BERKELEY ANNUAL REPORT **2010**

vision
2020

Our vision for the future

THE QUEEN'S AWARDS FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2008

Dial Arch at Royal Arsenal Riverside, Woolwich

PERFORMANCE FOR THE YEAR

£57.5m
of net cash generated before financing outflows of £25.4m

£25.4m
of cash used to acquire 1.7 million shares and settle share scheme awards

17.3%
operating margin (2009: 17.8%)

£110.3m
of profit before tax (2009: £120.4m)

60.0 pence
of Earnings per Share (2009: 71.3 pence)

FINANCIAL POSITION

£316.9m
of net cash (April 2009: £284.8m)

636.7 pence
of Net Asset Value per Share (April 2009: 615.4 pence)

£648.1m
of cash due on forward sales (April 2009: £619 .8m)

28,099
land bank plots (April 2009: 30,044)

£2.0 billion
of land bank future gross margin (April 2009: £2.0 billion)

Front cover image: A computer generated image of St George Wharf Tower

'WE CREATE VIBRANT, SUSTAINABLE PLACES WHERE PEOPLE ASPIRE TO LIVE…'

"The core values that underpin Berkeley remain unchanged. These are financial strength, decisions made based on deep experience and common sense and a real passion for creating homes and places of a high quality that will stand the test of time and meet the aspirations of our customers."

CHAIRMAN'S STATEMENT

2009/10 has been a year of change in a number of ways. The housing market in London and the South East has stabilised, albeit at transaction levels lower than we had become used to prior to the turbulent market of the previous two years. The land market has begun to yield some attractive opportunities again and, over the course of the year, a growing sense developed that the worst is over with a return to GDP growth.

Most recently of course we have had a change of Government and, quite understandably, this has given cause for reflection as people look to understand the impact of the spending reviews and policies to be implemented by the new Coalition administration. Such reviews and changes in policy are inevitable and necessary. Most important is that hard work and innovation are rewarded and growth is encouraged. In our own industry, this means a continued and concerted commitment from the private and public sector to work together to address the shortage in supply of quality housing, and I look forward to Berkeley being at the forefront of this partnership. A vibrant housing market has so many knock-on effects on the wider economy, employment and addressing social issues.

What remain unchanged are the core values that underpin Berkeley. These are financial strength, decisions made based on deep experience and common sense and a real passion for creating homes and places of a high quality that will stand the test of time and meet the aspirations of our customers.

Berkeley's strategy is to maximise shareholder value in a sustainable and safe way over the long-term. At present, the Board believes that greatest value will be achieved through land acquisition, investing in work in progress and opportunistic share purchases, as opposed to declaring a dividend. This dividend policy will, however, be reviewed at the end of each reporting period.

RESULTS

Berkeley is pleased to announce a pre-tax profit of £110.3 million for the year ended 30 April 2010. This compares to £120.4 million in the same period last year, a reduction of 8.4%.

Total equity attributable to shareholders increased by £57.3 million to £858.6 million (2009: £801.3 million) in the year with net assets per share of 636.7 pence at 30 April 2010 (2009: 615.4 pence), there being 134.9 million shares in issue at 30 April 2010 (2009: 130.2 million).

Return on capital employed for the year was 20.1% compared to 20.6% last time, with Berkeley holding £316.9 million of net cash at 30 April 2010 (2009: £284.8 million).

OUR PEOPLE AND BOARD CHANGES

On 22 July 2010, Greg Fry announced his intention to step down from the Board following the Annual General Meeting to be held on 8 September 2010, having decided that this is the right time for him to make a change. Greg will then leave St George on 31 October. Greg has given over 28 years of continuous service to Berkeley and St George, the last 14 years as a Group Main Board Director. On behalf of the Board, I would like to thank Greg for his truly outstanding contribution to the business over this time.

Berkeley has, for some time, recognised the need to put in place a long-term succession plan across the Group, following a philosophy which is built on the strength in depth and quality of our people and based on promoting from the talent within our management teams wherever possible. I am therefore pleased to announce the appointment of Sean Ellis to the Board as an Executive Director with effect from the AGM. Sean has been with Berkeley since 2005 and has held a number of senior land positions and is currently Managing Director of St James.

Following the AGM, with Sean's appointment and Greg's decision to step down, the Board will comprise a Chairman, five Executive Directors and four Non-executive Directors. As a consequence Berkeley will look to appoint a further Non-executive Director to achieve the balance envisaged by the Combined Code.

Producing such strong results once again in what remain challenging market conditions and receiving external recognition is tribute to the resilience, determination and skill of our people. On behalf of the Shareholders and Directors of Berkeley, I would like to take this opportunity to thank our people and recognise their exceptional efforts and achievements.

TONY PIDGLEY
CHAIRMAN

Summers Place, Billingshurst

"Through highly selective land acquisition Berkeley uses its expertise to focus on adding value to its land holdings, creating quality new developments where our customers aspire to live."

MANAGING DIRECTOR'S REVIEW

These results reflect a period of trading which has been stronger than industry observers anticipated this time last year. Transaction levels stabilised over the year and are broadly 40% below what was the historic average. This is a level commensurate with the re-sizing of the business undertaken over the course of the previous 12 months. Pricing has been resilient for well located product that is right for the local market and built to a high quality, and cancellation rates are back at normal levels. Demand from equity-rich investors and those from overseas who are aided by the weakness of sterling has been strong, while the UK domestic market continues to be constrained by a combination of uncertainty (economic and political) and the more prudent lending criteria of banks and building societies.

Maintaining our operating margin above 17% is a result of Berkeley's strategy where land buying is highly selective – driven by opportunity not volume – and where Berkeley has the time and expertise to add value to its land holdings. In this period we have agreed to acquire some 2,200 plots across 20 sites, all in excellent locations in our operating area of London and the South East where underlying demand is strong, including Belgravia, Battersea, Putney, Ascot and Wimbledon. We have also secured new or revised planning consents on 38 of our sites. This further strengthens the quality of our owned land bank and underpins supply for the next three years.

Moving into its new financial year, Berkeley will continue to focus on its customers and the homes and places it creates. I am delighted, therefore, to announce Berkeley's "Vision 2020" strategy. Vision 2020 sets ambitious objectives for the next decade across all areas of the business for the benefit of our customers, the environment and our people. The strategy includes the significant industry-leading commitment to meet the Building for Life "Silver Standard" on all new developments submitted for planning permission. Berkeley's vision for 2020 is designed to move the business and the industry forward over the next 10 years. We are in a fantastic position, with the right people in place, to realise this vision.

With its strong balance sheet, Berkeley is in a great position to react quickly to the opportunities in the market as visibility improves once the impact of the change in Government is assessed by companies and individuals. Essentially, Berkeley has three investment choices. These are: acquiring new land; investing in work in progress; and returning cash to shareholders through dividends or share buy-backs. In this financially constrained environment, we are confident that we will find the right balance to maximise shareholder returns over the long-term.

The Penthouse at Sugar House

BUSINESS REVIEW

KEY PERFORMANCE INDICATORS

Our key performance indicators reflect the essential ingredients to delivering Berkeley's strategy. These are financial strength (cash generation, cash position and forward sales), our land bank (plots, future gross margin and brownfield utilisation percentage), our customers and our people.

£57.5 MILLION OF NET CASH GENERATED
before financing cash outflows of £25.4 million

£316.9 MILLION OF NET CASH
up from £284.8 million last year

£648.1 MILLION OF CASH DUE ON FORWARD SALES
up from £619.8 million last year

28,099 PLOTS IN THE LAND BANK
down from 30,044 last year

£2.0 BILLION OF LAND BANK FUTURE GROSS MARGIN
consistent with £2.0 billion last year

100% BROWNFIELD LAND
used on completed developments over the last four years

93% OF OUR CUSTOMERS
would recommend Berkeley to a friend (2009: 91%)

RIDDOR INCIDENT RATE OF 3.8
per 1,000 employees and sub-contractors (2009: 3.9)

HOUSING MARKET

The value of Berkeley's underlying sales reservations has been broadly consistent across the year with the second half marginally ahead of the first. This demonstrates that the market in London and the South East has stabilised following a period which, in 2007, saw the market peak and, since 2008, has seen the impact of the global financial crisis. In this new environment, sales reservations are approximately 40% lower than what previously might have been considered a normal market.

Sales prices achieved in the year have been marginally ahead of the business plan forecasts set this time last year with cancellation rates at normal levels. This shows that, where customers have sufficient equity, they are seeing value and acquiring the well located properties, developed to a high standard of quality and specification, for which Berkeley is renowned.

While the UK private domestic market remains constrained by economic and political uncertainty and the extent to which customers are able to obtain sufficient mortgage finance, demand from equity-rich investors and those from overseas who are aided by the weakness of sterling has been strong, particularly for Berkeley's Central London schemes. This has resulted in customers acquiring properties as an investment continuing to account for over 50% of underlying sales reservations.

Berkeley has always benefited from its diversity of product and customer and this year has worked

closely with the Homes & Communities Agency to secure a wide mix of affordable homes, including extra care for the elderly. In addition, demand remains strong for quality income generating assets, such as student accommodation which is a feature of a number of the Group's developments.

In terms of inputs, build costs have also stabilised over the course of the year, having fallen broadly in line with the sales market prior to this.The main cost pressure continues to come from planning tariffs, be these in the form of S.106 contributions, affordable homes requirements, building regulations or other requirements. It is important that these are aligned with the prevailing market environment to ensure that the much needed provision of new homes can be brought forward.

Computer generated image of Charles House, Kensington (St Edward Homes) – Planning consent for the transformation of this former office site into 525 high quality apartments was received during the year

LAND HOLDINGS

At 30 April 2010, the Group (including joint ventures) controlled some 28,099 plots with an estimated gross margin of £2,038 million. This compares with 30,044 plots and an estimated gross margin of £2,014 million at 30 April 2009. Of the total 28,099 plots, 27,094 plots (2009: 23,572) are owned and included on the balance sheet. In addition, 935 plots (2009: 6,407) are contracted and 70 plots (2009: 65) have terms agreed. In excess of 95% of our holdings are on brownfield or recycled land.

The movements in the land bank during the year reflect four specific factors. First, Berkeley has been successful in enhancing existing planning consents to create approximately 600 new plots. Secondly, Berkeley has agreed to acquire approximately 2,200 plots across some 20 new sites. Thirdly, 320 units across two sites previously included in the land bank are no longer expected to be progressed and have been excluded. Finally, the land bank has been restated to re-categorise certain sites to the long-term pipeline where the development outcome is uncertain due to planning policy, viability or issues surrounding vacant possession. This restatement, which covers some 2,250 contracted plots, includes the latter phases of Kidbrooke, which is being undertaken in partnership with the London Borough of Greenwich, and the St Edward Homes scheme at Green Park, Reading.

The 2,200 new plots agreed by Berkeley in the period are across 20 sites, ranging from prime London locations in Belgravia and on the river at Battersea, to sites suited to student accommodation and more traditional sites outside London. Really understanding the local market to identify the underlying demand and matching scheme design and product to this are more important than ever in these market conditions. The land market is competitive and Berkeley has been highly selective in assessing the numerous opportunities with which it has been presented. The common theme across all the sites acquired is that they are in excellent locations, underpinned by strong demand for new homes, and are sites where Berkeley has a vision to bring new vitality to the local community and to create added value through its development expertise.

In addition to the 28,099 plots in its land bank, Berkeley has significantly in excess of 10,000 plots in its long-term pipeline which includes the latter phases of Kidbrooke and Woodberry Down, strategic land and a number of sites being worked up within St Edward Homes, Berkeley's joint venture with Prudential. These plots are all of a more long-term nature; Berkeley hopes they will come through into the land bank but they currently have an uncertain outcome due to planning policy or vacant possession issues. Over the next 10 years, Berkeley envisages being able to add 10,000 plots to its land bank from a combination of plots coming through this pipeline and optimisation of sites already included in the land bank.

In terms of planning, Berkeley has been successful in obtaining new or revised planning consents on 38 of its sites during the year. New consents include the next phases of the large London regeneration schemes at Kidbrooke and Woodberry Down and the St Edward Homes scheme at Charles House in Kensington, moving these from the contracted land bank at the start of the year into the owned land bank at 30 April 2010. Other new consents include the Group's sites at Cambridge, Beaconsfield and Yarnton (Oxford); along with additional or revised consents at Royal Arsenal Riverside (Woolwich), Beaufort Park (Hendon), Worcester Park, Cirencester and Holborough Valley (Kent). Berkeley has also obtained planning consent for three student schemes during the year in Clapham Junction (for Imperial College), Acton and Oxford.

St Edward Homes accounts for some 1,500 plots in the land bank across three sites. These are: Stanmore Place, where the first sales were recorded during the year; Charles House; and 190 Strand, on which a planning application has recently been submitted. In addition, Berkeley continues to work with Prudential to identify further sites to which St Edward Homes can add value and three of these are in the long-term pipeline.

LAND HOLDINGS	At 30 Apr 2010	Variance	At 30 Apr 2009
Owned	27,094	+ 3,522	23,572
Contracted	935	– 5,472	6,407
Agreed	70	+ 5	65
Plots *	28,099	– 1,945	30,044
Sales value	£7,220m	+ £39m	£7,181m
Average selling price	£257k	+ £18k	£239k
Average plot cost	£36k	+ £3k	£33k
Land cost %	14.0%	+ 0.1%	13.9%
Gross margin	£2,038m	+ £24m	£2,014m
Gross margin %	28.2%	+0.2%	28.0%

* Includes 1,500 plots within joint ventures at 30 Apr 2010 (30 Apr 2009: 2,809)

SUSTAINABILITY

Berkeley has always adopted a holistic approach to sustainability. It is embedded within the Group's development process and regarded as a fundamental part of creating the quality homes and places that our customers seek and for which Berkeley is renowned. As a result, Berkeley has, for the third year running, been ranked first in the NextGeneration benchmark, the leading sustainability benchmark for the Top 25 UK homebuilders. It is also the reason that Berkeley holds a Queen's Award for Enterprise in the Sustainable Development Category.

It is from these credentials that Berkeley has formulated an ambitious, long-term strategy for its business to ensure that, by 2020, it continues to be viewed by its stakeholders as the leader in delivering sustainable homes and communities, as well as being one of the UK's most sustainable businesses. Called "Vision 2020", the strategy focuses on four key impact areas which encapsulate all aspects of Berkeley's business. These are: The Customer Experience; Building Greener Homes; Delivering Sustainable Communities; and Running a Sustainable Business.

In each area Berkeley is making forward thinking, sector leading commitments that will continue to drive the sustainability agenda forward for the benefit of Berkeley's customers and other stakeholders.

As part of Vision 2020 Berkeley has become the country's first developer to adopt the Building for Life "Silver Standard" of design as a minimum commitment. All new developments for which Berkeley submits a planning application after 1 May 2010 will have a formal Building for Life assessment carried out with the objective of achieving a minimum score of 14 out of 20. Building for Life is a national standard for well-designed homes and neighbourhoods. Its 20 assessment criteria embody functional, attractive, sustainable housing and cover issues that are integral to the creation of sustainable communities. Berkeley has previously received a total of 11 Building for Life Standards, most recently a Silver Standard at Imperial Wharf.

Computer generated image of Saffron Square, Croydon

BUSINESS REVIEW

AWARDS

In its commitment to quality and creating places in which people aspire to live, Berkeley strives to provide its customers with the best possible customer experience. Berkeley is therefore delighted that, in addition to the recognition for its sustainability achievements, it has been recognised as Housebuilder of the Year at the 2010 Building Awards, organised by Building Magazine, having been voted Residential Developer of the Year in the Property Week Property Awards in 2009 and Housebuilder of the Year, Best Large Housebuilder of the Year and Sustainable Developer of the Year at the 2009 What House? Awards, which also saw Royal Arsenal Woolwich being recognised as the Best Brownfield Development, Imperial Wharf as the Best Landscape Design and Grosvenor Waterside as the Best Shared Ownership Development.

Alongside the focus on its customers, the safety of its people is of paramount importance to Berkeley. It is therefore extremely encouraging that the Group's people were awarded a number of prestigious awards at the inaugural Health and Safety Awards, organised by the NHBC. These included the National Award in the Large Housebuilder category for Site Safety and a Special Award for the Best Individual Health & Safety Leader. This performance is also reflected in Berkeley's incident rate which remains well below the industry average.

Computer generated image of the initial proposals for Tideway Wharf – Acquired in the year, this 5-acre site sits within the Nine Elms Opportunity Area, the largest regeneration area in Central London. The site is adjacent to the iconic Battersea Power Station and minutes from Battersea Park. Proposed plans include approximately 750 homes (with the opportunity for a range of accommodation, sizes and ownership), underground parking, a hotel, restaurants, bars and retail spaces. Quality areas of public realm will be created around the site to be enjoyed by residents and the local community. The scheme is in consultation with stakeholders and a planning application is due to be submitted in 2010.

OUTLOOK

After two years of correction, the housing sector has gone through a period of relative stability over the last year. There are still residual imbalances from the financial downturn which will continue to affect the wider economy and the sector.

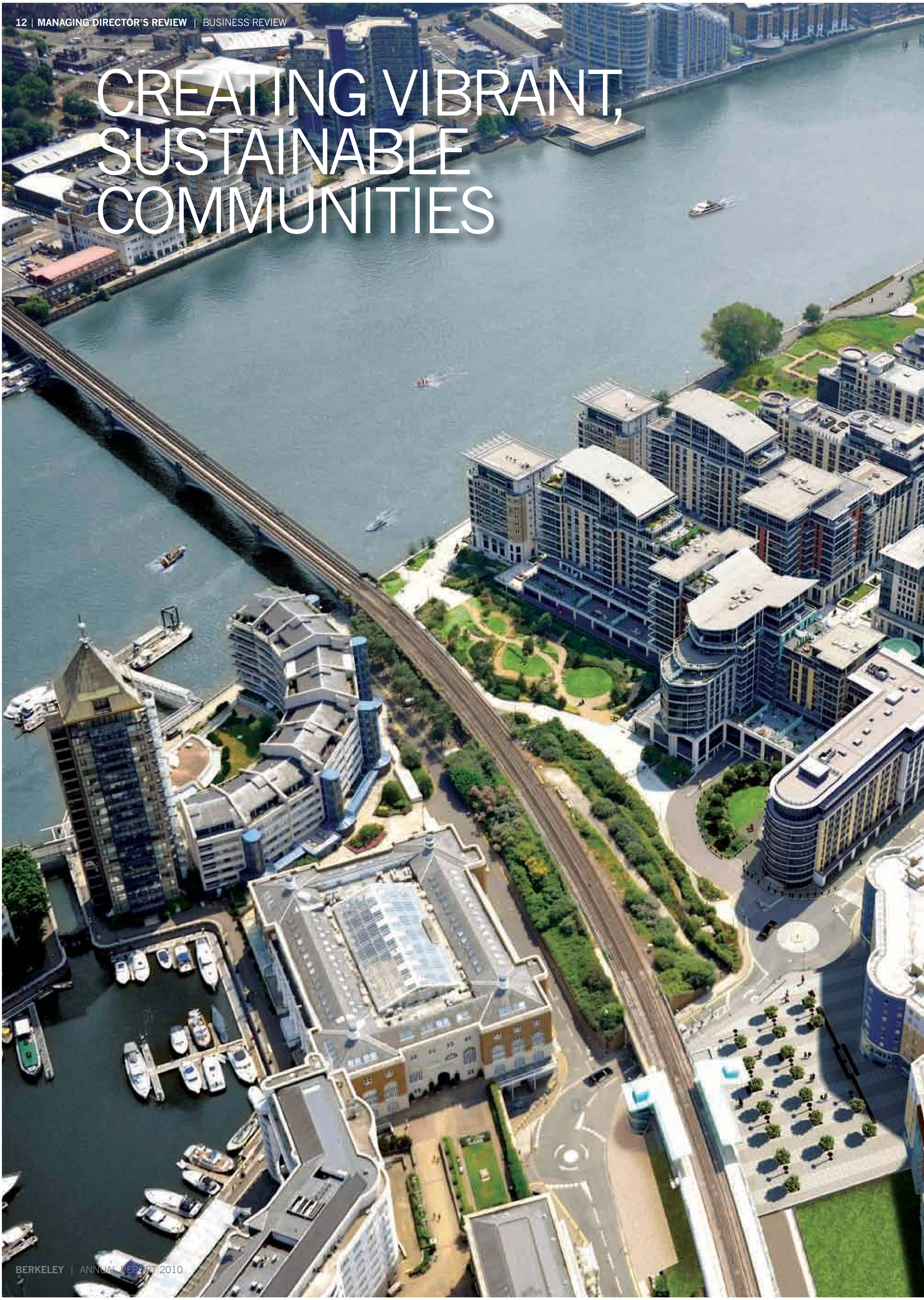
Berkeley targets itself to be an added value urban regenerator and property developer in London and the South East, rather than a volume housebuilder. Its natural size has allowed Berkeley to concentrate on ensuring its developments meet the demands of its customers. Concentrating on mixed-use inner city developments has allowed Berkeley to build up an unrivalled land bank on which the focus is to unlock the development value while using the Group's cash resources to selectively acquire further opportunities.

The Board is fully aware that its primary goal is to maximise long-term returns to shareholders as opposed to concentrating mainly on the income statement. Consequently, the objective is to grow both earnings per share and the land bank by 10% over the next 12 months while ensuring that Berkeley retains its financial strength. This will create a meaningful and sustainable business and will allow the skills of Berkeley's people to continue to add value throughout the whole development process.

The demanding nature of this challenge should not be underestimated in these severely testing times but Berkeley is committed to ensuring that the Group remains at the vanguard of the industry and is the homebuilder of choice for all of its stakeholders. Berkeley is well placed to achieve this.

ROB PERRINS
MANAGING DIRECTOR

CREATING VIBRANT, SUSTAINABLE COMMUNITIES



"London – one of the world's greatest cities – has for many years been Berkeley's heartland, and our commitment to developing quality sustainable homes in the Capital is undiminished."

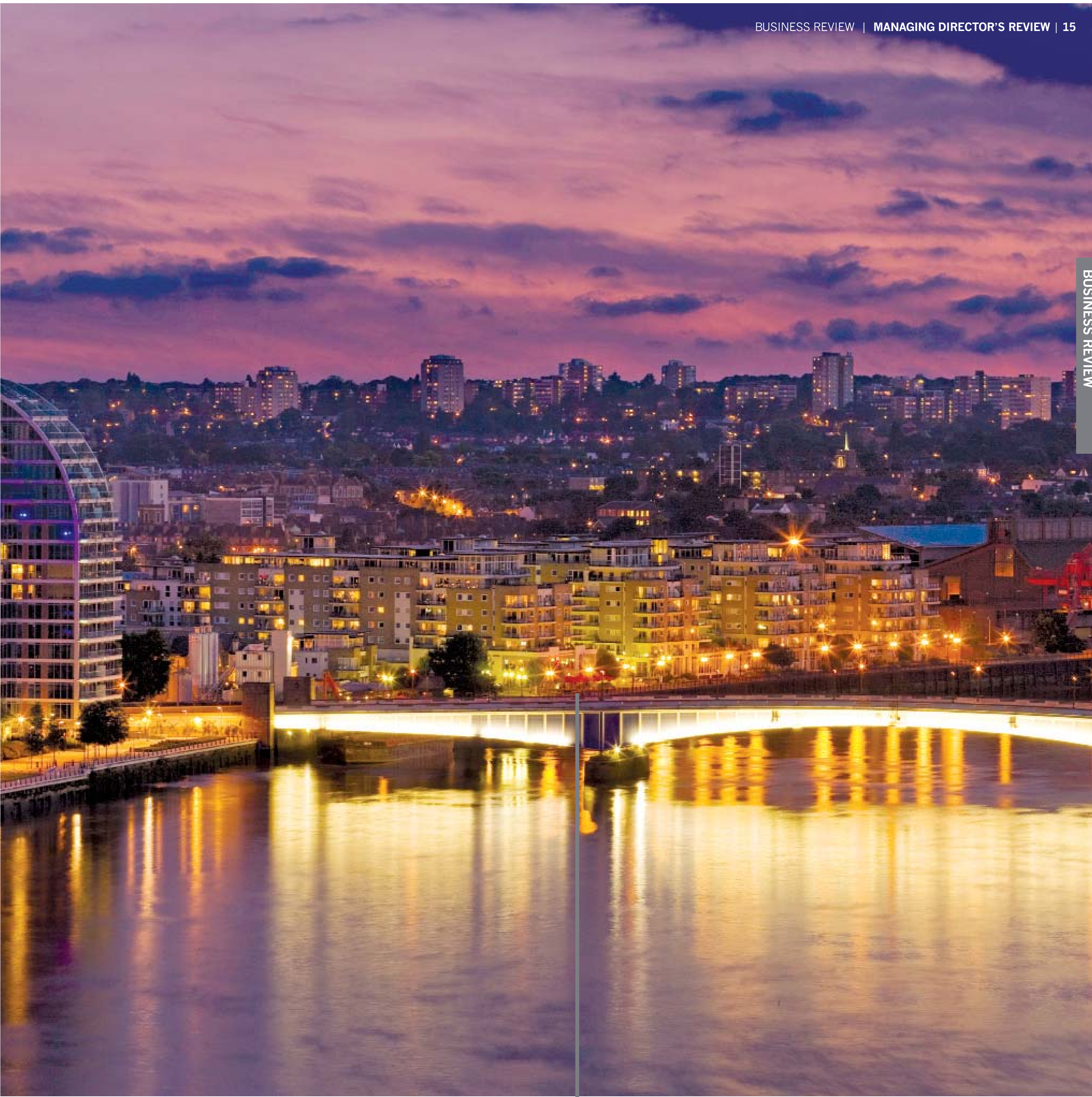
Imperial Wharf in Fulham – 10 years in the making – This former gas works is now an award winning mixed-use development of appoximately 1,800 homes set around a landscaped 10 acre park and river walk. With over 300,000 ft^2 of commercial space including restaurants, shops and bars, a vibrant riverside environment has been created on the north bank of the River Thames adjacent to Chelsea Harbour

Imperial Wharf is being enhanced with the addition of Chelsea Creek a stunning new collection of apartments and public spaces

REGENERATING LONDON'S RIVERSIDE

RIVERSIDE PLAZA (1994)

Originally a builders merchant and timber yard known as Mendip and Sherwood Wharf, the site was acquired by Berkeley from the receiver in 1994. In excess of 100 apartments were developed together with retail space, a restaurant, live work units, health care facilities and a new public riverside.



