Berkeley Group

Annual Report 2015

About this report
Welcome to the 2015 Annual Report of The Berkeley Group Holdings plc ("the Berkeley Group", "Berkeley", "the Group"), a publicly owned company, listed on the London Stock Exchange within the FTSE 250. The Strategic Report explains Berkeley's strategy, business model, performance and outlook. The Governance Section covers the role and activities of the Board in running the business and their remuneration. The detailed Financials, accompanied by a report from the Group's auditors, complete the Annual Report.

Cover image: Goodman's Fields, Aldgate.
Below: One Tower Bridge.

Strategic Report

Governance

Financials

Proud to be a member of the Berkeley Group of Companies

The Berkeley Group

Berkeley builds new homes, neighbourhoods and communities for everyone, from families to first time buyers, student accommodation to senior living and luxury homes to affordable housing, with a focus on quality.

Its business model recognises that Berkeley operates in a cyclical property market and that there are significant operational risks in identifying, designing, building and selling homes and creating places.

Berkeley mitigates these risks by focusing on development in London and the South of England, markets which it knows and understands, and forward selling new homes wherever possible. In doing this, Berkeley maintains a strong balance sheet, keeps financial risk low and carefully allocates resources to the right projects at the right time, matching supply to demand wherever it can.

READ MORE ONLINE:
www.berkeleygroup.co.uk/about-berkeley-group

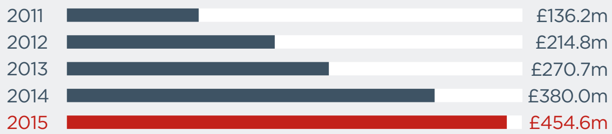
2015 Performance Highlights

A year of strong growth across all of our key performance indicators.

Performance (Financial Key Performance Indicators)

Adjusted profit before tax

£454.6million



Key Measure

This is our core measure of profitability, our absolute return from the sale and delivery of new homes in the year before the impact of profit from the sale of ground rent assets.

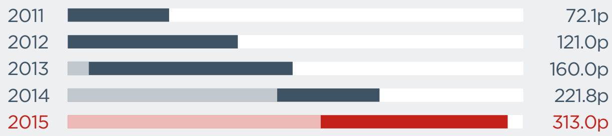
Result

Adjusted profit before tax of £454.6m, an increase of 19.6% on last year.

Adjusted profit before tax excludes £85.1m of profit from the sale of ground rent assets. The unadjusted profit before tax is £539.7m.

Basic earnings per share

313.0p



Note: includes proportion of earnings per share paid as dividends per share.

Key Measure

This measure of profitability allows for total profit after tax and takes into account the weighted average number of shares in issue during the year. The dividend per share paid in the year is articulated in the graph to show earnings cover.

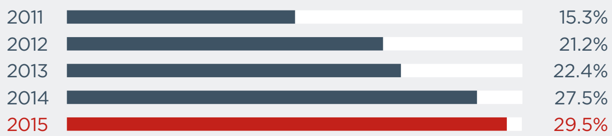
Result

Basic earnings per share is 313.0 pence, up 91.2 pence from last year.

Adjusted earnings per share, which excludes the effect of £85.1m of profit from the sale of ground rent assets, is 263.6p (2014: 221.8p).

Adjusted return on equity

29.5%



Key Measure

Calculated as profit before tax, excluding profit from the sale of ground rent assets as a percentage of the average of opening and closing shareholders' funds, this measure shows the efficiency of the returns generated from shareholder equity in the business.

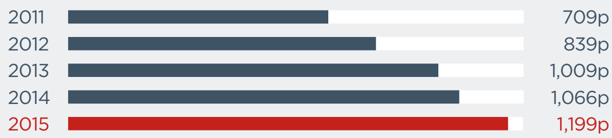
Result

A result of 29.5%, up from 27.5% last year, represents a strong performance ahead of our long-term historic range.

The unadjusted return on equity, including profit from the sale of ground rent assets, was 35.1%.

Net asset value per share

1,199p



Key Measure

This balance sheet measure reflects the value of shareholders' interests in the net assets of the business on an historical cost basis.

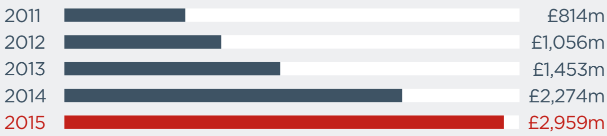
Result

The growth of 133 pence to 1,199 pence per share demonstrates value delivered to shareholders even after allowing for dividend payments of 180 pence per share.

Outlook (Financial Key Performance Indicators)

Cash due on forward sales

£2,959million



Key Measure

This measures cash due from customers during the next three financial years under unconditional contracts for sale, and provides visibility over the security of future cash flows.

Result

This has risen by £685 million to £2,959 million in the year, an increase of 30.1 %.

Gross margin on land holdings

£5,272million

Note: 2014 and 2015 figures now include legacy pipeline of future land.

Key Measure

This provides a measure of expected value in the Group's existing land holdings in the event that the Group successfully sells and delivers the schemes planned for this land.

Result

This has increased by £758 million to £5,272 million in the year, a result of further value added from planning consents, sales secured and schemes acquired over and above profit recognised in the year.

Performance (Non-financial Key Performance Indicators)

Our People

Accident Incident Rate
per 1,000 employees

2.46

(2014: 2.92)

Managing health and safety on our sites is a priority to protect the wellbeing of our staff and contractors. This year we have performed within our target of 3.25, and the industry average of 4.12.

Read more: see pg 46

Customers

Net Promoter Score

69.8

(2014: not applicable)

We introduced this independently assessed measure of customer satisfaction in 2015 that enables comparison to companies across all markets and sectors. A result of 69.8 ranks us alongside some of Britain's top companies.

Read more: see pg 38

Our People

Staff Engaged with the Berkeley Foundation

73%

(2014: 64%)

Our aim is for all employees to be involved with the Berkeley Foundation, providing a positive impact on society.

Read more: see pg 46

71 new apartments at Ebury Square in Belgravia were completed this year.

Strategic Report

Chairman's Statement

90p

Per share – interim dividend payable in September 2015

£1.7billion

To be returned in cash to shareholders by 2021

"I am pleased to announce pre-tax profits for the Berkeley Group of £539.7 million for the year ended 30 April 2015. This result underlines the benefit of operating the right strategy consistently through the cycle. By maintaining our financial discipline Berkeley can apply its unique operating model to develop sites which are complex and where others may perceive that the risk is too great, and in doing so, we unlock land for new homes that would not otherwise come forward.

Berkeley accepts this additional operational risk which is managed carefully and intensively to create sustainable added value returns.

Berkeley is delivering some 10% of all new homes in London and 10% of the Capital's affordable homes across our 74 sites. This creates economic value of £1.4 billion and sustains some 12,000 jobs. In addition, we remain committed to increase site-based apprenticeships and training to help address the skills shortage which our industry faces.

We are acutely aware of the importance to our society of all forms of tenure for new housing and welcome the vision of Government, the Greater London Authority and local councils to increase the number of new homes built. For Berkeley it is equally important to ensure that we are market leaders in terms of the quality of the places and homes we create.

We welcome the stability in Central Government following the General Election and the commitment to increase housing supply, but political uncertainty remains with the London Mayoral Election and referendum on Britain's relationship with Europe on the horizon. Berkeley is a supporter of the UK remaining in Europe as this is the best way for London to remain a world city. There is no doubt, however, that for business to thrive, we must not be bound by over-regulation, be this from our own Government or from Europe.

The Board has declared a further interim dividend of 90 pence per share (£122.9 million), payable on 17 September 2015 to shareholders on the register on 14 August 2015. This will complete the first milestone of paying 434 pence per share by 30 September 2015. The Board considers that the Group is well positioned to meet the remaining milestones of 433 pence by September 2018 and 433 pence by September 2021.

In closing, I would like to express my thanks to my colleagues in Berkeley for their dedication and hard work in delivering this strong performance. I firmly believe that Berkeley has the right plan in place to deliver long-term sustainable success, a strategy which can adapt to any changes in the market to protect the business, in what is a cyclical market, and continue to deliver value to shareholders and the community alike."

Tony Pidgley CBE
Chairman

Managing Director's Statement

> Berkeley continues to be defined by its focus on quality.
>
> ROB PERRINS
> MANAGING DIRECTOR

£454.6m
Adjusted profit before tax for the year

£5,272m
Estimated gross margin in land holdings

"Berkeley has delivered adjusted pre-tax earnings of £454.6 million, an increase of 19.6% on last year from the sale of 3,355 new homes at an average selling price of £575,000, and an additional profit of £85.1 million from the sale of a portfolio of ground rent assets, giving total pre-tax earnings of £539.7 million.

With £3 billion of cash due on forward sales over the next three years and stable market conditions, Berkeley anticipates that adjusted earnings for the current year will be at similar levels to 2014/15, and is targeting the delivery of pre-tax profits in the region of £2.0 billion over the three year period comprising 2015/16, 2016/17 and 2017/18. This profit will be generated from our key regeneration sites including Riverlight, Chelsea Creek, Goodman's Fields, Battersea Reach, Abell & Cleland, Vista, One Tower Bridge, The Corniche, London Dock, Kidbrooke Village, Beaufort Park, Royal Arsenal Riverside and Woodberry Park. By nature, the scale of these schemes makes profit delivery in specific periods sensitive to timing and we will always prioritise quality ahead of individual period financial targets.

We have made great strides with our land holdings, acquiring five new sites, securing 28 planning consents and moving eight new sites into production. This has given us the certainty to integrate our pipeline sites into the land bank, which now comprises some 37,000 plots with £5.3 billion of estimated future gross margin, an increase in the year of £0.8 billion. Work continues to bring forward the first 10 sites identified for our St William joint venture with National Grid. Since the year end its first site achieved planning for 800 units in Battersea.

Berkeley continues to be defined by its focus on quality. This, alongside the Company's sustained commercial performance, is what differentiates the brand. It begins with the quality of design that we commission, through the quality of build and service to the quality of the places we create. This strategy underpins the offer we make to landowners, local authorities and our customers.

We also have robust evidence to demonstrate performance in each of these areas. Our development at Roman House won the top Considerate Constructors Site award from a pool of 9,015 sites across the UK; Berkeley's net promoter score, which measures customer loyalty, is the highest in the property sector; and Berkeley is the only public company in Britain to address and measure people's wellbeing in the places that we build.

Berkeley continues to invest directly in the people and communities connected to our sites. We recognise that public companies need to play a more proactive, more productive role in society since the recession. The Berkeley Foundation has so far committed £6 million in four key areas, of which £1.6 million has so far been raised by our staff. Projects like Street Elite are helping young adults involved with gangs or crime on London estates find a job or get into college; thirteen are now directly employed with Berkeley itself.

