage of the contract completed, third-party certifications and the timing of cash receipts and found no material exceptions. • For Linden Homes' revenue, we tested a sample of sales by examining legal completion documents. We also considered the third-party release of mortgage finance, where appropriate, to check building work was complete. No material exceptions were noted from our testing. • We performed data analysis to identify potentially unusual journal entries impacting revenue and performed testing on those items. We found no material misstatements from our testing.
Risk that Linden Homes' developments may not be valued appropriately The valuation of developments is dependent upon the correct estimation and allocation of common costs on Linden Homes' sites. Common costs are allocated proportionately across the site using projected site margin to give a common gross profit margin on all units on that site, therefore changes in the total common costs incurred on a site over the life of the development can cause the profit margin to fluctuate. Older or slower-moving developments can be an indication of potential impairment. Refer to Note 1: Accounting Policies on page 78 of the Annual Report.	• We identified and tested the operating effectiveness of key controls around the estimation and allocation of common costs on sites, estimation of costs to complete and calculation of projected site margins. We found no material exceptions from our testing of key controls. • We compared management's assumptions on future sales prices for a sample of sites to completed sales and available industry data and noted no material variances. • We identified and assessed a sample of key judgments inherent in estimates of site and project margins, particularly around changes in the allocation of common costs on sites and any disputes or unresolved negotiations with subcontractors. We found management's assumptions and judgments to be reasonable and no material misstatements were identified from our procedures. • We agreed a sample of costs incurred on sites, including common costs, to supporting documentation and noted no material exceptions. • We evaluated the ageing of developments and investigated large, older and slower-moving items by obtaining and corroborating explanations for the levels of provisions held against such developments. We received explanations from management for reasons of ageing of the developments and corroborated these explanations to sales of these units post acquisition. We noted no material misstatements from the procedure performed.

Independent auditors' report to the members of Galliford Try plc continued

Area of focus	How our audit addressed the area of focus
Risk that amounts recoverable on construction contracts may not be valued appropriately The valuation of amounts recoverable on construction contracts is dependent on judgments around stage of completion and remaining costs to complete, as well as the associated provisions. Refer to Note 1 Accounting Policies on page 78 of the Annual Report and the Audit Committee Report on page 44 of the Annual Report.	• We tested the operating effectiveness of key controls around stage-of-completion, costs to complete and forecast margin calculations. We found no material exceptions from our testing of key controls. • We identified and assessed a sample of key judgments inherent in estimation of significant projects, particularly around stage of completion, costs to complete and provisions on loss-making contracts through our testing of contract review meetings, reading correspondence with the customer and sub-contractors, and obtaining audit evidence on customer/supplier disputes and insurance claims. We challenged material instances of uncertified value recorded and the level of provisions held against these amounts. We found no material misstatements from the procedures performed. • We compared the final outcome on projects completed in the year to previous estimates made on those projects to assess the reliability of management's estimates. We found management's estimates to be reasonable and overall consistent with the prior year. • We tested whether valid contractual agreements or other documentation was in place to support a sample of balances. We noted no material exceptions from the testing performed. • We identified, and obtained and corroborated explanations for, unusual fluctuations in margins on significant projects. We noted no material unexplained fluctuations in margins and noted no material misstatements from the procedures performed.
Risk that the net assets and intangibles from the acquisition of Miller Construction may not be valued appropriately Galliford Try acquired the Miller Construction business from Miller Group on 9 July 2014. The valuation of identifiable intangible assets (£12.1 million) which includes service contracts and secured customer contracts, goodwill (£20.2 million), and other net liabilities (£15.7 million) acquired is subject to judgment. Significant projects were assessed in detail by management as part of the acquisition process, with re-evaluation of the appropriateness of judgments taken around stage-of-completion, likelihood and potential magnitude of delays or cost overruns, and any other reasonably possible obligations that may arise in the course of completing these projects. Refer to Note 31 Business Combinations on page 108 of the Annual Report the Audit Committee Report on page 44 of the Annual Report.	• We assessed the appropriateness of assumptions made by management in the valuation of work-in-progress, provisions and other balances associated with ongoing projects acquired by evaluating the assessments performed by management, considering the consistency and completeness of assessments performed, and corroborating key assumptions made. We noted no material misstatements from the work performed. • We obtained the report prepared by management's third party expert and assessed the assumptions (including management's revenue and cash flow forecasts, growth rates and discount rates) used in the report for the valuation of identifiable intangible assets. We also reperformed the calculation of acquired goodwill. We noted no material misstatements from the work performed.

How we tailored the audit scope

In identifying these areas of focus and in ensuring that we performed enough work to be able to give an opinion on the financial statements as a whole, we took into account: the divisional structure of the Group; the accounting processes and controls; and the industry in which the Group operates, and tailored the scope of our audit accordingly. The Group is structured in two principal divisions, being Housebuilding (comprising Linden Homes and Galliford Try Partnerships) and Construction (comprising Building and Infrastructure). The Group financial statements are a consolidation of six reporting units in total, comprising the four operating entities within these two divisions, PPP Investments and centralised Group functions.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at these reporting units. Of the Group's six reporting units, we identified that Linden Homes, Building, Infrastructure and centralised Group functions, in our view, required an audit of their entire financial information, either due to their size or their risk characteristics. Taken together, the reporting units in scope accounted for 86% of Group revenue and 90% of Group profit before tax. The scope of our work took into account the transfer of accounting information from Miller Group accounting systems to Galliford Try's accounting systems.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole. The Group consolidation, financial statement disclosures and a number of complex items were audited by the Group engagement team at the head office. These included assessment of the fair values of net assets and intangibles arising from the acquisition of Miller Construction, and the valuation of goodwill and legacy defined benefit pension scheme balances.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£5,550,000 (2014: £4,500,000).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	Consistent with last year, we applied this benchmark as a generally accepted auditing practice applicable for a trading group of companies.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £277,000 (2014: £230,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the directors' statement, set out on page 64, in relation to going concern. We have nothing to report having performed our review.

As noted in the Statement of directors' responsibilities, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the group and company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information
Companies Act 2006 opinion
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• Information in the annual report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the directors on page 64, in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on page 44, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Galliford Try plc continued

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Directors' Remuneration Report – Companies Act 2006 opinion
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting
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. We have no exceptions to report arising from this responsibility.

Corporate governance statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of directors' responsibilities set out on page 65, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
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 and the 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.

We primarily focus our work in these areas by assessing the directors' judgments against available evidence, forming our own judgments, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 September 2015

Consolidated income statement
for the year ended 30 June 2015

	Notes	2015 Pre-exceptional items £m	2015 Exceptional items £m	2015 Total £m	2014 Pre-exceptional items £m	2014 Exceptional items £m	2014 Total £m
Group revenue	2	**2,348.4**	**–**	**2,348.4**	1,767.8	–	1,767.8
Cost of sales		**(2,081.2)**	**–**	**(2,081.2)**	(1,545.9)	0.3	(1,545.6)
Gross profit		**267.2**	**–**	**267.2**	221.9	0.3	222.2
Administrative expenses		**(144.2)**	**(3.7)**	**(147.9)**	(119.3)	–	(119.3)
Share of post tax profits from joint ventures	13	**5.0**	**–**	**5.0**	3.1	–	3.1
Profit before finance costs		**128.0**	**(3.7)**	**124.3**	105.7	0.3	106.0
Profit from operations	2	**138.9**	**(3.7)**	**135.2**	110.5	0.3	110.8
Share of joint ventures' interest and tax		**(6.6)**	**–**	**(6.6)**	(3.2)	–	(3.2)
Amortisation of intangibles	9	**(4.3)**	**–**	**(4.3)**	(1.6)	–	(1.6)
Profit before finance costs		**128.0**	**(3.7)**	**124.3**	105.7	0.3	106.0
Finance income	4	**4.6**	**–**	**4.6**	3.7	–	3.7
Finance costs	4	**(14.9)**	**–**	**(14.9)**	(14.5)	–	(14.5)
Profit before income tax	2 & 5	**117.7**	**(3.7)**	**114.0**	94.9	0.3	95.2
Income tax expense	6	**(22.5)**	**0.8**	**(21.7)**	(18.0)	–	(18.0)
Profit for the year	29	**95.2**	**(2.9)**	**92.3**	76.9	0.3	77.2
Earnings per share							
– Basic	8	**116.3p**		**112.8p**	94.2p		94.6p
– Diluted	8	**114.4p**		**110.9p**	92.6p		93.0p

Consolidated statement of comprehensive income

for the year ended 30 June 2015

	Notes	2015 £m	2014 £m
Profit for the year		**92.3**	77.2
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Actuarial (losses) recognised on retirement benefit obligations	30	**(5.8)**	(5.3)
Deferred tax on items recognised in equity that will not be reclassified	24	**1.2**	1.1
Current tax through equity	6	**0.5**	1.4
Total items that will not be reclassified to profit or loss		**(4.1)**	(2.8)
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of derivative financial instruments:			
– Movement arising during the financial year	25	**(0.4)**	0.8
– Reclassification adjustments for amounts included in profit or loss	25	**0.1**	0.3
Deferred tax on items recognised in equity that may be reclassified	6	**1.0**	–
Total items that may be reclassified subsequently to profit or loss		**0.7**	1.1
Other comprehensive (expense) for the year net of tax		**(3.4)**	(1.7)
Total comprehensive income for the year		**88.9**	75.5

Balance sheets
at 30 June 2015

	Notes	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Assets					
Non-current assets					
Intangible assets	9	**20.9**	13.1	**–**	–
Goodwill	10	**135.5**	115.0	**–**	–
Property, plant and equipment	11	**20.8**	12.2	**–**	–
Investments in subsidiaries	12	**–**	–	**68.4**	196.2
Investments in joint ventures	13	**9.2**	4.6	**–**	–
Financial assets					
– Available for sale financial assets	14	**11.0**	23.4	**–**	–
Trade and other receivables	18	**28.3**	55.4	**–**	–
Retirement benefit asset	30	**1.2**	1.0	**–**	–
Deferred income tax assets	24	**3.0**	4.8	**3.2**	2.1
Total non-current assets		**229.9**	229.5	**71.6**	198.3
Current assets					
Inventories	15	**0.3**	0.3	**–**	–
Developments	16	**979.4**	847.2	**–**	–
Trade and other receivables	18	**711.5**	415.0	**263.5**	76.0
Current income tax assets		**–**	–	**1.7**	3.1
Cash and cash equivalents	19	**164.9**	140.4	**456.1**	428.4
Total current assets		**1,856.1**	1,402.9	**721.3**	507.5
Total assets		**2,086.0**	1,632.4	**792.9**	705.8
Liabilities					
Current liabilities					
Financial liabilities					
– Borrowings	22	**(0.3)**	–	**–**	–
Trade and other payables	20	**(1,079.8)**	(803.3)	**(248.1)**	(212.0)
Current income tax liabilities		**(14.5)**	(12.6)	**–**	–
Provisions for other liabilities and charges	21	**(0.4)**	(0.5)	**–**	–
Total current liabilities		**(1,095.0)**	(816.4)	**(248.1)**	(212.0)
Net current assets		**761.1**	586.5	**473.2**	295.5
Non-current liabilities					
Financial liabilities					
– Borrowings	22	**(181.9)**	(145.5)	**(170.9)**	(170.5)
– Derivative financial liabilities	25	**(0.3)**	–	**(0.3)**	–
Deferred income tax liabilities	24	**–**	(2.4)	**–**	–
Other non-current liabilities	23	**(237.7)**	(131.5)	**–**	–
Provisions for other liabilities and charges	21	**(1.9)**	(2.4)	**–**	–
Total non-current liabilities		**(421.8)**	(281.8)	**(171.2)**	(170.5)
Total liabilities		**(1,516.8)**	(1,098.2)	**(419.3)**	(382.5)
Net assets		**569.2**	534.2	**373.6**	323.3
Equity					
Ordinary shares	26	**41.1**	41.1	**41.1**	41.1
Share premium	26	**191.8**	191.8	**191.8**	191.8
Other reserves	28	**4.8**	4.8	**3.0**	3.0
Retained earnings	29	**331.5**	296.5	**137.7**	87.4
Total equity attributable to owners of the Company		**569.2**	534.2	**373.6**	323.3

The financial statements on pages 71 to 114 were approved and authorised for issue by the Board on 16 September 2015 and signed on its behalf by:

Greg Fitzgerald
Executive Chairman

Graham Prothero
Finance Director

Galliford Try plc
Registered number: 00836539

Consolidated statement of changes in equity
for the year ended 30 June 2015

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
At 1 July 2013		40.9	190.9	4.8	264.8	501.4
Profit for the year		–	–	–	77.2	77.2
Other comprehensive (expense)		–	–	–	(1.7)	(1.7)
Total comprehensive income for the year		–	–	–	75.5	75.5
Transactions with owners:						
Dividends	7	–	–	–	(32.8)	(32.8)
Share-based payments	27	–	–	–	3.4	3.4
Purchase of own shares	29	–	–	–	(14.4)	(14.4)
Issue of shares		0.2	0.9	–	–	1.1
At 1 July 2014		41.1	191.8	4.8	296.5	534.2
Profit for the year		–	–	–	92.3	92.3
Other comprehensive (expense)		–	–	–	(3.4)	(3.4)
Total comprehensive income for the year		–	–	–	88.9	88.9
Transactions with owners:						
Dividends	7	–	–	–	(49.3)	(49.3)
Share-based payments	27	–	–	–	3.9	3.9
Purchase of own shares	29	–	–	–	(8.5)	(8.5)
At 30 June 2015		**41.1**	**191.8**	**4.8**	**331.5**	**569.2**

Company statement of changes in equity
for the year ended 30 June 2015

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
At 1 July 2013		40.9	190.9	3.0	132.3	367.1
Loss for the year		–	–	–	(3.6)	(3.6)
Other comprehensive income		–	–	–	2.5	2.5
Total comprehensive (expense)		–	–	–	(1.1)	(1.1)
Transactions with owners:						
Dividends	7	–	–	–	(32.8)	(32.8)
Share-based payments	27	–	–	–	3.4	3.4
Purchase of own shares	29	–	–	–	(14.4)	(14.4)
Issue of shares		0.2	0.9	–	–	1.1
At 1 July 2014		41.1	191.8	3.0	87.4	323.3
Profit for the year		–	–	–	103.4	103.4
Other comprehensive income		–	–	–	0.8	0.8
Total comprehensive income		–	–	–	104.2	104.2
Transactions with owners:						
Dividends	7	–	–	–	(49.3)	(49.3)
Share-based payments	27	–	–	–	3.9	3.9
Purchase of own shares	29	–	–	–	(8.5)	(8.5)
At 30 June 2015		**41.1**	**191.8**	**3.0**	**137.7**	**373.6**