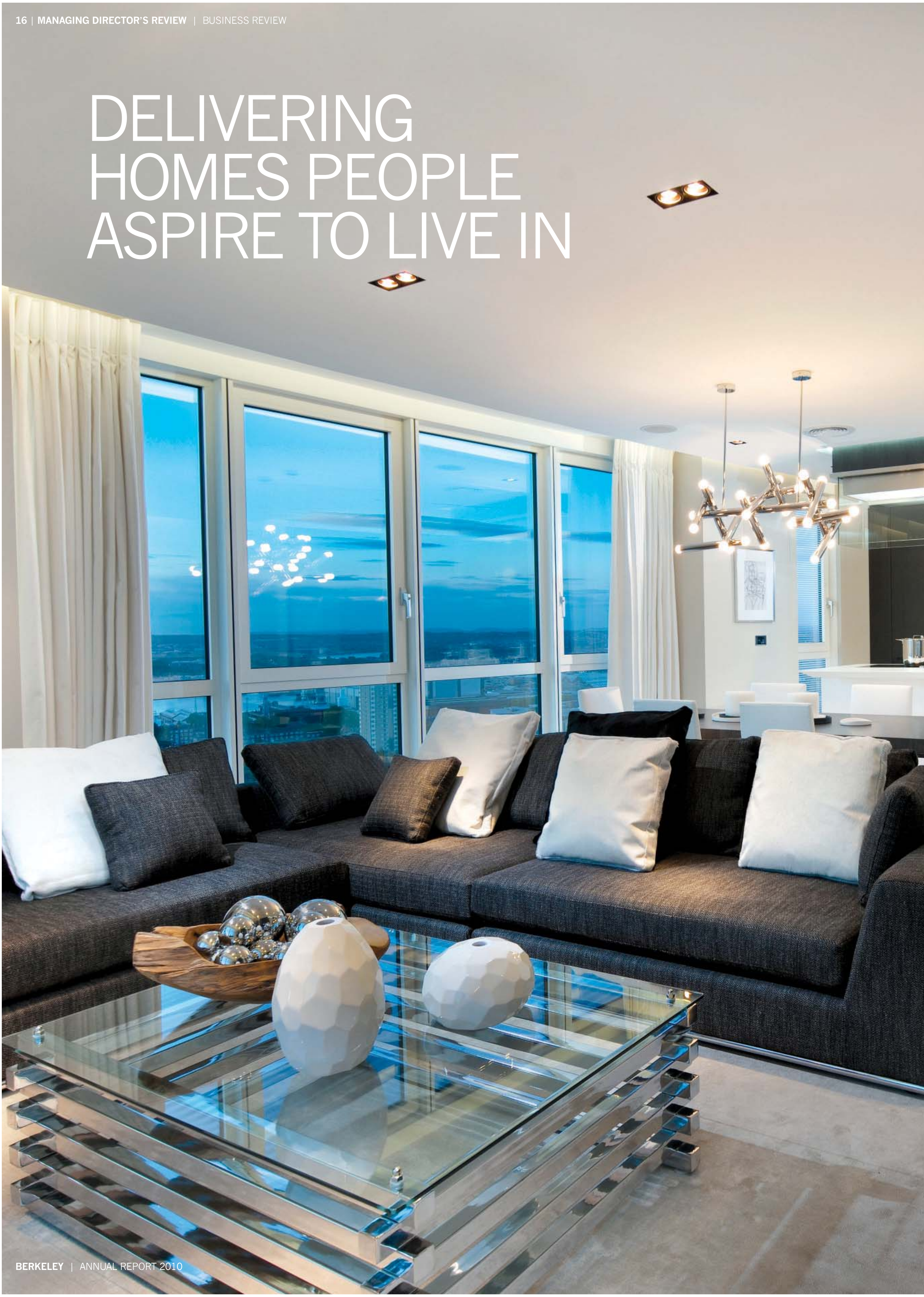
BATTERSEA REACH (2010)

Acquired in 2002, this site had previously been a gin distillery and oil distribution centre. One year later, construction began on Battersea Reach, a scheme that will ultimately deliver 1,084 units (under the existing planning permission) along with over 100,000 ft² of commercial space. In addition to 11,518 ft² provided for a financial services agency, there will be 40,885 ft² of office accommodation, with provision for 17,895 ft² of retail space, 27,847 ft² of restaurants and a 5,088 ft² nursery. To date, five blocks have been completed, providing 481 new homes.

RIVERSIDE WEST (2004)

Previously the site of a gas holder and then a small industrial park, the land that is now Riverside West was acquired in 1997. By the time it was completed in 2004, the site was completely transformed, providing 533 residential units, 35,731 ft² of retail space, including shops and restaurants, 12,541 ft² of office accommodation and a 37,880 ft² Esporta gym. In addition, land was sold to Holiday Inn, which built a 148 bedroom hotel overlooking the river.

DELIVERING HOMES PEOPLE ASPIRE TO LIVE IN



"Berkeley is renowned for delivering well located homes, developed to a high standard of quality and specification."

The Penthouse at No.1 Gunwharf Quays, Portsmouth

ENHANCING LOCAL TRANSPORT

"91% of homes completed in the year were on developments located within 500 metres of public transport services. On 30 September 2009 we were delighted to open the Imperial Wharf Station."

BUSINESS REVIEW

The Thames Clipper docked at the Royal Arsenal Riverside pier

Reading City bus at Kennet Island, Reading

DIVERSITY OF PRODUCT AND CUSTOMER

Computer generated image of the proposed Edenbrook development at Fleet, Hampshire

"Berkeley benefits from the diversity of its product and customer.

Berkeley's aspiration is to play a central role in delivering the homes of the future for London and the South East."

BUSINESS REVIEW

New homes at Queen Mary's Place, Roehampton

Left image:
Affordable housing in Yarnton, Oxfordshire

Right image:
University accommodation at Victory Pier, Gillingham

"Underpinned by its financial strength, Berkeley is in a great position to react quickly to the opportunities in the market."

TRADING AND FINANCIAL REVIEW

Berkeley's strategy has been developed for a cyclical market. It is about creating value over the long-term and this requires financial discipline and balance sheet strength. Berkeley acquires land differently to others. The primary focus is on adding value through its development expertise, for which we have an excellent record.

Above all else, enhancing property value is about having time. This is afforded to Berkeley by its strategy of taking low financial risk through a combination of matching production to demand, selling forward and only gearing when there is sufficient visibility of future cash flow.

TRADING ANALYSIS

Revenue for the Group was £615.3 million (2009: £702.2 million). This comprised £595.7 million (2009: £625.6 million) of residential revenue, none of which was from land sales (2009: £46.1 million), along with £19.6 million (2009: £30.5 million) of commercial revenue.

During the year, the Group sold 2,201 residential units at an average selling price of £263,000. This compares with 1,501 units at an average selling price of £395,000 last year. Berkeley's average selling price always fluctuates due to sales mix. £263,000 is towards the lower end of the range, reflecting a higher proportion of lower value units this time. By contrast, sales in the comparative year included a relatively high proportion of revenue from the Group's Central London sites.

At £19.6 million (2009: £30.5 million), the Group's revenue from commercial activities represents the disposal of commercial units on 19 mixed-use sites, 16 of which were in London. The most significant of these were the disposal of: 12,900 ft^2 of retail, office and restaurant space at Tabard Square; a 14,000 ft^2 gym at St George Wharf, a 5,000 ft^2 crèche at Battersea Reach; 5,000 ft^2 of retail and office space at Imperial Wharf; 4,400 ft^2 of retail and office space at Caspian Wharf; a 3,400 ft^2 art gallery at Kingsway Square, Battersea; and a motorcycle test centre in Gillingham.

Headline results	April 2010 £'million*	April 2009 £'million*	Change %
Revenue	615.3	702.2	– 12.4%
Operating profit	106.2	124.8	– 14.9%
Net finance income/(costs)	4.4	(3.5)	
Joint ventures	(0.3)	(0.9)	
Profit before tax	110.3	120.4	– 8.4%
Tax	(30.8)	(34.3)	
Profit after tax	79.5	86.1	– 7.7%
EPS – basic	60.0p	71.3p	– 15.8%
ROCE	20.1%	20.6%	

* unless otherwise indicated

BUSINESS REVIEW

CASH FLOW

The Group generated net cash of £57.5 million in the year, utilising £25.4 million of this to acquire shares and settle share schemes. This resulted in net cash of £316.9 million at 30 April 2010 (2009: £284.8 million). There are seven elements to the Group's cash flow.

Profit before tax of £110.3 million was down £10.1 million from £120.4 million in 2009.

Working capital was broadly neutral over the course of the year. Within this, deposits and on account receipts from customers increased by £126.8 million but this was more than offset by land expenditure in excess of the cost of land used in the income statement and other cash flows.

The acquisition of the Saad Berkeley joint ventures in July 2009 resulted in a one off cash outflow of £17.7 million. This includes the acquisition of the site-specific debt within those entities of £16.2 million.

The Group paid tax of £12.4 million, compared to a net inflow of £8.7 million last year. The inflow in the prior year reflected the benefit of tax planning and the taxation benefit derived from the scheme of arrangement which is not repeated in the current year.

There was a net cash outflow of £8.5 million from investing activities which principally relates to investments in and loans to joint ventures (£5.5 million) acquisition of fixed assets (£6.9 million) offset by the disposal of a minority interest (£3.9 million) arising as a result of the newly formed subsidiary owned 51% by Berkeley and 49% by Imperial College which is developing the site at Winstanley Road, Clapham.

Non–cash items and other movements, which principally relate to timing differences on interest receipts and payments and the effect of share based payments accounting are £4.7 million this year, down £8.5 million from £13.2 million last year.

Finally, cash flows from financing activities were an outflow of £25.4 million this year compared to a net inflow of £19.8 million last year. The £25.4 million arises from the cost of settling awards under the employee share scheme. This breaks down as £12.8 million of shares purchased in the year by the Group's Employee Benefit Trust and £12.6 million settled in cash. Last year the £19.8 million inflow related to the proceeds from the issue of new shares in March 2009 (£49.6 million) offset by the cost of settling awards under the employee share scheme (£29.8 million).

Cash flow and net assets	April 2010 £'million*	April 2009 £'million*	Change £'million*
Profit before tax	110.3	120.4	(10.1)
Increase in deposits and on account receipts	126.8	164.0	(37.2)
Other working capital movements	(145.7)	(15.0)	(130.7)
Purchase of shares in joint ventures	(17.7)	–	(17.7)
Taxation	(12.4)	8.7	(21.1)
Investing activities	(8.5)	(21.8)	13.3
Non-cash and other movements	4.7	13.2	(8.5)
	57.5	269.5	(212.0)
Share purchases	(12.8)	(19.2)	6.4
Cash settlement of employee share schemes	(12.6)	(10.6)	(2.0)
Share placing	–	49.6	(49.6)
Increase in net cash	32.1	289.3	(257.2)
Opening net cash/(debt)	284.8	(4.5)	289.3
Closing net cash	316.9	284.8	32.1
Capital employed	545.4	516.5	28.9
Net assets	862.3	801.3	61.0
Minority Interest	(3.7)	–	(3.7)
Net assets attributable to shareholders	858.6	801.3	57.3
Net assets per share	636.7p	615.4p	21.3p

* unless otherwise indicated

Berkeley offices at
Chelsea Bridge Wharf, London

PROFIT BEFORE TAX

The Group's profit before tax has reduced by £10.1 million to £110.3 million from £120.4 million last year, a decrease of 8.4%. Three principal factors have contributed to this £10.1 million net reduction. Operating profit has reduced by £18.6 million, net finance income of £4.4 million has been achieved against a net cost in the prior year of £3.5 million representing a net movement of £7.9 million, and there has been a reduction of £0.6 million in the Group's share of losses in joint ventures.

	£'millon
Profit before tax: 2008/09	120.4
Operating activities	– 18.6
Interest	+ 7.9
Joint ventures	+ 0.6
Profit before tax: 2009/10	**110.3**

Operating profit for the year of £106.2 million is down £18.6 million from £124.8 million. This is a 14.9% reduction which is largely driven by the decrease in Group revenue. A key feature of the results this year is that the operating margin is 17.3% which compares to 17.8% last year. Maintaining margins at this level is a result of the decisive action during 2008/09 to reduce net operating costs, which were £60.1 million this year (2009: £75.0 million), to the right size for the underlying market. The other important factor which will always influence margins is sales mix. This year has seen a higher proportion of homes with lower capital values completed and a reduced contribution from our prime Central London developments, due to the timing of delivery on these schemes.

Net finance income of £4.4 million, compares against net finance costs for the year ended 30 April 2009 of £3.5 million, a net movement of £7.9 million. The two principal reasons for the change are more finance income earned on higher average cash balances during the current financial year compared to the prior year and reduced imputed finance costs on deferred land creditors due to a lower balance and interest rates.

There has been a reduction of £0.6 million in the Group's share of losses in joint ventures which are £0.3 million this year compared to £0.9 million last year. St Edward Homes Limited has one scheme in production Stanmore Place, where the first sales were recorded during the year and led to a small profit in the second half of the financial year.

EARNINGS PER SHARE

Basic earnings per share are 60.0 pence compared to 71.3 pence last year, a reduction of 15.8%. Of this reduction, 7.7% is due to the fall in earnings (profit after tax) with the remaining 8.1% reduction due to an increase in the weighted average number of shares in issue to 132,824,000 (2009: 120,752,000). There are two reasons for this increase. First, Berkeley issued 6.0 million new

Change in inventory

	30 April 2010 £'million	Underlying Movement £'million	JV Assets Acquired £'million	30 April 2009 £'million
Land not under development	242.1	107.0	10.5	124.6
Work in progress: Land cost	499.0	(21.8)	14.7	506.1
	741.1	85.2	25.2	630.7
Work in progress: Build cost	446.7	31.3	3.0	412.4
Completed units	66.3	(5.4)		71.7
Part exchange units				
	1,254.1	111.1	28.2	1,114.8

shares in a placing in March 2009 and, secondly, Berkeley has issued 8.0 million new shares over the last 18 months in settling two of the four tranches of the 2004(b) LTIP which has now fully vested. The other two tranches were settled from shares acquired by the Company's Employee Benefit Trust and cash payments.

FINANCIAL POSITION

Net assets attributable to shareholders increased by £57.3 million to £858.6 million from £801.3 million last year end and net assets per share have risen by 21.3 pence to 636.7 pence from 615.4 pence last year end.

The Group's balance sheet includes £3.7 million of minority interest representing Imperial College's 49% share in a fully consolidated subsidiary formed to develop the site at Winstanley Road, in Clapham. Consequently the combined net assets attributable to shareholders of the Group and attributable to minority interest stand at £862.3 million, up £61.0 million from £801.3 million a year ago. This net increase of £61.0 million represents a net cash inflow in the year of £32.1 million combined with a £28.9 million increase in capital employed.

The £28.9 million increase in capital employed principally relates to the increase in working capital (including non-cash movements) in the year of £42.6 million offset by a decrease in non-current assets of £13.7 million.

The two significant offsetting factors in the net £42.6 million working capital increase are increases in both inventory and trade and other payables. Inventory has risen by £139.3 million to £1,254.1 million at 30 April 2010. £28.2 million of this increase is attributable to the acquisition of the former Saad Berkeley joint ventures and £111.1 million is the net underlying increase principally due to the acquisition of 20 new sites in the year. Excluding borrowings, liabilities have increased by £103.4 million in the year to £834.1 million at 30 April 2010, driven by an increase in deposits and on account receipts of £126.8 million.

Non-current assets have decreased by £13.7 million to £67.7 million at 30 April 2010. This decrease reflects a £23.1 million reduction in the deferred tax assets of the Group and a £0.1 million reduction in intangible assets, offset by increases in property, plant and equipment of £6.0 million and the net investment in the Group's joint ventures of £3.5 million during the year.

ROCE

Return on capital employed for the year was 20.1% compared to 20.6% last time. The reduction reflects the reduced operating profit in the year which has been partly offset by the increase in average cash balances in the current year relative to the prior period which has reduced the average level of capital employed over the period. Average capital employed for the year end 30 April 2010 was £531.0 million versus £601.2 million for the year end 30 April 2009.

TAXATION

The Group's policy is to pay the amount of tax legally due and to observe all applicable rules and regulations. At the same time we have an obligation to maximise shareholder value and to manage financial and reputational risk. This includes minimising and controlling our tax costs, as we look to do for all costs of our business. Factors that may affect the Group's tax charge include changes in legislation, the impact of corporate activity (restructuring, acquisitions, disposals et cetera), the resolution of open tax issues from prior years and planning opportunities. The Group makes provisions for potential tax liabilities that may arise, however the amount ultimately paid may differ from the amount accrued.

Developing phase 2 at Royal Arsenal Riverside, Woolwich

BANK FACILITIES

In November 2009, the Group refinanced its bank facilities with its long-standing relationship banks, Barclays and Lloyds, putting in place a £300 million facility for the next four years, a level commensurate with the requirements and capital structure of the Group. This provides certainty of available finance until November 2013 to underpin the Group's investment in land and work in progress. In addition, the Group has £53.0 million of site specific bank facilities, of which £32.8 million was drawn at the year-end. This includes the financing of a 453 unit postgraduate student accommodation scheme at Clapham Junction which is being built for Imperial College and financed by Santander Bank.

FINANCIAL RISK

The Group finances its operations by a combination of shareholders' funds, minority interest, deposits and on account receipts and, where taken out, borrowings. As the Group's operations are in sterling there is no direct currency risk, and therefore the Group's main financial risks are primarily:

- Liquidity risk – the risk that suitable funding for the Group's activities may not be available
- Market credit risk – the risk that a counterparty will default on their contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk encompasses the current assets set out in note 23 to the consolidated financial statements which comprise cash and cash equivalents and trade receivables
- Market interest rate risk – the risk that Group financing activities are adversely affected by fluctuation in market interest rates

The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are co-ordinated centrally. The objectives of the treasury policy are to maintain an appropriate capital structure and in doing so manage the financial risks identified above. The procedures for mitigation of the financial risks are set out in note 23 of the consolidated financial statements.

OPERATING RISK

All businesses are exposed to risk. Indeed, alongside risk comes opportunity and it is how such risks are managed that determines the success of the Group's strategy and, ultimately, its performance and results. Berkeley's strategy allows management to focus on creating sustainable long-term value for its shareholders, whilst taking advantage of opportunities as they arise in the short- and medium-term.

Risk management is embedded in the organisation at operating company, divisional and Group levels, with different types of risk requiring different levels and types of management response.

The principal operating risks of the Group include, but are not limited to the risks as set out on page 27.

The Internal Control section within the Corporate Governance report on pages 55 to 59 sets out the Group's overall framework for internal control, setting the context for the identification, control and monitoring of these and other risks faced by the Group.

NICK SIMPKIN
GROUP FINANCE DIRECTOR

BERKELEY'S PRINCIPAL OPERATING RISKS

ISSUE	RISK	MITIGATION
MACRO ECONOMIC CLIMATE	Employment levels and the overall "feel-good factor" within the UK economy have a direct impact on the demand for housing.	Continuous assessment undertaken of economic conditions and the marketplace to ensure that the business is structured accordingly. Business strategy regularly reviewed to ensure that it matches the prevailing market conditions.
SUSTAINABILITY	Urban regeneration has a significant impact on the built environment and the communities in which it occurs. Sustainability issues are an integral component of the risks listed here, as failure to address sustainability issues can affect our ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demand for sustainable homes. For more details of how these risks are managed, please see our Sustainability Report.	Board level Sustainability/Health & Safety Committee has the responsibility of setting the direction of the Group's strategy and ensuring it is aligned with business objectives. This committee meets twice a year with external consultants also attending.
HEALTH & SAFETY	Site accidents or site-related catastrophes, including fire and flood can result in serious injury or loss of life. The inability to attract the best staff, business interruption and reputational damage are all additional potential consequences.	Board level Sustainability/Health & Safety Committee has the responsibility of setting the direction of the Group's strategy. Dedicated Health & Safety teams in place at each division and at Group, with procedures, training and reporting all regularly reviewed to ensure high standards are maintained.Comprehensive accident investigation procedures in place.
PRODUCT QUALITY	Berkeley has a reputation for the quality of its product. If this is not maintained, it would expose the Group to reputational damage, as well as the additional cost of remediation.	A detailed review of the product is undertaken throughout the build process by experienced personnel. Local director sign off of units undertaken before serving notice of legal completion.
LAND AVAILABILITY	Inability to source suitable land to maintain land bank at appropriate margins in a highly competitive market.	Each land acquisition subject to formal appraisal and approval process. Schedule of all land holdings submitted monthly as part of key management information.
PLANNING	Delays or refusals in obtaining commercially viable planning permissions on the Group's land holdings that meet its investment return criteria.	Full detailed planning assessment and risk assessment in place for each site without planning permission in place. Planning status of all sites reviewed at monthly divisional board meetings and bi-monthly Main Board meetings.
SALES PRICE / VOLUME	Matching supply to demand in terms of product, location and price are key success factors for Berkeley's business. Incorrect assessments can result in missed sales targets and/or inefficient levels of completed stock.	Detailed market assessment undertaken of each site before acquisition, as well as ongoing reviews throughout the duration of the site to ensure supply is matched to demand. Overall mix of product throughout the Group reviewed on a regular basis, as well as stock levels. Forward sales are used to take the risk out of the development cycle where possible.
MORTGAGES	The ability for customers to secure sufficient mortgage finance remains constrained by banks' lending criteria and mortgage valuations not reflecting market value. This continues to be a restriction on transaction levels and forward sales.	Manage financial risk through matching production closely to demand and retain prudent approach to cash and gearing. Work with customers through the completion process.
BUILD COST / PROGRAMME	In what is a competitive marketplace, build costs are affected by the availability of skilled labour and the price and availability of materials. These factors and the relationship with, and performance of, the contractors used by the Group impact on both build cost and programme.	Procurement strategy for each development agreed by divisional board before site acquisition. Build cost reconciliations and build programme dates are presented and reviewed in detail each month.
PEOPLE	The Group's success is highly dependent upon its ability to attract and retain the best people working in the industry. Failure to consider the succession of key management could result in lost experience and knowledge from the business.	Remuneration packages constantly reviewed to ensure they are competitive. Succession planning regularly reviewed at divisional and Main Board level. Close relationships and dialoge with key personnel.
GOVERNMENT POLICY	Changes to Government policy on housing (at both national and local level), including planning, affordable housing requirements and planning gain obligations all impact on the Group's business.	Effects of changes to planning policies at all levels closely monitored, and representations made where necessary.

BUSINESS REVIEW

SUSTAINABILITY REVIEW

SUSTAINABILITY REMAINS AT THE HEART OF BERKELEY

The Berkeley Group is passionate in its commitment to sustainability. We have integrated principles of sustainability into our core business strategy, both in terms of the day-to-day management of our business, and the developments we build. It is embedded within the Group's development process and regarded as a fundamental part of creating the quality homes and places that our customers seek and for which Berkeley is renowned. We believe that this strategy has given Berkeley a definitive competitive advantage over our peers.

Complete information on our sustainability impacts, actions and achievements can be found on our website and in our Sustainability Report. 2010 will be the first year we have been able to certify our sustainability reporting to Level B of the Global Reporting Initiative (GRI) Sustainability Reporting Framework (having reported to Level C for two years previous to this), including an even wider range of indicators than previously. The GRI Framework sets out principles and indicators for measuring and reporting on economic environmental and social performance in a balanced and transparent manner.

LEADING THE SECTOR

Berkeley's strong sustainability commitment and performance continues to be recognised externally. We have consistently used two external benchmarks – NextGeneration and FTSE4Good – to help us guide our strategy and assess our performance relative to our peers. NextGeneration is the leading sustainability benchmark for the Top 25 UK homebuilders. In November 2009, we were delighted to be ranked first in the benchmark for the third year running. FTSE4Good measures the performance of companies that meet globally recognised corporate responsibility standards, and aims to promote investment in those companies. We have been listed since 2002, retaining our listing in the review in March 2010.