Berkeley has the land, forward sales, balance sheet and people to achieve its targets. We are well positioned to pay the 433 pence of scheduled dividends equally over the period to September 2018 and build a successful and sustainable business for the long term that maximises returns in a cyclical market."

Rob Perrins
Managing Director

Business model

Berkeley builds new homes, neighbourhoods and communities. Its strategy rests on five core principles, it has a clear plan to implement this strategy, and the results can be seen in the places we create and our shareholder returns.

What we do

Our business is about placemaking not just housebuilding, creating strong communities where people enjoy a great quality of life.

These places range in size from a few homes in market towns to complex, mixed-use urban regeneration schemes of over 4,000 homes all built with safety, sustainability and quality at their heart.

Berkeley runs the business with the aim of being successful over the long-term.

Read more: see pg 17 'What we do'

Strategy

Berkeley's strategy rests on five key principles in two areas

Understanding our risks

1 : Cyclical market

We recognise that the property market is inherently cyclical.

Read more: see pg 23 'How we manage risk'

2 : Operational challenges

We understand that there are significant operational risks in successfully identifying, designing, building and selling homes and creating new places.

Read more: see pg 23 'How we manage risk'

Managing our risks and delivering value

3 : Knowing our market

We operate in London and the South of England, markets that we know and understand. We believe that recognising the importance of relationships and local knowledge gives us a competitive advantage and enables us to deliver new places which are socially, environmentally and economically successful.

Read more: see pg 32 'Where we operate'

4 : Sound financials

We aim to keep financial risk low, by maintaining a strong balance sheet, forward selling new homes where possible, carefully allocating resources to the right projects and buying land in the right locations at the right time.

Read more: see pg 49 'Trading and financial review and outlook'

5 : Autonomy and values

We have recognised brands and autonomous, talented operational teams who carefully manage each individual scheme, regardless of size, to a bespoke design, and embrace Berkeley's core values in their approach.

Read more: see pg 23 'How we manage risk'

Plan

How we embed our strategy in the business

Our vision for the future

Berkeley's plan, designed to implement this strategy and help all of our people contribute to the success of the business, is embedded in the framework of "Our Vision", which articulates a clear set of commitments across every area of the business.

This framework, and our progress in delivering against these commitments, is explained in more detail in the Strategic Report.

We believe that meeting our commitments under this plan is central to how we can generate long-term value.

Read more: see pg 37

Results

The results of what we do and how we do it

Shareholder returns

We have a plan to return £13 per share (over £1.7 billion) by 2021 and to retain a successful, sustainable business thereafter. Our performance demonstrates that we are on track to achieve this.

Read more: see pg 49

Homes

We are building new homes to help the country meet the housing shortfall and creating places characterised by the quality of their design, public realm, transport and access to jobs and amenities.

Read more: see pg 10

Jobs

We have created some 12,000 jobs in our offices and on our developments and we continue to support our supply chain. We have a loyal and dedicated workforce.

Read more: see pg 12

Community

We aim to deliver sustainable communities which endure long after our work is complete, supported by our engagement with local people through the Berkeley Foundation which has raised over £6 million over the last four years.

Read more: see pg 14

Results:

Homes

Quality and attention to detail in all our homes

Building quality sustainable homes for the future

Berkeley has built a total of nearly 17,000 new homes over the last five years, of which over 10,000 have been built over the last three.

The homes delivered by Berkeley include a broad range of tenures including private housing, social housing for Registered Providers, housing sold to qualifying residents under discount schemes agreed with local authorities, student accommodation, senior living and housing with care. Some 65% of the homes that were built by Berkeley over the five years to 2014 were sold for less than £250,000, below the 5% (previously 3%) threshold for stamp duty.

Regardless of tenure, we believe in building homes of exceptional quality, using leading architects to design every scheme individually to suit its location and context and the right amenities for its setting. We treat landscaping as an integral part of each development, placing huge significance on creating beautiful outside spaces that work in harmony with their settings.

This year in particular we have delivered some exceptional affordable housing schemes. These include 180 one, two, three and four bedroom homes delivered by St James at Chambers Wharf in Southwark, designed by Ian Simpson architects, and the first new affordable homes delivered by Berkeley Homes at One Tower Bridge.

We recognise that delivering homes that are environmentally sound is right for our customers and we led the industry with our commitment in 2008 for all new schemes to reach Code for Sustainable Homes Level 3. Since this time, environmental performance of homes has become heavily regulated and we are now focusing on connectivity and guaranteeing space standards for all new homes.

16,900

new homes delivered over the last five years

65%

homes sold for less than £250,000 over the five years to 2014

Main image: Marryat Place, Wimbledon.
Above left: One Tower Bridge *Above right:* Woodberry Park, Hackney.

Results:

Jobs

5.6 jobs created for each home built by Berkeley

Creating growth through long-term job opportunities

Last year, Berkeley supported a total of 21,000 jobs either directly, indirectly through its subcontractors and suppliers, or through the induced effects of their employees' expenditure creating jobs in the wider economy. This is 5.6 jobs in the UK for each home built by Berkeley. In 2014 we launched a new commitment to increase site-based apprenticeships and training.

Amongst the many activities of the Berkeley Foundation, its Job Creation Programme, now in its second year, helps unemployed people to access job opportunities within the Berkeley Group and our supply chain. It is our response to the employment crisis that followed the recession.

Berkeley has committed to creating 500 jobs for unemployed people across the lifetime of the programme. They range across the property and construction industry, from office based roles in administration, marketing and customer services, to site based roles across the full range of trades.

The programme is designed to open up opportunities to people for whom the job market seems closed. Inevitably, many of these people need support with the process of moving into work. By working with partners like Young London Working and Crisis, we can ensure that this support is there when it is most needed.

Not everybody in the Job Creation Programme comes through this route. Operating companies and supply chain companies working on Berkeley sites are also encouraged to employ formerly unemployed people wherever possible. In total, 400 unemployed people have moved into work in this way since July 2013.

21,000

jobs supported by Berkeley and its supply chain in 2014

500

jobs being created for unemployed people through the Berkeley Foundation's Job Creation Programme

Left: Site inspection at Chelsea Creek *Above:* Apprentices working for Berkeley and its contractors.

Results:

Community

Berkeley built a brand new primary school in Barns Green to replace their old small school

We are dedicated to creating places that will be enjoyed for years to come

Our business is about placemaking, not just housebuilding. At Berkeley, we recognise that the quality of new development has a direct impact on people's wellbeing.

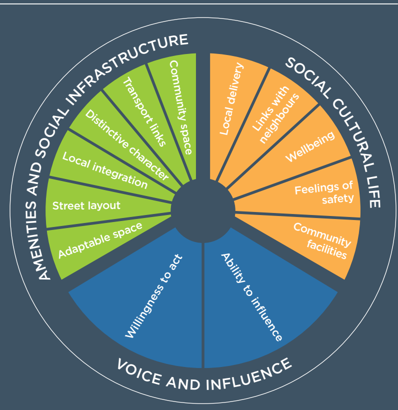
Working with the University of Reading and Social Life, the Berkeley Group has created a toolkit which helps developers and planners apply the idea of social sustainability in practice. It does this by measuring people's views about their own wellbeing and their experience of living on our developments, alongside an assessment of the quality of local amenities and infrastructure.

Berkeley uses this framework to measure and increase people's quality of life on all its developments of more than 100 homes. It uses the toolkit throughout the planning process and beyond to consider the issues of placekeeping as well as placemaking.

The toolkit can help our wider stakeholders, including planners and decision-makers, by helping councils meet the social sustainability requirements of the NPPF and to discharge responsibilities for improving public health, measuring the long-term impact of planning and regeneration policies on the wellbeing of residents and empowering councillors and planning officers to demand more of the right things from applicants.

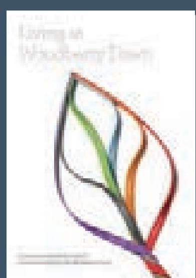
The framework is made up of 13 criteria covering three themes:

1. Social cultural life – what it's like to live there
2. Voice and influence – how people affect what goes on
3. Amenities and social infrastructure – the design and facilities



71% of people at Woodberry Down feel able to influence local decisions compared to an average of 40% across Britain

91% of residents at Kidbrooke Village reported feeling like they belong to the neighbourhood; across Britain only 67% of people feel the same



Edenbrook, Fleet.

What we do

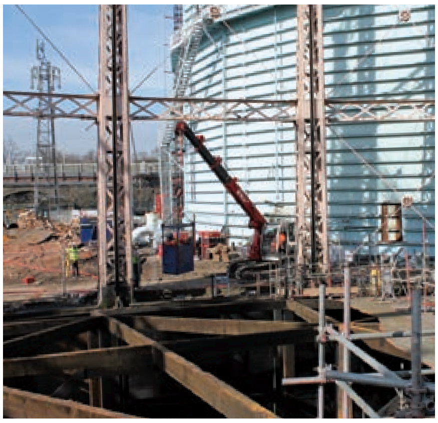
Our business is about placemaking, not just housebuilding; it's about creating strong communities where people enjoy a great quality of life.

What we do

The places that we create range from a few homes in market towns to complex, mixed-use urban regeneration schemes of over 4,000 homes.

Identifying and acquiring land

We have invested nearly £2 billion in new land since the bottom of the market in 2009 and have formed St William, a joint venture with National Grid, to regenerate redundant gas works across London and the South of England.



Experience
Our experienced land teams understand our focus on investing selectively in the right locations in our core markets of London and the South of England where there is underlying demand for new homes, good transport links and the scope to create successful new places.

Appraisal
We undertake a rigorous internal appraisal process to assess the opportunities and risks of potential acquisitions and pre-authorise all land offers at Board level which enables us to act quickly, innovatively and decisively, and deliver on our offers.

Entrepreneurship
The Group thrives in adopting an entrepreneurial approach in taking on complex, challenging, brownfield land which others shy away from, but only where there are the right commercial fundamentals, the potential to add value and where we have the vision to create something special through the development process.

Designing and planning new homes and places

We work with consultants, local authorities and communities and aim to create places characterised by the quality of their design, public realm, sustainability, transport links and access to jobs and amenities.

Consultation
We use professional architects and leading consultants and engineers to provide bespoke designs for every new scheme, however large or small, in consultation with local communities. With the knowledge gained on our other developments, we strive to deliver schemes which are of high quality, sensitive to their heritage and surroundings and meet the aspirations of our customers and local and national stakeholders.

Sustainability
We have addressed the challenge of understanding what makes a successful place by implementing a framework to promote quality of life and strength of community, which we now apply to our schemes. We have led the way in delivering environmentally sustainable living on large-scale developments and continue to lead our sector in sustainable development.

Partnerships
We engage closely with our partners in the local authorities and communities surrounding each of our sites to understand stakeholders' needs and prevailing sensitivities and reflect these in our designs. We continue to cement our reputation for quality and for delivering on our promises, and thrive on the strong working relationships that we have developed.