Statements of cash flows
for the year ended 30 June 2015

	Notes	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Cash flows from operating activities					
Continuing operations					
Profit/(loss) before finance costs		**124.3**	106.0	**101.6**	(4.6)
Adjustments for:					
Depreciation and amortisation	11 & 9	**8.4**	4.5	**–**	–
Profit on sale of investments in joint ventures	13	**–**	(2.0)	**–**	–
Profit on sale of available for sale financial assets	14	**(7.0)**	(2.4)	**–**	–
Dividends received from subsidiary undertakings		**–**	–	**(112.3)**	–
Share-based payments	27	**3.9**	3.4	**3.6**	3.1
Share of post-tax profits from joint ventures	13	**(5.0)**	(3.1)	**–**	–
Movement on provisions		**(0.6)**	(0.2)	**–**	–
Other non-cash movements		**0.7**	1.8	**5.6**	–
Net cash generated from/(used in) operations before pension deficit payments and changes in working capital		**124.7**	108.0	**(1.5)**	(1.5)
Deficit funding payments to pension schemes	30	**(6.2)**	(6.1)	**–**	–
Net cash generated from/(used in) operations before changes in working capital		**118.5**	101.9	**(1.5)**	(1.5)
Decrease in inventories		**–**	0.1	**–**	–
(Increase) in developments		**(101.6)**	(99.0)	**–**	–
(Increase) in trade and other receivables		**(190.0)**	(124.6)	**–**	–
Increase/(decrease) in trade and other payables		**240.9**	193.2	**0.4**	(0.6)
Net cash generated from/(used in) operations		**67.8**	71.6	**(1.1)**	(2.1)
Interest received		**3.6**	2.0	**–**	–
Interest paid		**(11.7)**	(10.3)	**–**	–
Income tax (paid)/received		**(20.1)**	(11.3)	**3.1**	1.5
Net cash generated from/(used in) operating activities		**39.6**	52.0	**2.0**	(0.6)
Cash flows from investing activities					
Dividends received from joint ventures	13	**0.4**	3.5	**–**	–
Acquisition of available for sale financial assets	14	**(1.4)**	(0.4)	**–**	–
Proceeds from investments in joint ventures	13	**–**	3.0	**–**	–
Proceeds from available for sale financial assets	14	**12.8**	6.2	**–**	–
Purchase of intangible assets	9	**–**	(1.3)	**–**	–
Business combinations	31	**(21.6)**	–	**–**	–
Cash acquired with acquired subsidiary undertakings	31	**23.6**	–	**–**	–
Loan with subsidiary companies		**–**	–	**30.7**	27.8
Dividends received from subsidiary undertakings		**–**	–	**52.4**	–
Acquisition of property, plant and equipment	11	**(6.7)**	(5.5)	**–**	–
Proceeds from sale of property, plant and equipment		**0.1**	0.1	**–**	–
Net cash generated from investing activities		**7.2**	5.6	**83.1**	27.8
Cash flows from financing activities					
Net proceeds from issue of ordinary share capital	26	**–**	1.1	**–**	1.1
Purchase of own shares	29	**(8.5)**	(14.4)	**(8.5)**	(14.4)
Increase in borrowings	22	**35.5**	71.0	**0.4**	97.4
Dividends paid to Company shareholders	7	**(49.3)**	(32.8)	**(49.3)**	(32.8)
Net cash (used in)/generated from financing activities		**(22.3)**	24.9	**(57.4)**	51.3
Net increase in cash and cash equivalents		**24.5**	82.5	**27.7**	78.5
Cash and cash equivalents at 1 July	19	**140.4**	57.9	**428.4**	349.9
Cash and cash equivalents at 30 June	19	**164.9**	140.4	**456.1**	428.4

Notes to the consolidated financial statements

1 Accounting policies

General information

Galliford Try plc (the Company) is a public limited company incorporated, listed and domiciled in England and Wales. The address of the registered office is Galliford Try plc, Cowley Business Park, Cowley, Uxbridge, UB8 2AL. Galliford Try is a housebuilding and construction group (the Group).

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. The amounts stated are denominated in millions (£m).

Basis of accounting

These consolidated financial statements have been prepared in accordance with EU adopted International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of available for sale investments, retirement benefit obligations, share-based payments and financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss. The Group has consistently applied all accounting standards and interpretations issued by the International Accounting Standards Board and IFRS IC, and endorsed by the EU, relevant to its operations and effective on 1 July 2014.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company income statement and statement of comprehensive income. The profit for the Parent Company for the year was £103.4 million (2014: loss £3.6 million).

New amendments to standards that became mandatory for the first time for the financial year beginning 1 July 2014 are listed below. The new amendments had no significant impact on the Group's results other than certain revised disclosures.

- IFRS 10 'Consolidated financial statements'
- IFRS 11 'Joint arrangements'
- IFRS 12 'Disclosures of interests in other entities'
- IAS 27 (revised 2011) 'Separate financial statements'
- IAS 28 (revised 2011) 'Associates and joint ventures'
- Amendments to IFRS 10, 11 & 12 on transition guidance
- Amendments to IFRS 10, 12 & IAS 27 on consolidation for investment entities
- Amendment to IAS 32 on Financial instruments: asset and liability offsetting
- Amendment to IAS 36 'Impairment of Assets'
- Amendment to IAS 39 'Financial Instruments: Recognition and measurement'
- IFRS IC 21 'Levies'

New standards, amendments and interpretations issued but not effective or yet to be endorsed by the EU are as follows:

- IFRS 9 'Financial instruments' and the amendment on general hedge accounting (effective 1 January 2018)
- IFRS 14 'Regulatory deferral accounts' (effective 1 January 2016)
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2017)
- Amendment to IFRS 11 'Joint arrangements on acquisition of an interest in a joint operation' (effective 1 January 2016)
- Amendment to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (effective 1 January 2016)
- Amendment to IAS 19 'Employee benefits' on defined benefit plans (effective 1 February 2015)
- Amendment to IAS 27 'Separate financial statements' on equity accounting (effective 1 January 2016)
- Amendment to IFRS 9 'Financial instruments' on general hedge accounting (effective 1 January 2018)
- Amendment to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures' (effective 1 January 2016)
- Other changes recommended in 'Annual Improvements 2012', 'Annual Improvements 2013' and 'Annual Improvements 2014' (effective from 1 January 2015)

IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it may affect the Group's accounting for its available for sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity or certain debt investments that are not held for trading. Fair value gains and losses on available for sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

The Group is currently reviewing the impact of IFRS 15 to determine both the accounting and disclosure implications.

The Group has yet to assess the full impact of the remainder of these new standards and amendments. Initial indications are that they will not significantly impact the financial statements of the Group.

1 Accounting policies continued

Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

(i) Impairment of goodwill and intangible assets

The determination of the value of any impairment of goodwill and intangible assets requires an estimation of the value in use of the Cash Generating Units (CGUs) to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected from these CGUs, including the anticipated growth rate of revenue and costs, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. Details of the goodwill impairment review calculations and sensitivity analysis performed are included in note 10.

(ii) Estimation of costs to complete and contract provisions

In order to determine the profit and loss that the Group is able to recognise on its developments and construction contracts in a specific period, the Group has to allocate total costs of the developments and construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation, as does the assessment of a development's valuation. However, Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis.

(iii) Retirement benefit obligation valuations

In determining the valuation of defined benefit schemes' assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group:

- inflation rate;
- life expectancy;
- discount rate; and
- salary and pension growth rates.

The Group is exposed to risks through its defined benefit schemes if actual experience differs to the assumptions used and through volatility in the plan assets. Details of the assumptions used, and associated sensitivities, are included in note 30.

(iv) Shared equity receivables

Shared equity receivables largely have variable repayment dates and amounts, and are provided as part of the sales transaction and secured by a second legal charge on the related property. They are stated at fair value as described in note 14. In determining the fair value, the key assumptions, which are largely dependent on factors outside the control of the Group are:

- date of final repayment of the receivable;
- house price inflation; and
- discount rate.

Details of the sensitivity analysis carried out in respect of the shared equity receivables are set out in note 25.

Basis of consolidation

The Group financial statements incorporate the results of Galliford Try plc, its subsidiary undertakings and the Group's share of the results of joint ventures. Subsidiaries are all entities over which the Group has control. The exposure or right to variable returns from its involvement with an investee, and the ability to influence those returns, are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed to the income statement. The identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Notes to the consolidated financial statements continued

1 Accounting policies continued

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group.

In addition to total performance measures, the Group discloses additional information including profit from operations and, if applicable, performance before exceptional items and earnings per share before exceptional items. The Group believes that this additional information provides useful information on underlying trends. This additional information is not defined under IFRS, and may therefore not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measures of profit.

Exceptional items

Material non-recurring items of income and expense are disclosed in the income statement as exceptional items. Examples of items which may give rise to disclosure as exceptional items include gains and losses on the disposal of businesses, investments and property, plant and equipment, cost of restructuring and reorganisation of businesses, asset impairments, and pension fund settlements and curtailments. The Group also classifies certain inventory provision reversals as exceptional to the extent that they relate to provisions previously recognised as exceptional losses.

Segmental reporting

Segmental reporting is presented in the consolidated financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis.

Revenue and profit

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Sales within the Group are eliminated. Revenue also includes the Group's proportion of work carried out under jointly controlled operations and the disposal of equity investments by our PPP Investments business.

Revenue and profit are recognised as follows:

(i) Housebuilding and land sales

Revenue from private housing sales is recognised at legal completion, net of incentives. Revenue from land sales is recognised on the unconditional exchange of contracts. Profit is recognised on a site by site basis by reference to the expected result of each site. Contracting development sales for affordable housing are accounted for as construction contracts.

(ii) Facilities management contracts

Revenue is recognised on an accruals basis once the service has been performed, with reference to value provided to the customer. Profit is recognised by reference to the specific costs incurred relating to the service provided.

(iii) Construction contracts

Revenue comprises the value of construction executed during the year and contracting development sales for affordable housing. The results for the year include adjustments for the outcome of contracts, including jointly controlled operations, executed in both the current and preceding years.

(a) Fixed price contracts – Revenue is recognised based upon an internal assessment of the value of works carried out. This assessment is arrived at after due consideration of the performance against the programme of works, measurement of the works, detailed evaluation of the costs incurred and comparison to external certification of the work performed. The amount of profit to be recognised is calculated based on the proportion that costs to date bear to the total estimated costs to complete. Profit is not recognised in the income statement until the outcome of the contract is reasonably certain. Adjustments arise from claims by customers or third parties in respect of work carried out, and claims and variations on customers or third parties for variations on the original contract. Provision for claims against the Group is made as soon as it is believed that a liability will arise, but claims and variations made by the Group are not recognised in the income statement until the outcome is capable of being reliably measured. Provision will be made against any potential loss as soon as it is identified.

(b) Cost plus contracts – Revenue is recognised based upon costs incurred to date plus any agreed fee. Where contracts include a target price consideration is given to the impact on revenue of the mechanism for distributing any savings or additional costs compared to the target price. Any revenue over and above the target price is recognised once the outcome is virtually certain. Profit is recognised on a constant margin throughout the life of the contract. Provision will be made against any potential loss as soon as it is identified.

Amounts recoverable on construction contracts and payments on account on construction contracts are calculated as cost plus attributable profit less any foreseeable losses and cash received to date and are included in receivables or payables as appropriate.

1 Accounting policies continued

Housing grants and government funding

Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Interest bearing loans received from the government, for example under the Homes & Communities Agency (HCA) programmes, are recorded at proceeds plus accrued interest and reported within Financial Liabilities – Borrowings.

Grants and government funding received by the Group in the years to 30 June 2015 and 30 June 2014 include direct capital grant funding awards under the HCA's Affordable Homes Programme; Infrastructure loan finance under the Large Sites Infrastructure Fund; and equity loans provided to house buyers under the Help to Buy home ownership initiative.

Bid costs for PFI/PPP contracts

Bid costs relating to PFI/PPP projects are not carried in the balance sheet as recoverable until the Group has been appointed preferred bidder or has received an indemnity in respect of the investment or costs, and regards recoverability of the costs as virtually certain. Costs that are carried on the balance sheet are included within amounts recoverable on construction contracts, within trade and other receivables.

Rent receivable

Rental income represents income obtained from the rental of properties and is credited to revenue within the income statement on a straight-line basis over the period of the operating lease.

Interest income and expense

Interest income and expense is recognised on a time proportion basis using the effective interest method.

Income tax

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes with the exception of the initial recognition of goodwill arising on an acquisition. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying temporary differences can be deducted.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when there is an intention to settle the balances on a net basis.

Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income or to equity, when it is charged or credited there.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. It is recognised as an asset and reviewed for impairment at least annually or when there is a triggering event, by considering the net present value of future cash flows. For purposes of testing for impairment, the carrying value of goodwill is compared to its recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is charged immediately to the income statement.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts following impairment tests. Goodwill written off to reserves under UK GAAP prior to 1998 has not been restated.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Notes to the consolidated financial statements continued

1 Accounting policies continued

Intangible assets
Intangible assets include brands, customer contracts and customer relationships acquired on acquisition of subsidiary companies, and computer software developed by the Group. The intangible assets are reviewed for impairment at least annually or when there is a triggering event. Intangible assets are stated at cost less accumulated amortisation and impairment. Cost is determined at the time of acquisition as being directly attributable costs or, where relevant, by using an appropriate valuation methodology.

Intangible assets are being amortised over the following periods:

(a) Brand – on a straight-line basis over four to 10 years.
(b) Customer contracts – in line with expected profit generation, varying from one to nine years.
(c) Customer relationships – on a straight-line basis over three years.
(d) Computer software – once the software is fully operational, amortisation is on a straight-line basis over up to 10 years.

Property, plant and equipment
All property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings comprise mainly offices.

Depreciation is calculated to write off the cost of each asset to estimated residual value over its expected useful life. Freehold land is not depreciated. The annual rates of depreciation, applied on a straight-line basis, are as follows:

Freehold buildings	2% on cost

On cost or reducing balance:

Plant and machinery	15% to 33%
Fixtures and fittings	10% to 33%

In addition to systematic depreciation the book value of property, plant and equipment would be written down to estimated recoverable amount should any impairment in the respective carrying values be identified.

The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

Repairs and maintenance expenditure is expensed as incurred on an accruals basis.

Joint ventures and joint operations
The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements are classified as either joint ventures or joint operations, depending on the contractual rights and obligations of each investor.

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control with third parties and these parties have rights to the net assets of the arrangement. The Group's interest in joint ventures is accounted for using the equity method. Under this method the Group's share of profits less losses after taxation of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying amount is reduced to nil and recognition of further losses is discontinued. Future profits are not recognised until unrecognised losses are extinguished. Unrealised gains on transactions with the Group's joint ventures are eliminated to the extent of the Group's interest in the joint venture. Accounting policies of joint ventures have been changed on consolidation where necessary, to ensure consistency with policies adopted by the Group. Where joint ventures do not adopt accounting periods that are coterminous with the Group's, results and net assets are based upon unaudited accounts drawn up to the Group's accounting reference date.

A joint operation is a joint arrangement that the Group undertakes with third parties whereby those parties have rights to the assets and obligations of the arrangement. The Group accounts for joint operations by recognising its share of profits and losses in the consolidated income statement. The Group recognises its share of associated assets and liabilities in the consolidated balance sheet.

1 Accounting policies continued

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. On initial recognition the asset is recognised at fair value plus transaction costs. Available for sale financial assets are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period.

The Group operates schemes under which part of the agreed sales price for a residential property can be deferred for up to 25 years. The fair value of these assets is calculated by taking into account forecast inflation in property prices and discounting back to present value using the effective interest rate. Provision is also made for estimated default to arrive at the initial fair value. The unwinding of the discount included on initial recognition at fair value is recognised as finance income in the year.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

Inventories and developments

Inventories and developments are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value. On initial recognition, land is included within developments at its fair value, which is its cost to the Group. Land inventory is recognised at the time a liability is recognised which is generally after the exchange of conditional contracts once it is virtually certain the contract will be completed.