We have also won numerous industry awards this year including Housebuilder of the Year at both

Wildlife at home in the central water feature within the Armouries, Royal Arsenal Riverside, Woolwich

The central park at Park West, West Drayton

"Berkeley has always adopted a holistic approach to sustainability."

the What House? Awards and the Building Awards. External recognition for our strong Health and Safety performance included 13 ROSPA Gold Awards, our strongest ever performance in these awards. In the recently announced NHBC National Health & Safety Awards, Berkeley was the most successful housebuilder winning two of the six National awards; the National Award for Leadership and National Best Large Site category for Slade Park in Oxford.

We also hold the prestigious Queen's Award for Enterprise: Sustainable Development, which we were awarded in April 2008, and retain for five years. This award recognises companies which have made outstanding advances in performance or have a high level of continuous achievement in sustainable development. We were praised for our strong leadership, promoting best practice in the sector and embedding sustainability throughout the business.

GOVERNANCE

We manage sustainability in a way that allows us to measure and understand our performance, learn lessons and share good practice across the business.

Our strategy is led by the Main Board, and supported by the newly formed Sustainability/ Health & Safety Committee. This Committee comprises a number of our Main Board members and is chaired by one of our Non-executive Directors, John Armitt. The role of this Committee is to ensure that the sustainability strategy remains closely aligned with our business objectives and that we are delivering upon the commitments in our vision for 2020.

To facilitate dialogue between this committee and each of the working divisions, there is also a Group-level Sustainability Working Group, made up of representatives from across the business. This, in combination with Sustainability Working Groups held at a divisional level, and project team meetings, helps to ensure the application of the sustainability strategy at an operational level.


THE
WATERFRONT
waterfrontlondon.co

OUR VISION FOR 2020

It is from these credentials that Berkeley has formulated an ambitious, long-term strategy for its business to ensure that, by 2020, it continues to be viewed by its stakeholders as the leader in delivering sustainable homes and communities, as well as being one of the UK's most sustainable businesses. Called "Vision 2020", the strategy focuses on four key impact areas which encapsulate all aspects of Berkeley's business. These are:

- **The Customer Experience**
- **Building Greener Homes**
- **Delivering Sustainable Communities**
- **Running a Sustainable Business**

In each area Berkeley is making forward thinking, sector-leading commitments that will continue to drive the sustainability agenda forward for the benefit of Berkeley's customers and other stakeholders.

As part of Vision 2020 Berkeley has become the country's first developer to adopt the Building for Life "Silver Standard" of design as a minimum commitment. All new developments for which Berkeley submits a planning application after 1 May 2010 will have a formal Building for Life assessment carried out with the objective of achieving a minimum score of 14 out of 20. Building for Life is a national standard for well-designed homes and neighbourhoods. Its 20 assessment criteria embody functional, attractive, sustainable housing and cover issues that are integral to the creation of sustainable communities. Berkeley has previously received a total of 11 Building for Life Standards, most recently a Silver Standard at Imperial Wharf.

vision
2020

Our vision for the future

"Our vision for 2020 is designed to move the business and industry forward over the next 10 years for the benefit of our customers, the environment and our people." Rob Perrins, Managing Director

The river walk at Battersea Reach

SUSTAINABILITY PERFORMANCE

Berkeley's 2009/10 sustainability performance against each of the four key impact areas in Vision 2020 is summarised over the following pages. Alongside each impact area are a number of the 2010 commitments and 2012 ambitions that Berkeley has included within Vision 2020. The 2010 commitments are initiatives that Berkeley will implement from 2010. The 2012 ambitions are initiatives that Berkeley intends to implement from 2012. The ambitions are designed to drive progress towards Berkeley's vision for 2020 that has been set in each impact area.

THE CUSTOMER **EXPERIENCE**

The customer is at the heart of every decision we make at Berkeley. Our success depends upon us continuing to meet our customers' expectations and delivering on our promises. This begins at the land acquisition stage and continues right the way through to our after sales care. We only acquire sites where we have a vision to create a place where people will want to live and we keep this vision at the forefront of our minds throughout the development process.

Our consistently high customer satisfaction score – 93% over the past year – shows that we continue to meet our customers' needs.

BUILDING **GREENER HOMES**

Climate change remains at the forefront of the UK sustainability agenda. Our biggest climate change impact comes from the homes we build. However, the new homes sector is still awaiting a definition of zero carbon. Without this, it is challenging to fully anticipate the impact of the 2016 target that all new homes will be zero carbon. We remain committed to engaging Government and relevant industry task groups to find deliverable solutions.

Since implementing our target that all new homes should be built to Code for Sustainable Homes Level 3 from April 2008, we have committed to develop over 17,000 units to Code Level 3.

We continue to focus on delivering well-located and well-connected sites, and 91% of our developments were located within 500 metres of public transport services. Across our current schemes, we have contributed over £5 million to making transport improvements. On 30 September 2009 we were delighted to open Imperial Wharf Station, which is adjacent to our Imperial Wharf development. The area had previously been poorly served by public transport and the opening of this station allows local residents much easier access to the Underground at West Brompton as well as a wide range of local and national rail services from Clapham Junction.

More detail on Berkeley's 2009/10 sustainability performance and a full explanation of Vision 2020 can be found in our 2010 Sustainability Report.

2010 COMMITMENTS

Our commitments from May 2010 include:

- Survey every customer to measure satisfaction and continue to target that over 90% of customers would recommend us to a friend
- Communicate our 2020 Vision and strategy to all customers

2012 AMBITIONS

Our ambitions from May 2012 are:

- Survey every customer to measure satisfaction and target that over 95% of customers would recommend us to a friend
- Carry out detailed post-occupancy monitoring at 25% of sites in order to measure the success of our designs so as to influence future scheme design

OUR VISION FOR 2020

In 2020 customers will continue to demand well-designed, well-built homes where they can live happy, healthy and environmentally efficient lifestyles. Residents will want homes that are part of a community and provide easy access to work and leisure. The customer will remain at the heart of our business, and their needs will be reflected in the bespoke design of every one of our developments.

2010 COMMITMENTS

Our commitments from May 2010 include:

- All new homes to achieve Code Level 3
- Over 95% of development is on brownfield land
- Achieve at least a 25% improvement in energy performance compared to 2006 Building Regulations

2012 AMBITIONS

Our ambitions from May 2012 are:

- All new homes to achieve Code Level 4
- At least 75% of completed units are supplied with energy from renewable or low carbon technologies
- Implement rainwater harvesting on all high density schemes

OUR VISION FOR 2020

We will have completed our first zero-carbon community and all of our new developments will be low or zero carbon. Our proven track record of delivering high quality, well designed homes with low environmental impacts will make them desired by customers and will have expanded our market base. Homes built by the Berkeley Group will be recognised throughout the industry as innovative and best practice.

DELIVERING **SUSTAINABLE COMMUNITIES**

Berkeley celebrates urban living and champions striking design and high quality construction that commits to sustainability. Attention to detail and bespoke solutions remain at the heart of our values and we pride ourselves on the high standard of design and construction at each of our developments.

We believe our approach to sustainability, and our commitment to stakeholder engagement enables faster planning permissions and better designed schemes that meet the aspirations of the local community. We have many examples of where pro-active dialogue has helped to deliver schemes which have supported local communities. For example, at our planned development at West Kent Cold Store, we have attended monthly West Kent Cold Store Community Forum meetings involving all key local stakeholders, as well as numerous one-to-one meetings with neighbours, residents' associations, ward and parish councillors, and we have held two public exhibitions. A year-long exercise resulted in the establishment of trust betwen the local community and Berkeley with a better local understanding of the scheme, enabling us to be able to identify the key issues for the community. We were thus able to revise the application to address these issues and turn long-term objectors into supporters. The overwhelming community support for the improved scheme was key in obtaining planning consent.

We also seek to minimise disruption to local communities during construction, and we sign all sites up to the voluntary Considerate Constructors Scheme (CCS) which independently audits site performance. Our CCS site audit scores have consistently exceeded the benchmark for all projects registered with the scheme. Our average score in the Considerate Constructors Scheme is 35.3 compared to our target of 32.2, the industry average. In 2010, we were proud to achieve a Gold Considerate Constructors Scheme Award for Imperial Wharf, London, and Silver Considerate Constructors Scheme across five other schemes.

RUNNING A **SUSTAINABLE BUSINESS**

We believe that our success and acheivements should be measured by the contribution we make to both society and the environment, as well as our financial performance.

ACHIEVING THE HIGHEST STANDARDS OF HEALTH & SAFETY

In the past year, we recorded the lowest number of RIDDOR injury incidents that has ever been recorded across the Group. At 14, one less than 2008/09, our accident incident rate (AIR) of 3.83 is equal to the best on record and our accident frequency rate (AFR) of 0.18 is deemed to be 'world class'.

We have implemented two campaigns to help drive high health & safety standards on our sites – Good Order and Good Work to tackle the two key causes of accidents – the working environment and the behaviour of workers. Good Order was introduced in 2008, and Good Work has been introduced over the past year. This year we have held eight 'Good Work' workshops with 120 of the Group's key people being in attendance.

REDUCING OUR CARBON EMISSIONS

We are delighted that over the past year we have reduced the carbon emissions of our operations by 22%. This reduction was achieved for a number of reasons:

- Significant reduction in CO_2 emissions associated with our car fleet
- Reduction in energy intensive activities on sites
- More effective management of performance at a site and office level, assisted by improved data collection
- Continued implementation of awareness-raising with staff
- Increased efficency through a range of initiatives in our offices

2010 COMMITMENTS

Our commitments from May 2010 include:

- Achieve at least the Building for Life Silver Standard on all new developments
- All sites register with the Considerable Constructors Scheme and continue to achieve a minimum of 32.2 points
- Apply our best practice community consultation guidelines on all planning applications over 500 units

2012 AMBITIONS

Our ambitions from May 2012 are:

- Apply minimum design standards on all Berkeley Group homes which will include standards for sound insulation, space storage and ventilation
- Ensure all homes meet the Lifetime Homes Standards
- Develop community engagement strategies on all projects that will be under construction for over five years

OUR VISION FOR **2020**

We will continue to have a strong track record in creating developments which people choose as a place to live, work and spend their leisure time. Our ability to transform sites into thriving sustainable communities will remain sector-leading. Through our ability both to engage and to deliver, we will continue to be the developer of choice for local authorities and existing communities.

2010 COMMITMENTS

Our commitments from May 2010 include:

- Continue to achieve a RIDDOR reportable Accident Incident Rate (AIR) of less than 4 incidents per 1,000 employees and sub-contractors
- Reduce annual carbon dioxide emissions by 5% until 2012
- Capture and quantify our work with charities and local communities and benchmark performance

2012 AMBITIONS

Our ambitions from May 2012 are:

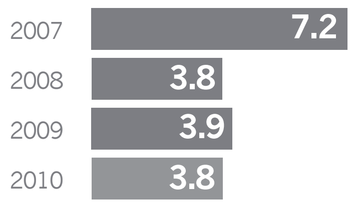
- Achieve a RIDDOR reportable Accident Incident Rate (AIR) of less than 3.5 incidents per 1,000 employees and sub-contractors
- A Health and Wellbeing programme available to all employees
- Undertake employee engagement surveys and develop action plans to address any issues raised

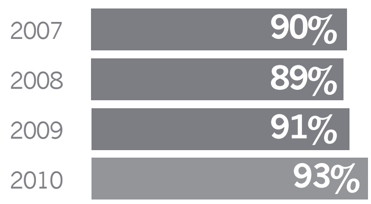
OUR VISION FOR **2020**

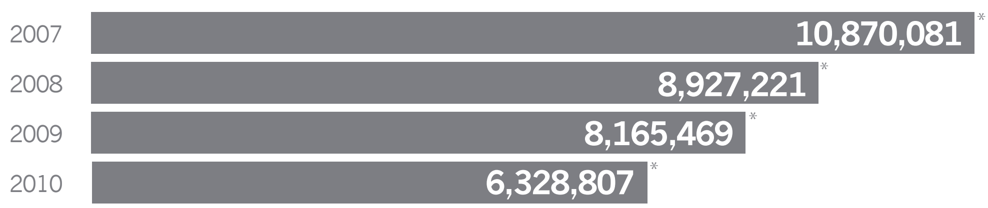
Sustainability will remain fully integrated into our business strategy and operations. Our stakeholders will continue to view us as the leader within the new homes sector, as well as being one of the UK's most sustainable businesses. We will be able to clearly demonstrate the value of our sustainability strategy and will have continued to generate strong returns to our shareholders.

SUSTAINABILITY HIGHLIGHTS

Below are some of our key sustainability highlights from the past year. For full details of our performance please visit: www.berkeleygroup.co.uk/environment or email us at sustainability@berkeleygroup.co.uk







*kg/CO_2/yr

DIRECTORS' REPORT

BOARD OF DIRECTORS

NOMINATION COMMITTEE
A W Pidgley (Chairman), V M Mitchell, D Howell, J Armitt

AUDIT COMMITTEE
D Howell (Chairman), A C Coppin, V M Mitchell

REMUNERATION COMMITTEE
A C Coppin (Chairman), V M Mitchell, J Armitt

COMPANY SECRETARY
R J Stearn

HONORARY LIFE PRESIDENT
Jim Farrer MRICS,
Along with Tony Pidgley a co-founder of Berkeley, he was Group Chairman until his retirement in 1992. At that time he was appointed Honorary Life President.

Tony Pidgley Rob Perrins Nick Simpkin David Howell Victoria Mitchell

TONY PIDGLEY
Co-founder of Berkeley in 1976 with Jim Farrer. He was appointed Group Chairman on 9 September 2009, having previously been the Group Managing Director since the formation of the Group in 1976. He is Chairman of the Nomination Committee.

ROB PERRINS BSC (HONS) ACA
Joined Berkeley in 1994 having qualified as a chartered accountant with Ernst & Young in 1991. He was appointed to the Group Main Board on 1 May 2001 on becoming Managing Director of Berkeley Homes plc. He became Group Finance Director on 2 November 2001, moving to his current role as Group Managing Director on 9 September 2009.

NICK SIMPKIN BSC (HONS) ACA
Joined Berkeley in 2002 and has held a number of senior finance positions including Finance Director of St James and Head of Finance for the Berkeley Group. He joined the Group Main Board and became Group Finance Director on 10 September 2009.

KARL WHITEMAN BSC (HONS)
Joined Berkeley in 1996 as a Construction Director and currently leads the largest Berkeley Homes division and chairs the Group's Sustainability and Health & Safety committees. He joined the Group Main Board on 10 September 2009 as a Divisional Executive Director.

TONY CAREY BSC FRICS
Joined St George PLC in 1987 and was appointed its Managing Director in 1990. He joined the Group Main Board in 1993.

GREG FRY ACA
Joined the Group in 1982 and has been a Director of St George PLC from its inception in 1986. He is currently Chairman of St George's three principal operating companies. He was appointed to the Group Main Board with effect from 1 May 1996. On 22 July 2010, he announced his decision to step down from the Group Main Board following the AGM on 8 September 2010.

NON-EXECUTIVE DIRECTORS

DAVID HOWELL
Appointed a Non-executive Director and Chairman of the Audit Committee on 25 February 2004. He is currently Executive Chairman of Western and Oriental plc and a Non-executive Director of two private companies, having previously been a Main Board Director of lastminute.com plc, Group Finance Director of First Choice Holidays plc, Chairman of EBTM plc (Everything but the Music) and a Non-executive Director of Nestor Healthcare Group plc. David is also a member of the Nomination Committee.

ALAN COPPIN
Appointed a Non-executive Director on 1 September 2006. He is currently a Non-executive Director of Capital and Regional plc and Marshalls plc and a member of both the Royal Air Force Board Standing Committee and Air Command (formerly Strike Command). He was Hon. Chairman of The Prince's Foundation for the Built Environment. Alan is Chairman of the Remuneration Committee and a member of the Audit Committee.

JOHN ARMITT
Appointed a Non-executive Director on 1 October 2007. He is currently Chairman of the Olympic Delivery Authority and Chairman of the Engineering and Physical Science Research Council. From 2001 to 2007 he was Chief Executive of Network Rail and its predecessor, Railtrack. He was previously Chief Executive of Costain and Union Railways. John is Chairman of the Group's Sustainability and Health & Safety Committee and is a member of the Remuneration and Nomination Committees.

VICTORIA MITCHELL
Appointed a Non-executive Director on 1 May 2002 and became Group Chairman on 1 August 2007, moving to her current role as Deputy Chairman on 9 September 2009. Currently a Consultant Director of Savills (L and P) Limited, she was previously an Executive Director of Savills plc. She is currently a Non-executive Director of Pam Golding International (Pty), Development Securities plc, Lennox Investment Management LLP and London First, and a Trustee of The Landmark Trust. Victoria is the Senior Independent Director and a member of the Audit, Remuneration and Nomination Committees.

Tony Carey John Armitt Karl Whiteman

Alan Coppin Greg Fry

DIRECTORS' REPORT CONTINUED

The Directors submit their report together with the audited financial statements for the year ended 30 April 2010.

Principal activities and review of the business
The Company is a UK listed holding company of a Group engaged in residential-led property development focusing on urban regeneration and mixed-use developments. The Company is incorporated and domiciled in England and Wales and is quoted on the London Stock Exchange.

The information that fulfils the requirements of the business review can be found in the Chairman's statement on pages 2 and 3, the Managing Director's review on pages 4 to 21, which provides more detailed commentaries on the business during the year together with the outlook for the future, the Trading and financial review on pages 22 to 27 and the Sustainability review on pages 28 to 37.

In addition, information in respect of the financial risks of the business is set out in the Trading and Financial review on page 26.

Trading results and dividends
The Group's consolidated profit after taxation for the financial year was £79,525,000 (2009: £86,127,000). The Group's joint ventures contributed losses after taxation of £261,000 (2009: losses of £902,000).

No dividends were declared or paid in the financial year.

Share capital
The Company had 134,857,183 ordinary shares in issue at 30 April 2010 (2009: 130,859,429). During the year, 3,997,754 ordinary shares were issued on 10 September 2009 to participants of The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan. Movements in the Company's share capital are shown in note 17 to the consolidated financial statements.

Of the 10% authority given at the 2009 Annual General Meeting, no share purchases have been made by the Company. Authority will be sought from shareholders at the forthcoming Annual General Meeting to renew the 10% authority for a further year.

Information on the Group's share option schemes is set out in note 5 to the consolidated financial statements. Details of the Long-Term Incentive Schemes and Long-Term Incentive Plans for key executives are set out in the Remuneration Committee report on pages 43 to 54.

Articles of Association
The Articles of Association set out the basic management and administrative structure of the Company. They regulate the internal affairs of the Company and cover such matters as the issue and transfer of shares, board and shareholder meetings, powers and duties of Directors and borrowing powers. In accordance with the Articles of Association, Directors can be appointed or removed by shareholders in a general meeting. The Articles may only be amended by special resolution at a general meeting of shareholders. Copies are available by writing to the Company Secretary and are also open to inspection at Companies House.

A special resolution will be proposed at this year's AGM making a number of changes to the Company's Articles of Association arising from the final phase of the implementation of the Companies Act 2006 and the implementation of the Companies (Shareholders' Rights) Regulations 2009.

Directors
The Directors of the Company and their profiles are detailed on pages 38 and 39. All of the Directors served throughout the year under review with the exception of Messrs. Simpkin and Whiteman who were both appointed to the Board on 10 September 2009.

In accordance with the Articles of Association of the Company, Messrs. Perrins, Howell and Coppin will retire from the Board by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. Messrs. Simpkin and Whiteman, having been appointed since the last Annual General Meeting, retire from the Board under the terms of the Articles of Association and, being eligible, offer themselves for re-election.

The Directors' interests in the share capital of the Company and its subsidiaries are shown in the Remuneration Committee report on page 54. At 30 April 2010 each of the Executive Directors were deemed to have a non-beneficial interest in 3,561 (2009: 662,238) ordinary shares held by the Trustees of The Berkeley Group Employee Benefit Trust.

There were no contracts of significance during, or at the end of, the financial year in which a Director of the Company is, or was, materially interested, other than those set out in note 24 to the financial statements, the contracts of employment of the Executive Directors, which are terminable within one year, and the appointment terms of the Non-executive Directors, which are renewable annually and terminable on one month's notice.

Directors' indemnities
The Company's practice has always been to indemnify its Directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, in accordance with the Company's Articles of Association and to the maximum extent permitted by law, in respect of all costs, charges, expenses, losses and liabilities, which they may incur in or about the execution of their duties to the Company, or any entity which is an associated company (as defined in Section 256 of the Companies Act 2006), or as a result of duties performed by the Directors on behalf of the Company or any such associated company.

Substantial shareholders
The Company has been notified of the following interests, pursuant to Rule 5 of the Disclosure Rules and Transparency Rules amounting to 3% or more of the issued capital of the Company, as at 27 July 2010:

	Number of ordinary shares held	% of issued capital*	Nature of holding
Lloyds Banking Group plc	13,459,888	10.09%	Indirect & Direct
Blackrock Inc	8,492,199	6.37%	Indirect
Egerton Capital Ltd	7,972,525	5.98%	Direct
First Eagle Investment Management, LLC	7,044,245	5.28%	Indirect
Anthony William Pidgley	6,756,838	5.07%	Direct
Mirabaud Investment Management Ltd	6,136,874	4.60%	Indirect
Legal & General Investment Management Ltd	4,809,902	3.61%	Direct

* Net of shares held in treasury.

Donations
During the year, donations by the Group for charitable purposes in the United Kingdom amounted to £239,000 (2009: £128,000). The Group made no political contributions (2009: £nil) during the year.

GOVERNANCE

Employment policy
The Group's policy of operating through autonomous subsidiaries has ensured close consultation with employees on matters likely to affect their interests. The Group is firmly committed to the continuation and strengthening of communication lines with all its employees.

An Equal Opportunities Policy was introduced in 2001 with the aim of ensuring that all employees, potential employees and other individuals receive equal treatment (including access to employment, training and opportunity for promotion) regardless of their age, colour, ethnic or national origin, marital status, nationality, religion, race, sex or sexuality. It is the policy of the Group to support the employment of people with disabilities wherever practicable and to ensure, as far as possible, that training, career development and promotion opportunities are available to all employees. This policy includes employees who become disabled whilst employed by the Group.

Sustainability
Each year Berkeley produces a Sustainability Report to provide its stakeholders with a full and transparent account of how its sustainability strategy and policies are put into practice throughout the Group.

This year, in its ninth annual Sustainability Report, Berkeley introduces a new ten year vision for the business that will set the direction for its sustainability strategy up to 2020. The report is structured around the four key elements of Berkeley's ten year vision: the customer experience, building greener homes, delivering sustainable communities and running a sustainable business. Under each of these areas is a review of the likely operating environment over the next ten years, a summary of Berkeley's performance during the last year, and a strategy setting out how Berkeley will work towards achieving its vision. Case studies on specific sustainability issues are integrated throughout the report, and summary performance data is provided against Sustainability Key Performance Indicators to track progress over time.

Once again, Berkeley has applied the Global Reporting Initiative (GRI) Sustainability Reporting Principles in order to give a balanced and relevant account of its sustainability performance.

For further information, please refer to Berkeley's ninth annual Sustainability Report on its website.

Health and safety
The Group considers the effective management of health and safety to be an integral part of managing its business. Accordingly, the Group Main Board continues to monitor the strategic development and audit the implementation by all divisions of their Occupational Health and Safety Management Systems to ensure that, both at Group and divisional level, they remain compliant with recognised established standards.

We remain committed to enhancing the Group's high standards through continuous improvement. Our Health & Safety Governance Committee is responsible for setting the strategic objectives of the Group, and the Health & Safety Working Group, comprising divisional executives and managers, is responsible for delivering these objectives and reviewing progress against targets set for our established key performance indicators, reporting this quarterly to the Group Main Board. For further information, please refer to the Sustainability review on pages 28 to 37.

In our Sustainability Report 2010, we have reported in more detail on progress made and initiatives undertaken since last year.

Essential contracts
Berkeley has contractual and other arrangements with numerous third parties in support of its business activities. None of the arrangements is individually considered to be essential to the business of Berkeley.

Payment of creditors
Each of the Group's operating companies is responsible for agreeing the terms and conditions, including terms of payment, relating to transactions with its suppliers. This is on an individual contract basis, rather than following a standard code. It is Group policy to abide by the agreed terms of payment where the supplier has provided the goods and services in accordance with the relevant terms and conditions of contract. At 30 April 2010, the Company did not have any trade creditors (2009: nil).

DIRECTORS' REPORT CONTINUED

Takeover Directive – Agreements
Pursuant to the Companies Act 2006, the Company is required to disclose whether there are any significant agreements that take effect, alter or terminate upon a change of control.

Change of control provisions are included as standard in many types of commercial agreement, notably bank facility agreements and joint venture shareholder agreements, for the protection of both parties. Such standard terms are included in Berkeley's bank facility agreement which contains provisions that give the banks certain rights upon a change of control of the Company. Similarly, in certain circumstances, a change of control may give Berkeley's joint venture partner, Prudential Assurance Company Limited, the ability to exercise certain rights under the shareholder agreement in relation to its St Edward Homes joint venture.