Building new homes and places

We are employing some 12,000 people in our offices and on our schemes under construction, building new homes and places for this generation and the next.

Intensive management
Each of our developments is led by a dedicated project team responsible for all aspects of detailed design, quality, delivery, health and safety, commercial appraisal and technical detail. The coordination of professional teams of consultants and contractors and strong communication throughout are critical in ensuring the smooth delivery of every project.

Health and safety
We place the utmost importance on the health, safety and wellbeing of our people and our subcontractor teams on site with dedicated health and safety managers overseeing all of our developments and health and safety matters monitored, prioritised and debated at every Board meeting in every company within the business. We are proud of our record in this area but seek continual improvement in other methodologies and approach.

Considerate construction
The reputation of Berkeley amongst its partners and stakeholders relies on all of our project teams engaging with surrounding communities, being a responsible and considerate neighbour and working with our suppliers and contractors to complete our schemes on time and budget. We recently won the award for most considerate construction site in Britain at Roman House. We are signed up to the Prompt Payment Code, and aim to develop strong, long-term relationships.

Marketing and selling homes

Whether first-time buyers, families, experienced investors, retailers, our partners in housing associations or providers of student accommodation, Berkeley strives to ensure that its customers receive an unparalleled service when buying from Berkeley.

Customer focus
Sales teams across the business have an in-depth knowledge of their developments and help our customers find the right home to suit their needs. They have the knowledge and understanding to explain the intricacies of every development, from the specification of each new home and the technical details to the on-site amenities and wider context of the scheme.

Meeting demand
We aim to forward sell our homes where possible to ensure that what we are building reflects what our customers want and enables us to provide a range of customer choices and a bespoke service across all of our developments. Our financial strength affords us the flexibility to evolve our product to meet our customers' tastes and be flexible in how and when we deliver it.

Modern living
We are constantly evolving our design, product and features, as well as the wider on-site amenities on each scheme, to help turn our developments into the homes that people expect today. Many of our commitments under "Our Vision" reflect changing priorities for our customers and help keep our homes at the forefront of modern living.

What we do
continued

Customer service and stewardship

Customer satisfaction is the essential measure of whether our homes and our service meet the aspirations of our customers.

Customer journey
Dedicated customer relationship managers look after every stage of the customer journey and provide a level of care and service after completion which we expect to match the quality of our product across all of our schemes. We benchmark our performance on customer service not just across the sector but against the top businesses in the country, and look to continually improve our offering with features such as My Home Plus, an interactive portal for our customers.

Estate management
Successful places need the right long-term management strategy and we work closely with appointed managing agents to set the right tone for our schemes long after they have been completed, and are committed to investigating and implementing the best forms of estate management and community governance on our schemes.

Future-proofing
We recognise that technology advances rapidly, sometimes more quickly than we can build our schemes, and that we need to be at the forefront of employing new techniques and enabling the latest technology to serve our customers. Our current commitments under "Our Vision" include enabling fibre optic broadband cabling in all our new homes.

Awards

Queen's Award for Enterprise: Sustainable Development 2014

THE QUEEN'S AWARDS FOR ENTERPRISE: SUSTAINABLE DEVELOPMENT 2014
The Berkeley Group Holdings plc

PLC Awards 2014 - Winner - Achievement in Sustainability March 2015

PLC AWARDS 2014

Winner - Most Considerate Site - Considerate Constructors Scheme Awards 2015 (Roman House)

CONSIDERATE CONSTRUCTORS 2015
MOST CONSIDERATE SITE

Seasonal changes at Edenbrook in Fleet.

Our site teams, as in the photo below at Goodman's Fields, Aldgate, understand the importance of supporting all our employees to enable them to work in a safe environment and to continue to advance their knowledge and skills.

How we manage risk

Risk management is embedded in the organisation. We understand that there are significant operational risks in successfully identifying, designing, building and selling homes and creating new places.

How we manage risk

Carefully managing the risks of each and every site that we acquire and develop is at the heart of how we work.

A strategy embedded in understanding and mitigating risk

These five principles underpin the spirit of Berkeley, and are driven by the engagement and quality of our people and the attention to detail which characterises the way we work. This anchors our approach to managing the specific operational and financial risks of the business.

Two of the five principles which underpin Berkeley's strategy represent an understanding of the fundamental risks that face the company as a residential developer:

1. We recognise that the property market is inherently cyclical.
2. We understand that there are significant operational risks in successfully identifying, designing, building and selling homes and creating new places.

The remaining three principles represent our headline corporate approach to managing these macro risks:

3. We operate in London and the South of England, markets that we know and understand. We believe that recognising the importance of relationships and local knowledge gives us a competitive advantage and enables us to deliver new places which are socially, environmentally and economically successful.
4. We aim to keep financial risk low, by maintaining a strong balance sheet, forward selling new homes where possible, carefully allocating funds to the right projects and buying land in the right locations at the right time.
5. We have recognised brands and autonomous, talented operational teams who carefully manage each individual scheme, regardless of size, to a bespoke design, and embrace Berkeley's core values in their approach.

Day-to-day management of specific risks

Risk management is embedded in the organisation. At operating company and divisional level, Board meeting agendas are structured around the key specific risks facing the Group. Risk management is the basis of debate in every operational Board meeting on the progress of each and every site acquired, developed and sold by the Group.

Our approach is anchored in a desire to understand each and every risk on all of our schemes through careful appraisal of new purchases, successfully and effectively negotiating the planning process, building safely, efficiently, on programme and on budget, forward selling where possible and providing exceptional customer service.

We create bespoke solutions for each site and as such do not produce a standard product, which requires experienced, intensive management.

In terms of formal risk reporting, and guided by a risk framework identified at Main Board level, each division of the Group completes a quarterly risk review, incorporating Group-wide standard risks and any other risks identified as specific to their business. These are combined, overlaid with corporate risks and reported quarterly to the Main Board.

The controls and processes surrounding how we assess risk across the Group are explained further in the Corporate Governance report on page 62.

The principal operating risks and our approach to mitigating them are described in more detail on pages 26 to 31.

Keeping financial risk low

Berkeley keeps financial risk low by maintaining a strong balance sheet and simplicity and transparency in its approach to financing the business.

Exposure to financial risks
The risks to which Berkeley is exposed include:

Liquidity risk
The risk that the funding required for the Group to pursue its activities may not be available.

Market interest rate risk
The risk that Group financing activities are affected by fluctuations in market interest rates.

Market credit risk
The risk that counterparties (mainly customers) will default on their contractual obligations, resulting in a loss to the Group. The Group's exposure to credit risk is comprised of cash and cash equivalents and trade and other receivables.

Other financial risks
Berkeley contracts all of its sales and the vast majority of its purchases in sterling, and so has no significant exposure to currency risk, but does recognise that its credit risk includes receivables from customers in a range of jurisdictions who are themselves exposed to currency risk in contracting in sterling.

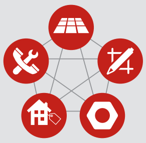
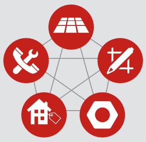
Management of financial risks
Berkeley adopts a prudent approach to managing these financial risks.

- **Treasury policy and central overview**
  The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are coordinated centrally at Berkeley's head office. The treasury policy is intended to maintain an appropriate capital structure to manage the financial risks identified and provide the right platform for the business to manage its operating risks.
- **Ungeared**
  The Group is currently financing its operations through shareholder equity, supported by over £430 million of net cash on the balance sheet, and so has adopted a prudent approach to gearing the business and in turn mitigated its current exposure to interest rate risk.
- **Headroom provided by bank facilities**
  The Group refinanced its borrowing facilities in the year, and now has £575 million of committed undrawn credit facilities maturing in 2020. This refinancing increased Berkeley's revolving credit facilities by £50 million, extended the maturity date by two years to give five clear years to maturity and reduced costs across the life of the facility. This refinancing cemented Berkeley's strong working partnership with the six banks which provide the facilities and are listed on page 127 and is key to Berkeley's approach to mitigating liquidity risk.
- **Forward sales**
  Berkeley's approach to forward selling new homes to customers provides good visibility over future cash flows, as expressed in cash due on forward sales which stands at £2,959 million at 30 April 2015. It also helps mitigate market credit risk by virtue of customers' deposits held from the point of unconditional exchange of contracts with customers. These deposits stood at £920.9 million at 30 April 2015 and provide security for Berkeley in the event of customer default at the point of completion of sales.
- **Land holdings**
  By investing in land at the right point in the cycle, holding a clear development pipeline in our land holdings and continually reviewing our existing holdings, we are not under pressure to buy new land when it would be wrong for long-term success of the business.
- **Detailed appraisal of spending commitments**
  A culture which prioritises an understanding of the impact of all decisions on the Group's spending commitments and hence its balance sheet, alongside weekly and monthly reviews of cash flow forecasts at operating company, divisional and Group levels, recognises that 'cash is king' and central to the continued success of Berkeley.

How we manage risk

continued

We carefully manage each of the key operating risks of our business to drive performance.

	Risk Description	Approach to mitigating risk
Economic conditions 	As a property developer operating within the wider housing market, Berkeley's business is sensitive to economic factors such as changes in interest rates, employment levels and general consumer confidence. Some customers are also sensitive to changes in the sterling exchange rate in terms of their buying decisions or ability to meet their obligations under contracts. Changes to economic conditions in the UK, Europe and worldwide may lead to a reduction in demand for housing which could impact on the Group's ability to deliver its corporate strategy.	Funds are carefully targeted at investing only in land which is underpinned by demand fundamentals and a solid viability case even when markets are uncertain. Levels of committed expenditure are carefully monitored against forward sales secured, cash levels and headroom against our available bank facilities, with the objective of keeping financial risk low to mitigate the operating risks of delivery in uncertain markets. The business is committed to operating at an optimal size, with a strong balance sheet, through autonomous businesses to maintain the flexibility to react swiftly, when necessary, to changes in market conditions.
Regulation 	Adverse changes to Government policy on areas such as taxation, housing and the environment could restrict the ability of the Group to deliver its strategy. Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.	The effects of changes to Government policies at all levels are closely monitored by operating businesses and the Board, and representations made to policy-setters where appropriate. Berkeley's experienced teams are well placed to interpret and implement new regulations at the appropriate time through direct lines of communication across the Group, with support from internal and external legal advisors. Detailed policies and procedures are in place where appropriate to the prevailing regulations and these are communicated to all staff.
Land availability 	An inability to source suitable land to maintain the Group's land holdings at appropriate margins in a highly competitive market could impact on the Group's ability to deliver its corporate strategy.	Land acquisition is focused on Berkeley's core markets of London and the South of England, markets which it understands and where it believes that the demand fundamentals are strong and hence it stands the best chance of securing a viable planning consent. Berkeley acquires land opportunistically, where it meets its internal criteria for purchase, and considers joint ventures in particular as a vehicle to work with the right partners who bring good quality land complemented by Berkeley's expertise. Each land acquisition is subject to a formal internal appraisal and approval process prior to the submission of a bid and again prior to exchange of contracts to give the Group the best chance to secure targeted land. The Group maintains its land holdings to mitigate against significant impacts from market changes or delayed build activity. Berkeley has experienced land teams with strong market knowledge in their areas of focus.