Where a development is in progress net realisable value is assessed by considering the expected future revenues and the total costs to complete the development, including direct costs and directly attributable overheads. To the extent that the Group anticipates selling a development in its current state, then net realisable value is taken as its open market value at the balance sheet date less any anticipated selling costs.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (typically more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within cost of sales.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against cost of sales in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included, as they are an integral part of the Group's cash management.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant. Cash held in escrow accounts is classified as a short-term deposit where the escrow agreement allows the balance to be converted to cash, if replaced by a bond repayable on demand.

Bank and other borrowings

Interest bearing bank loans and overdrafts and other loans are originally recognised at fair value net of transaction costs incurred. Such borrowings are subsequently stated at amortised cost, with the difference between initial fair value and redemption value recognised in the income statement over the period to redemption.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement, using the effective interest rate method. Refinancing costs associated with new borrowing arrangements are included within the borrowing amount and amortised over the period of the loan.

Notes to the consolidated financial statements continued

1 Accounting policies continued

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 and subsequently held at amortised cost. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate. Changes in estimates of the final payment due are taken to developments (land) and, in due course, to cost of sales in the income statement.

Provisions for liabilities and charges
Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

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

The Group uses derivative financial instruments to manage its exposure to interest rate risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments that are designated and effective as cash flow hedges, comprising interest rate swaps, are measured at fair value. The effective portion of changes in the fair value is recognised directly in reserves. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged items will affect profit or loss. Any gains or losses relating to an ineffective portion is recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs.

Derivative financial instruments that do not qualify for hedge accounting are initially accounted for and measured at fair value at the point the derivative contract is entered into and subsequently measured at fair value. The gain or loss on remeasurement is taken to the income statement.

Foreign currency
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Retirement benefit obligations
For defined contribution schemes operated by the Group, amounts payable are charged to the income statement as they accrue.

For defined benefit schemes, the cost of providing benefits is calculated annually by independent actuaries using the projected unit method. The retirement benefit asset/(obligation) recognised in the balance sheet represents the excess/(deficit) of the fair value of the schemes' assets over the present value of scheme liabilities, with a net asset recognised to the extent that the employer can gain economic benefit as set out in the requirements of IFRS IC 14. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows, using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in full in the period in which they occur, in the statement of comprehensive income. Gains and losses arising on curtailment and settlements are taken to the income statement as incurred.

Accounting for Employee Share Ownership Plan
Own shares held by the Galliford Try Employee Share Trust (the Trust) are shown, at cost less any permanent diminution in value, as a deduction from retained earnings. The charge made to the income statement for employee share awards and options is based on the fair value of the award at the date of grant, spread over the performance period. Where such shares subsequently vest to the employees under the terms of the Group's share option schemes or are sold, any consideration received is included in equity.

1 Accounting policies continued

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions such as growth in earnings per share. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution.

Dividend policy

Final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Equity instruments

Equity instruments, such as ordinary share capital, issued by the Company are recorded at the proceeds received net of directly attributable incremental issue costs. Consideration paid for shares in the Group held by the Trust are deducted from total equity.

Investments in subsidiaries

The Company's investments in subsidiaries are recorded in the Company's balance sheet at cost less any impairment. The directors review the investments for impairment annually.

2 Segmental reporting

Segmental reporting is presented in the consolidated financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the Group has no material activities outside the UK, segment reporting is not required by geographical region.

The chief operating decision-makers (CODM) have been identified as the Group's Executive Chairman and Finance Director. The CODM review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments as Housebuilding, including Linden Homes and Galliford Try Partnerships; Construction, including Building and Infrastructure; and PPP Investments.

The CODM assess the performance of the operating segments based on a measure of adjusted earnings before finance costs, amortisation, exceptional items and taxation. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are included in the result for each operating segment that is reviewed by the CODM. Other information provided to them is measured in a manner consistent with that in the financial statements.

Notes to the consolidated financial statements continued

2 Segmental reporting continued

Primary reporting format – business segments

	Housebuilding			Construction					
	Linden Homes £m	Galliford Try Partnerships £m	Total £m	Building £m	Infrastructure £m	Total £m	PPP Investments £m	Central costs £m	Total £m
Year ended 30 June 2015									
Group revenue and share of joint ventures' revenue	**779.0**	**329.4**	**1,108.4**	**906.9**	**386.3**	**1,293.2**	**28.8**	**0.3**	**2,430.7**
Share of joint ventures' revenue	**(47.4)**	**(10.8)**	**(58.2)**	**(1.1)**	**(9.9)**	**(11.0)**	**(13.1)**	**–**	**(82.3)**
Group revenue	**731.6**	**318.6**	**1,050.2**	**905.8**	**376.4**	**1,282.2**	**15.7**	**0.3**	**2,348.4**
Segment result:									
Profit/(loss) from operations before share of joint ventures' profit	**113.9**	**8.5**	**122.4**	**7.7**	**7.7**	**15.4**	**3.7**	**(14.2)**	**127.3**
Share of joint ventures' profit	**10.4**	**0.9**	**11.3**	**0.3**	**–**	**0.3**	**–**	**–**	**11.6**
Profit/(loss) from operations[1]	**124.3**	**9.4**	**133.7**	**8.0**	**7.7**	**15.7**	**3.7**	**(14.2)**	**138.9**
Exceptional items	**–**	**–**	**–**	**(3.7)**	**–**	**(3.7)**	**–**	**–**	**(3.7)**
Share of joint ventures' interest and tax	**(6.0)**	**(0.5)**	**(6.5)**	**–**	**–**	**–**	**(0.1)**	**–**	**(6.6)**
Profit/(loss) before finance costs, amortisation and taxation	**118.3**	**8.9**	**127.2**	**4.3**	**7.7**	**12.0**	**3.6**	**(14.2)**	**128.6**
Finance income	**4.2**	**–**	**4.2**	**–**	**0.8**	**0.8**	**–**	**(0.4)**	**4.6**
Finance (costs)	**(42.7)**	**(0.3)**	**(43.0)**	**(0.8)**	**–**	**(0.8)**	**(0.6)**	**29.5**	**(14.9)**
Profit/(loss) before amortisation and taxation	**79.8**	**8.6**	**88.4**	**3.5**	**8.5**	**12.0**	**3.0**	**14.9**	**118.3**
Amortisation of intangibles	**(1.0)**	**–**	**(1.0)**	**(2.2)**	**–**	**(2.2)**	**–**	**(1.1)**	**(4.3)**
Profit before taxation	**78.8**	**8.6**	**87.4**	**1.3**	**8.5**	**9.8**	**3.0**	**13.8**	**114.0**
Income tax expense									**(21.7)**
Profit for the year									**92.3**
Year ended 30 June 2014									
Group revenue and share of joint ventures' revenue	759.6	242.8	1,002.4	458.3	374.6	832.9	15.1	0.4	1,850.8
Share of joint ventures' revenue	(50.4)	(8.9)	(59.3)	(0.1)	(11.2)	(11.3)	(12.4)	–	(83.0)
Group revenue	709.2	233.9	943.1	458.2	363.4	821.6	2.7	0.4	1,767.8
Segment result:									
Profit/(loss) from operations before share of joint ventures' profit	109.3	4.4	113.7	2.9	5.0	7.9	(1.8)	(15.6)	104.2
Share of joint ventures' profit	5.6	0.6	6.2	0.1	–	0.1	–	–	6.3
Profit/(loss) from operations[1]	114.9	5.0	119.9	3.0	5.0	8.0	(1.8)	(15.6)	110.5
Exceptional items	0.3	–	0.3	–	–	–	–	–	0.3
Share of joint ventures' interest and tax	(2.7)	(0.6)	(3.3)	–	–	–	0.1	–	(3.2)
Profit/(loss) before finance costs, amortisation and taxation	112.5	4.4	116.9	3.0	5.0	8.0	(1.7)	(15.6)	107.6
Finance income	3.2	0.1	3.3	0.3	0.5	0.8	–	(0.4)	3.7
Finance (costs)	(40.6)	(0.1)	(40.7)	–	–	–	(0.1)	26.3	(14.5)
Profit/(loss) before amortisation and taxation	75.1	4.4	79.5	3.3	5.5	8.8	(1.8)	10.3	96.8
Amortisation of intangibles	(1.0)	–	(1.0)	–	–	–	–	(0.6)	(1.6)
Profit before taxation	74.1	4.4	78.5	3.3	5.5	8.8	(1.8)	9.7	95.2
Income tax expense									(18.0)
Profit for the year									77.2

1 Profit from operations is stated before finance costs, amortisation, exceptional items, share of joint ventures' interest and tax and taxation.

Inter-segment revenue, which is priced on an arm's length basis, is eliminated from Group revenue above. In the year to 30 June 2015 this amounted to £97.9 million (2014: £92.6 million) of which £43.1 million (2014: £52.1 million) was in Building, £53.5 million (2014: £39.3 million) was in Infrastructure and £1.3 million (2014: £1.2 million) was in central costs.

2 Segmental reporting continued

Balance sheet	Notes	Housebuilding Linden Homes £m	Housebuilding Galliford Try Partnerships £m	Housebuilding Total £m	Construction Building £m	Construction Infrastructure £m	Construction Total £m	PPP Investments £m	Central costs £m	Total £m
Year ended 30 June 2015										
Net (debt)/cash	19	**(560.1)**	**15.0**	**(545.1)**	**127.6**	**45.1**	**172.7**	**1.0**	**354.1**	**(17.3)**
Borrowings	22									**181.9**
Other net assets										**1,921.4**
Total assets										**2,086.0**
Year ended 30 June 2014										
Net (debt)/cash	19	(536.4)	28.4	(508.0)	98.6	52.7	151.3	2.0	349.6	(5.1)
Borrowings	22									145.5
Other net assets										1,492.0
Total assets										1,632.4

Other segmental information	Notes	Housebuilding Linden Homes £m	Housebuilding Galliford Try Partnerships £m	Housebuilding Total £m	Construction Building £m	Construction Infrastructure £m	Construction Total £m	PPP Investments £m	Central costs £m	Total £m
Year ended 30 June 2015										
Investment in joint ventures	13	**4.1**	**4.0**	**8.1**	**0.3**	**–**	**0.3**	**–**	**0.8**	**9.2**
Contracting revenue		**0.1**	**312.8**	**312.9**	**851.4**	**375.0**	**1,226.4**	**1.5**	**–**	**1,540.8**
Capital expenditure – property, plant and equipment	11	**0.8**	**–**	**0.8**	**–**	**1.5**	**1.5**	**–**	**4.4**	**6.7**
Depreciation	11	**0.1**	**0.1**	**0.2**	**0.8**	**1.7**	**2.5**	**–**	**1.4**	**4.1**
Impairment of receivables	5	**(0.2)**	**–**	**(0.2)**	**0.4**	**–**	**0.4**	**–**	**–**	**0.2**
Share-based payments	3	**0.1**	**–**	**0.1**	**0.1**	**0.1**	**0.2**	**–**	**3.6**	**3.9**
Acquisition of intangible assets	9	**–**	**–**	**–**	**12.1**	**–**	**12.1**	**–**	**–**	**12.1**
Amortisation of intangible assets	9	**1.0**	**–**	**1.0**	**2.2**	**–**	**2.2**	**–**	**1.1**	**4.3**
Year ended 30 June 2014										
Investment in joint ventures	13	3.4	–	3.4	–	–	–	1.2	–	4.6
Contracting revenue		70.7	228.6	299.3	455.5	362.4	817.9	0.3	–	1,117.5
Capital expenditure – property, plant and equipment	11	–	–	–	0.1	2.2	2.3	–	3.2	5.5
Depreciation	11	0.2	–	0.2	–	1.5	1.5	–	1.2	2.9
Impairment of receivables	5	0.4	–	0.4	0.1	0.2	0.3	–	–	0.7
Share-based payments	3	0.1	–	0.1	0.1	0.1	0.2	–	3.1	3.4
Acquisition of intangible assets	9	–	–	–	–	–	–	–	1.3	1.3
Amortisation of intangible assets	9	1.0	–	1.0	–	–	–	–	0.6	1.6

Notes to the consolidated financial statements continued

3 Employees and directors

Employee benefit expense during the year	Notes	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Wages and salaries		**227.9**	169.5	**–**	–
Redundancy costs		**1.8**	0.3	**–**	–
Social security costs		**26.9**	21.0	**2.1**	1.5
Other pension costs	30	**14.4**	13.6	**–**	–
Share-based payments	27	**3.9**	3.4	**3.6**	3.1
		274.9	207.8	**5.7**	4.6

Average monthly number of people (including executive directors) employed	Group 2015 Number	Group 2014 Number	Company 2015 Number	Company 2014 Number
By business group:				
Linden Homes	**1,068**	983	**–**	–
Galliford Try Partnerships	**451**	344	**–**	–
Total Housebuilding	**1,519**	1,327	**–**	–
Building	**1,617**	1,053	**–**	–
Infrastructure	**1,734**	1,378	**–**	–
Total Construction	**3,351**	2,431	**–**	–
PPP Investments	**53**	23	**–**	–
Group	**345**	318	**8**	8
	5,268	4,099	**8**	8

Remuneration of key management personnel

The key management personnel comprise the Executive Board and non-executive directors. The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures. Further information about the remuneration of individual directors, including any interests in the Company's shares, is provided in the audited part of the Directors' Remuneration Report from page 53.

	2015 £m	2014 £m
Salaries and short-term employee benefits	**4.1**	3.6
Retirement benefit costs	**0.1**	0.2
Share-based payments	**1.5**	1.1
	5.7	4.9

4 Net finance costs

Group	2015 £m	2014 £m
Interest receivable on bank deposits	**0.1**	0.3
Interest receivable from joint ventures	**3.5**	1.3
Net finance income on retirement benefit obligations	**0.2**	0.1
Unwind of discount on shared equity receivables	**0.8**	1.6
Other	**–**	0.4
Finance income	**4.6**	3.7
Interest payable on borrowings	**(12.3)**	(12.4)
Unwind of discounted payables	**(2.0)**	(2.0)
Other	**(0.6)**	(0.1)
Finance costs	**(14.9)**	(14.5)
Net finance costs	**(10.3)**	(10.8)

Interest payable on borrowings in the year ended 30 June 2014 included a £1.2 million non-cash write-off of unamortised loan fees following the renegotiation of the Group's bank facility in February 2014.

5 Profit before income tax

The following items have been included in arriving at profit before income tax:

	Notes	2015 £m	2014 £m
Employee benefit expense	3	**274.9**	207.8
Depreciation of property, plant and equipment	11	**4.1**	2.9
Amortisation of intangible assets	9	**4.3**	1.6
Profit on sale of investments in joint ventures	13	**–**	(2.0)
Operating lease rentals payable		**26.6**	21.2
Developments recognised as an expense		**565.9**	544.8
Repairs and maintenance expenditure on property, plant and equipment		**1.1**	1.0
Impairment of receivables	18	**0.2**	0.7
Exceptional cost/(profit)		**3.7**	(0.3)

In addition to the above, the Group incurs other costs classified as cost of sales relating to labour, materials and subcontractors' costs.

Exceptional items in 2015 of £3.7 million relate to the integration of Miller Construction and comprise mainly redundancy and other restructuring costs, as set out in note 31. Exceptional profit in 2014 of £0.3 million (2015: £nil) relates to the reversal of inventory provisions to the extent that they relate to provisions previously recognised as exceptional losses (note 16).