In addition, the Company's share schemes contain provisions which take effect upon change of control. These do not entitle the participants to a greater interest in the shares of the Company than that created by the initial grant of the award. The Company does not have any arrangements with any Director that provide compensation for loss of office or employment resulting from a takeover.

The remaining information required to be disclosed under the Takeover Directive can be found within notes 5 and 17 to the consolidated financial statements.

Independent auditors and disclosure of information to auditors
Each of the persons who is a Director 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 Company's auditors are unaware; and
- The Director has taken all the 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 auditors are aware of that information.

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

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

Annual General Meeting
The Annual General Meeting of the Company is to be held at the Woodlands Park Hotel, Woodlands Lane, Stoke D'Abernon, Cobham, Surrey KT11 3QB at 11.00am on 8 September 2010. The Notice of Meeting, which is contained in a separate letter from the Group Chairman accompanying this report, includes a commentary on the business to be transacted at the Annual General Meeting.

By order of the Board

R J Stearn
Company Secretary
27 July 2010

REMUNERATION COMMITTEE REPORT

Background
This report has been prepared in accordance with The Directors' Remuneration Report Regulations 2002 and Large & Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "Regulations"). The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles and complied with the provisions of the Combined Code and the Markets Law relating to Directors' remuneration.

The auditors are required to report on the 'auditable' part of this report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the above Regulations. The report is therefore divided into separate sections for audited and unaudited information.

As required by the Regulations, an advisory resolution to approve this report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

Part 2 of the regulations – Unaudited information

Remuneration Committee
The following table sets out the members of the Remuneration Committee, their date of appointment, their role and the number of meetings the Committee had during the year and their respective attendance:

Name	Date of appointment	Role in Committee	Number of meetings 4 (%age attendance)
Mr Alan Coppin	1 September 2006	Chairman	100%
Mrs Victoria Mitchell	1 May 2002	Member	100%
Mr John Armitt	1 October 2007	Member	75%

The Remuneration Committee of the Board are all Non-executive Directors and independent. Mrs Victoria Mitchell was Chairman of the Company until 9 September 2009. The Remuneration Committee members have no personal financial interest other than as shareholders in matters to be decided, no potential conflicts of interest arising from cross directorships and no day-to-day involvement in running the business.

The Remuneration Committee has formal written terms of reference with the full remit of the Committee role described. A copy of the terms of reference can be downloaded from the Company's website.

The Committee, as part of the Board, has received advice from PricewaterhouseCoopers LLP, who were the Remuneration Committee advisors until February 2010, and who now provide advice on executive reward to the Board as a whole. The Remuneration Committee is able to seek independent advice at the expense of the Company; other than the above, no advice has been sought by the Committee during the year under review.

In determining the Executive Directors' remuneration for the year, the Remuneration Committee consulted with the Group Chairman, Mr A W Pidgley, the Group Managing Director, Mr R C Perrins and the Group Finance Director, Mr N G Simpkin. No Director played a part in any discussion about his remuneration.

Remuneration policy overview
The objective of the remuneration policy is to encourage, reward and retain the current Executives. The Remuneration Committee believes that shareholders' interests are best served by remuneration packages having a large emphasis on performance-related pay. Emphasis on performance should encourage Executives to focus on delivering the business strategy. It is the opinion of the Remuneration Committee that the policy provides meaningful incentives to Executives and ensures that the appropriate balance between fixed and performance-related compensation is maintained.

The Remuneration Committee reviews on an annual basis whether its remuneration policy remains appropriate for the relevant financial year. Factors taken into account by the Remuneration Committee include:
- market conditions affecting the Company;
- the recruitment market in the Company's sector;
- aligning remuneration to the corporate strategy and delivering value to shareholders by encouraging long-term sustainable performance;
- changing market practice; and
- changing views of institutional shareholders and their representative bodies and Corporate Governance best practice.

The review this year took account of the changes to, and roles within, the Board during the year. The main structural change to the remuneration for Executives is the introduction of a new bonus arrangement for 2010/11 and beyond, The Berkeley Group Holdings plc Bonus Plan (the "New Bonus Plan"), reflecting the strategy for the Company which has changed in response to evolving market conditions and the opportunities this presents. Details of the New Bonus Plan are set out in the relevant section of this Report.

The Company has fully consulted with its major shareholders, the ABI and RiskMetrics on the salary changes (see below) and on the New Bonus Plan. The Remuneration Committee is grateful for the constructive dialogue with shareholders and the support of those shareholders consulted in finalising the changes set out in this Report.

It should be noted that despite the changes to salaries which reflect changes in roles, and the introduction of the New Bonus Plan, the total potential compensation value for the Executives will reduce over the next period due to the lower equity grants under The Berkeley Group Holdings plc 2009 Long-Term Incentive Plan (the "2009 LTIP") compared to the historic equity programmes operated by the Company.

REMUNERATION COMMITTEE REPORT CONTINUED

Policy for 2009/10 & 2010/11
The 2009/10 financial year started on 1 May 2009 and finished on 30 April 2010.
The 2010/11 financial year started on 1 May 2010 and finishes on 30 April 2011.

The policy is to set the main elements of the Executive Directors' remuneration package against the following quartiles in the Company's comparator group:

Base salary	Annual bonus potential	Pension	Benefits in kind	Share incentives
See salary section	Upper decile	Lower quartile to median	Market practice	Upper decile

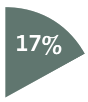
For the purposes of benchmarking remuneration the Remuneration Committee used the following comparator group of companies in the year ended 30 April 2010:

Company name			
Amec Plc	Bellway Plc	Marshalls PLC	Taylor Wimpey Plc
Balfour Beatty Plc	Bovis Homes Group Plc	Persimmon Plc	Travis Perkins Plc
Barratt Developments plc	Carillion Plc	Redrow Plc	

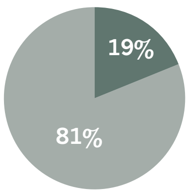
It is the intention of the Remuneration Committee to review the appropriateness of the comparator group during the year ending 30 April 2011.

2009/10 Balance between fixed and variable performance-based pay
The charts below demonstrate the balance between fixed and variable performance-based pay for each Executive for the year ended 30 April 2010:

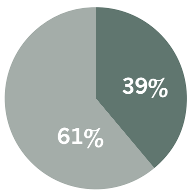
Mr A W Pidgley
Chairman



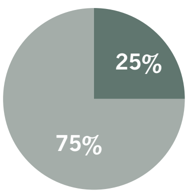
Mr R C Perrins
Group Managing Director



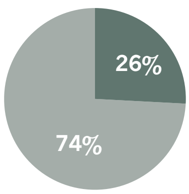
Mr N G Simpkin
Group Finance Director



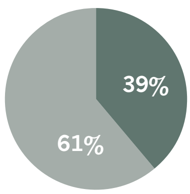
Mr A Carey
Divisional Director



Mr G J Fry
Divisional Director



Mr K Whiteman
Divisional Director



Key
Fixed performance is calculated as:
– Salary
– Benefits
(including pension contribution/allowance)
Variable performance is calculated as:
– Bonus paid
– Fair value of 2009 LTIP (annualised)

The Executive Directors hold no external appointments.

The main elements of these packages and the performance conditions are described below.

Elements of Executive Directors' remuneration

Basic salary
Policy: Based on experience and role

Policy
The Remuneration Committee has historically set the salaries of some of the Executives at the upper decile against the Company's comparator group reflecting the Committee's view that Berkeley has one of the most experienced and capable Executive teams within the sector and that Executive Directors had been in their roles for a number of years. Reflecting the changes to the Board in the year, the Committee believes that it is right to take account of the following factors in setting individual salary levels:

- the individual Executive Director's experience and responsibilities;
- the levels of base salary for similar positions with comparable status, responsibility and skills in organisations of broadly similar size and complexity, in particular those companies within the comparator group;
- the performance of the individual Executive Director and the Group; and
- the pay and conditions throughout the Group.

In applying its policy on appointment to the Board and promotion, the Remuneration Committee sets salaries at a lower quartile level which, based on appropriate levels of individual and corporate performance, will be increased with experience gained over time.

Year ended 30 April 2010 and year ending 30 April 2011
The Remuneration Committee therefore reviewed the salaries of the Executive Directors in light of:
- the changes to the Board during the year;
- the above criteria; and
- the performance of individual Directors and the Group and the challenging market conditions.

The following table sets out the current and proposed salaries for the Executive Directors:

Executive Director	Position	2009/10 salary £'000	2010/11 salary £'000	%age increase
A W Pidgley	Executive Chairman	750	750	0%
R C Perrins	Group Managing Director	350	450	28.6%
N G Simpkin*	Group Finance Director	200	250	25.0%
A Carey	Divisional Director	405	405	0%
G J Fry**	Divisional Director	290	290	0%
K Whiteman*	Divisional Director	215	250	16.3%

* N G Simpkin and K Whiteman joined the Board on 10 September 2009. Their salaries in the table above are for the entire year for ease of reference.
** On 22 July 2010 the Company announced that G J Fry has decided to step down from the Board following the 2010 AGM and leave the Group on 31 October 2010.

The increases reflect appointments to the Board and changes in role during 2009/10 when R C Perrins was promoted to Group Managing Director from Group Finance Director, N G Simpkin joined the Board as Group Finance Director and K Whiteman joined the Board as a Divisional Director. These increases should also be seen in the context of the salary history of the Board, which has been fully disclosed in previous years' reports. In summary, in the three years since May 2007, cumulative increases of between 11.5% and 18% were awarded by the Remuneration Committee but not taken by the Executive Directors primarily due to the prevailing market conditions at the time.

Annual performance-related bonus
Policy: Upper decile bonus potential

The policy of the Remuneration Committee is to set the maximum annual bonus potential at the upper decile in relation to the comparator group. Bonus payments are not pensionable.

The Remuneration Committee, following extensive consultation with shareholders, has introduced The Berkeley Group Holdings plc Annual Bonus Plan (the "New Bonus Plan") which will operate from 2010/11. Therefore this section of the report has two elements:
- the bonus arrangements operated for 2009/10; and
- the details of the New Bonus Plan which will be operated from 2010/11.

Year ended 30 April 2010
The following table shows the maximum bonus potential for each of the Executive Directors, the percentage of that maximum bonus potential subject to each performance target, and the bonus actually earned for the year ended 30 April 2010:

Name	A W Pidgley	R C Perrins	N G Simpkin	A Carey	G J Fry	K Whiteman
Maximum bonus potential (% of salary)	200%	200%	200%	200%	200%	200%
% of bonus subject to Group target	100%	100%	100%	25%	25%	–
% of bonus subject to Divisional PBT target	–	–	–	75%	75%	100%
2009/10 Bonus paid*	£1,500,000	£700,000	£191,507*	£606,500	£455,000	£225,021*
2009/10 Bonus paid as % of salary	200%	200%	150%	150%	157%	164%

* Bonuses for N G Simpkin and K Whiteman relate only to the time since appointment to the Board.

Bonuses up to 100% of salary will be paid in cash. The Executive must hold shares equivalent to the net value of any bonus paid above 100% of salary for eighteen months.

REMUNERATION COMMITTEE REPORT CONTINUED

Bonus performance criteria

Group performance condition
The Group annual bonus target for 2009/10, as approved by shareholders in April 2009, required the Company to be on target to make payments equivalent to £3 per share through the Value Delivery Methods, being either through:
- Additional Land Expenditure;
- Dividends;
- Share buy-backs by the Company (or the Company Employee Benefit Trust on behalf of the Company to satisfy the 2004(b) LTIP awards); or
- A combination of the above,

by April 2011, or to have generated an equivalent amount of cash.

For the purposes of this target, Additional Land Expenditure is defined as expenditure on land over and above the cost of land that has been expensed through the income statement which is approximated at 13.1%.

The Remuneration Committee is satisfied that for 2009/10 the Company had achieved this target and therefore the Group performance condition had been satisfied.

Divisional PBT performance condition
The divisional PBT targets are set at the beginning of the financial year at a level which is challenging taking into account the potential level of bonus payments, the market, development availability and other relevant issues. The Remuneration Committee confirms that the annual bonus payments set out within this report for the Divisional Executive Directors are appropriate taking into account the level of profit achieved and the targets set at the beginning of the year ended 30 April 2010.

Year ending 30 April 2011

The Berkeley Group Holdings plc Annual Bonus Plan (the ''New Bonus Plan'')

Background
The Remuneration Committee took into account the following specific factors when designing the New Bonus Plan for Executives, which will first be operated for the year ending 30 April 2011:
- the existing bonus arrangements are a legacy of the Scheme of Arrangement period which saw £9 per share returned to shareholders. It was the opinion of the Remuneration Committee that a new incentive arrangement should be implemented which is clearly aligned to the Company's current strategy of investing in land and its developments, and no longer aligned to the Scheme of Arrangement;
- while the existing bonus plan runs until 2011, a new incentive arrangement should be implemented from 2010/11 because the Committee believed it was now appropriate to put in place a new arrangement more clearly supportive of the current strategy;
- a desire by the Committee to ensure that the incentive arrangements operated by the Company are supportive of the risk profile for the business determined by the Board and that these arrangements support the long-term sustainable performance of the Company; and
- that any new annual bonus arrangements should encourage a sustainable level of performance through ensuring bonuses earned in respect of a particular financial year are at risk of future years' performance through risk adjustment and claw back mechanisms.

Overview of the New Bonus Plan
- At the beginning of the plan period of five financial years, participants will have a plan account to which Company contributions will be made. No Company contribution will be made to a participant's plan account unless the annual performance criteria are met.
- The Company contribution will be set annually as a percentage of salary for each Executive.
- There will be two types of performance condition, Group and Divisional. The Group performance condition will be a matrix of Return on Equity ("ROE") and Land Bank Growth. The Divisional performance condition will be based upon Divisional Profit before Tax ("PBT").
- The Remuneration Committee will set:
  – the performance levels (including minimum performance thresholds) for the performance conditions for each plan year; and
  – the maximum annual Company contribution for each participant for the plan year.
  The Remuneration Committee will set these levels having regard to the strategy of the Company.
- These criteria will be disclosed in full in the relevant Remuneration Committee report along with the annual contributions earned and deferred balances for each participant.
- Where the minimum threshold performance criteria on both measures are not achieved, 50% of the deferred balance in a participant's plan account will be forfeited.
- Participants will be entitled to an annual payment of 50% of their plan account at the end of each financial year. All balances will be deferred in shares or notional shares. At the end of the five year plan period 100% of the balance of participants' accounts will be paid.

Key features of the New Bonus Plan

The Remuneration Committee designed the New Bonus Plan based on the following rationale:

Two targets – the Remuneration Committee felt that the dynamic tension between operating a return based measure ("ROE") and a value based measure ("Land Bank Growth") should ensure that there was a balance between incentivising the Executives to provide a sustainable ongoing level of return to shareholders whilst ensuring the long-term sustainability of the Company. In the Remuneration Committee's opinion the impact of these two measures over the five year plan period should incentivise the Executives to ensure the creation of long-term shareholder value as follows:

- the New Bonus Plan incentivises the delivery of increased profits in order to achieve ROE at the same time as growing the land bank. It should be noted that the ROE will be set from a challenging base as the Company has not taken any land write downs as is the case with the majority of its competitors;
- ROE is a compound measure and therefore if shareholder funds are reinvested and not paid as dividends, earnings growth will be compounded to achieve the targets;
- the fact that the New Bonus Plan targets also include growth in the land bank value, means that Executives are encouraged to acquire land in the current market on favourable terms as well as maximise sustainable profit growth;
- the cash target in the current bonus plan has the potential to restrict value creation. Longer term, ROE is aligned to shareholders' interests and if the Company raises further equity in the future, the investment decision is clearly set out; and
- ROE as a measure highlights the inefficiency of retaining surplus cash on the balance sheet. In order to deliver the targeted level of returns, this will encourage the Company to invest or return cash to shareholders.

GOVERNANCE

Level of targets – the Remuneration Committee wishes to incentivise the Executives to achieve a good level of returns to shareholders whilst ensuring the long-term sustainability of the Company. Therefore the targets set have to take into account an appropriate level of risk. It is not in the interests of any of the stakeholders in the Company to set targets that encourage a level of risk inconsistent with the agreed risk profile for the Company. The New Bonus Plan allows a close tailoring by the Remuneration Committee of the performance conditions to the budget and performance of the Company for each financial year.

The Remuneration Committee when setting the annual performance requirements is currently targeting an average over the full five years of ROE of 12.5% p.a. and average Land Bank Growth of 10% p.a.; although there is likely to be annual variability in the performance requirements actually set to reflect the environment at that time (see performance targets for 2010/11 operation of the plan set out below). The New Bonus Plan performance requirements will be set and reviewed each year by the Remuneration Committee to ensure that they are appropriate to the current market conditions and position of the Company, so that they continue to remain challenging.

Level of awards – the proposed maximum award bonus potential is 300% of salary; however, because 50% of the balance on the plan account is deferred, the actual annual payment profile, based on, for these illustrative purposes, maximum awards each year and 100% satisfaction of both performance conditions, would be:

Year 1	Year 2	Year 3	Year 4	Year 5
150%	225%	262.5%	281%	581%

Risk adjustment – there is a risk adjustment mechanism built into the operation of the New Bonus Plan with a claw back of contributions if the threshold levels of ROE and Land Bank Growth are not met for any financial year during the five years of operation of the New Bonus Plan. This adjustment mechanism ensures:

- performance must be maintained over the five years of operation of the New Bonus Plan or the value in the participant's plan account will not increase; and
- if there is a material deterioration in performance there is a claw back of 50% of the balance of the participant's account.

Alignment of interests – there is a real alignment of participants' interests with shareholders:

- shareholders receive a minimum level of performance prior to any incentive payments to Executives;
- Executives are encouraged to maximise consistent levels of performance (or lose through the risk adjustment mechanism); and
- there is a long-term alignment with the interests of shareholders as the deferred elements of the New Bonus Plan are in shares or notional shares.

Operation of the New Bonus Plan for the year ending 30 April 2011

The bonus payable to each of the Group Chairman, Group Managing Director and Group Finance Director will be determined by reference to the Group performance condition. For the Divisional Directors, 50% of the potential bonus payable will be determined by reference to the Group performance condition and 50% by reference to the Divisional PBT performance condition.

The targeted maximum bonus potential for the year ending 30 April 2011 has been set by the Remuneration Committee at 300% for the Group Chairman and Group Managing Director. The targeted maximum bonus potential for all other Executive Directors has been set at varying levels, ranging between 175% and 220%.

REMUNERATION COMMITTEE REPORT CONTINUED

Group performance condition

Annual Bonus Performance Condition Matrix			Land Bank Growth						
		Target	<0%	0%	2%	4%	6%	8%	10%
	Target	**Factor**	**0%**	**50%**	**60%**	**70%**	**80%**	**90%**	**100%**
Return on Equity	<11.0%	**0%**	Forfeit 50% of Balance	0%	0%	0%	0%	0%	0%
	11.0%	**50%**	0%	25%	30%	35%	40%	45%	50%
	11.5%	**60%**	0%	30%	36%	42%	48%	54%	60%
	12.0%	**70%**	0%	35%	42%	49%	56%	63%	70%
	12.5%	**80%**	0%	40%	48%	56%	64%	72%	80%
	13.0%	**90%**	0%	45%	54%	63%	72%	81%	90%
	13.5%	**100%**	0%	50%	60%	70%	80%	90%	100%

The matrix shows the percentage of each of the performance requirements for a given level of performance and the corresponding percentage of the targeted maximum annual bonus potential earned for 2010/11.

There will be straight line bonus vesting between points.

The matrix demonstrates the dynamic tension between the two performance conditions. One cannot be met at the expense of the other. If the minimum threshold levels for either are not met, no contribution is made to the New Bonus Plan account. If the minimum threshold levels of performance are not met for both performance conditions, 50% of the participant's plan account will be forfeited. Structuring the performance conditions in this way will ensure consistent levels of ROE at the same time as the Group invests and adds value to the land bank.

ROE is defined as profit before tax divided by average shareholders' funds.

Land Bank Growth is defined as the annual percentage increase in the development margin in the land bank. This is the anticipated future gross margin to be earned from plots controlled and included in the Group's land bank. To be included in the land bank, management must have reasonable certainty that the plots will come forward for development, either benefiting from a planning consent or being on land zoned for development. For the avoidance of doubt, the land bank excludes plots subject to strategic land options. Calculated plot by plot, the development margin is measured on a consistent basis according to prevailing sales prices for revenue, historic cost for costs already incurred and prevailing prices for costs still to be incurred. It is separately disclosed within the annual report and the presentations to analysts. Each year the land bank gross margin is reduced naturally by the amount of gross margin sold in the year. Therefore, zero % growth in the land bank means that replacement matches usage.

Divisional PBT performance condition

The Divisional PBT targets are set at the beginning of the financial year at a level which is challenging taking into account the potential level of bonus payments, the market, development availability and other relevant issues.

Share incentives
Policy: Upper decile

Executive Directors
On 28 August 2008 at the Annual General Meeting of the Company shareholders approved an amendment to The Berkeley Group Holdings plc 2004(b) Long-Term Incentive Plan which split the original awards granted into two elements (Element 1 and Element 2).

On 15 April 2009, at an Extraordinary General Meeting of the Company, shareholders approved the introduction of a new incentive plan, The Berkeley Group Holdings plc 2009 Long-Term Incentive Plan. The 2009 LTIP incorporated and replaced Element 2 of the 2004(b) LTIP and the previously approved 2007 LTIP, as set out below:

2004(b) LTIP Element 1
9/12 of the number of shares subject to the original awards under the 2004(b) LTIP, totalling 15,991,021, were conditionally released on 28 August 2008 following shareholder approval at the Company's Annual General Meeting. The condition of release was that the Executive Director does not resign prior to the relevant unconditional release date set out in the table below:

Percentage of Element 1 of the award unconditionally released	Unconditional release dates	Number of shares unconditionally released A W Pidgley	R C Perrins	A Carey	G J Fry
Element 1 A – 25%	28 October 2008	2,132,136	799,551	666,292	399,775
Element 1 B – 25%	16 April 2009	2,132,137	799,551	666,293	399,776
Element 1 C – 25%	10 September 2009	2,132,136	799,551	666,292	399,775
Element 1 D – 25%	5 March 2010	2,132,136	799,551	666,293	399,776

Of the shares unconditionally released (subject to shares sold or netted-off to satisfy any tax liability), the Executive Director will only be able to sell each financial year a maximum of 10% of the net award until 31 January 2014 at which point the sale restrictions shall lapse.

2009 LTIP Part A
The balance of the shares originally awarded under the 2004(b) LTIP (i.e. 3/12 of the shares), totalling 5,330,340 shares, have been replaced by options with an exercise price of £3 per share granted under the 2009 LTIP. This new option is identified as Part A of the 2009 LTIP. These options were awarded on 29 June 2009, at which time the Element 2 awards under the 2004 (b) LTIP were surrendered.

Options will become exercisable on 31 January 2014 subject to the relevant Executive's continued employment with the Company.

2009 LTIP Part B
Following shareholder approval on 15 April 2009 a maximum of 7,100,000 shares is now capable of being granted under Part B of the 2009 LTIP. Shares under Part B of the 2009 LTIP will be granted as market priced options which will vest subject to:

- continued employment to the relevant vesting date; and
- the satisfaction of the underpin condition that Net Assets Per Share are at least £5.94 at 15 April 2015.
- Vesting of these options will be in two tranches:
  – 50% on 15 April 2015; and
  – 50% on 15 April 2016.

The initial awards were made on 29 June 2009.

Summary of equity incentives for Executive Directors
The following table summarises equity incentive position for Executive Directors as at 30 April 2010:

Awards	A W Pidgley	R C Perrins	N G Simpkin	A Carey	G J Fry	K Whiteman
2009 LTIP Part A	2,842,848	1,066,068	–	888,390	533,034	–
2009 LTIP Part B	1,500,000	750,000	250,000	500,000	500,000	250,000

Other senior employees of the Company
The Company's business comprises of a number of operating Divisions. The Remuneration Committee in conjunction with the Board has, therefore, implemented both annual and longer term cash based compensation arrangements for these other senior employees of the Company linked to the performance of the relevant Division for which they work. Some elements of the cash bonus plans are annual while other elements are deferred to ensure long-term consistent delivery by each Division. The Remuneration Committee, in line with best practice, continually reviews with the Board the policy behind the compensation plans at this level in the Company to ensure they remain appropriate to the market and the Company's current circumstances. It is the view of both the Committee and the Board as a whole that these arrangements are very effective at ensuring the delivery of Divisional performance for which these senior employees are responsible. Both the Remuneration Committee and the Board believe that having senior employees focused on the delivery of Divisional results is an excellent way of driving shareholder value.

In addition, a number of senior employees of the Company have been granted awards under Part B of the 2009 LTIP.