Key:
Identifying and acquiring land · Designing and planning new homes and places · Building new homes and places · Marketing and selling new homes · Customer service and stewardship

Impact and measurement	Read more	
Recognition that Berkeley operates in a cyclical market is central to our strategy as articulated within our business model. Maintaining sound financials through a strong balance sheet and measuring the commitment of expenditure against forward sales are also central to our business model. This is what protects us against adverse changes in economic conditions. The strength of the balance sheet is measured by monitoring our KPIs, principally net asset value per share, the profitability of the business through profit before tax and basic earnings per share, and the efficiency of the balance sheet through return on equity.	**Business model (page 08)** - Cyclical market - Sound financials **2015 Performance highlights (KPIs) (page 02)** - Net asset value per share - Adjusted profit before tax - Basic earnings per share - Adjusted return on equity	GDP growth, a decisive General Election result and London's continuing attractiveness are balanced by ongoing Eurozone uncertainty.
Berkeley is focused geographically on London and the South of England, which limits our risk when understanding and determining the impact of new regulation across multiple locations and jurisdictions. We have talented operational teams with an appropriate support structure which enables them to act autonomously and in the best interests of the business in the long-term. The business is therefore well placed with the right people to assess the impact of changes in regulations and to implement them accordingly.	**Business model (page 08)** - Knowing our market - Autonomy and values	Regulatory changes, whether legal, planning or tax-related, are a continuing challenge.
Understanding the markets in which we operate is central to Berkeley's strategy and gives us the confidence to buy land without an implementable planning consent where we understand what local stakeholders want. Keeping strong financials gives us the liquidity and flexibility to remain competitive when bidding for new land and gives vendors the confidence that Berkeley will deliver on any deals negotiated, and has enabled us to partner with National Grid on St William to bring in more land. We carefully monitor the level of estimated future gross margin in our land holdings as a key performance indicator. This reflects the future potential of the business from current land holdings valued at current prices and current costs. Over the last five years, the Group has had stated targets to invest in land. Accordingly the growth of estimated gross margin in our land holdings has been a key performance target for remuneration of Executive Main Board directors as explained in the Remuneration Report.	**Business model (page 08)** - Knowing our market - Sound financials **2015 Performance highlights (KPIs) (page 03)** - Gross margin on land holdings	Accessing good quality land is a core inherent risk of the business that we steadily manage in a cyclical market. In a competitive market with new entrants from the UK and overseas, the risks on new land have heightened this year.

How we manage risk

continued

	Risk Description	Approach to mitigating risk
Planning process	Delays or refusals in obtaining commercially viable planning permissions on the Group's land holdings could result in the Group being unable to develop the land it has purchased. This could have a direct impact on the Group's ability to deliver its product and on its profitability.	The Group follows a principle of investing in markets that it knows and understands, and is geographically focused on London and the South of England, which we believe gives us the best chance of conceiving and delivering the right consents for the land that we acquire. Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase. Some sites are acquired conditionally and some unconditionally depending on our assessment of the risk profile. The planning status of all sites is reviewed at monthly divisional Board meetings and Main Board meetings. The Group works closely with local communities in respect of planning proposals and strong relationships are maintained with local authorities and planning officers.
Retaining people	An inability to attract, develop, motivate and retain talented employees could have an impact on the Group's ability to deliver its strategic priorities. Failure to consider the retention and succession of key management could result in a loss of knowledge and competitive advantage.	We have developed a series of commitments within Our Vision, our plan for the business, to ensure that we retain and develop the best people to support the business in the long-term. Succession planning is regularly reviewed at both divisional and Main Board level. Close relationships and dialogue are maintained with key personnel. Remuneration packages are constantly benchmarked against the industry to ensure they remain competitive. We want our people to be engaged with the business and its impact on wider society through the activities of the Berkeley Foundation.
Securing sales	An inability to match supply to demand in terms of product, location and price could result in missed sales targets and / or high levels of completed stock which in turn could impact on the Group's ability to deliver its corporate strategy.	Detailed market demand assessments of each site are undertaken before acquisition and regularly during delivery of each scheme to ensure that supply is matched to demand in each location. Design, product type and product quality are all assessed on a site-by-site basis to ensure that they meet the target market and customer aspirations in that location. The Group has a diverse range of developments with homes available at a broad range of property prices to appeal to a wide market. Forward sales are used to take the risk out of the development cycle where possible, thereby justifying and underpinning the financial investment in each of the Group's sites. Completed stock levels are reviewed and debated regularly.
Mortgage availability	Mortgage providers were negatively impacted by the financial crisis from 2008 to 2011, and this reduced their ability to provide mortgages to potential purchasers at the time. An inability of customers to secure sufficient mortgage finance now or in the future could have a direct impact on the Group's transaction levels.	Berkeley has a broad product mix and customer base which reduces the reliance on mortgage availability across its portfolio. The Group participates in the Government's Help to Buy scheme, which provides deposit assistance to first time buyers, and has participated in other Government schemes historically. Deposits are taken on all sales to mitigate the financial impact on the Group in the event that sales do not complete due to a lack of mortgage availability.

Key:
Identifying and acquiring land · Designing and planning new homes and places · Building new homes and places · Marketing and selling new homes · Customer service and stewardship

Impact and measurement	Read more	
The geographical focus on London and the South of England is central to our strategy as articulated within our business model. By maintaining a strong balance sheet, and through a long-established reputation for delivery, our stakeholders in local communities trust our ability to deliver against any commitments that we make, whether financial or operational. We believe that our commitments in the areas of customer service, design, the quality of new homes and placemaking can make us the developer of choice for local authorities which will help deliver the right planning consents for our schemes. This has led to us securing further new consents this year to support the future business.	**Business model (page 08)** - Knowing our market - Sound financials **Our Vision** - Customers (Page 38) - Homes (Page 40) - Places (Page 42)	The planning process is complex but has been stable this year, and so the risk profile is steady.
Remuneration packages are designed with retention in mind and are explained in the financial statements within the Financials section of this report and accounted for in accordance with International Financial Reporting Standards. Hence they are appropriately reflected in our profit-related key performance indicators and senior management across the business has remained stable. Berkeley's commitments in the area of people are articulated within the Our Vision section of this report. We measure the engagement of our people with the Berkeley Foundation as representative of their engagement with the business and its wider impact.	**2015 Performance highlights (KPIs) (pages 02 to 03)** - Adjusted profit before tax - Basic earnings per share - Staff engaged with the Berkeley Foundation **Our Vision** - Our People (Page 46)	A stable senior team has continued to manage the normal pressures of people retention.
The level of cash due on forward sales secured is a key performance indicator which measures the cash which Berkeley expects to receive on contracted forward sales over the next three financial years. This is a function of reservation levels compared to trading reported in the income statement, and so provides both a good indication of past sales performance and visibility over future cash flows. Through our commitments to Customers in Our Vision, we have put customer service, interaction with our purchasers and a commitment to market schemes in the UK first at the centre of our plan for the business. We recognise this by measuring our performance through the Net Promotor score.	**2015 Performance highlights (KPIs) (pages 02 to 03)** - Cash due on forward sales - Net promoter score **Our Vision** - Customers (Page 38)	Whilst sales have reduced since last year, our experience is of a return to a normal market.
The financial measure of cash due on forward sales provides an indication of the level of sales on which deposits have been taken and hence hedges against the risk of non-completion of sales.	**2015 Performance highlights (KPIs) (page 03)** - Cash due on forward sales	Low interest rates, combined with a return to economic growth, have supported mortgage availability, which has reduced this risk this year.