Services provided by the Group's auditors and network firms

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2015 £m	2014 £m
Fees payable to Company's auditor for the audit of Parent Company and consolidated financial statements	**0.2**	0.2
Total audit services	**0.2**	0.2
The audit of financial statements of the Company's subsidiaries	**0.3**	0.3
Audit-related assurance services	**0.1**	0.1
Other non-audit services	**0.2**	0.3
Total other services	**0.6**	0.7
Total	**0.8**	0.9

A description of the work of the Audit Committee in respect of auditors' independence is set out in the Governance Report.

6 Income tax expense

Group	Note	2015 £m	2014 £m
Analysis of expense in year			
Current year's income tax			
Current tax		**26.2**	21.1
Deferred tax	24	**(3.4)**	(0.9)
Adjustments in respect of prior years			
Current tax		**(3.5)**	(2.4)
Deferred tax	24	**2.4**	0.2
Income tax expense		**21.7**	18.0
Tax on items recognised in other comprehensive income			
Deferred tax (credit) for share-based payments	24	**(1.0)**	(0.2)
Current tax (credit) for share-based payments		**(0.5)**	(1.4)
Deferred tax expense on derivative financial instruments and AFS financial assets		**–**	0.2
Deferred tax (credit) on retirement benefit obligations	24	**(1.2)**	(1.1)
Tax recognised in other comprehensive income		**(2.7)**	(2.5)
Total taxation		**19.0**	15.5

Notes to the consolidated financial statements continued

6 Income tax expense continued

The total income tax expense for the year of £21.7 million (2014: £18.0 million) is lower (2014: lower) than the blended standard rate of corporation tax in the UK of 20.75% (2014: 22.5%). The differences are explained below:

	2015 £m	2014 £m
Profit before income tax	**114.0**	95.2
Profit before income tax multiplied by the blended standard corporation tax rate in the UK of 20.75% (2014: 22.5%)	**23.6**	21.4
Effects of:		
Expenses not deductible for tax purposes	**0.1**	0.1
Non-taxable income	**(0.8)**	(0.7)
Joint ventures	**(0.1)**	(0.2)
Change in rate of current income tax	**(0.1)**	(0.3)
Adjustments in respect of prior years	**(1.0)**	(2.3)
Income tax expense	**21.7**	18.0

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Group's profits for the accounting period to 30 June 2014 were taxed at a blended standard rate of 22.5%. The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for the accounting period to 30 June 2015 are taxed at a blended standard rate of 20.75%.

In addition to the changes in rates of corporation tax disclosed above, further changes to the UK corporation tax system were announced in the July 2015 UK Budget Statement. These included reductions to the main rate of corporation tax to 19% from April 2017 and 18% from April 2020. These rate reductions had not been substantively enacted at the balance sheet date and, therefore, the relevant deferred tax balances have not been remeasured. The effect on the deferred tax balances, had the new rates been applied at 30 June 2015, would not have been significant.

7 Dividends

	2015		2014	
Group and Company	**£m**	**Pence per share**	£m	Pence per share
Previous year final	**31.3**	**38.0**	20.5	25.0
Current period interim	**18.0**	**22.0**	12.3	15.0
Dividend recognised in the year	**49.3**	**60.0**	32.8	40.0

The following dividends were declared by the Company in respect of each accounting period presented:

	2015		2014	
	£m	**Pence per share**	£m	Pence per share
Interim	**18.0**	**22.0**	12.3	15.0
Final	**37.8**	**46.0**	31.3	38.0
Dividend relating to the year	**55.8**	**68.0**	43.6	53.0

The directors are proposing a final dividend in respect of the financial year ended 30 June 2015 of 46 pence per share, bringing the total dividend in respect of 2015 to 68 pence per share (2014: 53 pence). The final dividend will absorb approximately £38 million of equity. Subject to shareholder approval at the AGM to be held on 13 November 2015, the dividend will be paid on 25 November 2015 to shareholders who are on the register of members on 23 October 2015.

8 Earnings Per Share

Basic and diluted Earnings Per Share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held by the Trust, which are treated as cancelled.

Under normal circumstances, the average number of shares is diluted by reference to the average number of potential ordinary shares held under option in the period. The dilutive effect amounts to the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option price. Only shares that have met their cumulative performance criteria are included in the dilution calculation. The Group has two classes of potentially dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and the contingently issuable shares under the Group's long-term incentive schemes. A loss per share cannot be reduced through dilution, hence this dilution is only applied where the Group has reported a profit.

8 Earnings per share continued

The earnings and weighted average number of shares used in the calculations are set out below.

	2015			2014		
	Earnings £m	Weighted average number of shares	Per share amount pence	Earnings £m	Weighted average number of shares	Per share amount pence
Basic EPS – pre-exceptional						
Earnings attributable to ordinary shareholders pre-exceptional items	**95.2**	**81,833,586**	**116.3**	76.9	81,639,900	94.2
Basic EPS						
Earnings attributable to ordinary shareholders post-exceptional items	**92.3**	**81,833,586**	**112.8**	77.2	81,639,900	94.6
Effect of dilutive securities:						
Options		**1,400,331**			1,376,512	
Diluted EPS	**92.3**	**83,233,917**	**110.9**	77.2	83,016,412	93.0

9 Intangible assets

Group	Customer contracts and relationships £m	Computer software £m	Brand £m	Total £m
Cost				
At 1 July 2013	–	9.5	10.8	20.3
Additions	–	1.3	–	1.3
At 1 July 2014	–	10.8	10.8	21.6
Additions	12.1	–	–	12.1
At 30 June 2015	**12.1**	**10.8**	**10.8**	**33.7**
Accumulated amortisation				
At 1 July 2013	–	–	(6.9)	(6.9)
Amortisation in year	–	(0.6)	(1.0)	(1.6)
At 1 July 2014	–	(0.6)	(7.9)	(8.5)
Amortisation in year	(2.2)	(1.1)	(1.0)	(4.3)
At 30 June 2015	**(2.2)**	**(1.7)**	**(8.9)**	**(12.8)**
Net book amount				
At 30 June 2015	**9.9**	**9.1**	**1.9**	**20.9**
At 30 June 2014	–	10.2	2.9	13.1
At 30 June 2013	–	9.5	3.9	13.4

The increase in customer contracts and relationships in the year to 30 June 2015 arises from the acquisition of Miller Construction, as explained in note 31. The acquired intangible assets will be amortised over periods ranging from two to ten years.

All amortisation charges in the year have been included in administrative expenses. Computer software relates to the introduction of the Group's reporting systems. The remaining period of amortisation on computer software is eight years and six months. The remaining period of amortisation on brand is two years and on customer contracts and relationships is one and nine years, respectively.

Notes to the consolidated financial statements continued

10 Goodwill

Group	£m
Cost	
At 1 July 2013 and 1 July 2014	115.7
Additions	20.5
At 30 June 2015	**136.2**
Aggregate impairment at 1 July 2013, 1 July 2014 and 30 June 2015	(0.7)
Net book amount	
At 30 June 2015	**135.5**
At 30 June 2014 and 30 June 2013	115.0

The increase in goodwill in the year to 30 June 2015 arises from the acquisition of Miller Construction and Shepherd Homes, as explained in note 31. This has been allocated to the Building and Housebuilding segments.

Goodwill is allocated to the Group's CGUs identified according to business segment. The goodwill is attributable to the following business segments:

	2015 £m	2014 £m
Linden Homes	**52.5**	52.2
Galliford Try Partnerships	**5.8**	5.8
Building	**40.0**	19.8
Infrastructure	**37.2**	37.2
	135.5	115.0

Impairment review of goodwill and key assumptions

Goodwill is reviewed for impairment at least annually. The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on future financial budgets approved by the Board, based on past performance and its expectation of market developments. The key assumptions within these budgets relate to revenue and the future profit margin achievable, in line with our strategy as set out in the Strategic Report. Future budgeted revenue is based on management's knowledge of actual results from prior years and latest forecasts for the current year, along with the existing secured works, management's expectation of the future level of work available within the market sector and expected changes in selling volumes and prices for completed houses. In establishing future profit margins, the margins currently being achieved are considered in conjunction with expected inflation rates in each cost category and to reflect the current market value of land being acquired.

Cash is monitored very closely on a daily, weekly and monthly basis for the purposes of managing both treasury and the business as a whole. Details of the Group's treasury management are included within the financial review on pages 16 to 19 of the Annual Report. The assumptions used are reviewed regularly and differences between forecast and actual results are closely monitored with variances being investigated fully. The knowledge gained from this past experience is used to ensure that the future assumptions used are consistent with past actual outcomes and are management's best estimate of the future cash flows of each business unit.

Cash flows beyond the budgeted three-year period are extrapolated using an estimated growth rate of 2% per annum within Building, Infrastructure and Housebuilding. The growth rate used is the Group's estimate of the average long-term growth rate for the market sectors in which the CGU operates. A pre-tax discount rate of 12.1% (2014: 12.1%) in Linden Homes, 9.9% (2014: 10.2%) in Galliford Try Partnerships, 9.3% (2014: 10.1%) in Building and 10.1% (2014: 10.9%) in Infrastructure has been applied to the future cash flows, based on a estimate of the weighted average cost of capital of each division.

Sensitivities

The recoverable value of all CGUs are substantially in excess of the carrying value of goodwill. Sensitivity analysis has been undertaken on each goodwill impairment review, by changing the discount rates, profit margins, growth rates and other variables applicable to each CGU. Taking into account current market conditions within the construction and housebuilding markets, none of these sensitivities, either individually or combined, resulted in the recoverable amount of the goodwill being reduced to below its current carrying value.

The detailed sensitivity analysis indicates that an increase of more than 17% (2014: 31%) in the pre-tax discount rate or a reduction of 21% (2014: 22%) in the forecast operating cash flows of the Linden Homes CGU could give rise to an impairment. The goodwill in the other segments is less sensitive to the detailed assumptions used and hence no additional disclosure is considered necessary.

11 Property, plant and equipment

Group	Land and freehold buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2013	2.6	10.0	11.3	23.9
Additions	–	2.2	3.3	5.5
Disposals	(0.4)	(0.3)	(0.9)	(1.6)
At 1 July 2014	2.2	11.9	13.7	27.8
Additions	0.5	4.5	1.7	6.7
Acquisitions (note 31)	5.5	0.4	0.2	6.1
Disposals	–	(0.3)	–	(0.3)
At 30 June 2015	**8.2**	**16.5**	**15.6**	**40.3**
Accumulated depreciation				
At 1 July 2013	(1.1)	(4.4)	(8.7)	(14.2)
Charge for the year	(0.1)	(1.5)	(1.3)	(2.9)
Disposals	0.4	0.2	0.9	1.5
At 1 July 2014	(0.8)	(5.7)	(9.1)	(15.6)
Charge for the year	(0.6)	(1.7)	(1.8)	(4.1)
Disposals	–	0.2	–	0.2
At 30 June 2015	**(1.4)**	**(7.2)**	**(10.9)**	**(19.5)**
Net book amount				
At 30 June 2015	**6.8**	**9.3**	**4.7**	**20.8**
At 30 June 2014	1.4	6.2	4.6	12.2
At 30 June 2013	1.5	5.6	2.6	9.7

There has been no impairment of property, plant and equipment during the year (2014: £Nil). Fixed assets included £1.5 million net book value, and £0.5 million depreciation, for assets held under finance leases (2014: £1.0 million and £0.1 million, respectively).

The Company has no property, plant or equipment.

12 Investments in subsidiaries

Company	2015 £m	2014 £m
Cost		
At 1 July	**197.8**	197.5
Transfers to other subsidiary undertakings	**(143.8)**	–
Capital contributions	**21.2**	0.3
At 30 June	**75.2**	197.8
Aggregate impairment		
At 1 July	**(1.6)**	(1.6)
Impairments	**(5.2)**	–
At 30 June	**(6.8)**	(1.6)
Net book value		
At 30 June	**68.4**	196.2

The capital contributions relate to a £20.9 million contribution from the Company to Galliford Try Construction & Investments Holdings Limited and a £0.3 million (2014: £0.3 million) contribution related to share-based payments for share options granted by the Company to employees of subsidiary undertakings in the Group (note 27).

The carrying value of investments has been reviewed and the directors are satisfied that there is no further impairment required.

Notes to the consolidated financial statements continued

12 Investments in subsidiaries continued

The subsidiary undertakings that principally affected profits and net assets of the Group were:

Galliford Try Building Limited
Galliford Try Construction (UK) Limited[1]
Galliford Try Homes Limited[2]
Galliford Try Infrastructure Limited[1]
Galliford Try Investments Limited
Galliford Try Partnerships Limited
Galliford Try Services Limited[2]
Linden Limited

1 Incorporated in Scotland.
2 Shares of these subsidiary companies are owned directly by the Company.

Unless otherwise stated, each subsidiary has a 30 June year end, operates as a housebuilding or construction company, is incorporated in England and Wales and 100% of ordinary shares and voting rights are held by the Group. Galliford Try Services Limited operates as central administration company to the Group.

A full list of the Group's undertakings is set out in note 36.

13 Investments in joint ventures

Group	**2015 £m**	2014 £m
At 1 July	**4.6**	6.0
Disposal (a)	**–**	(1.0)
Dividend received from joint ventures	**(0.4)**	(3.5)
Share of post tax profit	**5.0**	3.1
At 30 June	**9.2**	4.6

Joint ventures

At 30 June 2015 the Group held interests in joint ventures, all of which are incorporated in England and Wales or in Scotland, as set out in note 36.

(a) Disposals

During 2014 the Group disposed of its investment in gbconsortium2 Limited for £3.0 million giving rise to a profit of £2.0 million.

In relation to the Group's interest in joint ventures, the assets, liabilities, income and expenses are shown below:

	2015 £m	2014 £m
Current assets	**353.4**	153.1
Non-current assets	**0.3**	3.1
Current liabilities	**(290.2)**	(111.4)
Non-current liabilities	**(54.3)**	(40.2)
	9.2	4.6
Amounts due from joint ventures	**189.0**	108.5
Amounts due to joint ventures	**15.9**	13.2
Revenue	**82.3**	83.0
Expenses	**(70.7)**	(76.7)
	11.6	6.3
Finance cost	**(6.3)**	(3.0)
Income tax	**(0.3)**	(0.2)
Share of post tax profits from joint ventures	**5.0**	3.1

13 Investments in joint ventures continued

The Group's share of unrecognised losses of joint ventures is £24.7 million (2014: £20.0 million), of which net £4.7 million arose during the period.

As at 30 June 2015, amounts due from joint ventures of £189.0 million (2014: £119.4 million) were considered for impairment. The impairment reviews were based on future financial budgets based on past performance and expectation of market developments. The key assumptions used were consistent with those applied in the goodwill impairment reviews as described in note 10. No impairment has been provided for these balances in the year ended 30 June 2015 (2014: £Nil).

The Group has no commitments (2014: £Nil) to provide further subordinated debt to its joint ventures.

The joint ventures have no significant contingent liabilities to which the Group is exposed (2014: £Nil). The joint ventures had no capital commitments as at 30 June 2015 (2014: £Nil).

Details of related party transactions with joint ventures are given in note 34.