Shareholding requirement
The Company has a shareholding requirement for both Executive and Non-executive Directors. The following table sets out the shareholding requirement and the actual shareholdings of the Executive Directors as at the date of this report:

	A W Pidgley	R C Perrins	N G Simpkin	A Carey	G J Fry	K Whiteman
Shareholder requirements as a %age of salary	400%	400%	200%*	200%	200%	200%*
Current shareholding as a %age of 2009/10 salary (based on 30 April 2010 share price)	7,505%	4,018%	113%	3,838%	2,709%	121%

* It should be noted that these Executive Directors have 5 years from their appointment to the Board to achieve the minimum shareholding requirement.

The following table sets out the shareholding requirement and the actual shareholdings of the Non-executive Directors as at the date of this report:

	V M Mitchell	D Howell	J Armitt	A C Coppin
Shareholder requirements as a %age of net fees to be met within 3 years of appointment	100%	100%	100%	100%
Current shareholding as a %age of 2009/10 net fees (based on 30 April 2010 share price)	121%	94%	115%	94%

Dilution
Both the 2004(b) LTIP and 2009 LTIP were special arrangements approved by shareholders; historically the Company has operated all its share schemes within the ABI dilution limits. It is not intended to operate any other Executive or all employee share incentive arrangements during 2010/11. There has been no dilution other than under these special arrangements for the purposes of the ABI dilution limits in the year ended 30 April 2010.

GOVERNANCE

REMUNERATION COMMITTEE REPORT CONTINUED

Pension
Policy: Lower quartile to median

Messrs. Pidgley, Perrins and Whiteman receive payments in lieu of pension at 17%, 15% and 15% of base salary respectively (all these payments are subject to income tax and national insurance). These payments are not included in salary figures for the purposes of determining any other benefit entitlement.

The other Executive Directors, Messrs. Carey, Fry and Simpkin continue to receive contributions into their respective defined contribution plans.

Full details of pension costs for Executive Directors are set out, in the audited section of the report on page 52.

Benefits in kind
Policy: Market practice

In line with market practice, the Company's policy is to provide Executive Directors with the following additional benefits:
- a fully expensed company car or cash allowance alternative; and
- medical insurance.

Other remuneration matters

All employee share plans
The Company has regularly consulted widely with the management and individuals in its operating Divisions on whether it was appropriate to introduce all employee share plans. The consensus view remains that employees preferred the opportunity of receiving annual cash bonuses based on the performance of their respective Divisions rather than participate in a Group based all employee share plan. The Board, therefore, does not believe it is in shareholders' interests to incur the income statement and dilutive cost of share arrangements which would not have the desired effect on employees. Accordingly the Company will continue to operate appropriate annual bonus arrangements in all of its Divisions.

Non-executive Directors' fees
Policy: Upper decile fees

All Non-executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association. The following table sets out the fee rates for the Non-executive Directors in the year ended 30 April 2010 and those rates which will apply in the year ending 30 April 2011:

Element	V M Mitchell Senior Independent Director	D Howell Independent Director	A C Coppin Independent Director	J Armitt Independent Director
Total fee rates 2010/11	£100,000	£65,000	£65,000	£65,000
Total fee rates 2009/10	£190,000	£60,000	£60,000	£50,000
% Increase	–	8%	8%	30%
Breakdown of 2010/11 fee				
Basic fee	£100,000	£55,000	£55,000	£55,000
Chair of Committee fee	–	£10,000	£10,000	£10,000
Committee Chair		Audit	Remuneration	Sustainability/ Health & Safety

The Board has decided to review the fees of the Non-executive Directors annually taking into account the following factors:
- the workload and level of responsibility of the Non-executive Directors under the changing corporate governance expectations of shareholders and their representative bodies; and
- the current market rate for fees for Non-executive Directors.

Following the review in 2009/10 the Board has determined that the following changes to fees will be made for 2010/11:
- Mrs Victoria Mitchell's fees are reduced to £100,000 per annum, reflecting her role as Deputy Chairman of the Company and Senior Independent Director; previously she was Chairman of the Company.
- Base fees for Non-executive Directors have been increased from £50,000 to £55,000 per annum.

Non-executive Directors cannot participate in any of the Company's share incentive schemes or performance based plans and are not eligible to join the Company's pension scheme.

Executive Directors' contracts

The policy on termination is that the Company does not make payments beyond its contractual obligations. The only event on the occurrence of which the Company is potentially liable to make a payment to any of the Executive Directors is on cessation of employment; with the maximum payment being 12 months salary. No payment is due on either a Company takeover or in the event of liquidation. In addition, Executive Directors will be expected to mitigate their loss. Further, the Remuneration Committee ensures that there have been no unjustified payments for failure. None of the Executive Directors' contracts provides for liquidated damages. There are no special provisions contained in any of the Executive Directors' contracts which provide for longer periods of notice on a change of control of the Company. Further, there are no special provisions providing for additional compensation on an Executive Director's cessation of employment with the Company.

Non-executive Directors' agreements

All Non-executive appointments are subject to a notice period of one month and subject to successful re-election upon retirement by rotation as required by the Company's Articles of Association. All letters of appointment for Non-executive Directors are renewable annually on 1 May.

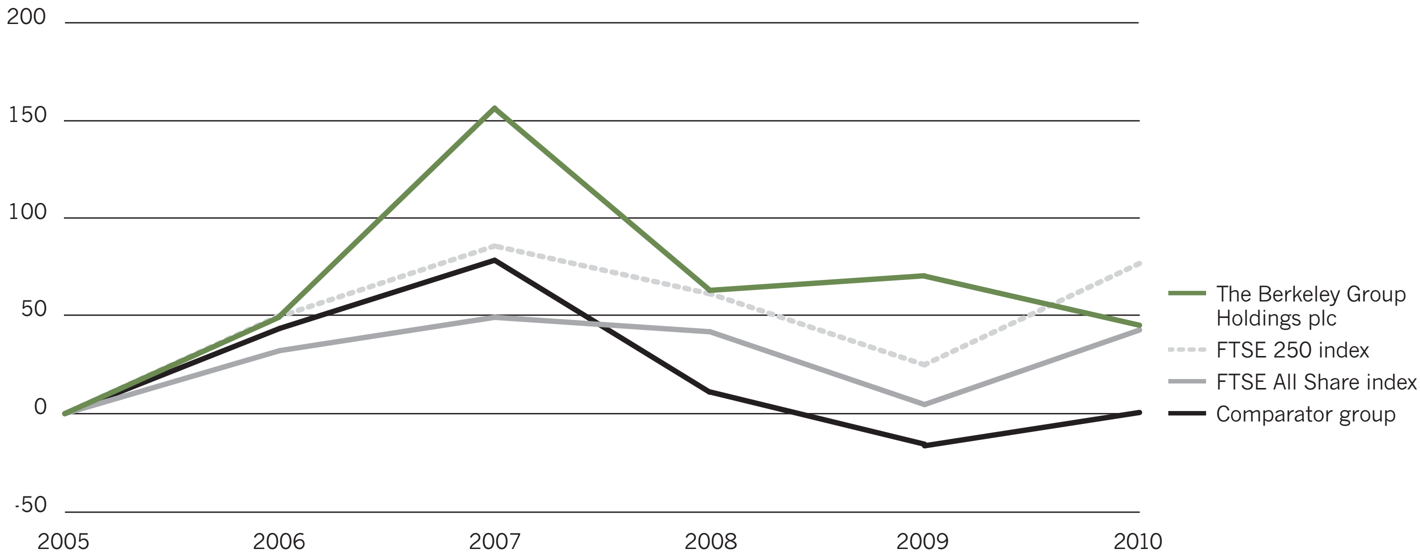
Further details of all Directors' contracts are summarised below:

Directors	Date of contract	Unexpired term	Notice period by Company or Director	Potential termination payment	Potential payment upon Company takeover	Potential payment in event of liquidation
Executive Directors						
A W Pidgley	24 June 1994	1 year rolling	12 months	12 months	Nil	Nil
A Carey	20 September 1994	1 year rolling	12 months	12 months	Nil	Nil
G J Fry	27 June 1996	1 year rolling	12 months	12 months	Nil	Nil
R C Perrins	15 July 2002	1 year rolling	12 months	12 months	Nil	Nil
N G Simpkin	11 September 2002	1 year rolling	12 months	12 months	Nil	Nil
K Whiteman	15 January 1996	1 year rolling	12 months	12 months	Nil	Nil
Non-executive Directors						
V M Mitchell	1 May 2002	n/a	1 month	1 month	Nil	Nil
D Howell	24 February 2004	n/a	1 month	1 month	Nil	Nil
A C Coppin	1 September 2006	n/a	1 month	1 month	Nil	Nil
J Armitt	1 October 2007	n/a	1 month	1 month	Nil	Nil

Performance graph

The graph shows the Company's performance, measured by total shareholder return ("TSR"), compared with the performance of the FTSE 250, the FTSE All Share and the Company's remuneration comparator group (as set out on page 44). The Company considers these the most relevant indices for total shareholder return disclosure required under the Regulations.

Total shareholder return from 30 April 2005 (%)



(1) Total shareholder return ("TSR") is a measure showing the return on investing in one share of the Company over the measurement period (the return is the value of the capital gain and reinvested dividends). This calculation is then carried out for the relevant Indices and constituents of the comparator group.

REMUNERATION COMMITTEE REPORT CONTINUED

Audited information

The following tables and accompanying notes constitute the auditable part of the Remuneration Committee report, as defined in Part 3, Schedule 8 of the Companies Act 2006.

Directors' remuneration

The remuneration of the Directors of the Company for the year is as follows:

	Salary/fees £	Bonus £	Payment in lieu of pension (4) £	Benefits in kind (5) £	**2010 Total £**	2009 Total £
Executive Directors						
A W Pidgley (1)	750,000	1,500,000	127,500	28,786	**2,406,286**	2,406,160
R C Perrins	350,000	700,000	52,500	24,054	**1,126,554**	1,126,428
A Carey	405,000	606,500	–	29,284	**1,040,784**	1,041,160
G J Fry	290,000	455,000	–	31,699	**776,699**	757,032
N G Simpkin (2)	127,671	191,507	–	10,116	**329,294**	–
K Whiteman (2)	137,247	225,021	20,587	14,732	**397,587**	–
Non-executive Directors						
V M Mitchell (3)	190,000	–	–	–	**190,000**	190,000
J A Armitt	50,000	–	–	–	**50,000**	50,000
A C Coppin	60,000	–	–	–	**60,000**	60,000
D Howell	60,000	–	–	–	**60,000**	60,000
	2,419,918	3,678,028	200,587	138,671	**6,437,204**	5,690,780

(1) Mr A W Pidgley was appointed Chairman on 9 September 2009.
(2) Appointed to the Board on 10 September 2009.
(3) Mrs V M Mitchell was Chairman from 1 August 2007 to 9 September 2009, having been a Non-exectuive Director since her appointment to the Board on 1 May 2002.
(4) Having regard to the Lifetime Allowance introduced under the pension simplification legislation which came into force from 6 April 2006, Executive Directors may, as an alternative to receiving a company contribution into a pension arrangement, receive a cash payment in lieu of such pension contributions. Messrs. Pidgley, Perrins and Whiteman have chosen this alternative. During the year Mr Pidgley received payments in lieu of pension at 17% of base salary and Messrs. Perrins and Whiteman at 15% of base salary.
(5) Benefits in kind for the current Chairman and Executive Directors relate principally to the provision of a fully expensed motor vehicle or cash allowance alternative and private healthcare.

Where Directors were appointed, or resigned, during the year, the figures in the table relate only to the time when the relevant Director was a Main Board Director.

Pensions

Payments in lieu of pension

Messrs. Pidgley, Perrins and Whiteman received payments in lieu of a pension contribution from the Company during the year and this is set out in the Directors' remuneration table above.

No amounts were paid into pension arrangements in respect of Messrs. Pidgley, Perrins and Whiteman during the year ended 30 April 2010.

Defined contribution plan

In respect of Messrs. Carey, Fry and Simpkin, the following contributions were made to defined contribution plans:

	Age	**Company contributions 2010 £**	Company contributions 2009 £
A Carey	62	**60,750**	60,750
G J Fry	53	**43,500**	43,500
N G Simpkin (1)	40	**15,321**	–
		119,571	104,250

(1) Appointed to the Board on 10 September 2009.

Where Directors were appointed, or resigned, during the year, the figures in the table relate only to the time when the relevant Director was a Main Board Director.

Share incentive plans

The Directors' entitlements under share incentive plans are set out below:

	At 1 May 2009 Shares	Unconditionally vested in year	Shares surrendered and replaced by options (2)	Options granted in year (2)	At 30 April 2010 Options	Value released £
A W Pidgley						
2004(b) LTIP Element 1C (1)	2,132,136	**(2,132,136)**	**–**	**–**	**–**	**19,562,348**
2004(b) LTIP Element 1D (1)	2,132,136	**(2,132,136)**	**–**	**–**	**–**	**16,460,090**
2004(b) LTIP Element 2	2,842,848	**–**	**(2,842,848)**	**–**	**–**	
2009 LTIP Part A (3)	–	**–**	**2,842,848**	**–**	**2,842,848**	
2009 LTIP Part B (4)	–	**–**	**–**	**1,500,000**	**1,500,000**	
R C Perrins						
2004(b) LTIP Element 1C (1)	799,551	**(799,551)**	**–**	**–**	**–**	**7,335,880**
2004(b) LTIP Element 1D (1)	799,551	**(799,551)**	**–**	**–**	**–**	**6,172,534**
2004(b) LTIP Element 2	1,066,068	**–**	**(1,066,068)**	**–**	**–**	
2009 LTIP Part A (3)	–	**–**	**1,066,068**	**–**	**1,066,068**	
2009 LTIP Part B (4)	–	**–**	**–**	**750,000**	**750,000**	
A Carey						
2004(b) LTIP Element 1C (1)	666,292	**(666,292)**	**–**	**–**	**–**	**6,113,229**
2004(b) LTIP Element 1D (1)	666,293	**(666,293)**	**–**	**–**	**–**	**5,143,782**
2004(b) LTIP Element 2	888,390	**–**	**(888,390)**	**–**	**–**	
2009 LTIP Part A (3)	–	**–**	**888,390**	**–**	**888,390**	
2009 LTIP Part B (4)	–	**–**	**–**	**500,000**	**500,000**	
G J Fry						
2004(b) LTIP Element 1C (1)	399,775	**(399,775)**	**–**	**–**	**–**	**3,667,936**
2004(b) LTIP Element 1D (1)	399,776	**(399,776)**	**–**	**–**	**–**	**3,086,271**
2004(b) LTIP Element 2	533,034	**–**	**(533,034)**	**–**	**–**	
2009 LTIP Part A (3)	–	**–**	**533,034**	**–**	**533,034**	
2009 LTIP Part B (4)	–	**–**	**–**	**500,000**	**500,000**	
N G Simpkin						
2009 LTIP Part B (4)	–	**–**	**–**	**250,000**	**250,000**	
K Whiteman						
2009 LTIP Part B (4)	–	**–**	**–**	**250,000**	**250,000**	
Total						
2004(b) LTIP Element 1C (1)	3,997,754	**(3,997,754)**	**–**	**–**	**–**	**36,679,393**
2004(b) LTIP Element 1D (1)	3,997,756	**(3,997,756)**	**–**	**–**	**–**	**30,862,677**
2004(b) LTIP Element 2	5,330,340	**–**	**(5,330,340)**	**–**	**–**	
2009 LTIP Part A (3)	–	**–**	**5,330,340**	**–**	**5,330,340**	
2009 LTIP Part B (4)	–	**–**	**–**	**3,750,000**	**3,750,000**	

(1) Conditionally vested at Company AGM on 28 August 2008.
(2) On 29 June 2009.
(3) Exercise price of £3.00 per share.
(4) Exercise price of £8.40 per share.

Further details are set out on pages 48 and 49 of this report.

The mid-market share price of the Company on 29 June 2009, when the 2004(b) LTIP Element 2 awards were replaced by options under Part A of the 2009 LTIP and when the initial awards under the Part B of the 2009 LTIP were made, was 798.0p, on 10 September 2009, when Element 1C of the 2004(b) LTIP unconditionally vested, was 917.5p and on 5 March 2010, when Element 1D of the 2004(b) LTIP unconditionally vested, was 772.0p.

The mid-market share price of the Company was 992.0p as at 1 May 2009 and was 833.0p at 30 April 2010. The mid-market high and low share prices of the Company were 992.0p and 742.0p respectively in the year.

REMUNERATION COMMITTEE REPORT CONTINUED

Directors' interests in shares

The beneficial interests (unless indicated otherwise) of the Directors in office at the end of the year in the ordinary share capital of the Company were as shown below:

Name	30 April 2010	1 May 2009
A W Pidgley	6,756,838	4,500,918
A W Pidgley non-beneficial	19,183	19,183
R C Perrins	1,688,346	804,876
A Carey	1,865,997	1,139,771
G J Fry	943,171	681,436
N G Simpkin (1)	12,000	n/a
K Whiteman (1)	21,126	n/a
V M Mitchell	14,274	14,274
D Howell	4,000	4,000
A C Coppin	2,500	2,500
J Armitt	4,090	4,090

(1) Appointed to the Board on 10 September 2009.

A C Coppin
Chairman, Remuneration Committee
27 July 2010

CORPORATE GOVERNANCE REPORT

The Company is committed to attaining high standards of Corporate Governance in accordance with the principles of Corporate Governance contained in the 2008 Combined Code issued by the Financial Reporting Council (the "Combined Code"), and for which the Board is accountable to shareholders. This report, together with the Directors' Remuneration Report, where applicable, describes how the Board has applied the main and supporting principles of the Combined Code.

Statement of compliance
The Board considers that it complied throughout the year with the provisions of Section 1 of the Combined Code, except in the following areas:

Code provision A.3.2 requires that at least half of the Board, excluding the Chairman, should comprise independent Non-executive Directors. The Company was not in compliance with this requirement throughout the year, as from the start of the year until 9 September 2009, the Board comprised a Chairman, four Executive Directors and three independent Non-executive Directors, and from 9 September 2009, the Board comprised a Chairman, five Executive Directors and four independent Non-executive Directors.

Code provision C.3.1 requires that the Audit Committee is comprised of at least three independent Non-executive Directors. The Company was not in compliance with the requirement from the start of the year until 9 September 2009.

The role of the Board
The Board has adopted a formal schedule of matters reserved for the Board as a whole. The key task of the Board is to formulate strategy and to monitor the operating and financial performance of the Group in pursuit of the Group's strategic long-term objectives. In particular these include the annual budget, share capital changes, approval of interim and annual results, treasury policy, dividend policy, shareholder distributions, Corporate Governance matters and the maintenance and review of the Group's system of internal control.

Formal Board meetings were held five times during the year under review and there were no absences. A further meeting was scheduled for 21 April 2010, for which full Board papers had been issued, but this meeting was cancelled due to the ash cloud disruption.

In addition to the formal meetings of the whole Board, the Non-executive Directors meet with the Group Chairman in the months not covered by a Board meeting. The Group Managing Director and Group Finance Director are invited to attend these meetings in part, to provide an update on the business activities of the Group. The Non-executive Directors meet at least annually without the Group Chairman present, chaired by the Senior Independent Director.

Board papers and agendas are sent out in the week prior to each meeting, thus allowing sufficient time for detailed review and consideration of the documents beforehand. In addition, the Board is supplied with comprehensive management information on a regular basis, including on a monthly basis, a detailed Group management accounts pack that reports the actual and forecast financial performance, in addition to other key performance indicators across the Group.

The Company has in place an appropriate policy which insures Directors against certain liabilities, including legal costs, which they may incur in carrying out their duties.

The Board and Directors
At the date of this report the Board comprises of ten Directors; the Chairman, five Executive Directors and four independent Non-executive Directors. As a consequence, while the Board does not currently have the balance between Executive and Non-executive Directors envisaged by the Code, Berkeley is of the opinion that the overall balance is appropriate for the effective operation of the Board. Notwithstanding this, the Board is looking for an additional Non-executive Director of the appropriate calibre and with skills that complement the existing Non-executive Directors.

The Board considers that all the Non-executive Directors (Mrs Victoria Mitchell and Messrs. David Howell, Alan Coppin and John Armitt) have skills and experience complementary to the Executive Directors and offer independent judgement when required. Brief biographies appear on pages 38 and 39. The Group Executive Directors do not hold any Non-executive Director appointments or commitments required to be disclosed under the Combined Code.

The roles of Group Chairman and Group Managing Director are separately held and there are clear written guidelines to support the division of responsibility between them. The Group Chairman is responsible for the effective conduct of the Board and shareholder meetings and for ensuring that each Director contributes to effective decision-making. The Group Managing Director has day-to-day executive responsibility for the running of the Group's businesses. His role is to develop and deliver the strategy to enable the Group to meet its objectives.

Mr David Howell, Mr Alan Coppin and Mr John Armitt were appointed to the Board as Non-executive Directors on 24 February 2004, 1 September 2006, and 1 October 2007 respectively and it is the unanimous view of the Board that they were independent throughout the year.

Mrs Victoria Mitchell was appointed to the Board as Non-executive Director on 1 May 2002 and it is the unanimous view of the Board that she was independent from 9 September 2009 when appointed Deputy Chairman, having been Chairman from 1 August 2007 up until that date.

An induction programme is provided for new Directors, which includes the provision of a comprehensive set of background information on the Group, one-to-one meetings with all Directors and key staff as well as visits to major sites. In addition to the induction programme for new Directors, additional ongoing training has been identified as part of the Board evaluation process, which is tailored to each Director. All Directors have access to advice from the Company Secretary and independent professional advisers, at the Company's expense, where specific expertise is required in the course of their duties. Arrangements are also made for the Non-executive Directors to attend site visits and to meet with the Managing Directors of the operating companies independent of the Executive Directors.

CORPORATE GOVERNANCE REPORT CONTINUED

No Executive Director has a service contract with a notice period in excess of one year or with provisions for predetermined compensation on termination. The terms of appointment for the Non-executive Directors are renewable annually on 1 May with one month's written notice and are subject to the re-election provisions of the Articles of Association. The Non-executive Directors do not participate in any of the Company's share incentive or bonus plans. A minimum shareholding requirement is set for all Directors.

The Articles of Association of the Company include the requirement for Directors to submit themselves to shareholders for re-election every three years, in accordance with the Combined Code. In addition, all Directors are subject to re-election by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years.

Directors' remuneration
The principles and details of Directors' remuneration are contained in the Remuneration Committee report on pages 43 to 54.

Board evaluation
A review of the operation of the Board, its committees and the skills of the Directors was undertaken during the year. The process was led by the Chairman. All Directors completed the wide-ranging appraisal questionnaire and the results were reviewed by the Board. The process confirmed the ongoing effectiveness of the Board.

Board committees
The Board has delegated certain matters to individual Executives and to specific committees of the Board. The responsibilities of the key Board committees are described below.

Executive Committee
The Executive Committee meets monthly and reviews the financial and operating performance of all Group divisions and companies. The Group Chairman chairs this Committee and other members comprise Messrs. Tony Carey, Greg Fry, Rob Perrins, Nick Simpkin and Karl Whiteman.

The following three Board committees operate within clearly defined Terms of Reference pursuant to the provisions of the Combined Code. The Terms of Reference can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk). Copies are also available to shareholders on application to the Company Secretary.

Audit Committee
The Audit Committee is chaired by Mr David Howell, FCA, and the other members are Mr Alan Coppin and Mrs Victoria Mitchell.

The Group Finance Director and representatives of the external and internal auditors also attend the Committee's meetings by invitation.

The Committee met formally on three occasions during the year to 30 April 2010 with no absences.

Mr David Howell, who qualified as a chartered accountant in 1971 and was the Chief Financial Officer and a Main Board Director of lastminute.com plc until March 2005 is considered by the Board to have recent and relevant financial experience. Mr David Howell was also Chairman of the Audit Committee of Nestor Healthcare Group plc from 2000 to 2003.

The Committee has formal Terms of Reference which set out its role and the authority delegated to it by the Board.

The Audit Committee plays an important role in Corporate Governance by undertaking the following key responsibilities, all of which were performed during the year:

- monitoring the integrity of the financial reporting of the Company, including its annual and interim reports and other formal announcements relating to financial performance;
- reviewing the adequacy and effectiveness of the Group's internal control and risk management systems and disclosure of statements concerning these in the Annual Report;
- monitoring the effectiveness of the Group's internal audit function, reviewing the scope of the Group's internal audit programme and considering the findings and recommendations of the reports produced from this programme; and
- overseeing the relationship with the external auditor, including appointment, removal and fees, and ensuring the auditor's independence and the effectiveness of the audit process.

The Committee has a policy on the use of the auditors for non-audit services in order to safeguard auditor independence, with a pre-determined limit above which approval of the Audit Committee is required and identifies certain areas of work from which the auditors are precluded. Tax and due diligence services are provided by a small number of different firms, including the Group's auditors. The auditors may be used for such services where their knowledge of the business is such that they are deemed the most appropriate supplier. Notwithstanding these safeguards, all non-audit work carried out by the auditors is notified to the Audit Committee Chairman on an ongoing basis and formally reported to the Audit Committee at each meeting.

The auditors have open recourse to the Non-executive Directors, should they consider it necessary, and there is open dialogue between the auditors and the Chairman of the Audit Committee before each Audit Committee meeting and, after the meeting, the opportunity to meet without the Executive Directors present.