How we manage risk

continued

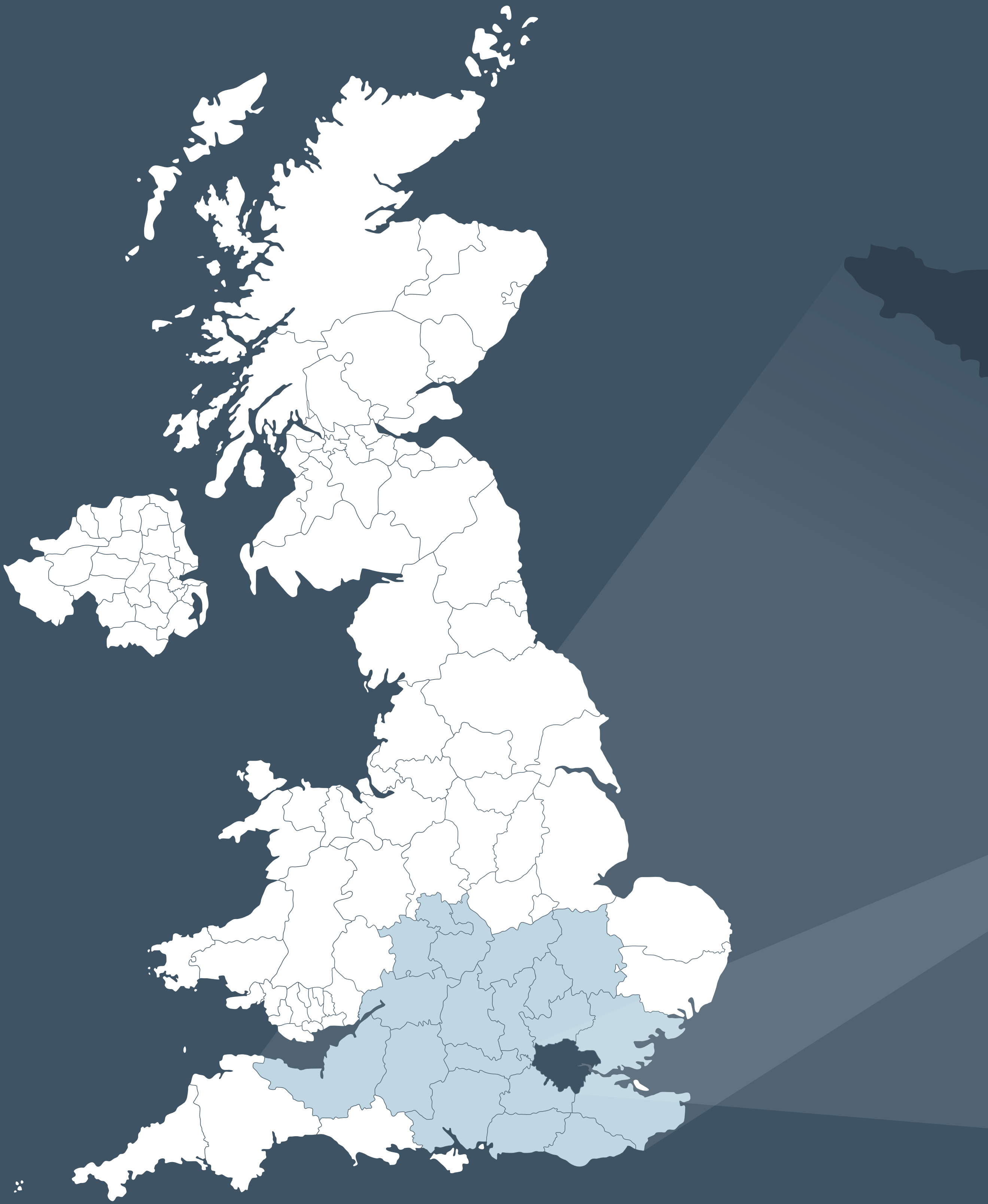
	Risk Description	Approach to mitigating risk
Environmental and social sustainability	Berkeley is aware of the environmental and social impact of the homes and communities that it builds, both during the construction phase and on occupation by its customers. Failure to address sustainability issues could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demand for sustainable homes.	Berkeley's plan for the business, Our Vision, includes specific commitments to enhance environmental and social sustainability considerations in the delivery of our schemes. On social sustainability in particular, we have sought to lead the agenda. These complement existing practices within the Group to focus on brownfield development, monitor carbon emissions and to be a considerate contractor on all of our schemes and welcomed in the communities within which we operate.
Health and Safety	Berkeley's operations have a direct impact on the health and safety of its people, contractors and members of the public. Berkeley considers this to be an area of critical importance. A lack of adequate procedures and systems to reduce the dangers inherent in the construction process increases the risk of accidents or site-related catastrophes, including fire and flood, which could result in serious injury or loss of life leading to reputational damage, financial penalties and disruption to operations.	Berkeley's health and safety strategy is set by the Board. Dedicated health and safety teams are in place in each division and at Head Office. Procedures, training and reporting are all regularly reviewed to ensure that high standards are maintained and comprehensive accident investigation procedures are in place. Adequate insurance is held to cover the risks inherent in large-scale construction projects. The Group has implemented a number of initiatives to improve health and safety standards on site, with workshops held with contractors during the year.
Build cost & programme	Build costs are affected by the availability of skilled labour and the price and availability of materials, supplies and subcontractors. Changes to these prices and the availability of labour could impact on the profitability of each scheme.	A procurement and programming strategy for each development is agreed by the divisional Board before site acquisition. A further assessment of procurement and programming is undertaken and agreed by the divisional Board prior to the commencement of construction. Build cost reconciliations and build programme dates are presented and reviewed in detail at divisional cost review meetings each month.
Product quality	Berkeley has a reputation for high standards of quality in its product. If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased cost.	Detailed reviews are undertaken of the product on each scheme both during the acquisition of the site and throughout the build process to ensure that the quality of the product is maintained. Customer Satisfaction surveys are undertaken on the handover of all private apartments, and feedback incorporated in shaping the specification and quality of subsequent schemes. The Group monitors its development obligations and recognises any associated liabilities which arise.

Key:
Identifying and acquiring land Designing and planning new homes and places Building new homes and places
Marketing and selling new homes Customer service and stewardship

Impact and measurement	Read more	
Berkeley's commitments within Our Vision, under the headings of Homes and Places, focus on the long-term sustainability of our schemes, including ensuring minimum space standards and putting fibre broadband into all new schemes, carrying out social sustainability assessments across our developments and adapting all developments to climate change through measures on flooding, overheating and water shortage. Our plan recognises that these are essential considerations to support the long-term viability of the places that we create. Our success in this field is demonstrated by our ranking as the most sustainable housebuilder in the UK for the ninth year in a row in the Next Generation Benchmark 2014.	**Our Vision** - Homes (Page 40) - Places (Page 42) - Operations (Page 44)	Our focus on this area remains a key differentiator of Berkeley and the risks and our approach continually evolve.
We continue to monitor RIDDOR reportable Accident Incident Rates, reported within the Our People section of Our Vision, and promote continual health and safety programmes across the business. Berkeley's commitments within Our Vision, under the Operations heading, includes the launch of a £2 million Innovation Fund to support innovation in health and safety. This was successfully launched during 2015 and aims to promote further modernisation of the industry from within and outside the business whether staff, contractors, students or entrepreneurs.	**Our Vision** - Operations (Page 44) - Our People (Page 46) **2015 Performance highlights (KPIs) (page 03)** - Accident Incident Rate	This has been and remains an operational priority for Berkeley.
Delivering new homes to customers on time and on budget are crucial to meeting our profit targets, as measured by our profit-related key performance indicators. Control of capital, whilst embracing the sector-leading commitments in Our Vision, in particular under the Operations heading, is essential to promoting the long-term success of the business and delivering planned returns to shareholders by 2021.	**2015 Performance highlights (KPIs) (pages 02 to 03)** - Adjusted profit before tax - Basic earnings per share - Adjusted return on equity **Our Vision** - Operations (Page 44)	An increasingly competitive landscape has put increased pressure on costs and labour availability this year.
We believe that delivering a quality product in great places drives long-term profitability through the planning consents that we can secure, demand for the product and recommendations from our customers. Commitments under the Homes and Places headings of Our Vision demonstrate Berkeley's targets for continual improvement of the product that we deliver, and under the Customers heading to gain assurance, especially in the area of customer service, that the product delivers the right experience for our customers.	**2015 Performance highlights (KPIs) (pages 02 to 03)** - Adjusted profit before tax - Basic earnings per share - Adjusted return on equity - Net promoter score **Our Vision** - Homes (Page 40) - Places (Page 42)	Our strong focus on maintaining quality of design and product has remained steady.

Where we operate

We focus on London and South of England, markets that we know and understand.



South of England

25

Sites outside London

100%

All sites with an implementable planning consent are in construction

Tunbridge Wells
Royal Wells Park is a new community of over 200 homes in Tunbridge Wells in Kent, which includes the construction of a new school.

Barns Green
69 homes and a school are being built in this West Sussex location.

London

49

Sites in London

100%

All sites with an implementable consent are in construction

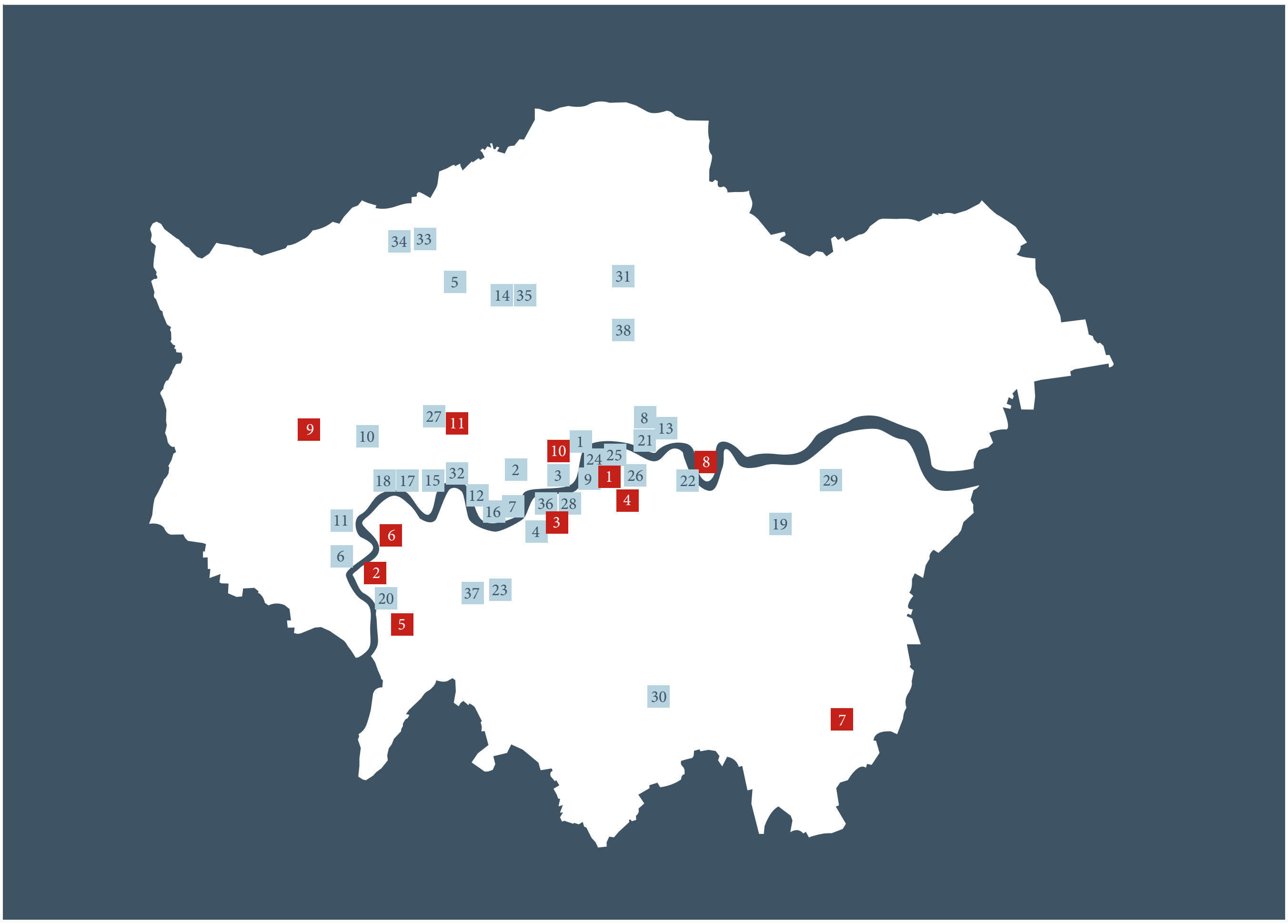
Kidbrooke Village
1,000 homes of 4,700 have already been built at this major regeneration scheme.

Computer generated image

London Dock
A consent has been secured for over 1,800 new homes at this former print works.