14 Available for sale financial assets

Group	2015 £m	2014 £m
At 1 July	**23.4**	26.8
Additions	**11.7**	0.5
Unwind of discount on shared equity receivables	**0.8**	1.6
Impairment	**(0.5)**	(1.7)
Disposals	**(24.4)**	(3.8)
At 30 June	**11.0**	23.4

The available for sale assets comprise equity securities, being PPP/PFI investments, and shared equity receivables. The shared equity receivables largely have repayment dates that can vary and variable repayment amounts, provided as part of the sales transaction and are secured by a second legal charge on the related property. The assets are recorded at fair value, being the estimated future receivable by the Group, discounted back to present values. The fair value of the future anticipated receipts takes into account the directors' view of future house price movements, the expected timing of receipts and credit risk. These assumptions are reviewed at the end of each financial reporting period. The difference between the anticipated future receipt and the initial fair value is credited over the estimated deferred term to finance income, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. Credit risk, which is largely mitigated by holding a second charge over the property, is accounted for in determining the fair values and appropriate discount rates that are applied. The directors review the financial assets for impairment at each balance sheet date.

The Group has sold the majority of its shared equity portfolio. Including the sale of the portfolio, during the year the Group's net investment in shared equity receivables decreased by £21.5 million (2014: £2.9 million). There was £Nil new shared equity receivables in the period and £0.8 million (2014: £1.6 million) arose on the unwind of the discount applied on initial recognition of the receivables at fair value, which has been shown as finance income in the income statement. An impairment of £0.5 million (2014: £1.7 million) arose due to the variation in current assumptions compared to the original calculations. There were disposals in the year of £21.8 million (2014: £2.6 million), relating to the repayment of shared equity receivables and the sale of the portfolio, generating a profit on disposal of £0.4 million (2014: £0.8 million).

None of the financial assets are past their due dates (2014: £Nil) and the directors expect an average maturity profile of 10 years.

£10.3 million of additions represents equity securities acquired with Miller Construction (see note 31). In addition, during the year additional subordinated loans of £1.4 million (2014: £0.4 million) were made to its PPP/PFI investments, and the Group disposed of interests held at £2.6 million (2014: £1.2 million), generating a profit on disposal of £6.6 million (2014: £1.6 million). The fair value of these unlisted investments is based on future expected cash flows discounted using an average rate of 9% (2014: 9%) based on the type of investment and stage of completion of the underlying assets held.

Notes to the consolidated financial statements continued

15 Inventories

Group	2015 £m	2014 £m
Materials and consumables	**0.3**	0.3

No inventories have been written off during the year.

16 Developments

Group	2015 £m	2014 £m
Land	**745.4**	607.6
Work in progress	**234.0**	239.6
	979.4	847.2

Movement on land provisions	2015 £m	2014 £m
Balance at 1 July	**1.4**	2.1
Utilised on sales	**(0.3)**	(0.6)
Reversed in the year	**(0.1)**	(0.2)
Created in the year	**–**	0.1
Balance at 30 June	**1.0**	1.4

£27.4 million (2014: £21.3 million) of developments are carried at fair value less costs to sell rather than at historic cost. The reversal in 2014, along with a further £0.1 million cost of sale adjustment, was recognised as an exceptional item of £0.3 million as set out in note 5.

Further information on Group developments, including sales in hand and landbank information, can be found in the Strategic Report.

17 Construction contracts

Group	2015 £m	2014 £m
Contracts in progress at balance sheet date:		
Amounts recoverable on construction contracts included in trade and other receivables	**260.4**	149.5
Payments received on account on construction contracts included in trade and other payables	**(32.1)**	(35.7)
	228.3	113.8

Contracting revenue is disclosed in note 2. The aggregate amount of cost incurred plus recognised profits (less recognised losses) for all contracts in progress at the balance sheet date was £3,794.8 million (2014: £1,893.1 million).

Retentions held by customers for contract work amounted to £72.5 million (2014: £51.3 million).

18 Trade and other receivables

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Amounts falling due within one year:				
Trade receivables	**178.2**	125.9	**–**	–
Less: provision for impairment of receivables	**(1.6)**	(1.4)	**–**	–
Trade receivables – net	**176.6**	124.5	**–**	–
Amounts recoverable on construction contracts	**260.4**	149.5	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**263.5**	76.0
Amounts due from joint venture undertakings	**161.2**	55.6	**–**	–
Other receivables	**46.4**	37.2	**–**	–
Prepayments and accrued income	**66.9**	48.2	**–**	–
	711.5	415.0	**263.5**	76.0

18 Trade and other receivables continued

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Amounts falling due in more than one year:				
Amounts due from joint venture undertakings	**27.8**	52.9	**–**	–
Other receivables	**0.5**	2.5	**–**	–
	28.3	55.4	**–**	–

Movements on the Group provision for impairment of trade receivable are as follows:

	2015 £m	2014 £m
At 1 July	**(1.4)**	(0.7)
Provision for receivables impairment	**(0.2)**	(0.7)
At 30 June	**(1.6)**	(1.4)

Provisions for impaired receivables have been included in cost of sales in the income statement. Amounts charged to the impairment provision are generally written off, when there is no expectation of recovering additional cash.

Provisions for amounts due from joint venture undertakings are set out in note 13. The other classes within trade and other receivables do not contain impaired assets other than set out above.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above, along with the Group's investment in shared equity receivables (note 14), and its cash and cash equivalents. The Group does not hold any collateral as security.

Management believes that the concentration of credit risk with respect to trade receivables is limited due to the Group's customer base being large and unrelated. Major water industry customers accounted for in total 4% (2014: 8%) of Group revenue in the year. However, the customers involved comprise a variety of entities including those both in the public and commercial sectors. In addition, within the commercial sector each customer has an unrelated ultimate Parent Company.

The maturity of non-current receivables is as follows:

	2015 £m	2014 £m
In more than one year but not more than two years	**0.5**	19.5
In more than two years but not more than five years	**0.5**	5.4
In more than five years	**27.3**	30.5
	28.3	55.4

Of the amounts due in more than five years £27.3 million (2014: £30.5 million) is due within seven years (2014: eight years). These amounts are unsecured and interest rates vary from bank base rate plus 1.75% to 10%.

As of 30 June 2015, trade receivables of £32.1 million (2014: £18.9 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and there are no indications that they will not meet their payment obligations in respect of the trade receivables recognised in the balance sheet that are past due and unprovided. The ageing analysis of these trade receivables is as follows:

Number of days past due date	2015 £m	2014 £m
Less than 30 days	**8.6**	5.6
Between 30 and 60 days	**3.1**	2.9
Between 60 and 90 days	**3.1**	0.9
Between 90 and 120 days	**2.5**	3.7
Greater than 120 days	**14.8**	5.8
	32.1	18.9

Notes to the consolidated financial statements continued

18 Trade and other receivables continued

As of 30 June 2015, trade receivables of £4.5 million (2014: £2.4 million) were considered for impairment based on management's judgment and review of the trade receivables listings. The amount provided for these balances was £1.6 million (2014: £1.4 million). The allocation of the provision is as follows:

Number of days past due date	**2015 £m**	2014 £m
Greater than 120 days	**1.6**	1.4
	1.6	1.4

19 Cash and cash equivalents

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Cash at bank and in hand	**164.9**	40.4	**–**	–
Short-term bank deposit	**–**	100.0	**456.1**	428.4
Cash and cash equivalents for cash flow purposes	**164.9**	140.4	**456.1**	428.4

Cash at bank above includes £Nil (2014: £Nil) which is held in escrow and £2.5 million (2014: £0.8 million) of other restricted cash. The effective interest rate received on cash balances is 0.8% (2014: 0.7%).

Group **Net (debt)**	**2015 £m**	2014 £m
Cash and cash equivalents excluding bank overdrafts	**164.9**	140.4
Current borrowings (note 22)	**(0.3)**	–
Non-current borrowings (note 22)	**(181.9)**	(145.5)
Net (debt)	**(17.3)**	(5.1)

20 Trade and other payables

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Payments received on account on construction contracts	**32.1**	35.7	**–**	–
Trade payables	**270.6**	206.2	**–**	–
Development land payables	**190.2**	116.0	**–**	–
Amounts due to subsidiary undertakings	**–**	–	**245.7**	210.0
Amounts due to joint venture undertakings	**15.9**	10.0	**–**	–
Other taxation and social security payable	**25.2**	15.7	**–**	–
Other payables	**3.3**	6.3	**–**	–
Accruals and deferred income	**542.5**	413.4	**2.4**	2.0
	1,079.8	803.3	**248.1**	212.0

Developments of £170.0 million (2014: £150.0 million) have been pledged as security for current and non-current development land payables. Other payables are unsecured. Accruals and deferred income includes £9.1 million deferred income.

21 Provisions for other liabilities and charges

Group	Property related £m	Total £m
At 1 July 2014	2.9	2.9
Utilised in year	(0.6)	(0.6)
At 30 June 2015	**2.3**	**2.3**
Analysis of total provisions		
Current	0.4	0.4
Non-current	1.9	1.9
At 30 June 2015	**2.3**	**2.3**

Property related provisions
The property related provisions relate primarily to the excess profit generated when properties, which continue to be occupied by the Group, were previously sold and leased back. The provision for the excess profit deferred will be utilised over the remaining term of the leases, which expire between 2020 and 2021. The remaining property related provision is in relation to properties sublet by the Group at amounts below the level of rental being paid by the Group.

22 Financial liabilities – borrowings

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Current				
Obligations under finance leases and hire purchase contracts	**0.3**	–	**–**	–
Non-current				
Bank loans[1]	**180.8**	138.6	**170.9**	170.5
Government funding	**–**	5.9	**–**	–
Obligations under finance leases and hire purchase contracts	**1.1**	1.0	**–**	–
	181.9	145.5	**170.9**	170.5

1 The bank loans and overdrafts are unsecured, although they were secured over certain of the Group's developments until the Group entered its new bank facility in February 2014. They currently incur interest at 2.0%–2.3% (2014: 2.25%–2.55%) over LIBOR. The Group has entered into interest rate swaps as set out in note 25. The bank loans are classified as non-current as the Group expects to, and has the discretion to, roll over the obligations under its existing bank facility.

23 Other non-current liabilities

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Development land payables	**200.7**	117.4	**–**	–
Amounts due to joint venture undertakings	**–**	3.2	**–**	–
Other payables	**3.4**	0.4	**–**	–
Accruals and deferred income	**33.6**	10.5	**–**	–
	237.7	131.5	**–**	–

Developments of £170.0 million (2014: £150.0 million) have been pledged as security for current and non-current development land payables. Other payables are unsecured. Accruals and deferred income includes £25.7 million deferred income.

The maturity profile of the anticipated undiscounted future cash flows of non-derivative financial liabilities 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 at amortised cost			
	Development land payables £m	Amounts due to joint venture undertakings £m	Other financial liabilities at amortised cost £m	Total £m
Within one year	190.2	15.9	807.3	**1,013.4**
More than one year and less than two years	121.8	–	11.3	**133.1**
More than two years	78.9	–	–	**78.9**
At 30 June 2015	**390.9**	**15.9**	**818.6**	**1,225.4**

Notes to the consolidated financial statements continued

23 Other non-current liabilities continued

	Financial liabilities at amortised cost			
	Development land payables £m	Amounts due to joint venture undertakings £m	Other financial liabilities at amortised cost £m	Total £m
Within one year	116.0	10.0	623.1	749.1
More than one year and less than two years	68.7	3.2	10.9	82.8
More than two years	48.7	–	–	48.7
At 30 June 2014	233.4	13.2	634.0	880.6

24 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method, using a tax rate of 20% (2014: 21%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 30 June was:

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Deferred income tax assets – non-current	**7.1**	4.8	**3.2**	2.1
Deferred income tax assets	**7.1**	4.8	**3.2**	2.1
Deferred income tax liabilities – non-current	**(4.1)**	(2.4)	**–**	–
Deferred income tax liabilities	**(4.1)**	(2.4)	**–**	–
Net deferred income tax	**3.0**	2.4	**3.2**	2.1

The movement for the year in the net deferred income tax account is as shown below:

	Group		Company	
	2015 £m	2014 £m	**2015 £m**	2014 £m
At 1 July	**2.4**	0.6	**2.1**	2.7
Current year's deferred income tax	**3.4**	0.8	**–**	(0.5)
Adjustment in respect of prior years	**(2.5)**	(0.2)	**–**	(0.1)
Income recognised in equity	**2.2**	1.1	**1.1**	–
Change in rate of deferred income tax	**0.1**	0.1	**–**	–
On acquisition of subsidiaries	**(2.6)**	–	**–**	–
At 30 June	**3.0**	2.4	**3.2**	2.1

Deferred income tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred income tax assets, as it is probable that these assets will be recovered.

Movements in deferred income tax assets and liabilities during the year are shown below:

Deferred income tax assets Group	**Share-based payments £m**	**Other £m**	**Total £m**
At 1 July 2013	2.5	0.2	2.7
(Expense)/income taken to income statement	(0.5)	2.7	2.2
Adjustment in respect of prior years	(0.1)	–	(0.1)
Income/(expense) recognised in equity	0.2	(0.2)	–
Transfer to deferred income tax liabilities	–	–	–
At 30 June 2014	2.1	2.7	4.8
Income taken to income statement	–	3.7	3.7
Adjustment in respect of prior years	–	(2.4)	(2.4)
Income recognised in equity	1.0	–	1.0
At 30 June 2015	**3.1**	**4.0**	**7.1**

24 Deferred income tax continued

Deferred income tax liabilities Group	Fair value adjustments £m	Retirement benefit obligations £m	Accelerated tax depreciation £m	Total £m
At 1 July 2013	(1.6)	(0.1)	(0.4)	(2.1)
Expense taken to income statement	(0.1)	(1.2)	–	(1.3)
Adjustment in respect of prior years	0.1	–	(0.2)	(0.1)
Income recognised in equity	–	1.1	–	1.1
Transfer from deferred income tax assets	–	–	–	–
At 30 June 2014	(1.6)	(0.2)	(0.6)	(2.4)
Income/(expense) taken to income statement	1.3	(1.2)	(0.4)	(0.3)
On acquisition of subsidiaries	(2.6)	–	–	(2.6)
Income recognised in equity	–	1.2	–	1.2
At 30 June 2015	**(2.9)**	**(0.2)**	**(1.0)**	**(4.1)**

Deferred income tax assets Company	Share-based payments £m	Other £m	Total £m
At 1 July 2013	2.5	0.2	2.7
Adjustment in respect of prior years	(0.1)	–	(0.1)
(Expense) taken to income statement	(0.5)	–	(0.5)
Income/(expense) recognised in equity	0.2	(0.2)	–
At 30 June 2014	2.1	–	2.1
Income recognised in equity	1.0	0.1	1.1
At 30 June 2015	**3.1**	**0.1**	**3.2**

25 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk); credit risk; and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial assets and liabilities are offset, and the net amount reported when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Cash and cash equivalents comprise £578.1 million of bank accounts in credit offset against £413.2 million overdrafts with the same counterparty (2014: £707.8 million and £567.4 million, respectively).

The Group and Company operate within financial risk policies and procedures approved by the Board. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's and Company's financial instruments principally comprise bank borrowings, cash and cash equivalents, receivables and payables, available for sale financial assets, and interest rate swaps that arise directly from its operations and its acquisitions.

Capital risk management

The Group's and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The capital requirements of the Group's divisions differs, with housebuilding typically requiring debt and partnerships and construction typically being cash generative, and the economic cycle of each division is also different. The Group manages its capital taking these differing requirements into account.

In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In 2014, the Group increased its bank facilities to £400 million, following a review of its future capital requirements undertaken in the context of the Group's strategy to 2018 and the Group is targeting period-end gearing of no more than 30%.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. The Group held net debt at 30 June 2015 and had gearing of 3%. The Group also held net debt at 30 June 2014, with gearing of 1%. The Group also has capital requirements in the covenants in its bank facilities, as set out later in this note. The Group has complied with all bank covenants during the year.