Remuneration Committee
The Remuneration Committee is responsible for determining the Company's policy for Executive remuneration and the precise terms of employment and remuneration of the Executive Directors. The Remuneration Committee report is set out on pages 43 to 54.

The Committee is chaired by Mr Alan Coppin and the other members comprise Mrs Victoria Mitchell and Mr John Armitt.

The Committee meets at least twice a year. The Committee takes into consideration the recommendations of the Group Managing Director and Group Finance Director regarding the remuneration of their Executive colleagues.

The Committee met formally on four occasions during the year to April 2010 with no absences, except that Mr John Armitt was not able to attend the meeting held on 6 May 2009 due to other commitments.

No Director is involved in deciding his or her remuneration. The Executive Directors decide the remuneration of the Non-executive Directors.

Nomination Committee
The Nomination Committee was primarily established to propose new appointments to the Board. It is also responsible for succession planning.

The Committee is chaired by the Group Chairman, Mr AW Pidgley, with Mrs Victoria Mitchell and Messrs. David Howell and John Armitt as Independent Non-executive members. Mrs Victoria Mitchell was Chairman of the Committee until 9 September 2009, when she became Deputy Chairman of the Company.

The Committee meets at least twice a year and at such times as required to carry out the duties of the Committee.

The Committee met formally on three occasions during the year to 30 April 2010 with no absences, except that Mr John Armitt was not able to attend the meeting held on 4 February 2010 due to other commitments.

The process for identifying and recommending new appointments to the Board includes a combination of discussions and consultations, in addition to formal interviews, utilising the services of independent recruitment specialists, as appropriate.

The Nomination Committee was actively involved in the Board changes announced last year, including the appointment of Messrs. Nick Simpkin and Karl Whiteman to the Board, the first new appointments to the executive team since 2001.

The fact that both appointments were from internal candidates is evidence of the strength in depth of Berkeley's management.

Key risks and internal control
The Board acknowledges that it has overall responsibility for the Group's system of internal control and for reviewing its effectiveness.

The Board confirms that an ongoing process for identifying, evaluating and managing the significant risks of the Group has been in place from the start of the financial year to the date on which the 2010 Annual Report and Accounts were approved.

This process is regularly reviewed by the Board and is in accordance with the revised Turnbull guidance issued in 2005, and includes an annual review by the Directors of the operation and effectiveness of the system of internal control as part of its year-end procedures.

Internal control procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In conducting these reviews, the Board has taken into consideration the following established framework of internal controls within the Group:

Clear organisational structure The Group operates through autonomous divisions and operating companies, each with its own board. Operating company boards meet on a weekly basis and divisional boards on a monthly basis, and comprehensive information is prepared for such meetings on a standardised basis to cover all aspects of the business. Formal reporting lines and delegated levels of authority exist within this structure and review of risk and performance occurs at multiple levels throughout both the operating companies and divisions, and the Group.

Risk assessment Risk reporting is embedded within ongoing management reporting throughout the Group. At operating company and divisional level, Board meeting agendas and packs are structured around the key risks facing the Group. These include sales/demand risk, production risk (build cost and programme), land and planning risk as well as a review of specific site risks. In addition, there is a formalised process whereby each division produces quarterly risk and control reports that identify significant risks, the potential impact and the actions being taken to mitigate the risks. These risk reports are reviewed and updated regularly and reviewed quarterly by the Board.

Berkeley has a variety of systems in place to address the sustainability risks associated with its operations, including a Land Acquisition Sustainability Risk Assessment Checklist, and sustainability issues are incorporated within Strategic Risk Registers for each project.

Each division has processes in place to ensure that sustainability is managed during the construction phase, which includes signing all sites up to the Considerate Constructors Scheme.

CORPORATE GOVERNANCE REPORT CONTINUED

Financial reporting A comprehensive budgeting and real-time forecasting system, covering both profit and cash, operates within the Group. This enables executive management to view key financial and operating data on a daily basis. On a weekly and monthly basis more formal reporting up to the Group Executives and the Board is prepared. The results of all operating units are reported monthly and compared to budget and forecast.

Policies and procedures Policies and procedures, including operating and financial controls, are detailed in policies and procedures manuals that are refreshed and improved as appropriate. Training to staff is given where necessary.

Central functions Where appropriate, strong central functions, such as Group Legal, Group Health & Safety and Company Secretarial, provide support and consistency to the rest of the Group. In addition, the principal treasury-related risks, decisions and control processes are managed by the Group Finance function, under the direction of the Group Finance Director.

Investment and contracting controls The Group has clearly defined guidelines for the purchase and sale of land within the Group, which include detailed environmental, planning and financial appraisal and are subject to executive authorisation. Rigorous procedures are also followed for the selection of consultants and contractors. The review and monitoring of all build programmes and budgets are a fundamental element of the Company's financial reporting cycle.

Internal audit Internal auditors are in place in each division and at Group to provide assurance on the operation of the Group's control framework.

Whistleblowing The Group has a whistleblowing policy which has been communicated to all staff, where Directors, management and staff can report in confidence any concerns they may have of malpractice, financial irregularity, breaches of any Group procedures, or other matters.

Relations with shareholders

The Company encourages active dialogue with its current and prospective shareholders through ongoing meetings with institutional investors. Major shareholders have the opportunity to meet all Directors after the Annual General Meeting in addition to individual meetings with the Company.

Shareholders are also kept up to date with the Company's activities through the Annual and Interim Reports. In addition, the corporate website gives information on the Group and latest news, including regulatory announcements. The presentations made after the announcement of the preliminary and interim results are also available on the website.

The Board is kept informed of the views of the shareholders through periodic reports from the Company's broker UBS. Additionally, the Non-executive Directors have the opportunity to attend the bi-annual analyst presentations.

The Senior Independent Director is available to shareholders if they have concerns where contact through the normal channels has failed or when such contact is inappropriate.

Annual General Meeting

All shareholders are invited to participate in the Annual General Meeting where the Group Chairman, the Group Managing Director and the Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions and will also be available for discussions with shareholders both prior to and after the meeting.

The Company arranges for the Annual Report and Accounts and related papers to be posted to shareholders so as to allow at least 20 working days for consideration prior to the Annual General Meeting.

The Company complies with the provisions of the Combined Code relating to the disclosure of proxy votes, which, including abstentions, are declared at the Annual General Meeting after each resolution has been dealt with on a show of hands and are announced to the Stock Exchange shortly after the close of the meeting. The Company also complies with the requirements of the Combined Code with the separation of resolutions and the attendance of the Chairmen of the Board Committees.

The terms and conditions of appointment for the Non-executive Directors, which set out their expected time commitment, in addition to the service contracts for the Executive Directors, are available for inspection at the Annual General Meeting and during normal business hours at the Company's registered office.

Going concern

The Group's business activities together with the factors likely to affect its future development performance and position are set out above in the Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are all described in the Trading and Financial review on pages 22 to 27.

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group and compared this to the level of committed loan facilities and cash resources over the medium term. In making this assessment consideration has been given to the uncertainty inherent in future financial forecasts and where applicable reasonable sensitivities have been applied to the key factors affecting the financial performance of the Group.

The Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Share capital structure
Information relating to the Company's share capital structure is included in the Directors' Report on page 40.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements
The Directors are responsible for preparing the Annual Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law.

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 judgements and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 to 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement
Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of each person's knowledge:

a. 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 or loss of the Group; and
b. the management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

R J Stearn
Company Secretary
27 July 2010

GOVERNANCE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BERKELEY GROUP HOLDINGS PLC

We have audited the Group financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 59, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the Group financial statements:
- give a true and fair view of the state of the Group's affairs as at 30 April 2010 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:
- the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and
- the information given in the Corporate Governance Statement set out on pages 55 to 59 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:
- the Directors' statement, set out on pages 58 and 59, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matter
We have reported separately on the parent company financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 July 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April	Notes	2010 £'000	2009 £'000
Revenue		**615,303**	702,192
Cost of sales		**(448,939)**	(502,391)
Gross profit		**166,364**	199,801
Net operating expenses		**(60,145)**	(74,959)
Operating profit		**106,219**	124,842
Finance income	3	**9,498**	5,690
Finance costs	3	**(5,115)**	(9,248)
Share of post tax results of joint ventures using the equity method	10	**(261)**	(902)
Profit before taxation for the year	4	**110,341**	120,382
Taxation	6	**(30,816)**	(34,255)
Profit after taxation for the year		**79,525**	86,127
Profit attributable to:			
Shareholders		**79,674**	86,127
Minority interest		**(149)**	–
		79,525	86,127
Earnings per ordinary share attributable to shareholders:			
Basic	7	**60.0p**	71.3p
Diluted	7	**58.7p**	65.6p

FINANACIALS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April	Notes	2010 £'000	2009 £'000
Profit after taxation for the year		**79,525**	86,127
Other comprehensive (expense)/income:			
Actuarial loss recognised in the pension scheme	5	**(604)**	(676)
Deferred tax on actuarial loss recognised in the pension scheme	6	**169**	190
Other comprehensive expense for the year		**(435)**	(486)
Total comprehensive income for the year		**79,090**	85,641
Attributable to:			
Shareholders		**79,239**	85,641
Minority interest		**(149)**	–
		79,090	85,641

CONSOLIDATED BALANCE SHEET

As at 30 April	Notes	2010 £'000	2009 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	**17,159**	17,315
Property, plant and equipment	9	**9,687**	3,725
Investments accounted for using the equity method	10	**26,018**	22,472
Deferred tax assets	16	**14,857**	37,927
		67,721	81,439
CURRENT ASSETS			
Inventories	11	**1,254,127**	1,114,827
Trade and other receivables	12	**57,720**	50,990
Cash and cash equivalents	13	**349,119**	284,842
		1,660,966	1,450,659
Total assets		**1,728,687**	1,532,098
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	14	**(25,203)**	–
Trade and other payables	15	**(51,848)**	(57,558)
		(77,051)	(57,558)
CURRENT LIABILITIES			
Borrowings	14	**(7,048)**	(66)
Trade and other payables	15	**(699,377)**	(586,853)
Current tax liabilities		**(82,895)**	(86,325)
		(789,320)	(673,244)
Total liabilities		**(866,371)**	(730,802)
Total net assets		**862,316**	801,296
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	17	**6,743**	6,543
Share premium	17	**49,315**	49,315
Capital redemption reserve	18	**24,516**	24,516
Other reserve	18	**(961,299)**	(961,299)
Revaluation reserve	18	**3,489**	4,166
Retained earnings	18	**1,735,832**	1,678,055
		858,596	801,296
MINORITY INTEREST		**3,720**	–
Total equity		**862,316**	801,296

The financial statements on pages 61 to 84 were approved by the Board of Directors on 27 July 2010 and were signed on its behalf by:

N G Simpkin
Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders								
	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
At 1 May 2009	6,543	49,315	24,516	(961,299)	4,166	1,678,055	801,296	–	801,296
Profit after taxation for the year	–	–	–	–	–	79,674	79,674	(149)	79,525
Other comprehensive expense for the year	–	–	–	–	–	(435)	(435)	–	(435)
Acquisition of subsidiary (note 22)	–	–	–	–	560	–	560	–	560
Disposal of minority interest in subsidiary undertaking (note 22)	–	–	–	–	–	–	–	3,869	3,869
Reserves transfer from revaluation reserve	–	–	–	–	(1,237)	1,237	–	–	–
Transactions with shareholders:									
Purchase of own shares	–	–	–	–	–	(12,812)	(12,812)	–	(12,812)
Cash settlement of employee share schemes	–	–	–	–	–	(12,650)	(12,650)	–	(12,650)
Equity settlement of employee share schemes	200	–	–	–	–	(200)	–	–	–
Credit in respect of employee share schemes	–	–	–	–	–	4,491	4,491	–	4,491
Deferred tax in respect of employee share schemes	–	–	–	–	–	(1,528)	(1,528)	–	(1,528)
At 30 April 2010	**6,743**	**49,315**	**24,516**	**(961,299)**	**3,489**	**1,735,832**	**858,596**	**3,720**	**862,316**

	Attributable to shareholders								
	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
At 1 May 2008	12,082	264	18,173	(961,299)	11,329	1,600,858	681,407	–	681,407
Profit after taxation for the year	–	–	–	–	–	86,127	86,127	–	86,127
Other comprehensive exepnse for the year	–	–	–	–	–	(486)	(486)	–	(486)
Reserves transfer from revaluation reserve	–	–	–	–	(7,163)	7,163	–	–	–
Transactions with shareholders:									
Share placing	604	49,051	–	–	–	–	49,655	–	49,655
Redemption of 2010 B shares	(6,343)	–	6,343	–	–	–	–	–	–
Purchase of own shares	–	–	–	–	–	(19,215)	(19,215)	–	(19,215)
Cash settlement of employee share schemes	–	–	–	–	–	(10,617)	(10,617)	–	(10,617)
Equity settlement of employee share schemes	200	–	–	–	–	(200)	–	–	–
Credit in respect of employee share schemes	–	–	–	–	–	2,659	2,659	–	2,659
Deferred tax in respect of employee share schemes	–	–	–	–	–	11,766	11,766	–	11,766
At 30 April 2009	6,543	49,315	24,516	(961,299)	4,166	1,678,055	801,296	–	801,296

FINANCIALS

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April	Notes	2010 £'000	2009 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	**92,847**	278,015
Dividends from joint ventures	10	**108**	–
Interest received		**5,265**	5,649
Interest paid		**(2,132)**	(1,079)
Income tax (paid)/received		**(12,380)**	8,736
Net cash flow from operating activities		**83,708**	291,321
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	**(6,939)**	(291)
Sale of property, plant and equipment		**133**	281
Disposal of minority interest in subsidiary undertaking	22	**3,869**	–
Acquisition of subsidiary undertaking	22	**(1,473)**	–
Purchase of shares in joint ventures	10	**(996)**	(15,000)
Movements in loans with joint ventures	10	**(4,533)**	(6,809)
Net cash flow from investing activities		**(9,939)**	(21,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of own shares	18	**(12,812)**	(19,215)
Cash settlement of employee share scheme	18	**(12,650)**	(10,617)
Share placing proceeds		**–**	49,655
Repayment of loan stock		**(18)**	(19)
Proceeds from borrowings	21	**15,988**	–
Net cash flow from financing activities		**(9,492)**	19,804
Net increase in cash and cash equivalents		**64,277**	289,306
Cash and cash equivalents, including bank overdraft, at the start of the financial year		**284,842**	(4,464)
Cash and cash equivalents at the end of the financial year		**349,119**	284,842

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

General Information
The Berkeley Group Holdings plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG. The Company and its subsidiaries (together "the Group") are engaged in residential led, mixed-use property development. Further information about the nature of the Group's operations and its principal activities are set out in the Directors' Report on page 40.

Basis of preparation
These consolidated financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention and on the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed on page 68.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year ended 30 April 2010, but have had no impact on the consolidated financial statements:

– IFRS 2 (Amendment) "Share-based payment";
– IFRS 7 (Amendment) "Financial Instruments: Disclosures";
– IAS 23 (Amendment) "Borrowing costs";
– IFRIC 12 "Service Concession Arrangements";
– IFRIC 13 "Customer loyalty programmes relating to IAS 18 Revenue"
– IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction"; and
– IFRIC 15 "Agreements for the construction of real estate".

The adoption of the following new standards has had an impact on the consolidated financial statements as follows:

– IAS 1 (Revised) "Presentation of financial statements". The most significant change within IAS 1 (Revised) is the requirement to produce a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. The Group has elected to present two separate statements comprising an income statement and a statement of comprehensive income. In addition, the statement of changes in equity is now presented as a primary statement whereas previously it was disclosed as a note to the financial statements.

– IFRS 8 "Operating segments". This standard requires the disclosure of segment information on the same basis as the management information presented to the chief operating decision maker. Under the new standard, the Group has one reportable operating segment. Previously segmental information was reported for commercial units sold as part of mixed-use developments.

At the date of authorisation of these financial statements, the following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ended 30 April 2010 and have not been adopted early:

– IFRIC 16 "Hedges of a net investment in a foreign operation" (effective 1 July 2009);
– IFRIC 17 "Distribution of non-cash assets to owners" (effective 1 July 2009);
– IFRIC 18 "Transfer of assets from customers" (effective 31 October 2009);
– IFRIC 19 "Extinguishing financial liabilities with equity instruments" (effective 1 July 2010);
– IAS 27 (Revised) "Consolidated and separate financial statements" (effective 1 July 2009);
– IFRS 3 (Revised) "Business combinations" (effective 1 July 2009);
– IAS 38 (Amendment) "Intangible assets" (effective 1 July 2009);
– IFRS 5 (Amendment) "Non-current assets held for sale and discontinued operations" (effective 1 January 2010);
– IAS 1 (Amendment) "Presentation of financial statements" (effective 1 January 2010);
– IAS 24 (Amendment) "Related party disclosures" (effective 1 January 2011);
– IFRS 2 (Amendment) "Group cash-settled share-based payment transactions" (effective 1 January 2010); and
– IFRS 9 "Financial Instruments" (effective 1 January 2013).

These standards are not expected to have a significant impact on the consolidated financial statements.

Basis of consolidation
(a) Subsidiaries
The consolidated financial statements comprise the financial statements of the parent company and all its subsidiary undertakings. The accounting date for subsidiary undertakings is 30 April. In the case of acquisitions or disposals, the Group's result includes that proportion from or to the effective date of acquisition or disposal as appropriate.

Subsidiary undertakings are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain the benefits from its activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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 subsidiary undertakings are changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Minority interests
Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in the equity since the date of the combination.

(c) Joint ventures
Entities which are jointly controlled with another party or parties ("joint ventures") are accounted for using the equity method of accounting. The results attributable to the Group's holding in joint ventures are shown separately in the consolidated income statement. The amount included in the consolidated balance sheet is the Group's share of the net assets of the joint ventures plus net loans receivable. Goodwill arising on the acquisition of joint ventures is accounted for in accordance with the policy set out above. The carrying value of goodwill is included in the carrying value of the investment in joint ventures.

Revenue
Revenue represents the amounts receivable from the sale of properties during the year and other income directly associated with property development. Properties are treated as sold and profits are recognised when contracts are exchanged and the building work is physically complete.

Segmental reporting
Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group determines its reportable segments having regard to permitted aggregation criteria with the principal condition being that the operating segments should have similar economic characteristics.

Expenditure
Net operating expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Expenditure recorded in inventory is expensed through cost of sales at the time of the related property sale.

Taxation
The taxation expense represents the sum of the current tax payable and deferred tax. Current tax, including UK corporation tax, is provided at the amounts expected to be paid (or received) using the tax rules and laws that have been enacted, or substantively enacted, by the balance sheet date.

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

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred taxation is also dealt with in reserves.

Intangible assets
(a) Goodwill
Where the cost of acquiring new and additional interests in subsidiaries, joint ventures and businesses exceeds the fair value of the net assets acquired, the resulting premium on acquisition (goodwill) is capitalised and its subsequent measurement is based on annual impairment reviews or where an impairment indicator exists, with any impairment losses recognised immediately in the income statement. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill written off to reserves prior to 1998 under UK GAAP was not reinstated on transition to IFRS and is not included in determining any subsequent profit or loss on disposal.

(b) Other intangible assets
Other intangible assets, which include customer contracts, have a finite useful life and are carried at cost less accumulated amortisation. Other intangible assets are amortised over their estimated useful lives.

Property, plant and equipment
Property, plant and equipment is carried at historic purchase cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost of the assets on a straight line basis to their residual value over their estimated useful lives at the following annual rates:

Freehold property	2%	Fixtures and fittings	15%/20%
Motor vehicles	25%	Computer equipment	33$^1/_3$%

Computer equipment is included within fixtures and fittings. The assets' residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date. Where an impairment is identified, the recoverable amount of the asset is identified and an impairment loss, where appropriate, is recognised in the income statement.

Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within net operating expenses in the income statement.

Inventories
Property in the course of development and completed units are valued at the lower of cost and net realisable value. Direct cost comprises the cost of land, raw materials and development costs but excludes indirect overheads. Provision is made, where appropriate, to reduce the value of inventories and work in progress to their net realisable value.

Land purchased for development, including land in the course of development, is initially recorded at fair value. Where such land is purchased on deferred settlement terms, and the fair value differs from the amount that will subsequently be paid in settling the liability, this difference is charged as a finance cost in the income statement over the period to settlement.

Trade and other 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. 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 net operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to net operating expenses in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprises cash balances in hand and at the bank, including bank overdrafts repayable on demand which form part of the Group's cash management, for which offset arrangements across Group businesses have been applied where appropriate.

Share capital
Ordinary shares and redeemable preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

Deposits
New property deposits and on account contract receipts are held within current trade and other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Employee benefits

(a) Pensions

The Group accounts for pensions under IAS 19 "Employee benefits". The Group has both defined benefit and defined contribution plans. The defined benefit plan was closed to future accrual with effect from 1 April 2007.

For the defined benefit scheme, the obligations are measured using the projected unit method. The calculation of the net obligation is performed by a qualified actuary. The operating and financing costs of these plans are recognised separately in the income statement; service costs are set annually on the basis of actuarial valuations of the scheme and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income and expense. In accordance with IAS 19 the Group does not recognise on the balance sheet any surplus in the scheme.

Pension contributions under defined contribution schemes are charged to the income statement as they fall due.

(b) Share-based payments

The Company operates two 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. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. 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.

Leasing agreements

Payments under operating lease agreements are charged against profit on a straight line basis over the life of the lease.

Accounting estimates and judgements

Management applies the Group's accounting policies as described above when making critical accounting judgements, of which no individual judgement is deemed to have a significant impact upon the financial statements, apart from those involving estimations, which are detailed below.

(a) Carrying value of land and work in progress and estimation of costs to complete

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. As residential development is largely speculative by nature, not all inventories are covered by forward sales contracts. Furthermore due to the nature of the Group's activity and, in particular the scale of its developments and the length of the development cycle, the Group has to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. It also has to forecast the costs to complete on such developments.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and centrally review inventory carrying values and ensure the appropriateness of the estimates made.

(b) Pensions

Pension assumptions are set out within note 5 and are as advised by the Group's actuary. The assumptions include the expected long-term rate of return on assets, the discount rate used and the mortality rates. Such estimations are based on assumed rates and, should these differ from what actually transpires, the pension asset of the Group would change.

(c) Goodwill impairment

In determining whether or not goodwill is impaired requires an estimation of value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the cash-generating unit, the future growth rate of revenue and costs, and a suitable discount rate.

(d) Deferred tax

Assumptions are made as to the recoverability of deferred tax assets, especially as to whether there will be sufficient future profits to fully utilise these in future years.

2 Segmental disclosure
The Group is engaged in residential-led, mixed-use property development, comprising residential revenue, revenue from land sales and commercial revenue.

For the purposes of determining its operating segments, the chief operating decision-maker has been identified as the Executive Committee of the Board. This committee approves investment decisions, allocates the Group's resources and reviews the internal reporting in order to assess performance.

The Group has determined that its operating segments are the management teams that report into the Executive Committee of the Board. These management teams are all engaged in residential-led, mixed-use development in the United Kingdom and, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment and thus no separate financial information is disclosed.

3 Net finance income/(costs)

	2010 £'000	2009 £'000
Finance income	**9,498**	5,690
Finance costs		
Interest payable on bank loans and non-utilisation fees	**(1,623)**	(1,012)
Amortisation of facility fees	**(598)**	–
Other finance costs	**(2,894)**	(8,236)
	(5,115)	(9,248)
Net finance income/(costs)	**4,383**	(3,558)

Finance income predominantly represents interest earned on cash deposits.

Other finance costs represent imputed interest on taxation and on land purchased on deferred settlement terms.

4 Profit before taxation
Profit before taxation is stated after charging/(crediting) the following amounts:

	2010 £'000	2009 £'000
Staff costs (note 5)	**62,813**	74,640
Depreciation of property, plant and equipment	**804**	964
Amortisation of intangible assets	**156**	554
Loss/(Profit) on sale of property, plant and equipment	**40**	(12)
Operating lease costs	**1,460**	2,511
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	**120**	120
Fees payable to the Company's auditors for other services:		
– Audit fee for the accounts of the Company's subsidiaries pursuant to legislation	**110**	110
– Services relating to taxation	**509**	660
– Remuneration consultancy services	**185**	192
– Other services supplied pursuant to legislation	**50**	35

The value of inventories expensed and included in the cost of sales is £421,553,000 (2009: £476,241,000).

Remuneration paid to the auditors in respect of taxation services was incurred primarily in connection with compliance matters and corporate activity and structuring in the year.

Remuneration paid to the auditors in respect of other services supplied pursuant to legislation of £50,000 relates to the interim review (2009: £35,000).

In addition to the above services, the Group's auditor acted as auditor to The Berkeley Final Salary Plan. The appointment of auditors to the Group's pension scheme and the fees paid in respect of the audit are agreed by the trustees of the scheme, who act independently of the management of the Group. The fees paid to the Group's auditors for audit services to the pension scheme during the year were £7,000 (2009: £6,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5 Directors and employees

	2010 £'000	2009 £'000
Staff costs		
Wages and salaries	**50,380**	57,290
Social security costs	**5,746**	12,346
Share-based payments	**4,491**	2,659
Pension costs - defined contribution	**2,196**	2,345
	62,813	74,640

The average number of persons employed by the Group during the year was 748 (2009: 836).