Where we operate
continued

London



London under construction

1 190 Strand
2 375 Kensington High Street (including Homebase and Telereal)
3 Abell & Cleland House, Westminster
4 Battersea Reach
5 Beaufort Park, Hendon
6 Brewery Wharf, Twickenham
7 Chelsea Creek / Imperial Wharf
8 City Forum, City of London
9 The Corniche, Albert Embankment
10 Dickens Yard, Ealing
11 Fitzroy Gate, Isleworth
12 Fulham Reach, Hammersmith
13 Goodman's Fields, Aldgate
14 High Road, Finchley
15 Hogarth, Chiswick
16 Hurlingham Gate, Fulham
17 Kew Bridge Road
18 Kew Bridge West, Brentford
19 Kidbrooke Village
20 Kingston
21 London Dock, Wapping
22 Marine Wharf, Deptford
23 Marryat Place, Wimbledon
24 Merano, Albert Embankment
25 One Blackfriars, Southwark
26 One Tower Bridge
27 One Victoria Road, Acton
28 Riverlight, Battersea
29 Royal Arsenal Riverside
30 Saffron Square, Croydon
31 Smithfield Square, Hornsey
32 Sovereign Court, Hammersmith
33 St Joseph's Gate, Mill Hill
34 Stanmore Place
35 The Avenue, Finchley
36 Vista, Battersea
37 Wimbledon Hill Park
38 Woodberry Park

London future sites

1 22-26 Albert Embankment
2 Barnes, Richmond
3 Battersea Gardens
4 Chambers Wharf, Southwark
5 Kingston*
6 Latchmere House, Richmond
7 Orpington
8 South Quay Plaza, Docklands
9 Southall
10 Westminster
11 White City

*New sites contracted for acquisition during the year

South of England

Out of London under construction

1	Ascot
2	Barns Green
3	Bath
4	Beaconsfield
5	Caterham
6	Cirencester
7	Fleet
8	Gillingham
9	Gosport
10	High Wycombe
11	Holborough
12	Horsham
13	Maidenhead
14	North Bersted
15	Reading
16	Sevenoaks
17	Tunbridge Wells
18	Warfield
19	Worcester

Out of London future sites

1	Reading*
2	Rickmansworth*
3	Sevenoaks (2 sites)*
4	Taplow
5	Winchester*

*New sites contracted for acquisition during the year

£6 million has been raised by the Berkeley Foundation since its launch in March 2011, with 73% of Berkeley staff now involved. Funds are allocated to 5 Strategic Partnerships, 15 Designated Charities and One-off Community Investment Grants. www.berkeleyfoundation.org.uk

Berkeley Foundation

Our plan and commitments for the business: 'Our Vision'

Berkeley's plan for the business is articulated through the framework of "Our Vision". It sets out our aspiration to be a world-class business and five areas of focus. Every two years we set targeted, challenging commitments to meet in each of the five areas alongside our everyday actions.

Our Vision

To be a world-class business generating long-term value by creating successful, sustainable places where people aspire to live.

Our vision for the future

Five Focus Areas

Customers	Homes	Places	Operations
Provide exceptional service to all of our customers and put them at the heart of our decisions.	Develop individually designed, high quality homes with low environmental impact.	Create great places where residents enjoy a good quality of life, now and in the future.	Make the right long-term decisions whilst running the business efficiently and working with our supply chain.

Our People

Develop a highly skilled workforce who run autonomous businesses, operate in a safe and supportive working environment, and contribute to wider society.

For Berkeley to generate long-term value, the skills, commitment and approach of our people throughout the business are crucial. We need to ensure that everyone has the right tools to enable them to work towards a common set of goals. Our Vision sets out our company values with five key focus areas and a series of clear strategic commitments to help empower our people and give them clear direction across every discipline of the business. Our Vision also helps to explain our approach and areas of focus externally.

In 2014 we set 16 challenging commitments to work towards over a two year period. These were determined based on input from an external stakeholder panel and issues review, together with consultation with each of our autonomous companies and specialist committees. We are now half way through the current two year cycle of commitments.

The vision is underpinned by a core set of values. These are having integrity, being passionate about what we do, showing respect for people, thinking creatively and achieving excellence through detail.

This culture informs the way we work, the way we lead the business, and what we deliver to our customers. We focus just as hard on the way we work as the products we deliver.

We expand on each of the five focus areas of Our Vision over the next few pages.

For more information see www.berkeleygroup.co.uk/our-vision

Customers

Provide exceptional service to all of our customers and put them at the heart of our decisions.

Our approach

Our customers are at the heart of all our decisions. We aim to understand their needs and consistently meet or exceed their expectations. The service we provide is professional, efficient and helpful to make the home buying process as straightforward and enjoyable as possible. Our levels of customer service aim to be comparable to other top brands.

All our customers are provided with a commitment that when they buy a new home from Berkeley they can be safe in the knowledge that it is built to very high standards of design and quality, has low environmental impact and that they will enjoy an exceptional customer experience. Each customer receives tailored information relating to their purchase and has a dedicated point of contact throughout the customer journey.

Why focus on customers

Ensuring our customers are satisfied is crucial to the ongoing success of the business; ultimately all areas of our strategy are focused on the end customer and putting them at the centre of our decisions. This extends beyond customer-facing activities, from the initial purchase of the land through to the design of the home and development.

Everyday actions

Give every customer a dedicated point of contact at all stages in the customer journey

Clearly set out our commitment to our customers

Incorporate information on sustainability and Our Vision within sales suites and marketing material

Provide all customers with easy-to-use Living Guides to help them operate their home efficiently

Follow the sales manual to ensure consistently high standards

Key commitments for 2014 – 2016

Deliver world-class customer service measured though the Net Promoter Score

Launch an interactive way of communicating with our customers, 'My Home Plus'

Market all our developments in the UK first

69.8 Net Promoter Score
(Average NPS is 50, on a scale of -100 to +100)

ServiceMark
Accredited from April '15 - April '18
The Institute of Customer Service

Institute of Customer Service ServiceMark achieved across all businesses

98%
customers would recommend us to a friend

Customer service
We aim to provide exceptional customer service, from the moment someone enquires about a property, through the sales process, handover and post occupation.

A customer's experience should be professional, efficient and enjoyable and our high levels of customer satisfaction are testament to this. Over 98% of customers would recommend us to a friend and our Net Promoter Score ranks us alongside world-class brands such as Apple and First Direct.

We are delighted that, following joining the Institute of Customer Service in 2014, each of our operating businesses has now achieved the ServiceMark accreditation. This is a national standard based on customer feedback and engagement of employees which recognises our commitment to, and achievement in, customer service. We are the only developer with this accolade.

In 2015 we launched a new sales manual to ensure a consistent approach and high standards across all developments. This supplements extensive training provided in 2014 to all sales consultants and a range of online modules and assessments.

My Home Plus
My Home Plus is an interactive online system enabling customers to receive information and communicate with us throughout the purchasing process, and after completion. The first phases of the new system were successfully launched in 2015, with several developments trialling the portal. Customer feedback has been positive and we are now adding further functionality and sites.

Customers will be able to receive updates, such as photos of the construction process, make specification choices online and access documents and manuals relating to their home.

UK First
International investors play a vital role in bringing inward investment into the UK. In London, they help to reflect the city's status as a world-class city. However, we recognise that customers from the UK should be given priority. In August 2013, ahead of the Mayoral Concordat, we made a pledge to offer all developments in the UK before marketing overseas.

Our UK First Policy continues to be implemented on all schemes. This requires the initial sales launch to be in the UK first, and every individual home to be made available to customers in the UK either first or at the same time as launching overseas.

Sustainable living
Our Vision sets out a commitment that we will develop homes with low environmental impact where residents can enjoy a good quality of life. To raise awareness of this from the outset, sales suites and marketing materials include information on all aspects of sustainability, from environmental features to community facilities.

Later in the purchasing process customers are given access to information on sustainable living and how to operate their home efficiently. After completion we seek feedback from our customers on the sustainability features to help inform our approach.

Learn more about Customers at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/customers

Ensuring our customers are satisfied is crucial to the ongoing success of the business.

Homes

Develop individually designed, high quality homes with low environmental impact.

Our approach

Each of our homes and developments is bespoke and we use qualified architects to design each scheme. Attention to detail in design is paramount to ensure homes meet the needs of our customers and our specifications are planned to meet the varied needs of all types of homebuyers, from luxurious houses to key worker apartments. The impact on the environment throughout the lifetime of the home is considered during its design with an aim to minimise impacts and provide home owners with the opportunity to live more sustainably. The high quality finish which we demand in our new homes requires a skilled workforce and thorough checks before handover.

Why focus on homes

As a residential-led developer, building high quality and well designed homes is fundamental to our business and is intrinsic to all the other areas of Our Vision. It is demanded of us by our customers and helps to set us apart from volume housebuilders. It is clear that to have a successful business, our focus has to be on the end product of the homes right from the outset.

Everyday actions

Ensure optimal layouts and specifications

Complete detailed checks of every home prior to handover

Apply the principles of adaptability and flexibility

Ensure each home has recycling facilities

Key commitments for 2014 – 2016

Enable fibre broadband on all new homes and provide community Wi-Fi

Guarantee space standards for all new homes

Launch a new R&D programme to utilise customer feedback and drive innovation through improved design

100% new developments to provide fibre broadband-connected homes

London Evening Standard New Homes Awards 2014 WINNER

Evening Standard Awards 2014, Best London Home

375 Kensington High Street

63% individual homes supplied with low carbon or renewable technology

Broadband and connectivity
The internet is now regarded as the fourth utility, with customers demanding better connected homes. We are committed to ensuring that fibre optic infrastructure is enabled in our homes. Where possible, we aim to set this up so it is ready to use on move-in day. To achieve connectivity we are reliant on third party infrastructure and service providers.

The majority of our new developments will be able to meet this commitment. We are also part of a Government and industry round table to find practical solutions for helping the whole industry to provide more connected homes.

Space standards
Lack of space is one of the most common reasons why customers choose not to buy new build homes. In response, we were the first private developer to commit to minimum space standards across its portfolio. We believe this provides a genuinely better home for our customers.

We have set standards for three core aspects in every home we build, covering master bedroom size, floor-to-ceiling height and storage space. Since launching the commitment, the Government has published a new Nationally Described Space Standard for use from autumn 2015 where it is referenced in local planning policy.

We will meet the Government's new standard where requested, and will continue to meet our three criteria in other locations.

Research and development
The design of our homes is continuously evolving. To help this process we are undertaking research and development in two key areas.

The first is to strengthen feedback loops between customers and other stakeholders and our design teams. The second element is research and development through trialling new processes, materials and products to further improve our homes.

Bespoke design
There is no generic Berkeley scheme. Every design is bespoke and we use architects on every project, something which is uncommon within the industry. We continue to promote good urban design across the industry through sponsorship of the London Festival of Architecture.

Attention to detail
The quality which we demand in our new homes requires a skilled workforce and attention to detail. We use our marketing suites as the benchmark for build quality and finish in each individual home. Every area is thoroughly checked before handover to ensure that high standards are maintained.

Sustainability
In March 2015 the Government concluded its review of housing standards, marking a significant change for the home building industry. With the Code for Sustainable Homes now withdrawn, alongside many other standards, we are reviewing our priorities. Our approach continues to be to achieve a high standard across all of our developments, regardless of location or tenure.