Notes to the consolidated financial statements continued

25 Financial instruments continued

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

All material activities of the Group take place within the UK and consequently there is little direct exchange risk other than payments to overseas suppliers who require settlement in their currency. If there is any material foreign exchange exposure, the Group's policy is to enter into forward foreign currency contracts. The Group and Company have no material currency exposure at 30 June 2015 (2014: £Nil).

(ii) Price risk

The Group is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence and availability of land with planning. While it is not possible to fully mitigate such risks the Group continues to monitor its geographical spread within the UK concentrating its operations in areas that management believes minimise the effect of local microeconomic fluctuations. As at 30 June 2015, the Group's house price linked financial instruments consisted entirely of shared equity receivables held as available for sale financial assets and the sensitivity to house price inflation and discount rates was not significant. The concentration of the financial risk lies within price risk as a result of these financial instruments being linked to house prices.

The Group has no quoted investments that are exposed to equity securities price risk. The Group and Company are not exposed to commodity price risk.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from movement in cash and cash equivalents, and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's policy is to accept a degree of interest rate risk as long as the effect of various changes in rates remains within prescribed ranges. Details of the interest rate swaps entered into by the Group are set out below.

The Group analyses its interest rate exposure on a dynamic basis. On a regular basis the Group calculates the impact on the income statement of a defined interest rate shift on the Group's borrowing position.

Based on the forecasts performed, the impact on post tax profit and equity of a 1% decrease or increase in interest rates for a year would be a maximum increase of £0.7 million (2014: £1.7 million) or decrease of £0.8 million (2014: £1.7 million), respectively.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables (including shared equity receivables) and committed transactions. The Group has a credit risk exposure to the providers of its banking facilities. These are primarily provided by HSBC Bank plc, Abbey National Treasury Services plc (Santander), The Royal Bank of Scotland plc and Barclays Bank plc, being four of the UK's leading financial institutions. Further details of credit risk relating to trade and other receivables are disclosed in note 18. No credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance of any counterparties, including in respect of receivables not yet due.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group finances its operations through a mixture of retained profits and bank borrowings. The contracting operations of the Group generally generate cash. The Housebuilding operations, however, utilise cash and any future downturn in the housebuilding market may require additional borrowings, in addition to retained earnings, to finance the maintenance of the landbank and associated work in progress. Management monitors rolling forecasts of the Group's liquidity reserve, which comprises undrawn borrowing facilities (see below), and cash and cash equivalents (note 19) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group, in accordance with practices and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. On a daily basis throughout the year, the bank balances or borrowings in all the Group's operating companies are aggregated into a total cash or borrowings figure, in order that the Group can obtain the most advantageous interest rate.

In accordance with IAS 39 'Financial instruments: recognition and measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

25 Financial instruments continued

Financial liabilities – derivative financial liabilities

The fair value of interest rate swaps is detailed below:

Group and Company	2015 £m	2014 £m
At 30 June		
Non-current liabilities	**(0.3)**	–

During the year ending 30 June 2012 the Group entered into a five-year interest rate swap contract that expires in May 2017. The notional principal amount of the outstanding interest rate swap contract at 30 June 2015 was £75 million (2014: £75 million) and the fixed interest rate is 1.5% (2014: 1.5%). During the year ending 30 June 2015 the Group entered into a five-year interest rate swap contract that expires in February 2020. The notional principal amount of the outstanding interest rate swap contract at 30 June 2015 was £100 million and the fixed interest rate is 1.4%. Each swap is designated as a cash flow hedge and changes in fair value are recognised directly in reserves. A loss of £0.3 million (2014: gain £1.1 million) was recognised in other comprehensive income in the period. Gains and losses recognised in reserves will be released to the income statement within finance costs over the period to maturity of the contract, and £0.1 million (2014: £0.3 million) was recognised in the current year.

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at the prevailing interest rate. The fair value of current borrowings equals their carrying amounts as the impact of discounting is not significant.

Fair value of non-current borrowings	Note	2015 Book value £m	2015 Fair value £m	2014 Book value £m	2014 Fair value £m
Long-term borrowings	22	**181.9**	**181.9**	145.5	145.5
Fair value of other financial assets and financial liabilities					
Primary financial instruments held or issued to finance the Group's operations:					
Financial liabilities:					
Short-term borrowings	22	**0.3**	**0.3**	–	–
Current financial liabilities measured at amortised cost	23	**1,013.4**	**1,013.4**	749.1	749.1
Non-current financial liabilities measured at amortised cost	23	**212.0**	**212.0**	131.5	131.5
Financial assets:					
Available for sale financial assets	14	**11.0**	**11.0**	23.4	23.4
Loans and receivables	18	**644.6**	**644.6**	366.8	366.8
Cash and cash equivalents	19	**164.9**	**164.9**	140.4	140.4

Prepayments and accrued income are excluded from the loans and receivables balance; and statutory liabilities, deferred income and payments received on account on construction contracts are excluded from financial liabilities measured at amortised cost. A maturity analysis of the Group's non-derivative financial liabilities is given in note 23.

There is no difference between the book value and the fair value of the Company's other financial assets and financial liabilities.

Borrowing facilities

The Group had the following undrawn committed borrowing facilities available at 30 June:

Expiring in	2015 Floating rate £m	2014 Floating rate £m
More than two years	**211.4**	220.2
	211.4	220.2

In February 2014 the Group agreed a five-year £400 million unsecured revolving credit facility with HSBC Bank plc, Abbey National Treasury Services plc (Santander), Barclays Bank plc and The Royal Bank of Scotland plc. In February 2015, the Group agreed a one-year extension on the facility, to 2020. The facility provides long-term finance and bonding facilities and is subject to covenants over interest cover, gearing (adjusted to take account of development land payables) and minimum consolidated tangible net assets. Interest is calculated by aggregating margin, LIBOR and relevant costs.

Notes to the consolidated financial statements continued

25 Financial instruments continued

Fair value estimation

Specific valuation techniques used to value financial instruments are defined as:

- Level 1 – Quoted market prices or dealer quotes in active markets for similar instruments.
- Level 2 – The fair value of equity securities and interest rate swaps is calculated as the present value of the estimated future cash flows, based on observable yield curves, as set out in note 14.
- Level 3 – Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. The fair value of available for sale financial assets is set out in note 14.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June:

		30 June 2015			30 June 2014	
	Level 2 £m	Level 3 £m	Total £m	Level 2 £m	Level 3 £m	Total £m
Assets						
Available for sale financial assets						
– Shared equity receivables	**–**	**0.8**	**0.8**	–	22.3	22.3
– Equity securities	**10.2**	**–**	**10.2**	1.1	–	1.1
Total	**10.2**	**0.8**	**11.0**	1.1	22.3	23.4
Liabilities						
Liabilities at fair value through income statement						
– Derivatives used for hedging	**(0.3)**	**–**	**(0.3)**	–	–	–

There we no transfers between levels during the period. The increase in equity securities includes assets acquired with Miller Construction (see note 31).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company's only liabilities that are measured at fair value are derivatives used for hedging, as shown in the table above.

Fair value measurements using significant unobservable inputs (Level 3)

	30 June 2015	30 June 2014
Opening balance	**22.3**	24.9
Additions	**–**	0.1
Unwinding of discount on shared equity receivables	**0.8**	1.6
Impairment	**(0.5)**	(1.7)
Disposals	**(21.8)**	(2.6)
Closing balance	**0.8**	22.3

The key assumptions used in Level 3 valuations include future house price movements, the expected timing of receipts, credit risk and discount rates. The typical repayment period is 10–15 years and the timing of receipts is based on historical data. The discount rate of 5.5% and future house price movements used to compute the fair value (typically 2.5%) are based on local market conditions. The sensitivity to house price inflation and discount rates is set out earlier in this note. If receipts were to occur earlier than expected, the fair value would increase.

The total impact in the period of Level 3, taken to the income statements, is a net charge of £0.1 million (30 June 2014: £0.9 million) in cost of sales and £0.8 million (30 June 2014: £1.6 million) finance income.

26 Ordinary shares and share premium

Group and Company	Number of shares	Ordinary shares £m	Share premium £m	Total £m
At 1 July 2013	81,870,095	40.9	190.9	231.8
Allotted under share option schemes	404,300	0.2	0.9	1.1
At 1 July 2014	82,274,395	41.1	191.8	232.9
Allotted under share option schemes	15,470	–	–	–
At 30 June 2015	**82,289,865**	**41.1**	**191.8**	**232.9**

Number of shares refers to 50 pence ordinary shares, which are issued and fully paid. There are no shares issued but not fully paid.

At 30 June 2015 the total number of shares outstanding under the SAYE share option scheme was 1,352,517 (2014: 822,522) and under the LTIPs was 1,169,309 (2014: 1,522,842) as detailed below:

SAYE share option scheme			
Shares under option	Year of grant	Exercise price per share	Exercise period ending
258,568	2011	271p	30.06.16
325,599	2013	657p	30.06.16
170,139	2013	657p	30.06.18
412,083	2015	931p	30.06.18
186,128	2015	931p	30.06.20
1,352,517			

LTIPs			
Shares awarded	Year of grant	Share price at grant	Vesting date
425,684	2013	729p	26.09.15
40,458	2013	843p	26.09.15
347,077	2014	1,040p	30.09.16
356,090	2015	1,266p	30.09.17
1,169,309			

27 Share-based payments

The Company operates performance-related share incentive plans for executives, details of which are set out in the Directors' Remuneration Report. The Company also operates sharesave schemes. The total charge for the year relating to employee share-based payment plans was £3.9 million (2014: £3.4 million), all of which related to equity-settled share-based payment transactions. After deferred tax, the total charge was £4.9 million (2014: £3.8 million).

Savings related share options

The Company operates an HMRC approved sharesave scheme under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at grant, in either three or five years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. This scheme is open to all employees meeting the minimum employment period. No performance criteria are applied to the exercise of sharesave options.

The options were valued using the binomial option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Share price at grant date	Exercise price	Contract date	Expected volatility	Option life (years)	Risk free rate	Dividend yield	Employee turnover before vesting	Fair value per option
19.11.10	280p	271p	01.01.11	47%	5	2.4%	4.5%	10%	90.0p
14.11.12	711p	657p	01.01.13	31%	3	0.5%	4.2%	10%	135.5p
14.11.12	711p	657p	01.01.13	46%	5	0.9%	4.2%	10%	222.2p
10.11.14	1,175p	931p	01.01.15	23%	3	1.2%	4.5%	10%	214.4p
10.11.14	1,175p	931p	01.01.15	28%	5	1.6%	4.5%	10%	254.5p

Notes to the consolidated financial statements continued

27 Share-based payments continued

The expected volatility is based on historical volatility in the movement in the share price over the last three or five years up to the date of grant depending on the option life. The expected life is the average expected period to exercise. The risk free rate is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life. A reconciliation of savings related share awards over the year to 30 June 2015 is shown below:

	2015 Number	2015 Weighted average exercise price	2014 Number	2014 Weighted average exercise price
Outstanding at 1 July	**822,522**	**530p**	1,300,745	450p
Awards	**640,176**	**931p**	–	–
Forfeited	**(39,014)**	**759p**	(38,906)	500p
Cancelled	**(46,348)**	**747p**	(31,378)	573p
Expired	**(9,349)**	**621p**	(3,639)	271p
Exercised	**(15,470)**	**560p**	(404,300)	273p
Outstanding at 30 June	**1,352,517**	**704p**	822,522	530p
Exercisable at 30 June	**–**	**–**	7,803	594p

The weighted average fair value of awards granted during the year was 227 pence (2014: Nil). There were 15,470 share options exercised during the year ended 30 June 2015 (2014: 404,300) and the weighted average share price at the date of exercise was 1,361 pence (2014: 1,159 pence). The weighted average remaining contractual life is two years five months (2014: two years five months).

Performance related LTIPs

The Company operates performance-related share incentive plans for executives, details of which are set out in the Directors' Remuneration Report. The awards that vest are satisfied by the transfer of shares for no consideration.

The options were valued using a Monte Carlo model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Share price at grant date	Vesting period/ option life months	Risk free rate	Dividend yield	Fair value per option
22.09.11	457.3p	36	0.8%	3.5%	279p
26.09.12	728.5p	36	0.3%	4.1%	771p
01.02.13	843.0p	32	0.5%	3.6%	936p
30.09.13	1,040.0p	36	0.9%	3.6%	1,005p
30.09.14	1,266.0p	36	1.3%	4.2%	852p

The expected volatility is based on historical volatility in the movement in the share price of the Company and its comparator group and the correlations between them over the last three years. The expected life is the average expected period to exercise. The risk free rate is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life. A reconciliation of performance-related share awards over the year to 30 June is shown below:

	2015 Number	2014 Number
Outstanding at 1 July	**1,522,842**	2,038,384
Granted	**514,573**	955,058
Expired	**–**	–
Forfeited	**(81,613)**	(50,876)
Exercised	**(791,490)**	(1,419,724)
Outstanding at 30 June	**1,164,312**	1,522,842
Exercisable at 30 June	**–**	–

The weighted average fair value of awards granted during the year was 852 pence (2014: 1,005 pence). There were 791,490 options exercised during the year ended 30 June 2015 (2014: 1,419,724). The weighted average remaining contractual life is Nil as the shares are exercised on the day that they vest (2014: Nil).

28 Other reserves

	Group £m	Company £m
At 1 July 2014 and 30 June 2015	**4.8**	**3.0**

The Group's other reserves relates to a merger reserve amounting to £4.7 million (2014: £4.7 million) and the movement on available for sale financial assets amounting to £0.1 million (2014: £0.1 million).

29 Retained earnings

	Notes	Group £m	Company £m
At 1 July 2013		264.8	132.3
Profit/(loss) for the year		77.2	(3.6)
Actuarial gains recognised in the retirement benefit obligations	30	(5.3)	–
Deferred and current tax on movements in equity	24	2.5	1.4
Dividends paid	7	(32.8)	(32.8)
Share-based payments	27	3.4	3.4
Purchase of own shares		(14.4)	(14.4)
Movement in fair value of derivative financial instruments		1.1	1.1
At 30 June 2014		296.5	87.4
Profit for the year		92.3	103.4
Actuarial gains recognised in the retirement benefit obligations	30	(5.8)	–
Deferred and current tax on movements in equity	24	2.7	1.1
Dividends paid	7	(49.3)	(49.3)
Share-based payments	27	3.9	3.9
Purchase of own shares		(8.5)	(8.5)
Movement in fair value of derivative financial instruments		(0.3)	(0.3)
At 30 June 2015		**331.5**	**137.7**

The cumulative amount of goodwill arising on acquisition and written off directly against reserves is £9.5 million (2014: £9.5 million).

At 30 June 2015, the Galliford Try Employee Share Trust (the Trust) held 475,405 (2014: 678,180) shares. The nominal value of the shares held is £0.2 million (2014: £0.3 million). 240,000 shares were acquired during the year (2014: 680,061) at a cost of £3.3 million (2014: £6.8 million) and a further £5.2 million (2014: £7.6 million) was paid in relation to other share related transactions. 442,775 (2014: 820,173) shares were transferred during the year. The cost of funding and administering the Trust is charged to the income statement of the Company in the period to which it relates. The market value of the shares at 30 June 2015 was £8.3 million (2014: £7.7 million). No shareholders (2014: None) have waived their rights to dividends.