Key management compensation
Key management comprises the Main Board, as the Directors are considered to have the authority and responsibility for planning, directing and controlling the activities of the Group. Details of Directors' emoluments are set out in the Remuneration Committee report on pages 43 to 54.

Share-based payments
The Group operates two equity-settled share based payments schemes. The charge to the income statement in respect of share-based payments in the year, relating to grants of shares and options awarded under the 2004(b) and 2009 Long-Term Incentive Plans, was £4,491,000 (2009: £2,659,000).

2004(b) Long-Term Incentive Plan
During the year the last two tranches of awards under this scheme vested.

The first tranche, Element 1C, vested on 10 September 2009 and was satisfied by the issue to the relevant Executive Directors of 3,997,754 shares for no cost. The retained earnings of the Group have been reduced by the par value of the shares issued under Element 1C of £200,000 (note 18).

The second tranche, Element 1D, vested on 5 March 2010 and was satisfied by the issue to the relevant Executive Directors of 2,358,674 shares previously held by the Employee Benefit Trust and cash of £12,650,000. The retained earnings of the Group have been reduced by the cash paid (note 18).

2009 Long-Term Incentive Plan
Part A
On 29 June 2009 the balance of the shares originally awarded under the 2004(b) Long-Term Incentive Plan, totalling 5,330,340 shares, were replaced by options under Part A of the 2009 Long-Term Incentive Plan, with an exercise price of £3.00 per share, in accordance with the shareholder approval obtained at the Extraordinary General Meeting on 15 April 2009. These will become exercisable by the relevant Executive Directors on 31 January 2014, subject to continued employment at that date.

Part B
Part B of the 2009 Long-Term Incentive Plan covers 7,100,000 share options with an exercise price of £8.40. Vesting of the options is in two tranches: 50% on 15 April 2015 and 50% on 15 April 2016. The options are conditional on continued employment at the relevant vesting date and the satisfaction of the underpin condition that Net Assets per Share are at least £5.94 at 15 April 2015.

On 29 June 2009 the Group granted 6,830,000 options under the plan to Executive Directors and senior management. The fair value of the options granted during the year, determined using the Black-Scholes option pricing model, was £2.31 and £2.44 for the options vesting on 15 April 2015 and 15 April 2016, respectively.

The inputs into the Black-Scholes option pricing model were:

	Vesting 15-Apr-15	Vesting 15-Apr-16
Share price at grant date	798p	798p
Exercise price	840p	840p
Expected volatility	36.4%	36.4%
Expected life	6.5 years	7.5 years
Risk-free rate	3.12%	3.26%
Expected dividend yield	2.8%	2.8%

The expected volatility was determined by calculating the historic volatility of the Group's share price over the previous seven years.

Pensions
During the year, two principal pension schemes were in place for employees. The Berkeley Group plc Group Personal Pension Plan and the St George PLC Group Personal Pension Plan are defined contribution schemes. The assets of these schemes were held in separate trustee administered funds.

The Berkeley Final Salary Plan is a defined benefit scheme which was closed to future accrual with effect from 1 April 2007.

Defined contribution plan
Contributions amounting to £1,975,000 (2009: £2,162,000) were paid into the defined contribution schemes during the year.

Defined benefit plan
The Berkeley Final Salary Plan is subject to an independent actuarial valuation at least every three years. The most recent valuation was carried out as at 1 May 2007 and finalised in July 2008. A valuation as at 1 May 2010 is in progress. The method adopted in the 2007 valuation was the projected unit method, which assumed a return on investment prior to and after retirement of 6.5% and 5.0% per annum respectively and pension increases of 3.25% per annum. The market value of the Berkeley Final Salary Plan assets at 1 May 2007 was £9,974,000 and was sufficient to cover 101% of the scheme's liabilities. Following the finalisation of the 2007 valuation, with effect from 1 July 2008, employer's required regular contributions were reduced to zero. Notwithstanding this the Company made additional voluntary contributions of £600,000 during the year (2009: £635,000).

For the purposes of IAS 19, the 2007 valuation was updated for 30 April 2010.

The major assumptions used by the actuary were:

Valuation at:	**30 April 2010**	30 April 2009
Rate of increase in salaries	**–**	–
Discount rate	**5.5%**	6.6%
Inflation assumption	**3.5%**	3.0%
Rate of increase in pensions in payment post-97 (pre-97 receive 3% p.a. increases)	**3.5%**	3.0%

The mortality assumptions are the standard PMA92 base table for males and PFA92 base table for females, both adjusted for each individual's year of birth to allow for future improvements in mortality rates. The life expectancy of male and female pensioners (now aged 65) retiring at age 65 on the balance sheet date is 20.0 years and 23.0 years respectively (2009: 19.9 and 22.9). The life expectancy of male and female deferred pensioners (now aged 50) retiring at age 65 after the balance sheet date is 20.9 years and 23.9 years respectively (2009: 20.9 and 23.9).

The fair value of the assets and the expected rates of return on the assets were as follows:

	30 April 2010		30 April 2009	
	Long-term rate of return	**Value £'000**	Long-term rate of return	Value £'000
Equities	**7.40%**	**4,588**	7.05%	3,212
Government Bonds	**4.40%**	**3,264**	4.05%	2,935
Corporate Bonds	**5.30%**	**3,427**	6.50%	2,846
Cash	**0.50%**	**208**	0.50%	419
Fair value of plan assets		**11,487**		9,412

The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

The amounts recognised in the balance sheet are determined as follows:

	2010 £'000	2009 £'000
Present value of defined benefit obligations	**(11,445)**	(8,275)
Fair value of plan assets	**11,487**	9,412
Net surplus	**42**	1,137
Unrecognised asset in accordance with IAS 19	**(42)**	(1,137)
Net amount recognised on the balance sheet	**–**	–

The amounts recognised in the income statement are as follows:

	2010 £'000	2009 £'000
Current service cost	**–**	–
Past service cost	**–**	–
Interest on pension scheme liabilities	**538**	594
Expected return on plan assets	**(542)**	(635)
Total included within finance income	**(4)**	(41)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5 Directors and employees continued

Changes in the present value of the defined benefit obligation

	2010 £'000	2009 £'000
Present value of defined benefit obligations at 1 May	**8,275**	9,214
Current service cost	**–**	–
Interest on pension scheme liabilities	**538**	594
Contributions by plan participants	**–**	–
Actuarial loss/(gain) on scheme liabilities recognised in the statement of comprehensive income	**2,888**	(1,107)
Net benefits paid out	**(256)**	(426)
Present value of defined benefit obligations at 30 April	**11,445**	8,275

Changes in the fair value of plan assets

	2010 £'000	2009 £'000
Fair value of plan assets at 1 May	**9,412**	9,850
Expected return on plan assets	**542**	635
Actuarial gains/(losses) on plan assets recognised in the statement of comprehensive income	**1,189**	(1,282)
Contributions by the employer	**600**	635
Contributions by plan participants	**–**	–
Net benefits paid out	**(256)**	(426)
Fair value of plan assets at 30 April	**11,487**	9,412

Cumulative actuarial gains and losses recognised in equity

	2010 £'000	2009 £'000
Cumulative amounts of losses recognised in the statement of comprehensive income at 1 May	**(1,696)**	(1,020)
Net actuarial losses recognised in the year	**(1,699)**	(175)
Change in irrecoverable surplus in accordance with IAS 19	**1,095**	(501)
Cumulative amounts of losses recognised in the statement of comprehensive income at 30 April	**(2,300)**	(1,696)

Actual gain/(loss) on plan assets

	2010 £'000	2009 £'000
Expected gain on scheme assets	**542**	635
Actuarial gain/(loss) on scheme assets	**1,189**	(1,282)
Actual gain/(loss) on scheme assets	**1,731**	(647)

History of asset values, defined benefit obligations, and experience gains and losses

	30 April 2010 £'000	30 April 2009 £'000	30 April 2008 £'000	30 April 2007 £'000	30 April 2006 £'000
Fair value of scheme assets	**11,487**	9,412	9,850	9,974	28,337
Present value of scheme liabilities	**(11,445)**	(8,275)	(9,214)	(9,832)	(38,679)
Net surplus/(deficit) in the plan	**42**	1,137	636	142	(10,342)

	30 April 2010	30 April 2009	30 April 2008	30 April 2007	30 April 2006
Experience adjustments arising on scheme assets:					
Amount (£'000)	**1,189**	(1,282)	(1,124)	383	4,821
% of scheme assets	**10.35%**	(13.62%)	(11.41%)	3.84%	17.01%
Experience adjustments arising on scheme liabilities					
Amount (£'000)	**(49)**	67	90	346	(342)
% of the present value of scheme liabilities	**0.43%**	(0.81%)	(0.98%)	(3.52%)	0.88%

6 Taxation

The tax charge for the year is as follows:

	2010 £'000	2009 £'000
Current tax		
UK corporation tax payable	**(23,424)**	(35,306)
Adjustments in respect of previous periods	**(656)**	(148)
	(24,080)	(35,454)
Deferred tax at 28% (note 16)	**(6,736)**	1,199
	(30,816)	(34,255)

Tax on items recognised directly in other comprehensive income is as follows:

	2010 £'000	2009 £'000
Deferred tax on actuarial loss recognised in the pension scheme	**169**	190

Tax on items recognised directly in equity is as follows:

	2010 £'000	2009 £'000
Deferred tax in respect of employee share schemes	**(16,658)**	(2,536)
Current tax in respect of employee share schemes	**15,130**	14,302
	(1,528)	11,766

The tax charge assessed for the year differs from the standard rate of UK corporation tax of 28.0% (2009: 28.0%). The differences are explained below:

	2010 £'000	2009 £'000
Profit before tax	**110,341**	120,382
Tax on profit at standard UK corporation tax rate	**30,895**	33,707
Effects of:		
Expenses not deductible for tax purposes	**106**	88
Tax effect of share of results of joint ventures	**73**	253
Adjustments in respect of previous periods – current tax	**656**	148
Adjustments in respect of previous period – deferred tax	**(1,632)**	(1,229)
Other	**718**	1,288
Tax charge	**30,816**	34,255

7 Earnings per ordinary share

Basic earnings per ordinary share are calculated as profit for the financial year attributable to shareholders of the Group divided by the weighted average number of shares in issue during the year.

	2010	2009
Profit attributable to shareholders (£'000's)	**79,674**	86,127
Weighted average number of shares (000's)	**132,824**	120,752
Basic earnings per ordinary share (p)	**60.0**	71.3

For diluted earnings per ordinary share, the weighted average number of shares in issue is adjusted to assume the conversion of all potentially dilutive ordinary shares. At 30 April 2010, the Group had two categories of potentially dilutive ordinary shares: 5.3 million £3.00 share options under the 2009 LTIP Part A and 7.1 million £8.40 share options under the 2009 LTIP Part B.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7 Earnings per ordinary share continued

A calculation is done to determine the number of shares that could have been acquired at fair value based on the aggregate of the exercise price of each share option and the fair value of future services to be supplied to the Group which is the unamortised share-based payments charge. The difference between the number of shares that could have been acquired at fair value and the total number of options is used in the diluted earnings per share calculation.

	2010	2009
Profit used to determine diluted EPS (£'000's)	79,674	86,127
Weighted average number of shares (000's)	132,824	120,752
Adjustments for:		
Share options – 2004(b) LTIP Element 1C (000's)	–	3,941
Share options – 2004(b) LTIP Element 1D (000's)	–	3,871
Share options – 2009 LTIP Part A (000's)	3,004	2,825
Share options – 2009 LTIP Part B (000's)	–	–
Shares used to determine diluted EPS (000's)	135,828	131,389
Diluted earnings per ordinary share (p)	58.7	65.6

8 Intangible assets

	Goodwill £'000	Other intangible assets £'000	Total £'000
COST			
At 1 May 2009 and 30 April 2010	17,159	3,273	20,432
ACCUMULATED AMORTISATION			
At 1 May 2009	–	3,117	3,117
Amortisation charge for the year	–	156	156
At 30 April 2010	–	3,273	3,273
NET BOOK VALUE			
At 1 May 2009	17,159	156	17,315
At 30 April 2010	17,159	–	17,159

COST			
At 1 May 2008 and 30 April 2009	17,159	3,273	20,432
ACCUMULATED AMORTISATION			
At 1 May 2008	–	2,563	2,563
Amortisation charge for the year	–	554	554
At 30 April 2009	–	3,117	3,117
NET BOOK VALUE			
At 1 May 2008	17,159	710	17,869
At 30 April 2009	17,159	156	17,315

The goodwill balance relates solely to the acquisition of the 50% of the ordinary share capital of St James Group Limited, completed on 7 November 2006, that was not already owned by the Group. The goodwill balance is tested annually for impairment. The recoverable amount has been determined on the basis of the current five year pre-tax forecasts. Key assumptions are as follows:

(i) Cash flows beyond a five year period are not extrapolated;
(ii) A pre-tax discount rate of 9.12% based on the Group's weighted average cost of capital.

The Directors have identified no reasonably possible change in a key assumption which would give rise to an impairment charge.

Other intangible assets relate to contracts for the sale of units that had reserved or exchanged at the date of the acquisition of the 50% of the ordinary share capital of St James Group Limited that the Group did not already own. This resulted in an intangible asset of £3,273,000 at the acquisition date. This intangible asset is amortised as these reserved or exchanged units are taken to profit and is included in net operating expenses. During the year the last units which were forward sold at the acquisition date were taken to profit and there is no remaining balance at 30 April 2010.

9 Property, plant and equipment

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
COST				
At 1 May 2009	1,754	5,479	2,442	9,675
Additions	6,252	125	562	6,939
Disposals	–	(481)	(469)	(950)
At 30 April 2010	**8,006**	**5,123**	**2,535**	**15,664**
ACCUMULATED DEPRECIATION				
At 1 May 2009	58	4,692	1,200	5,950
Charge for the year	35	402	367	804
Disposals	–	(456)	(321)	(777)
At 30 April 2010	**93**	**4,638**	**1,246**	**5,977**
NET BOOK VALUE				
At 1 May 2009	1,696	787	1,242	3,725
At 30 April 2010	**7,913**	**485**	**1,289**	**9,687**
COST				
At 1 May 2008	1,754	6,877	3,250	11,881
Additions	–	177	114	291
Disposals	–	(1,575)	(922)	(2,497)
At 30 April 2009	1,754	5,479	2,442	9,675
ACCUMULATED DEPRECIATION				
At 1 May 2008	23	5,758	1,433	7,214
Charge for the year	35	494	435	964
Disposals	–	(1,560)	(668)	(2,228)
At 30 April 2009	58	4,692	1,200	5,950
NET BOOK VALUE				
At 1 May 2008	1,731	1,119	1,817	4,667
At 30 April 2009	1,696	787	1,242	3,725

The principal addition in the year of £6,252,000 was the acquisition of freehold offices occupied by the Group which were previously leased.

10 Investments accounted for using the equity method

	2010 £'000	2009 £'000
Unlisted shares at cost	**16,127**	15,226
Loans	**13,500**	11,438
Share of post-acquisition reserves	**(2,727)**	(3,310)
Elimination of profit on transfer of inventory to joint ventures	**(882)**	(882)
	26,018	22,472

Details of the principal joint ventures are provided in note 25.

FINANCIALS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10 Investments accounted for using the equity method continued

The movement on the investment in joint ventures during the year is as follows:

	Note	2010 £'000	2009 £'000
At 1 May		22,472	2,447
Loss after tax for the year		(261)	(902)
Elimination of profit on transfer of inventory to joint ventures		–	(882)
Acquisition of shares in joint ventures		996	15,000
Carrying value of share of joint ventures' net assets owned prior to acquisition	22	(1,614)	–
Net increase in loans to joint ventures		4,533	6,809
Dividends received		(108)	–
At 30 April		26,018	22,472

The Group's share of joint ventures' net assets, income and expenses is made up as follows:

	2010 £'000	2009 £'000
Non-current assets	–	–
Current assets	46,243	56,050
Current liabilities	(6,911)	(16,928)
Non-current liabilities	(13,314)	(16,650)
	26,018	22,472
Revenue	4,224	169
Costs	(3,653)	(919)
Operating profit/(loss)	571	(750)
Finance cost	(164)	(456)
Profit/(loss) before taxation	407	(1,206)
Tax (charge)/credit	(668)	304
Share of post tax loss of joint ventures	(261)	(902)

11 Inventories

	2010 £'000	2009 £'000
Land not under development	242,074	124,577
Work in progress	945,734	918,526
Completed units	66,319	71,724
	1,254,127	1,114,827

12 Trade and other receivables

	2010 £'000	2009 £'000
Trade receivables	42,842	46,198
Other receivables	7,883	4,078
Prepayments and accrued income	6,995	714
	57,720	50,990

Further disclosures relating to trade receivables are set out in note 23.

13 Cash and cash equivalents

	2010 £'000	2009 £'000
Cash at bank and in hand	349,119	284,842

14 Borrowings

	2010 £'000	2009 £'000
Current		
Loan stock	**(48)**	(66)
Bank loans	**(7,000)**	–
	(7,048)	(66)
Non-current		
Bank loans	**(25,203)**	–
Total borrowings	**(32,251)**	(66)

Loan stock is is unsecured and is repayable on three months notice being given to the Company, with interest rates linked to LIBOR.

Current and non-current bank loans are drawn under site specific bank facilities. The loans are secured by a fixed charge over the specific assets. Further disclosures relating to current and non-current bank loans are set out in note 23.

15 Trade and other payables

	2010 £'000	2009 £'000
Current		
Trade payables	**(204,864)**	(196,060)
Deposits and on account contract receipts	**(461,568)**	(334,827)
Loans from joint ventures	**(96)**	(96)
Other taxes and social security	**(4,378)**	(16,441)
Accruals and deferred income	**(28,471)**	(39,429)
	(699,377)	(586,853)
Non-current		
Trade payables	**(51,848)**	(57,558)
Total trade and other payables	**(751,225)**	(644,411)

All amounts included above are unsecured. The total of £4,378,000 (2009: £16,441,000) for other taxes and social security includes £2,411,000 (2009: £11,116,000) for Employer's National Insurance provision in respect of share-based payments.

Further disclosures relating to current trade and other payables and non-current trade payables are set out in note 23.

16 Deferred tax

The movement on the deferred tax account is as follows:

	Accelerated capital allowances £'000	Retirement benefit obligation £'000	Other short-term timing differences £'000	Total £'000
At 1 May 2009	867	–	37,060	37,927
Adjustments in respect of previous period	(15)	–	1,647	1,632
Charged to the income statement	(106)	(169)	(8,093)	(8,368)
Credited/(debited) to equity	–	169	(1,528)	(1,359)
Realisation of deferred tax asset on vesting of employee share scheme	–	–	(15,130)	(15,130)
Deferred tax arising on acquisition of subsidiary undertakings	–	–	155	155
At 30 April 2010	**746**	**–**	**14,111**	**14,857**
At 1 May 2008	1,019	–	38,055	39,074
Adjustments in respect of previous period	2	–	1,227	1,229
(Charged)/credited to the income statement	(154)	(190)	314	(30)
Credited to equity	–	190	11,766	11,956
Realisation of deferred tax asset on vesting of employee share scheme	–	–	(14,302)	(14,302)
At 30 April 2009	867	–	37,060	37,927

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28.0% (2009: 28.0%). There is no unprovided deferred tax.

FINANCIALS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16 Deferred tax continued

All of the deferred tax assets were available for offset against deferred tax liabilities and hence the net deferred tax asset at 30 April 2010 was £14,857,000 (2009: £37,927,000).

Deferred tax assets of £12,644,000 (2009: £10,041,000) are expected to be recovered after more than one year.

The deferred tax (charged)/credited to equity during the year was as follows:

	2010 £'000	2009 £'000
Deferred tax on actuarial loss recognised in the pension scheme	**169**	190
Deferred tax in respect of employee share schemes	**(16,658)**	(2,536)
Movement in the year	**(16,489)**	(2,346)
Cumulative deferred tax credited to equity at 1 May	**21,064**	23,410
Cumulative deferred tax credited to equity at 30 April	**4,575**	21,064

17 Share capital and premium
The changes in the authorised share capital of the Company in the year were as follows:

	Ordinary Shares No. '000	2004 B Shares No. '000	2006 B Shares No. '000	2008 B Shares No. '000	2010 B Shares No. '000
At 1 May 2009	185,000	185,000	185,000	185,000	185,000
B shares redesignated as ordinary shares	740,000	(185,000)	(185,000)	(185,000)	(185,000)
At 30 April 2010	**925,000**	**–**	**–**	**–**	**–**

Redeemable preference shares of £1 each – at 1 May 2009 and 30 April 2010	**50**

Following the redemption of the final 2010 B Shares in April 2009, the unissued B Shares were redesignated as ordinary shares on 9 September 2009, as approved by shareholders at the Annual General Meeting.

Each ordinary share of 5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

The movements on allotted, called-up and fully paid share capital for the Company in the year were as follows:

	Ordinary Shares No. '000	2004 B Shares No. '000	2006 B Shares No. '000	2008 B Shares No. '000	2010 B Shares No. '000
At 1 May 2008	120,821	–	–	–	120,821
Issued during the year	6,041	–	–	–	6,041
Redeemed during the year	–	–	–	–	(126,862)
Equity settlement of employee share scheme	3,997	–	–	–	–
At 30 April 2009	130,859	–	–	–	–
Equity settlement of employee share scheme	3,998	–	–	–	–
At 30 April 2010	**134,857**	**–**	**–**	**–**	**–**

	Share capital						
	Ordinary Shares £'000	2004 B Shares £'000	2006 B Shares £'000	2008 B Shares £'000	2010 B Shares £'000	Total £'000	Share premium £'000
At 1 May 2008	6,041	–	–	–	6,041	12,082	264
Issued during the year	302	–	–	–	302	604	49,051
Redeemed during the year	–	–	–	–	(6,343)	(6,343)	–
Equity settlement of employee share scheme	200	–	–	–	–	200	–
At 30 April 2009	6,543	–	–	–	–	6,543	49,315
Equity settlement of employee share scheme	200	–	–	–	–	200	–
At 30 April 2010	**6,743**	**–**	**–**	**–**	**–**	**6,743**	**49,315**

The Company issued 3,997,754 shares on 10 September 2009 to the relevant Executive Directors, for no cost, in settlement of the awards under Element 1C of the 2004(b) Long-Term Incentive Plan. The issued share capital has been increased by the total par value of the shares issued of £200,000.

At 30 April 2010 there were 3,561 shares held in trust (2009: 662,238). The market value of these shares at 30 April 2010 was £30,000 (2009: £6,493,000).

18 Reserves
The movement in reserves is set out in the statement of changes in equity on page 63.

Other reserve
The Other reserve of negative £961,299,000 (2009: negative £961,299,000) arose from the application of merger accounting principles to the financial statements on implementation of the capital reorganisation of the Group, incorporating a Scheme of Arrangement, in the year ended 30 April 2005.

Revaluation reserve
The revalution reserve consists of balances in relation to two separate transactions.

The first element arose following the acquisition on 7 November 2006 of the 50% of the ordinary share capital of St James Group Limited not already owned. A revaluation reserve of £20,297,000 was originally created in accordance with IFRS 3 through fair value adjustments to the 50% of the net assets of St James Group Limited owned by the Group prior to 7 November 2006. Transfers of £1,237,000 in the year (2009: £7,163,000) to distributable reserves were recognised as the associated fair value adjustments were charged to the income statement.
At 30 April 2010 the balance in the revaluation reserve relating to the acquisition of St James Group Limited is £2,929,000 (2009: £11,329,000).

The second element arose in the current financial year following the acquisition on 23 July 2009 of the shares owned by Saad Investments Company Limited and the outstanding shareholder loans in five joint ventures which became fully owned subsidiaries from this date. A revaluation reserve of £560,000 was created in accordance with IFRS 3 through fair value adjustments to the 50% of the net assets of the joint ventures owned by the Group prior to 23 July 2009. There was no transfer to distributable reserves in the period to 30 April 2010 as none of the associated fair value adjustments were charged to the income statement.

Capital redemption reserve fund
The capital redemption reserve fund was created to maintain the capital of the Company following the redemption of the B Shares associated with the Scheme of Arrangement created in 2004 which completed on 10 September 2009 with the re-designation of the unissued B shares as ordinary shares.

Retained earnings
The Company's Employee Benefit Trust acquired 1,700,000 shares through purchases on the London Stock Exchange in the year (2009: 2,940,477). The total amount paid to acquire the shares, including expenses, was £12,812,000 (2009: £19,215,000) and has been deducted from retained earnings.

Element 1C of the 2004(b) Long-Term Incentive Plan vested on 10 September 2009 and was satisfied by the issue to the relevant Executive Directors of 3,997,754 shares, for no cost. The par value of these shares is £200,000 and has been deducted from the retained profits of the Group.

Element 1D of the 2004(b) Long-Term Incentive Plan vested on 5 March 2010 and was satisfied by the issue to the relevant Executive Directors of 2,358,674 shares previously held by the Employee Benefit Trust and cash of £12,650,000. The cash payment reduces the retained profits of the Group.