We are preparing for the implementation of Allowable Solutions from 2016 as part of the Government's zero carbon homes policy. We also sit on the UK Green Building Council's new round table on the future of sustainable homes.

Homes for everyone
Berkeley builds for everyone: from families to first time buyers, students to older people, and luxury living to affordable housing.

We are pleased to have won the First Time Buyer Award 2015 for our homes at Kidbrooke Village and are proud of the homes we deliver for every generation.

Learn more about Homes at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/homes

Left: Roman House, City of London *Right:* Barns Green, West Sussex.

Places

Create great places where people enjoy a good quality of life, now and in the future.

Our approach

We create well-designed, high quality, safe and sustainable places which will endure as settled, vibrant communities long into the future. These are places where people choose to live, work and spend their time, that directly encourage people's wellbeing and quality of life, and offer them a space and a base from which to lead safe and fulfilling lives. Through our ability both to collaborate and to deliver, we aim to be the developer of choice for local authorities and existing communities. We believe that appreciating the needs of our customers and wider stakeholders before, during and after the delivery of our schemes and what makes them thrive as a community, is the right model for a truly successful and sustainable business in our sector.

Why focus on places

To remain a developer of choice it is essential that we focus on the outcome of our developments in the long-term. This begins right from the outset by ensuring the location is right at land purchase, to focusing on placemaking during design and to ensuring that suitable management processes are in place once the development is occupied.

Everyday actions

Apply our Community Engagement Strategy on all developments

Consult an ecologist for all developments and incorporate living roofs on all suitable apartment roof spaces

Incorporate rainwater harvesting, electric car charging points and cycle storage

Achieve at least BREEAM Very Good on offices, retail space, Extra Care and student accommodation

Key commitments for 2014 – 2016

Measure and increase people's quality of life by applying a framework for social sustainability

Test new forms of estate management and community governance

Adapt all developments to climate change through measures on flooding, overheating and water shortage

20 social sustainability assessments completed

Ideal Home Show Blue Ribbon Awards, Housing Development of the Year

Kidbrooke Village

100% new developments followed the community engagement strategy

Quality of life
In 2014 we launched a toolkit to help us measure and enhance people's quality of life. We refer to it during the design process for all new developments and are committed to conducting a formal assessment pre-planning for every development of 100 homes or more. In 2015 100% of these larger developments conducted a formal assessment. A report on life at Royal Arsenal Riverside showed that people report high levels of happiness, belonging, and trust in their neighbours. We presented the methodology at UK Green Building Council events in June and November and held a policy briefing in January on housing and wellbeing.

Estate management and community governance
Our work on quality of life and social sustainability has identified that placekeeping is as important as placemaking and that they should be thought about as two elements of the same process.

We take a long-term view for our developments to ensure that they remain great places in which to live for decades to come. We have begun to review current estate management practices across the business.

A Clore Social Leadership Programme research project has been undertaken on one of our developments on the different management options for green and public space.

Climate change adaptation
The effects of climate change are already being observed in the UK. Climate change adaptation is about taking action now to ensure that our homes and developments remain comfortable places in which to live in decades to come. In 2015, all new developments submitted for planning will incorporate climate change adaptation measures around the three key issues of flooding, overheating and water shortage.

Based on research during 2014, we have produced a checklist for our development teams to help them to identify which issues are likely to be most important on a site depending on the type of development planned and its location.

Sustainability
Sustainability of the wider development is as important as the individual homes we create. Typically issues such as ecology and transport are the focus areas. We consult an ecologist on all schemes and incorporate living roofs on all suitable roof spaces.

We were pleased that the new linear park and tree planting at Kidbrooke Village were highlighted as a best practice case study within the UK Green Building Council's report on green infrastructure in February 2015.

Community engagement
Our Community Engagement Strategy is referred to for all new schemes. The type of engagement varies depending on the scheme and location. Many of our schemes adopt community planning strategies where local people are involved in the design, whereas others include different types of community events to share information and encourage input from an early stage.

Partnerships
Partnership arrangements need to be tailored to suit each project, skilfully coordinating the investment and ambitions of Berkeley, the local authority, residents, Registered Social Landlords and other stakeholders. We listen to what local people and other partners want and incorporate this into the design wherever possible.

At Royal Wells Park we are working to build the first developer-led free school, whilst at Highwood in Horsham we have helped to deliver the second new road built in the district in 13 years; the first was also built by Berkeley.

Learn more about Places at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/places

The Boat Race at Fulham Reach.

Operations

Make the right long-term decisions whilst running the business efficiently and working with our supply chain.

Our approach

Through recognition that the property market is inherently cyclical we make decisions with a focus on the long-term. We understand the operational risks in trying to successfully identify, design, build and sell homes and create new places. We aspire to maintain excellent partnerships with our supply chain to ensure that high quality services and materials are consistently provided and we are a client of choice. We support and engage with our supply chain and, through our supply chain, we help to provide employment and support to young people. We conduct our day-to-day operations in an environmentally efficient manner and with consideration to our neighbours.

Why focus on operations

Running our operations effectively and considerately is fundamental to the long-term success of the business. We need a skilled and reliable supply chain to help us deliver the pipeline of work and good relationships with local stakeholders are essential to maintain our reputation for quality.

Everyday actions

Communicate our requirements to contractors and procure on overall value rather than cost alone

Register all sites with the Considerate Constructors Scheme and achieve at least 38/50 in every audit

Ensure all timber is FSC or PEFC certified

Implement water and carbon efficiency measures on each construction site and achieve a waste recycling rate of at least 90%

Key commitments for 2014 – 2016

Achieve a 50% increase in site-based apprenticeships and training

Launch a £2 million fund for the supply chain to support innovation in health and safety

Map our supply chain risks and develop a sustainable specification and procurement strategy

15% reduction in office carbon emissions per person

CONSIDERATE CONSTRUCTORS 2015 MOST CONSIDERATE SITE

Considerate Constructors Scheme Awards 2015 Most Considerate Site

Roman House

41.6/50

Average Considerate Constructors Score (Industry average: 35.7)

Apprenticeships and training
Key challenges for industry and Government are to encourage young people into the industry and increase capability in the workforce to ensure that there are enough people with the right skills to deliver the pipeline of future work.

We have produced a new booklet for our supply chain to help provide information on how to take on an apprentice and the funding available to help encourage uptake.

The Berkeley Apprenticeship Scheme was launched at Kidbrooke Village in autumn 2014 to offer 200 career opportunities over five years to local people and help increase the level of skilled workers. The first intake of apprentices are now working with the supply chain. Various other initiatives are in progress to encourage young people into the industry, including hosting the 8th Annual Careers Fair at Imperial Wharf in March.

We continue to monitor the number of apprentices working on our sites and are planning more initiatives for 2016.

Innovation Fund
A new Innovation Fund for the supply chain was launched in January 2015 to promote innovation in health and safety which reduces construction-related risk, drives the industry forward and improves health and safety performance.

Our supply chain, as well as employees, industry bodies and universities, are encouraged to apply for a grant of up to £250,000 for an innovative idea. The fund has already received several successful applications. For more information, see www.berkeleygroup.co.uk/innovation-fund.

Supply chain
Once schemes are in production, the support of a reliable and competent supply chain is critical to success. Engagement with our suppliers is key to remaining a client of choice and achieving high quality outcomes, on time and on budget.

In 2015 we have focused on making it easier for small businesses to work with us. Our paperwork has been simplified and there is a new online portal which includes all the pertinent documents contractors need to be aware of. Our Supply Chain Taskforce has also worked with new companies to broaden our potential supply chain.

Sustainable procurement
We recognise that the majority of our sustainability impacts are likely to occur indirectly through the supply chain. In 2015 we identified our top materials and undertook research into sustainable specification and procurement of these. A baselining exercise has been completed in advance of a new strategy being launched in 2016.

Considerate construction
We are delighted that our approach to considerate construction continues to be recognised. One site, Roman House, was awarded with the most prestigious accolade in the UK, the Most Considerate Site award.

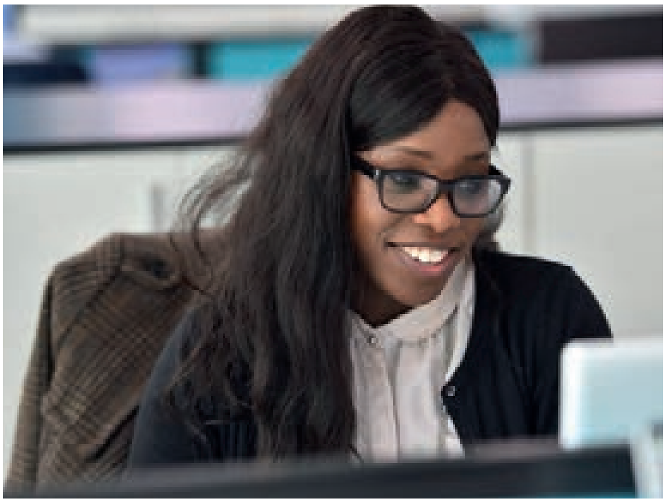
Another site was awarded Runner-Up status, putting it in the top 30 sites in the country, alongside more than 30 other Gold, Silver and Bronze awards.

In August 2014 we were the first homebuilder to reach the milestone of 500 sites registered and Goodman's Fields is now one of the first 'ultra sites', a new initiative from the Scheme where services and materials are sourced from registered suppliers.

Resource efficiency
We are pleased to report that office carbon emissions per person have reduced by 15%. Further information on carbon emissions is set out within the Directors' report on page 85. Our site waste recycling rate has remained above our target of 90%.

Due to increasing legislation in this area, for example with the introduction of the Energy Savings Opportunity Scheme, we are in the process of implementing more advanced systems for recording and analysing information.

Learn more about Operations at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/operations



Left: Site inspection at Fulham Reach, Hammersmith.

Our People

Develop a highly skilled workforce who run autonomous businesses, operate in a safe and supportive working environment, and contribute to wider society.

Our approach

A devolved business structure is at the heart of our strategy. Our recognised brands and autonomous operational teams carefully manage each individual scheme to ensure that the entrepreneurial spirit of the business continues. Recruiting and retaining a high calibre workforce is crucial to our approach. We must support both our direct employees and the wider workforce of the contractors working on our sites. We are proud to be safe; safety continues to be a key focus area across all of our operations, in addition to enhancing health and wellbeing. We also aim to have a positive impact on society and enable young people to get into work through our support of the Berkeley Foundation.

Why focus on our people

Our people are key to the development process, from the identification and purchase of land through to the sale of our homes and ongoing customer service.

To run any business successfully it is vital to ensure that the workforce is highly skilled and motivated. We understand the importance of supporting all our employees to allow them to work in a safe environment and to continue to advance their knowledge and skills. Developing and retaining our workforce enables us to deliver our objectives and grow as a business.