30 Retirement benefit obligations

All employees are entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution based on a scale dependent on the employee's age and the amount they choose to contribute. Since 1 July 2013, all non-participating and newly employed staff have been auto-enrolled into the separate stakeholder plan and are entitled to increase their contribution rates in line with existing members. Since 1 April 2009, the Group has operated a pension salary sacrifice scheme which means that all employee pension contributions are paid as employer contributions on their behalf.

The Group operates three defined benefit pension schemes under the UK regulatory framework that pay out pensions at retirement based on service and final pay, each with assets held in separate trustee administered funds: the Galliford Try Final Salary Pension Scheme, the Galliford Group Special Scheme and the Kendall Cross (Holdings) Ltd Assurance & Pension Scheme. The financial statements include all three of these arrangements. The Group's principal funded pension scheme is the Galliford Try Final Salary Pension Scheme which was closed to all future service accrual on 31 March 2007.

Pension costs for the schemes were as follows:

	2015 £m	2014 £m
Defined benefit schemes – expense recognised in the income statement	**0.2**	0.3
Defined contribution schemes	**14.2**	13.3
Total included within employee benefit expenses (note 3)	**14.4**	13.6

Of the total charge for all schemes £8.0 million (2014: £7.8 million) and £6.2 million (2014: £5.7 million) were included, respectively, within cost of sales and administrative expenses. £0.2 million (2014: £0.1 million) was included within net finance costs.

Notes to the consolidated financial statements continued

30 Retirement benefit obligations continued

Defined benefit schemes

An independent actuary performs detailed triennial valuations together with periodic interim reviews. The most recent completed formal actuarial valuation for the Galliford Try Final Salary Pension Scheme was as at 1 July 2012 and was prepared by Mercer the scheme actuary. The Galliford Try Final Salary Pension Scheme closed to future accrual with effect from 31 March 2007. The IAS 19 accounting results for the Galliford Try Final Salary Pension Scheme has been calculated using a roll forward approach based on the liabilities calculated for the 1 July 2012 actuarial valuation. The latest actuarial valuations for the Galliford Group Special Scheme and the Kendall Cross (Holdings) Ltd Assurance & Pension Scheme were as at 1 April 2013 and 14 November 2011, respectively.

The deficit recovery funding plan agreed with the Trustees in 2013 requires the Company to pay contributions of £466,667 per calendar month until February 2019, with potential additional payments being linked to dividend payments of the Company.

The most recent actuarial valuation of the Galliford Group Special Scheme was prepared using the attained age method as at 1 April 2013. A deficit recovery funding plan was agreed with the Trustees to meet the funding shortfall, which required the Company to pay contributions of £16,000 per calendar month until September 2014.

The Kendall Cross (Holdings) Limited Scheme is funded and provides benefits based on final pensionable salaries. The scheme was closed to new members and to future accrual for existing members prior to the date of the acquisition by Galliford Try plc in November 2007. The most recent actuarial valuation of the Scheme was prepared as at 14 November 2011. A deficit recovery funding plan was agreed with the Trustees with requires the Company to pay contributions of £15,300 per month from April 2013.

Principal assumptions

The valuation of the Group's pension schemes have been updated to 30 June 2015 and all three schemes are consolidated for disclosure purposes below. The principal actuarial assumptions used in the calculation of the disclosure items are as follows:

	2015	2014
Rate of increase in pensionable salaries	n/a	n/a
Rate of increase in pensions in payment	3.25%	3.30%
Discount rate	3.75%	4.20%
Retail price inflation	3.35%	3.40%
Consumer price inflation	2.35%	2.40%

For the Galliford Try Final Salary Pension Scheme, the life expectancies as at 30 June 2015 and 2014 are based on S1PA tables (90% scaling factor applied for males), with a future improvement in mortality assumption in line with CMI 2012 tables, with a long-term rate of improvement of 1.5% per annum.

	2015	2014
Male member age 65 (current life expectancy)	23.9	23.8
Male member age 45 (life expectancy at age 65)	26.1	26.0
Female member age 65 (current life expectancy)	25.5	25.4
Female member age 45 (life expectancy at age 65)	27.8	27.7

At 1 July 2012, the date of the last valuation, the scheme has 1,537 deferred members and 716 pensioners.

Assets in the scheme

The fair value of the assets, long-term rate of return expected and present value of the obligations at 30 June of the Group's defined benefit arrangements are as follows:

	2015		2014	
	Value £m		Value £m	
Equities[1]	31.3	14%	30.1	15%
Gilts[1]	49.7	23%	77.1	38%
Bonds[1]	68.7	31%	66.2	33%
Diversified growth funds[1]	28.5	13%	26.9	13%
Liability driven investments[1]	39.4	18%	–	0%
Cash and other[2]	2.5	1%	2.4	1%
	220.1	100%	202.7	100%
Present value of defined benefit obligations	(218.9)		(201.7)	
Surplus in scheme recognised as non-current asset	1.2		1.0	

1 Equities, gilts, bonds and the diversified growth funds are quoted assets. The asset classes are intended to minimise the volatility of the funding position.
2 Other assets include monies held within a deposit administration policy held with Legal and General.

30 Retirement benefit obligations continued

Sensitivity analysis of scheme liabilities

The weighted average duration of the defined benefit obligations at 30 June 2015 was 19 years. The sensitivity of the present value of scheme liabilities at 30 June 2015 to changes in the principal assumptions is set out below.

	Change in assumption[1]	Impact on scheme liabilities
Discount rate	Increase by 0.1%	Decrease by £4.2 million
Rate of inflation	Increase by 0.1%	Increase by £2.4 million
Growth rate in pension payments	Increase by 0.1%	Increase by £1.9 million
Life expectancy	Increase by one year	Increase by £6.7 million

1 Based on change in assumption while holding all other assumptions constant, which in practice may be unlikely as assumptions may be correlated.

Accounting results

The amounts recognised in the income statement are as follows:

	2015 £m	2014 £m
Net interest (income) on net defined benefit asset	**(0.2)**	(0.1)
Expenses	**0.4**	0.4
Expense recognised in the income statement	**0.2**	0.3

The actual return on scheme assets was £20.2 million (2014: £15.0 million).

The amounts recognised in the statement of comprehensive income are as follows:

	2015 £m	2014 £m
Total amount of actuarial (losses) in the year	**(5.8)**	(5.3)
Cumulative actuarial (losses)	**(45.5)**	(39.7)

Movement in present value of defined benefit obligations	2015 £m	2014 £m
At 1 July	**201.7**	188.1
Interest cost	**8.3**	8.3
Experience losses	**0.1**	0.6
Actuarial loss arising from changes in financial assumptions	**17.0**	11.9
Actuarial loss/(gain) arising from changes in demographic assumptions	**0.4**	(0.6)
Benefit payments	**(8.6)**	(6.6)
At 30 June	**218.9**	201.7

Movement in fair value of scheme assets	2015 £m	2014 £m
At 1 July	**202.7**	188.6
Interest income	**8.5**	8.4
Return on plan assets, excluding interest income	**11.7**	6.6
Employer contributions	**6.2**	6.1
Expenses	**(0.4)**	(0.4)
Benefit payments	**(8.6)**	(6.6)
At 30 June	**220.1**	202.7

Movement in fair value of net asset/(liability)	2015 £m	2014 £m
At 1 July	**1.0**	0.5
Net interest income	**0.2**	0.1
Return on plan assets, excluding interest income	**11.7**	6.6
Experience (losses)	**(0.1)**	(0.6)
Actuarial (losses)	**(17.4)**	(11.3)
Employer contributions	**6.2**	6.1
Expenses	**(0.4)**	(0.4)
At 30 June	**1.2**	1.0

The contributions expected to be paid to the defined benefit schemes during the year ended 30 June 2016 are £5.8 million.

Notes to the consolidated financial statements continued

31 Business combinations

(i) Miller Construction

On 9 July 2014, the Group acquired the Miller Construction business (Miller Construction) from Miller Group Holdings (UK) Limited for a total price of £16.57 million. The acquisition was of the entire share capital and control of Construction Holdco 2 Limited, Miller Construction Holdings Limited, Miller Construction Limited, Miller Integrated Services Limited and Schools for the Community Limited. Construction Holdco 2 Limited is the Parent Company of Miller Construction (UK) Limited and other companies that, together, comprise Miller Construction. The Group has also entered into an agreement to purchase The Miller Group Limited for £1 at a future date. The Miller Group Limited is not expected to have any identifiable assets or liabilities at the date of acquisition.

Miller Construction is a UK only construction business which delivers building and infrastructure projects to both the public and private sectors. The tactical acquisition of Miller Construction is consistent with Galliford Try's stated strategy of disciplined and selective growth in its construction business, with a particular focus on developing our positions on regional and national frameworks. The transaction accelerates the growth in construction turnover towards £1.25 billion, and increases the 2018 target to circa £1.5 billion. The acquired order book of £1.4 billion doubled the Group's 30 June 2014 order book to £2.8 billion.

The goodwill of £20.2 million arising from the acquisition is attributable to the acquired workforce of Miller Construction and annual cost synergies identified by Galliford Try. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Miller Construction, and the fair value of the assets acquired and liabilities assumed:

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	23.6
Property plant and equipment	6.1
Intangible assets[1]	12.1
Available for sale financial assets	10.3
Trade and other receivables[2]	60.8
Trade and other payables	(113.9)
Deferred tax liabilities[3]	(2.6)
Total identifiable net liabilities	**(3.6)**
Goodwill	20.2
Total	**16.6**
Consideration at 9 July 2014	
Cash[4]	16.6
Total	**16.6**

1 Intangible assets of £12.1 million comprise customer relationships and contracts.
2 The fair value of trade and other receivables of £60.8 million includes trade receivables with a fair value of £23.0 million. The gross contractual amount for trade receivables is £23.2 million of which £0.2 million is not expected to be collected.
3 Deferred tax liabilities recognised on the acquisition relate to the fair value of intangible assets acquired and other fair value adjustments on acquisition.
4 Cash consideration included £2.0 million paid into an escrow account until 31 October 2014. The consideration was subject to the satisfactory resolution of certain customer contract matters, that were fully resolved prior to 31 October 2014.

The Group assumed responsibility for £44.6 million guarantees and contingent liabilities in relation to performance bonds issued in the normal course of business. While the outcome of disputes arising in the normal course of business is never certain, the directors have made proper provision in the acquired balance sheet for liabilities they believe exist.

The Group has completed the operational integration of Miller Construction and, as a result, it is impractical to accurately represent and report the post-acquisition performance of Miller Construction. Based on its performance in its last full financial year before acquisition, the Group estimates that the consolidated income statement for the year ended 30 June 2015 includes approximately £400 million of revenue contributed by Miller Construction, which is predominately in the Building segment. In addition, the Group's consolidated income statement includes £2.2 million amortisation of intangible assets and £3.7 million exceptional costs related to Miller Construction. The exceptional costs comprise mainly redundancy and other restructuring costs, generating synergy savings in excess of £8 million per annum.

Given that the acquisition occurred on 9 July 2014, the Group's consolidated income statement would not be significantly different had the acquisition occurred at the beginning of the reporting period. Acquisition-related costs of £0.6 million were charged to administrative expenses in the consolidated income statement for the year ended 30 June 2014, being the period that the costs were incurred.

31 Business combinations continued

(ii) Shepherd Homes

On 12 May 2015, Linden Homes exchanged contracts with Shepherd Homes to acquire its Yorkshire-based housebuilding land assets comprising six current sites and five sites in planning totalling a landbank of 515 plots. The Group also took on 59 employees from Shepherd Homes. The acquisition has been treated as a business combination with an effective date of 12 May 2015.

The acquisition consideration of £30.9 million is subject to finalisation based on actual results, and £25.9 million remained unpaid at 30 June 2015. The outstanding consideration relates to land assets and so is included within development land payables in notes 20 and 23. The consideration has been allocated to the provisional fair value of assets and liabilities assumed, as set out below. The goodwill of £0.3 million arising from the acquisition is attributable to the acquired workforce of Shepherd Homes. None of the goodwill recognised is expected to be deductible for income tax purposes.

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Developments – land and work in progress	30.6
Total identifiable net assets	**30.6**
Goodwill	0.3
Total	**30.9**
Consideration at 12 May 2015	
Cash	5.0
Deferred consideration	25.9
Total	**30.9**

The acquisition contributed £12.8 million revenue and £1.7 million gross profit in the period to 30 June 2015, less acquisition expenses of £0.3 million. Had the acquisition occurred at the beginning of the reporting period, the revenue from the acquired sites would have been £26.6 million and gross profit £4.9 million.

32 Financial and capital commitments

The Group had no commitments for subordinated debt to joint ventures or other investments at 30 June 2015 (2014: £Nil), nor any commitment for other capital expenditure.

Galliford Try plc, together with certain of its subsidiaries, has entered into non-cancellable contracts for the operational leasing of land and buildings and plant and machinery. The leases have various terms, escalation clauses and renewal rights. The leases do not impose restrictions on the Group's ability to pay dividends or obtain other financing. The minimum commitments for payments under these contracts are as follows:

Amounts due	**2015 £m**	2014 £m
Within one year	**13.4**	10.2
Later than one year and less than five years	**26.5**	19.3
After five years	**11.1**	10.3
	51.0	39.8

Galliford Try plc, together with certain of its subsidiaries, has entered into arrangements with HSBC Bank plc, The Royal Bank of Scotland plc, Abbey National Treasury Services plc and Barclays Bank plc to guarantee the borrowings of Group companies.

33 Guarantees and contingent liabilities

Galliford Try plc has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of Group undertakings, including joint arrangements and joint ventures, amounting to £312.3 million (2014: £201.0 million).

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. While the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Group's financial position.

Notes to the consolidated financial statements continued

34 Related party transactions

Group

Transactions between the Group and its joint ventures and jointly controlled operations are disclosed as follows:

	Sales to related parties		Purchases from related parties		Amounts owed by related parties		Amounts owed to related parties	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Trading transactions								
Joint ventures	**97.6**	21.8	**–**	3.2	**86.4**	42.4	**6.7**	13.2
Jointly controlled operations	**22.4**	24.4	**1.5**	–	**8.5**	3.2	**7.9**	7.0

	Interest income from loans to related parties		Loans to related parties		Loans from related parties		Injection of equity funding	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Non-trading transactions								
Joint ventures	**3.3**	4.8	**94.1**	66.1	**–**	–	**–**	–

Sales to related parties are based on terms that would be available to unrelated third parties. Receivables are due within seven years (2014: eight years) and are unsecured, with interest rates varying from bank base rate plus 1.75% to 10%. Payables are due within one year (2014: two years) and are interest free.

Company

Transactions between the Company and its subsidiaries which are related parties, which are eliminated on consolidation, are disclosed as follows:

	Interest income from loans to related parties		Amounts due to related parties		Amounts due from related parties		Capital contributions to related parties	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Non-trading transactions								
Subsidiary undertakings	**–**	–	**245.7**	210.0	**263.5**	76.0	**–**	0.3

The Company has provided performance guarantees in respect of certain operational contracts entered into between joint ventures and a Group undertaking.

The Company has entered into financial guarantees in respect of its Linden/Downland Graylingwell LLP joint venture. The maximum amount payable under the terms of this guarantee is £7.5 million.

35 Post balance sheet events

No matters have arisen since the year end that require disclosure in the financial statements.

36 Group undertakings

In accordance with section 409 of the Companies Act, the following is a list of all of the Group's undertakings as at 30 June 2015.