19 Contingent liabilities
The Group has guaranteed road and performance agreements in the ordinary course of business of £17,139,000 (2009: £9,492,000).

20 Operating leases – minimum lease payments
The total future minimum lease payments of the Group under non-cancellable operating leases is set out below:

	2010 £'000	2009 £'000
Operating leases which expire:		
Within one year	**104**	75
Between one and five years	**1,883**	1,400
After five years	**9,816**	16,663
	11,803	18,138

FINANCIALS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21 Notes to the consolidated cash flow statement

Reconciliation of profit after taxation for the year to cash generated from operations:

	2010 £'000	2009 £'000
Profit after taxation for the year	79,525	86,127
Adjustments for:		
– Taxation	30,816	34,255
– Depreciation	804	964
– Amortisation of intangible assets	156	554
– Loss/(profit) on sale of property, plant and equipment	40	(12)
– Finance income	(9,498)	(5,690)
– Finance costs	5,115	9,248
– Share of post tax results of joint ventures	261	902
– Non-cash charge in respect of share-based payments	4,491	2,659
Changes in working capital:		
– (Increase)/decrease in inventories	(111,055)	117,025
– Increase in trade and other receivables	(2,383)	(29,308)
– Increase in trade and other payables	95,175	61,926
– Decrease in employee benefit obligations	(600)	(635)
Cash generated from operations	92,847	278,015

Reconciliation of net cash flow to net cash/(debt)

	2010 £'000	2009 £'000
Net increase in cash and cash equivalents, including bank overdraft	64,277	289,306
Debt acquired on acquisition of subsidiary (note 22)	(16,215)	–
Net cash outflow from repayment of loan stock	18	19
Net cash inflow from increase in borrowings	(15,988)	–
Movement in net cash in the year	32,092	289,325
Opening net cash/(debt)	284,776	(4,549)
Closing net cash	316,868	284,776

Net cash

	2010 £'000	2009 £'000
Cash and cash equivalents	349,119	284,842
Non-current borrowings	(25,203)	–
Current borrowings	(7,048)	(66)
Net cash	316,868	284,776

22 Acquisitions and disposals

Acquisitions

On 23 July 2009 the Group acquired the shares owned by Saad Investments Company Limited and the outstanding shareholder loans in certain joint ventures which became fully owned subsidiaries from this date.

In the period to 23 July 2009 the Group accounted for the results of the joint ventures using the equity method of accounting for its interest in the joint ventures. Following the acquisition of the shares the Group did not already own, the Group has fully consolidated the results of the former joint venture companies from the acquisition date.

The acquired businesses contributed a net loss after tax of £535,000 to the Group for the period from 23 July 2009 to 30 April 2010. If the acquisition had occurred on 1 May 2009, Group profit after tax would have been £79,438,000.

The assets and liabilities arising from the acquisition on 23 July 2009 are as follows:

	Carrying value pre-acquisition £'000	Fair value adjustments £'000	Fair values £'000
Inventories	26,813	1,433	28,246
Trade and other receivables	118	–	118
Deferred tax asset	468	(313)	155
Cash and cash equivalents	527	–	527
Bank loans	(16,215)	–	(16,215)
Trade and other payables	(8,457)	–	(8,457)
	3,254	1,120	4,374
Carrying value of net assets owned prior to the acquisition			(1,614)
Fair value adjustments applied to revalue net assets owned prior to acquisition			(560)
Total purchase consideration			2,200
Purchase consideration settled in cash			2,000
Purchase consideration deferred for twelve months from acquisition date			200
Total purchase consideration			2,200

The outflow of cash and cash equivalents on the acquisition of the shares it did not already own and the outstanding shareholder loans is calculated as follows:

	£'000
Purchase consideration settled in cash	2,000
Cash and cash equivalents in subsidiary acquired	(527)
Cash outflow on acquisition	1,473

Disposals

On 7 August 2009 the Imperial College of Science Technology and Medicine acquired a minority interest in Winstanley 2 Limited, a company formed to develop the site at Winstanley Road, Clapham giving rise to a minority interest of £3,869,000.

23 Capital management, financial instruments and financial risk management

The Group finances its operations by a combination of shareholders' funds, minority interest, deposits and on account contract receipts and, where taken out, borrowings. The Group's objectives when managing capital are to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium-term. The Group monitors capital levels principally by monitoring net debt/cash levels, cash generated and return on average capital employed.

The Group's financial instruments comprise financial assets being: trade receivables and cash and cash equivalents and financial liabilities being: loan stock, bank loans, trade payables, deposits and on account receipts, loans from joint ventures and accruals. Cash and cash equivalents is the principal financial instrument used to finance the business. The other financial instruments highlighted arise in the ordinary course of business.

As all of the operations carried out by the Group are in sterling there is no direct currency risk, and, therefore the Group's main financial risks are primarily:

- liquidity risk – the risk that suitable funding for the Group's activities may not be available;
- market interest rate risk – the risk that Group financing activities are adversely affected by fluctuation in market interest rates; and
- market credit risk – the risk that a counterparty will default on their contractual obligations resulting in a loss to the Group.

FINANCIALS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23 Capital management, financial instruments and financial risk management continued

Financial instruments: Financial assets
The Group's financial assets can be summarised as follows:

	2010 £'000	2009 £'000
Current		
Trade receivables	42,842	46,198
Cash and cash equivalents	349,119	284,842
	391,961	331,040

Cash and cash equivalents are short-term deposits held at either floating rates linked to LIBOR or fixed rates.

Trade receivables are non-interest bearing.

Financial instruments: Financial liabilities
The Group's financial liabilities can be summarised as follows:

	2010 £'000	2009 £'000
Current		
Loan stock	(48)	(66)
Bank loans	(7,000)	–
Trade payables	(204,864)	(196,060)
Deposits and on account contract receipts	(461,568)	(334,827)
Loans from joint ventures	(96)	(96)
Accruals and deferred income	(28,471)	(39,429)
	(702,047)	(570,478)
Non-current		
Trade payables	(51,848)	(57,558)
Bank loans	(25,203)	–
	(77,051)	(57,558)
Total financial liabilities	(779,098)	(628,036)

All amounts included above are unsecured, except for the site specific bank loans which are secured by a fixed charge over the specific assets to which they relate.

Loan stock is repayable on three months notice being given to the Company, with floating interest rates linked to LIBOR. Current bank loans have term expiry dates within twelve months of the balance sheet date and are held at floating interest rates linked to LIBOR. Trade payables and other current liabilities are non-interest bearing.

Non-current bank loans have term expiry dates after twelve months from the balance sheet date and are held at floating interest rates linked to LIBOR.

The maturity profile of the Group's non-current financial liabilities, all of which are held at amortised cost, is as follows:

	2010 £'000	2009 £'000
In more than one year but not more than two years	48,045	10,044
In more than two years but not more than five years	29,006	43,526
In more than five years	–	3,988
	77,051	57,558

The carrying amounts of the Group's financial assets and financial liabilities approximate to fair value.

Current trade receivables and current trade and other payables approximate to their fair value as the transactions which give rise to these balances arise in the normal course of trade and, where relevant, with industry standard payment terms and have a short period to maturity (less than one year). The loan stock is repayable at book value on three months notice being given to the Company.

Non-current trade payables comprise long-term land creditors which are held at their discounted present value (calculated by discounting expected future cash flows at prevailing interest rates and yields as appropriate). The discount rate applied reflects the nominal, risk-free pre-tax rate at the balance sheet date, applied to the maturity profile of the individual land creditors within the total. At 30 April 2010 a rate of 1.55% was applied (30 April 2009: 1.44%). Non-current bank loans approximate to fair value as they are held at variable market interest rates linked to LIBOR.

Liquidity risk
This is the risk that suitable funding for the Group's activities may not be available. Group management addresses this risk through review of rolling cash flow forecasts throughout the year to assess and monitor the current and forecast availability of funding, and to ensure sufficient headroom against facility limits and compliance with banking covenants. The committed borrowing facilities are set out below.

The contractual undiscounted maturity profile of the Group's financial liabilities, included at their balance sheet carrying value in the tables above, is as follows:

	2010 £'000	2009 £'000
In less than one year	702,047	570,478
In more than one year but not more than two years	49,519	10,318
In more than two years but not more than five years	29,199	45,351
In more than five years	–	4,312
	780,765	630,459

Market interest rate risk
The Group's cash and cash equivalents and bank loans expose the Group to cash flow interest rate risk.

The Group's rolling cash flow forecasts incorporate appropriate interest assumptions, and management carefully assesses expected activity levels and associated funding requirements in the prevailing and forecast interest rate environment to ensure that this risk is managed.

From time to time the Group uses derivative instruments, when commercially appropriate, to manage interest rate risk by altering the interest rates on investments and funding so that the resulting exposure gives greater certainty of future costs. During the year and at the year end the Group held no such instruments (2009: nil).

If interest rates on the Group's cash balances had been 50 basis points higher/lower throughout the year ended 30 April 2010, profit after tax for the year would have been £305,000 higher/lower (2009: £508,000). This calculation is based on the monthly closing net cash/debt position throughout the financial year. The Group's loan stock amounts to £48,000 (2009: £66,000) and so no sensitivity analysis has been prepared against this interest-bearing financial liability as any impact would not be material.

Market credit risk
The Group's exposure to credit risk encompasses the financial assets being: trade receivables and cash and cash equivalents.

Trade receivables are spread across a wide number of customers, with no significant concentration of credit risk in one area. There has been no impairment of trade receivables during the year (2009: £nil), nor are there any provisions held against trade receivables (2009: £nil), and no trade receivables are past their due date (2009: £nil).

The credit risk on cash and cash equivalents is limited because the counterparties are three leading international banks with long-term AA credit ratings assigned by international credit rating agencies.

Committed borrowing facilities
The Group has committed borrowing facilities as follows:

	2010				2009			
	Available £'000	Drawn £'000	Undrawn £'000	Termination Date	Available £'000	Drawn £'000	Undrawn £'000	Termination Date
Revolving credit facility	300,000	–	300,000	Nov-13	800,000	–	800,000	Aug 11
Site specific facility	4,000	4,000	–	Sep-10	–	–	–	–
Site specific facility	3,000	3,000	–	Jan-11	–	–	–	–
Site specific facility	32,000	11,795	20,205	Sep-12	–	–	–	–
Site specific facility	14,000	14,000	–	Jan-13	–	–	–	–
	353,000	32,795	320,205		800,000	–	800,000	

The drawn facilities of £32,795,000 do not include unamortised issue costs which are netted off the drawn funds for the purpose of disclosing borrowings as set out in note 14.

During the year the Group restructured its banking facilities. With effect from 20 November 2009, the revolving credit facility was extended to November 2013 from August 2011 and was reduced from £800 million to £300 million, a level that is commensurate with the capital structure and requirements of the Group. The revolving credit facility is secured by debentures provided by certain Group holding companies over their assets. The facility agreement contains financial covenants, which is normal for such agreements, all of which the Group is in compliance with. The facility was undrawn at 30 April 2010, except for bank bonds in issue of £10,862,000 (2009: £nil).

FINANACIALS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23 Capital management, financial instruments and financial risk management continued

In the year the Group assumed £39,000,000 of site specific bank facilities on acquiring full control of the companies previously owned as joint ventures with Saad Investments Company Limited. The facility is secured by a fixed charge over the relevant assets. The facilities were £18,795,000 drawn at 30 April 2010.

In the year the Group put in place a further site specific facility of £14,000,000 in a subsidiary which is not fully owned. The facility is secured by a fixed charge over the relevant asset. The faciltiy was fully drawn at 30 April 2010.

24 Related party transactions
The Group has entered into the following related party transactions:

Transactions with Directors
During the financial year, Mr A W Pidgley paid £1,324,595 to Berkeley Homes plc for works carried out at his home under the Group's own build scheme (2009: £108,437). This is a scheme whereby eligible employees may enter into an arrangement, at commercial rates, with the Group for the construction or renovation of their own home. There were no balances outstanding at the year end.

Transactions with joint ventures
During the year there were no transactions with joint ventures. Last financial year inventory was sold to St Edward Homes Limited for £17,411,000, being the share of the transaction attributable to the other venturer in the joint venture. At 30 April 2010 an amount of £31,331,000 was outstanding and included within trade receivables (2009: £34,822,000).

25 Subsidiaries and joint ventures
At 30 April 2010 the Company had the following principal subsidiary undertakings which have all been consolidated, are registered and operate in England and Wales, are all 100% owned and for which 100% of voting rights are held except where stated:

Residential led mixed-use development
Berkeley Commercial Developments Limited
Berkeley First Limited (1)
Berkeley Gemini Limited (3)
Berkeley Homes plc
Berkeley Homes (Capital) plc (1)
Berkeley Homes (Carnwath Road) Limited (Isle of Man) (5)
Berkeley Homes (Central London) Limited (1)
Berkeley Homes (East Thames) Limited (1)
Berkeley Homes (Eastern) Limited (1)
Berkeley Homes (Fleet) Limited (5)
Berkeley Homes (Hampshire) Limited (1)
Berkeley Homes (Kent) Limited (1)
Berkeley Homes (North East London) Limited (1)
Berkeley Homes (Oxford & Chiltern) Limited (1)
Berkeley Homes (South East London) Limited (1)
Berkeley Homes (Southern) Limited (1)
Berkeley Homes (Urban Renaissance) Limited (1)
Berkeley Homes (West London) Limited (1)
Berkeley Partnership Homes Limited (1)
Berkeley Strategic Land Limited
St George PLC
St George Central London Limited (2)
St George South London Limited (2)
St George West London Limited (2)
St George Battersea Reach Limited (Jersey)
St James (Grosvenor Dock) Limited
St James Group Limited
St James Homes Limited
The Berkeley Group plc (3)
West Kent Cold Storage Company Limited
Winstanley 2 Limited (4)

(1) Agency companies of Berkeley Homes plc.
(2) Agency companies of St George PLC.
(3) The Berkeley Group plc is the only direct subsidiary of the Company.
(4) The Group owns 51% of this subsidiary.
(5) Previously a joint venture until 23 July 2009.

At 30 April 2010 the Group had an interest in the following joint ventures which have been equity accounted to 30 April and are registered and operate in England and Wales and which are 50% owned:

	Accounting date	Principal activity
St Edward Homes Limited	30 April	Mixed-use development
St Edward Homes Partnership	30 April	Mixed-use development

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BERKELEY GROUP HOLDINGS PLC

We have audited the parent company financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2010 which comprise the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 59, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the parent company financial statements:
- give a true and fair view of the state of the company's affairs as at 30 April 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter
We have reported separately on the Group financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2010.

Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 July 2010

COMPANY BALANCE SHEET

As at 30 April	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Investments	C5	**1,387,279**	1,385,365
		1,387,279	1,385,365
CURRENT ASSETS			
Debtors	C6	**1,745**	5,501
Cash at bank and in hand		**945**	945
		2,690	6,446
CURRENT LIABILITIES			
Creditors (amounts falling due within one year)	C7	**(545,305)**	(532,650)
Net current liabilities		**(542,615)**	(526,204)
Total assets less current liabilities and net assets		**844,664**	859,161
CAPITAL AND RESERVES			
Called-up share capital	C8	**6,743**	6,543
Share premium	C9	**49,315**	49,315
Capital redemption reserve	C9	**24,516**	24,516
Profit and loss account	C9	**764,090**	778,787
Total shareholders' funds		**844,664**	859,161

The financial statements on pages 86 to 90 were approved by the Board of Directors on 27 July 2010 and were signed on its behalf by:

N G Simpkin
Finance Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1 Accounting policies

Basis of preparation
These financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006, where applicable, and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice) and on the going concern basis. A summary of the significant accounting policies is set out below.

The principal activity of The Berkeley Group Holdings plc ("the Company") is to act as a holding company.

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

The Company has not presented its own statement of recognised gains and losses for the year as there are no separate gains or losses arising in the year.

Under Financial Reporting Standard 1 "Cash Flow Statements (Revised 1996)", the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its consolidated financial statements, which include the Company, are publicly available.

Adoption of new Accounting Standards and pronouncements
The Company has adopted the following amendments to Financial Reporting Standards:

– FRS 20 (Amendment) "Share-based payment"

The adoption of this amendment to Financial Reporting Standards has had no impact on the financial statements of the Company.

Expenditure
Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Pensions
Pension contributions under defined contribution schemes are charged to the income statement as they fall due.

Investments
Investments in subsidiary undertakings are included in the balance sheet at cost less provision for any impairment.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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 tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Share-based payments
The Company operates two 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. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. 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 profit and loss account, 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following amounts:

	2010 £'000	2009 £'000
Auditors' remuneration – audit fees	**12**	12

C3 Directors and employees

	2010 £'000	2009 £'000
Staff costs		
Wages and salaries	**4,252**	3,904
Social security costs	**365**	4,658
Share-based payments	**2,576**	1,950
Pension costs – defined contribution	**14**	–
	7,207	10,512

The average number of persons employed by the Company during the year was 7, all of whom are Directors (2009: 6).

Directors

Details of Directors' emoluments are set out in the Remuneration Committee report on pages 43 to 54.

Pensions

During the year, the Company participated in one of the Group's pension schemes, The Berkeley Group plc Group Personal Pension Plan. Further details on this scheme are set out in note 5 of the consolidated financial statements. Contributions amounting to £14,000 (2009: £nil) were paid into the defined contribution scheme during the year.

Share-based payments

The charge to the income statement in respect of share-based payments in the year, relating to grants of shares and share options awarded under the 2004(b) and 2009 Long-Term Incentive Plans, was £2,576,000 (2009: £1,950,000). See note 5 in the consolidated financial statements for further information on the Long-Term Incentive Plans.

C4 The Berkeley Group Holdings plc profit and loss account

The profit for the year dealt with in the financial statements of the Company is £6,474,000 (2009: £256,239,000).

C5 Investments

	£'000
Investments in shares of subsidiary undertaking at cost at 1 May 2009	1,385,365
Additions	1,914
Investment in shares of subsidiary undertaking at cost at 30 April 2010	**1,387,279**

Details of principal subsidiaries are given within note 25 of the consolidated financial statements.

C6 Debtors

	2010 £'000	2009 £'000
Current		
Deferred tax	**1,745**	5,501

The movements on the deferred tax asset are as follows:

	£'000
At 1 May 2009	5,501
Debit to profit and loss account	(3,756)
At 30 April 2010	**1,745**

C7 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Other taxes and social security	**1,676**	8,152
Amounts owed to subsidiary undertakings	**543,629**	524,498
	545,305	532,650

All amounts included above are unsecured. On 23 November 2009 the interest rate on £525,000,000 of the balance owed to subsidiary undertakings was fixed at 4.0%. All other amounts owed to subsidiary undertakings are at floating rates linked to LIBOR and have no fixed repayment date.

C8 Called-up share capital
The changes in the authorised share capital of the Company in the year were as follows:

	Ordinary Shares No. '000	2004 B Shares No. '000	2006 B Shares No. '000	2008 B Shares No. '000	2010 B Shares No. '000
At 1 May 2009	185,000	185,000	185,000	185,000	185,000
B shares redesignated as ordinary shares	740,000	(185,000)	(185,000)	(185,000)	(185,000)
At 30 April 2010	**925,000**	**–**	**–**	**–**	**–**

Redeemable preference shares of £1 each - at 1 May 2009 and 30 April 2010	**50**

Following the redemption of the final 2010 B Shares in April last financial year, the unissued B Shares were redesignated as ordinary shares on 9 September 2009, as approved by shareholders at the Annual General Meeting.

Each ordinary share of 5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

The movements on allotted, called-up and fully paid share capital for the Company in the year were as follows:

	Ordinary Shares No. '000	2004 B Shares No. '000	2006 B Shares No. '000	2008 B Shares No. '000	2010 B Shares No. '000
At 1 May 2008	120,821	–	–	–	120,821
Issued during the year	6,041	–	–	–	6,041
Redeemed during the year	–	–	–	–	(126,862)
Equity settlement of employee share scheme	3,997	–	–	–	–
At 30 April 2009	130,859	–	–	–	–
Equity settlement of employee share scheme	3,998	–	–	–	–
At 30 April 2010	**134,857**	**–**	**–**	**–**	**–**

	Ordinary Shares £'000	2004 B Shares £'000	2006 B Shares £'000	2008 B Shares £'000	2010 B Shares £'000	Total £'000
At 1 May 2008	6,041	–	–	–	6,041	12,082
Issued during the year	302	–	–	–	302	604
Redeemed during the year	–	–	–	–	(6,343)	(6,343)
Equity settlement of employee share scheme	200	–	–	–	–	200
At 30 April 2009	6,543	–	–	–	–	6,543
Equity settlement of employee share scheme	200	–	–	–	–	200
At 30 April 2010	**6,743**	**–**	**–**	**–**	**–**	**6,743**

The movements in the year are disclosed in note 17 of the consolidated financial statements.

FINANCIALS

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C9 Reserves

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 May 2009	49,315	24,516	778,787	852,618
Profit for the financial year	–	–	6,474	6,474
Purchase of own shares	–	–	(12,812)	(12,812)
Cash settlement of employee share scheme	–	–	(12,650)	(12,650)
Equity settlement of employee share scheme	–	–	(200)	(200)
Credit in respect of employee share schemes	–	–	4,491	4,491
At 30 April 2010	**49,315**	**24,516**	**764,090**	**837,921**

C10 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit for the financial year	**6,474**	256,239
Issue of shares	**–**	49,655
Purchase of own shares	**(12,812)**	(19,215)
Cash settlement of employee share scheme	**(12,650)**	(10,617)
Credit in respect of employee share scheme	**4,491**	2,659
	(14,497)	278,721
Opening equity shareholders' funds	**859,161**	580,440
Closing equity shareholders' funds	**844,664**	859,161

C11 Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 8 "Related party disclosures" from disclosing related party transactions with entities that are part of The Berkeley Group Holdings plc or investees of The Berkeley Group Holdings plc. Disclosures in respect of transactions with Directors of the Company are set out in note 24 of the consolidated financial statements.

FIVE YEAR SUMMARY

Years ended 30 April	**2010 £'000**	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Income Statement					
Revenue	**615,303**	702,192	991,465	918,410	917,926
Operating profit	**106,219**	124,842	206,018	177,072	160,875
Share of post tax results of joint ventures	**(261)**	(902)	(2,416)	6,798	11,562
Net finance income/(costs)	**4,383**	(3,558)	(9,294)	4,180	(7,336)
Profit before taxation	**110,341**	120,382	194,308	188,050	165,101
Taxation	**(30,816)**	(34,255)	(56,481)	(52,505)	(43,736)
Profit after taxation	**79,525**	86,127	137,827	135,545	121,365
Profit from discontinued operations	**–**	–	–	–	80,782
Profit for the year	**79,525**	86,127	137,827	135,545	202,147
Attributable to:					
Shareholders	**79,674**	86,127	137,827	135,545	202,147
Minority interest	**(149)**	–	–	–	–
	79,525	86,127	137,827	135,545	202,147
Basic earnings per ordinary share	**60.0p**	71.3p	114.2p	112.6p	168.4p
Balance sheet					
Capital employed	**545,448**	516,520	685,956	700,613	616,605
Net cash/(debt)	**316,868**	284,776	(4,549)	80,962	220,585
Net assets	**862,316**	801,296	681,407	781,575	837,190
Minority interest	**(3,720)**	–	–	–	–
Shareholders' funds	**858,596**	801,296	681,407	781,575	837,190
Net assets per share attributable to shareholders	**637p**	615p	564p	649p	697p
Ratios and statistics					
Return on capital employed (1)	**20.1%**	20.6%	29.3%	28.1%	24.0%
Return on shareholders' funds (2)	**9.6%**	11.6%	18.8%	16.7%	16.6%
Units sold	**2,201**	1,501	3,167	2,852	3,001

(1) Calculated as profit before interest and taxation (including joint venture profit before tax) divided by the average net assets adjusted for net cash/debt.
(2) Calculated as profit after taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

FINANCIALS

FINANCIAL DIARY

Annual General Meeting and Interim Management Statement	8 September 2010
Half Year End	31 October 2010
Interim Results Announcement for the six months ending 31 October 2010	3 December 2010
Interim Management Statement	March 2011
Year End	30 April 2011
Preliminary Announcement of results for the year ending 30 April 2011	June 2011
Publication of 2010/11 Annual Report	July 2011

REGISTERED OFFICE AND ADVISORS

Registered office and principal place of business
Berkeley House,
19 Portsmouth Road,
Cobham,
Surrey KT11 1JG
Registered number: 5172586

Registrars
Capita Registrars
The Registry,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU
Tel: 0870 162 3100

Corporate broker and financial advisor
UBS Investment Bank

Share price information
The Company's share capital is listed on the London Stock Exchange.
The latest share price is available via the Company's website at
www.berkeleygroup.co.uk

Solicitors
Ashurst
Skadden, Arps, Slate Meager & Flom (UK) LLP

Bankers
Barclays Bank PLC
Lloyds TSB Bank plc

The Berkeley Group Holdings plc
Berkeley House
19 Portsmouth Road
Cobham
Surrey KT11 1JG
UK

Telephone +44 (0)1932 868555
Facsimile +44(0)1932 868 667
Website www.berkeleygroup.co.uk

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