(i) Subsidiary undertakings

Entity name	Registered office or principal place of business	Shareholding (direct or indirect)
Alumno GT Camberwell LLP	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Alumno GT Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Alumno GT Management Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
AM (Leasing) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Birch Construction Division Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Chancery Court Business Centre Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Charles Gregory (Civil Engineering) Limited	Miller House, Pontefract Road, Normanton, WF6 1RN	100%
Charles Grip Surfacing Limited	Miller House, Pontefract Road, Normanton, WF6 1RN	100%
Chartdale Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Construction Holdco 2 Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Enhance Interiors Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Fairfield Redevelopments Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Brick Factors Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Building Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Construction & Investments Holdings Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Construction (UK) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%

36 Group undertakings continued

Entity name	Registered office or principal place of business	Shareholding (direct or indirect)
Galliford Try Construction Holdco Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Corporate Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Employment Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Homes Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try HPS Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Infrastructure Limited	Atholl House, 51 Melville Street, Edinburgh, EH3 7HL	100%
Galliford Try International Limited	Atholl House, 51 Melville Street, Edinburgh, EH3 7HL	100%
Galliford Try Investments Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Investments NEPS Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Partnerships Limited	50 Rainsford Road, Chelmsford, Essex CM1 2XB	100%
Galliford Try Partnerships North Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Plant Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Properties Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Qatar Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Qatar LLC	PO Box 11726 Doha, State of Qatar (incorporated in Qatar)	100%
Galliford Try Secretariat Services Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Services Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Supplies Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Graylingwell Energy Services Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT (Barking and Havering) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (Buidheann) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (Leeds) Lift Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (Leicester) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (North Hub) Investments Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (North Tyneside) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (Scotland) Construction Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT ASP Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Asset 24 Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Camberwell (Holdings) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Camberwell Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Emblem Investments Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Integrated Services Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Inverness Investments Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT PPP Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Telford (Holdings) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Telford Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GTI Consultancy Services Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Hill Place Farm Developments Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Horton Retail Investments Limited	Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN	100%
Kendall Cross Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Kingseat Development 1 Limited	Morrison House, Kingseat Business Park, Kingseat, Newmachar, Aberdeenshire, AB21 0AZ	100%
Kingseat Development 3 Limited	13 Queen's Road, Aberdeen, AB15 4YL	100%
Linden (Ashlar Court) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden (St Bernard's) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Barnet LLP	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Borley Green LLP	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Cornwall Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Devon Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden First Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Guildford Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Holdings Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Homes Chiltern Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Homes Eastern LLP	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Homes South-East Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Homes Southern Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Homes Western Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden London LLP	Cowley Business Park, Uxbridge, UB8 2AL	100%

Notes to the consolidated financial statements continued

36 Group undertakings continued

Entity name	Registered office or principal place of business	Shareholding (direct or indirect)
Linden London (Hammersmith) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden London Developments Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Midlands Limited	Ashurst, Southgate Park, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS	100%
Linden North Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Partnerships Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Properties Western Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden South West Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden St Albans LLP	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden Wates (Kempshott) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Linden (York Road) LLP	Cowley Business Park, Uxbridge, UB8 2AL	100%
Morrison (Falklands) Limited	56 John Street, Stanley, Falkland Islands FIQQ 1ZZ (incorporated in Falkland Islands)	100%
Morrison Construction Limited	Atholl House, 51 Melville Street, Edinburgh, EH3 7HL	100%
Morrison Highway Maintenance Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Oak Dry Lining Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Oak Fire Protection Limited	1st Floor, Abbey Rose House, 181 High Street, Ongar, Essex CM5 9JG	100%
Pentland Estate Management Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Pentland Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Primaria Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Rasen Estates Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Redplay Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Regeneco (Services) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Regeneco Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Rock & Alluvium Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Rosemullion Homes Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Schools for the Community Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Try Accord Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Try Construction Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Try Group Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Try Homes Central Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Try Homes Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%

All subsidiary undertakings are incorporated in the United Kingdom unless otherwise specified and are included in the consolidated financial statements of the Group as a majority of voting rights are held in each case.

(ii) Joint venture undertakings

Entity name	Registered office or principal place of business	Proportion of capital held	Financial year end
ACP: North Hub Limited	Miller House, 2 Lochside View, Edinburgh, EH12 1LB	50%	31 December
Blackberry Hill JV LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Cedar House Securities Limited	Cedar House, 91 High Street, Caterham, Surrey CR3 5UH	50%	31 December
Community Ventures (Management) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	60%	30 September
Community Ventures Investments Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	60%	30 September
Community Ventures Partnerships Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	60%	30 September
Crest/Galliford Try (Epsom) LLP	Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN	50%	31 October
Evolution Gateshead Developments LLP	2 Esh Plaza, Sir Bobby Robson Way, Great Park, Newcastle Upon Tyne, NE13 9BA	50%	31 March
Gateshead Regeneration LLP	2 Esh Plaza, Sir Bobby Robson Way, Great Park, Newcastle Upon Tyne, NE13 9BA	25%	31 March
GBV JV Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 June
Grange Walk LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 March
GT Equitix Inverness Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%	31 March
GT Equitix Inverness Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%	31 March
Kent EHFA Holdco Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Kent EHFA Projectco Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Kingseat Development 2 Limited	Morrison House, Kingseat Business Park, Kingseat, Newmachar, Aberdeenshire AB21 0AZ	50%	30 June

36 Group undertakings continued

Entity name	Registered office or principal place of business	Proportion of capital held	Financial year end
Leicester GT Education Company Limited	Cowley Business Park, Uxbridge, UB8 2AL	80%	31 March
Leodis Community Ventures Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	45%	30 September
Linden (Battersea Bridge Road) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 September
Linden (Biddenham) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 June
Linden (Shinfield) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden (Vencourt) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 June
Linden and Dorchester Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 June
Linden and Dorchester Portsmouth Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 June
Linden (Hartfield Road) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 June
Linden Homes (Sherford) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 June
Linden Homes Westinghouse LLP	99 Bartholomew Street, Newbury, Berkshire RG14 5EE	50%	31 March
Linden Wates (Cranleigh) Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden Wates (Dorking) Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden Wates (Horsham) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	30 June
Linden Wates (Ravenscourt Park) Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden Wates (Ridgewood) Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden Wates (The Frythe) Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden Wates (West Hampstead) Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden Wates Developments (Chichester) Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden Wates Developments (Folders Meadow) Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Linden/Downland Graylingwell LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 March
Morrison Robertson JV Company Limited	Atholl House, 51 Melville Street, Edinburgh, EH3 7HL	50%	31 March
Ninth Avenue LLP	2 Ogstonmill, Mill of Fintray, Aberdeen, AB21 0LW	50%	31 March
Opal (Earlsfield) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 March
Opal (St Bernards) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 March
Opal Land LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 March
Ramsden Regeneration LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 March
Shoo 22 Limited	Duncan House, Clipston Road, Sibbertoft, Market Harborough, Leicestershire LE16 9UB	38%	30 June
Solutions 4 North Tyneside (Finance) Plc	30 Warwick Street, London, W1B 5NH	30%	31 December
Solutions 4 North Tyneside (Holdings) Limited	30 Warwick Street, London, W1B 5NH	30%	31 December
Solutions 4 North Tyneside Limited	30 Warwick Street, London, W1B 5NH	30%	31 December
Space Scotland Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	83%	31 March
The Piper Building Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Urban Vision Partnership Limited	Emerson House, Albert Street, Eccles, Manchester, M30 0TE	30%	30 April
White Rock Land LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 March
Whiterock (Kingsmere) LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 December
Wilmington Regeneration LLP	Cowley Business Park, Uxbridge, UB8 2AL	50%	31 March

The above entities are all incorporated in the United Kingdom and considered to be joint ventures based on the shareholding agreements in place

(iii) Associated and other significant undertakings

Entity name	Registered office or principal place of business	Proportion of capital held by class
Aberdeen Community Health Care Village Limited	11 Thistle Place, Aberdeen, AB10 1UZ	30%
Aberdeen Roads (Finance) PLC	Dean House, 24 Ravelston Terrace, Edinburgh, E4 3TP	33%
Aberdeen Roads Holdings Limited	Dean House, 24 Ravelston Terrace, Edinburgh, E4 3TP	33%
Aberdeen Roads Limited	Dean House, 24 Ravelston Terrace, Edinburgh, E4 3TP	33%
Alliance Community Partnership Limited	Suite 1A Strathclyde Business Park, Willow House, Bellshill, Lanarkshire, ML4 3PB	6%
GT NEPS (Holdings) Limited	Cowley Business Park, Uxbridge, UB8 2AL	40%
GT NEPS Limited	Cowley Business Park, Uxbridge, UB8 2AL	40%
HTP Grange Holdco Limited	Epsilon Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire SN5 6NX	23%
HTP Grange Limited	Epsilon Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire SN5 6NX	23%

Notes to the consolidated financial statements continued

36 Group undertakings continued

Entity name	Registered office or principal place of business	Proportion of capital held by class
HTP LEP Limited	Epsilon Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire SN5 6NX	23%
HTP PSP Limited	Epsilon Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire SN5 6NX	25%
Hub North Scotland (Alford) Limited	11 Thistle Place, Aberdeen, AB10 1UZ	30%
Hub North Scotland (Anderson) Limited	Miller House, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (Elgin High School) Limited	Miller House, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (FWT) Limited	11 Thistle Place, Aberdeen, AB10 1UZ	30%
Hub North Scotland (Wick) Limited	11 Thistle Place, Aberdeen, AB10 1UZ	30%
Hub North Scotland Limited	11 Thistle Place, Aberdeen, AB10 1UZ	30%
Hub South East Scotland Limited	Atholl House, 51 Melville Street, Edinburgh EH3 7HL	50%
Hub South West Scotland Limited	Suite 1A Strathclyde Business Park, Willow House, Bellshill, Lanarkshire ML4 3PB	6%
HUB SW Greenfaulds Holdco Limited	Suite 1A Strathclyde Business Park, Willow House, Bellshill, Lanarkshire ML4 3PB	6%
HUB SW Greenfaulds Sub Hub Co Limited	Suite 1A Strathclyde Business Park, Willow House, Bellshill, Lanarkshire ML4 3PB	6%
James Gillespie's Campus Subhub Holdings Limited	Atholl House, 51 Melville Street, Edinburgh, EH3 7HL	50%
James Gillespie's Campus Subhub Limited	Atholl House, 51 Melville Street, Edinburgh, EH3 7HL	50%
KHS Subhub Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
KHS Subhub Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
LBP Subhub Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
LBP Subhub Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
Newbattle Subhub Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
Newbattle Subhub Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 1 Subhub Holdings Limited	Atholl House, 51 Melville Street, Edinburgh, EH3 7HL	50%
REH Phase 1 Subhub Limited	Atholl House, 51 Melville Street, Edinburgh, EH3 7HL	50%
S4B (Holdings) Limited	30 Warwick Street, London, W1B 5NH	8%
S4B (Issuer) plc	30 Warwick Street, London, W1B 5NH	8%
S4B Limited	30 Warwick Street, London, W1B 5NH	8%
UUGM Limited	5th Floor, Kings Place, 90 York Way, London, N1 9AG	20%

The above entities are all incorporated in the United Kingdom.

Five-year record

	2011 £m	2012 £m	2013 £m	2014 £m	**2015 £m**
Group revenue	1,284.2	1,504.1	1,467.3	1,767.8	**2,348.4**
Profit before exceptional items	35.1	63.1	73.6	94.9	**117.7**
Exceptional items	6.6	–	0.5	0.3	**(3.7)**
Profit before taxation	41.7	63.1	74.1	95.2	**114.0**
Tax	(8.9)	(13.8)	(15.9)	(18.0)	**(21.7)**
Profit after taxation attributable to shareholders	32.8	49.3	58.2	77.2	**92.3**
Fixed assets, investments in joint ventures and available for sale financial assets	32.5	41.9	42.5	40.2	**41.0**
Intangible assets and goodwill	124.0	126.8	128.4	128.1	**156.4**
Net current assets	277.4	354.2	379.0	586.5	**761.1**
Long-term receivables	53.5	43.6	48.4	61.2	**32.5**
Long-term payables and provisions	(32.3)	(88.1)	(96.9)	(281.8)	**(421.8)**
Net assets	455.1	478.4	501.4	534.2	**569.2**
Share capital	40.9	40.9	40.9	41.1	**41.1**
Reserves	414.2	437.5	460.5	493.1	**528.1**
Shareholders' funds	455.1	478.4	501.4	534.2	**569.2**
Dividends per share (pence)	16.0	30.0	37.0	53.0	**68.0**
Basic earnings per share (pence)	40.3	60.9	71.7	94.6	**112.8**
Diluted earnings per share (pence)	39.4	59.7	69.8	93.0	**110.9**

Shareholder information

Financial calendar 2015

Half year results announced	18 February
Interim dividend paid	8 April
Full year results announced	16 September
Ex dividend date	22 October
Final dividend record date	23 October
Annual General Meeting	13 November
Final dividend payment	25 November

Shareholder enquiries
The Company's registrars are Equiniti Limited. They will be pleased to deal with any questions regarding your shareholding or dividend payments. Please notify them if you change your address or other personal information. Call the shareholder contact centre on 0871 384 2030 (calls to this number cost 10 pence per minute plus your phone company's access charge. Lines open from 8.30am to 5.30pm, Monday to Friday. Overseas shareholders should call +44 121 415 7047) or, alternatively, write to them at:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

You can find a number of shareholder services online via their website at www.shareview.co.uk/myportfolio, including the portfolio service which gives you access to more information on your investments such as balance movements, indicative share prices and information on recent dividends. You can also register your email address to receive shareholder information and Annual Report and Financial Statements electronically.

Share dealing service
A telephone and internet dealing service is available through Equiniti which provides a simple way of buying and selling Galliford Try shares. Commission is currently 1.5% with a minimum charge of £50 for telephone dealing and a minimum charge of £45 for internet dealing. For telephone sales call 0845 603 7037 between 8.00am and 4.30pm, Monday to Friday, and for internet sales log on to www.shareview.co.uk/dealing. You will need your shareholder reference number as shown on your share certificate. Share dealing services are also widely provided by other organisations. The Company is listed on the London Stock Exchange under the code GFRD and the SEDOL and ISIN references are B3Y2J50 and GB00B3Y2J508.

Group website
You can find out more about the Group on our website www.gallifordtry.co.uk which includes a section specifically prepared for investors. In this section you can check the Company's share price, find the latest Company news, look at the financial reports and presentations as well as search frequently asked questions and answers on shareholding matters. There is also further advice for shareholders regarding unsolicited boiler room frauds.

The Company's up to date share price can also be obtained by calling the voice activated FT Cityline on 09058 171690 (calls charged at 75 pence per minute from a landline).

Company contact
Contact with existing and prospective shareholders is welcomed by the Company. If you have any questions please contact the Company Secretary, either at the registered office or via email (kevin.corbett@gallifordtry.co.uk).

Analysis of shareholdings
at 30 June 2015

Size of shareholding	% of holders	Number of holders	% of shares	Number of shares
1 – 10,000	91.73	3,958	5.04	4,150,052
10,001 – 50,000	3.99	172	4.69	3,856,137
50,001 – 500,000	3.31	143	27.60	22,709,927
500,001 – highest	0.97	42	58.96	51,573,749

Registered office
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Cowley Business Park
Cowley
Uxbridge UB8 2AL

Stockbrokers
Peel Hunt LLP
HSBC Bank plc

Bankers
HSBC Bank plc
Barclays Bank plc
The Royal Bank of Scotland plc
Abbey National Treasury Services plc

Registration
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Financial advisers
Rothschild

Independent auditors
PricewaterhouseCoopers LLP

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