Everyday actions

Monitor staff retention rates and employee diversity

Undertake individual training assessments for each member of staff

Monitor and report on accident and incident rates

Undertake unannounced H&S audits on all sites, in addition to weekly Director visits

Support the Job Creation Programme as part of the Berkeley Foundation

Key commitments for 2014 – 2016

Pay at least the Living Wage to all direct employees

Reduce energy costs by up to £500,000, investing 50% of the saving in new health and wellbeing initiatives

Encourage and support every member of staff to be involved with the Berkeley Foundation each year

Launch a talent management programme which develops new ideas to enhance the business

2.46 Accident Incident Rate
(Industry average: 4.12 (HSE, 2014 figures)

RoSPA 2014 GOLD Award

Gold Medal:
Berkeley First, East Thames, Oxford and Chiltern

73%
Employees involved with the Berkeley Foundation (2014: 64%)

Living Wage
The Living Wage is calculated according to the basic cost of living and provides enough for an acceptable standard of living. We pay at least the Living Wage to all our employees, and encourage our contractors to do so.

Energy and wellbeing
We have set a target to reduce energy consumption by around 10% each year across all aspects of the business including sites, offices and sales suites. In 2015, we have focused on understanding consumption and charges for energy. A number of our sites are trialling more effective sub-metering and there has been a focus on out-of-hours usage and temporary electrics. We have also undertaken a comparison exercise of unit charges for energy across our different facilities.

Health and wellbeing initiatives have been selected locally and include well person clinics, office fruit baskets and exercise classes.

The Berkeley Foundation
The percentage of staff engaged with the activities of the Berkeley Foundation increased from 64% to 73% in 2015. This includes fundraising, Give As You Earn and volunteering. Our aim is for all employees to be involved with the Foundation each year.

Over the last four years the Foundation has committed or invested more than £6 million to the lives of young people and their families, including a new three year agreement with Shelter.

The Job Creation Programme launched in 2013 has so far enabled more than 400 unemployed people to get into work. Street Elite has been another major programme we have supported. We are delighted that a graduate of Street Elite, Yasar Ugar won the Construction Youth Trust Award in 2015 and 14 of the graduates of the scheme now work for us. For more information see www.berkeleyfoundation.org.uk.

Talent management
This commitment looks to recognise employees' performance and potential and to provide support and further development through a focus on implementing their ideas to enhance the business. There are various talent management programmes in place across the operating businesses. Some are intensive schemes for selected individuals, whereas other businesses are progressing programmes for all staff.

There has been a focus in 2015 on improving inductions for new starters and on reviewing our approach to training, increasingly moving to a broader assessment of not only technical and safety skills, but also softer skills.

We are delighted that one of our project managers, Damian Bates, won the prestigious accolade of the NHBC's Pride in the Job Supreme Award for the multi-storey category in January.

Supporting a diverse workforce
Our business continues to grow; we now have over 2,100 direct employees who are central to our success. Our employees work in a range of roles across more than 100 sites and offices. Across the Group, 37% of employees are female as are 30% of our Main Board directors.

In addition to our direct employees, we also support a large workforce through our contractors; in April 2015 more than 10,500 people were working on our sites.

Health and safety
In 2015 we rolled out new Group Health and Safety Standards to ensure a consistent approach across all of our sites and our supply chain. We have also launched a new strategy document which clearly sets out our approach. The launch of the Innovation Fund (summarised within the Operations section on page 45) is an example of a leading initiative to improve health and safety, not just within Berkeley but across the industry as a whole.

We are pleased to be able to report a reduced Accident Incident Rate (AIR) of 2.46 (2014: 2.92), demonstrating performance beyond the industry average. Our AFR is 0.12, down from 0.16 in 2014.

Learn more about Our People at www.berkeleygroup.co.uk/about-berkeley-group/our-vision/our-people

Our people are key to the development process.

Employee diversity

	Female	Male	Total
Total Employees	800	1,378	2,178
Senior Management	2	5	7
Board of Directors	3	10	13

At 30 April 2015.

New apartment at
Riverlight in Nine Elms.

Trading and Financial Review and Outlook

We have a plan to return £13 per share (over £1.7 billion) to shareholders by 2021 and to retain a successful and sustainable business thereafter. Our performance demonstrates that we are on track to achieve this.

Clockwise from top left: The Ashmiles, Barns Green; Wimbledon Hill Park, Wimbledon; Hurlingham Gate, Fulham; One Tower Bridge.

Trading and Financial Review and Outlook

continued

Overview

The operational highlights of the year ended 30 April 2015 were the start of a further eight new schemes across London and the South of England, the achievement of 28 new planning consents across these regions, which secure future delivery of schemes and value, and the announcement of our new joint venture with National Grid plc, St William, which is targeted to deliver over 7,000 new homes from 10 initial sites.

In terms of performance, Berkeley built and sold 3,355 new homes this year at an average selling price of £575,000. This led to an increase in adjusted pre-tax profits of £454.6 million, an increase of 19.6% compared to last year, and a profit of £85.1 million from the sale of a portfolio of ground rent assets, giving total pre-tax earnings of £539.7 million.

After paying £243.5 million in dividends in the year, the Group has remained ungeared throughout, with net cash rising from £129.2 million at the start of the year to £430.9 million at 30 April 2015. In terms of visibility and outlook, the Group has reported cash due on forward sales at 30 April 2015 of £3.0 billion, up from £2.3 billion last year, and estimated future gross margin in the land bank of £5.3 billion, an increase of £0.8 billion since last year.

Housing market

This year the housing market has returned to normal transaction levels from a high point in 2013/14. Domestic demand has been strong in our core markets of London and the South of England, whilst London has continued to benefit from a stable social and political environment, enabling it to attract inward investment from the UK and overseas. Berkeley has experienced sales price increases in line with those reported in the wider market and these have generally been matched by cost increases at a similar rate.

A clear General Election result provides stability in the national political landscape and we are encouraged by the commitment to bring forward more public land and to existing initiatives, such as Help to Buy. The challenge, however, remains significant as development appraisals must factor in the considerable and needed contributions to local communities, currently funded through affordable housing subsidies and payments towards local infrastructure, such as transport, public realm, education and healthcare. It also encompasses operational capacity; having the skills, expertise and labour in a busy development sector to deliver new homes of the right quality. This complexity demands time, expertise and an appetite for risk underpinned by financial strength.

London's continued pre-eminence as a world city is a critical factor in addressing the capital's housing shortage. It attracts the investment to fund development, as well as the diverse range of expertise and talent that make London such a unique place. For this reason, Berkeley considers it important that the UK continues to play a major role in, and operate as part of, the European Union.

Berkeley launched a number of new schemes to the market this year, from London Dock in Wapping to Smithfield Square in Hornsey and 250 City Road in Islington amongst others, all of which were marketed in the UK first and have been well received by customers. Berkeley's focus remains on providing new places that benefit from quality of design, public realm, transport links and access to jobs and amenities.

The stable market has resulted in cancellation rates of 10%, which is below normal historic levels of 15% to 20% and completed stock remains at historically low levels, with 31 completed residential properties in inventories at 30 April 2015 (39 at 30 April 2014).

Income Statement Year ended 30 April	2015 £'million	2014 £'million	Change £'million	%
Revenue from operations	2,020.2	1,620.6	+399.6	+24.7%
Operating profit from operations	439.0	374.8	+64.2	+17.1%
Net finance costs	(12.7)	(6.9)	-5.8	
Share of joint ventures result	28.3	12.1	+16.2	
Adjusted profit before tax	454.6	380.0	+74.6	+19.6%
Profit from sale of ground rent assets	85.1	-	+85.1	
Profit before tax	539.7	380.0	+159.7	+42.0%
Tax	(116.2)	(87.1)	-29.1	
Profit after tax	423.5	292.9	+130.6	+44.6%
Basic earnings per share	313.0p	221.8p	+91.2p	+41.1%
Pre-tax return on equity	35.1%	27.5%	+7.6%	
Adjusted earnings per share	263.6p	221.8p	+41.8p	+18.8%
Adjusted pre-tax return on equity	29.5%	27.5%	+2.0%	
Homes sold (excluding joint ventures)	3,355	3,742		
Average selling price	£575,000	£423,000		

Land

Berkeley has made strong progress in delivering value into and from its land holdings during the year, and now has 37,473 plots in its land bank. The Group's land bank now incorporates previously identified pipeline sites as the risk on these has evolved over recent periods through delivery and planning.

The land bank is a combination of owned or contracted sites, most of which have a planning consent and are in construction, and the rest of which cannot be moved into development as they do not have an implementable planning consent and/or as there are practical technical constraints and challenges surrounding, for example, vacant possession which need to be resolved. We also hold a strategic pipeline of long-term options for in excess of 5,000 plots.

Following the announcement in November 2014 of the formation of a joint venture with National Grid, St William, Berkeley is working closely with its partner to identify sites from across its portfolio to bring through into its pipeline and land holdings. This has the potential to deliver some 7,000 plots from an initial 10 sites and is a clear source of future land. One site at Battersea was already in the Group's land bank, and one further site at Rickmansworth has been added this year.

Berkeley has secured 28 planning consents this year, nine on schemes which did not previously have an implementable planning consent and 19 revised consents. The new consents include Fitzroy Gate in Isleworth, 250 City Road in Islington, 22-29 Albert Embankment in Lambeth, Smithfield Square in Hornsey, South Quay Plaza in Docklands, and further residential schemes in Kingston, Bracknell, Barnes and Orpington in Kent. The revised consents have improved the planning position on each of the schemes on which earlier phases are already in construction, and these include a full re-plan of the third phase at Kidbrooke Village and a detailed consent on the waterfront block at Royal Arsenal Riverside which will contribute further impetus to this core regeneration scheme.

Since the year end, Berkeley has secured a resolution to grant planning at its scheme in White City for over 1,400 homes to be delivered over the next 15 years, and a resolution to grant planning for 839 at St William's first scheme in Battersea.

Two new sites have been acquired unconditionally during the year, a 15,000 sq ft office building in Sevenoaks and a scheme for over 600 homes in Reading in our St Edward joint venture. Three have been acquired on a conditional basis, including sites in Kingston and Winchester, as well as the second St William site at Rickmansworth.

At 30 April 2015, the Group has 74 sites in its land holdings, of which 57 (77%) have an implementable planning consent and are in construction, a further 10 (14%) have at least a resolution to grant planning but the consent is not yet implementable and seven remain in the planning process. The Group's land holdings now stand at 37,473 plots (30 April 2014: 35,963 restated to include 11,957 pipeline plots), with an estimated future gross margin of £5,272 million (30 April 2014: £4,514 million, restated to include £1,500 million of pipeline gross margin) and an average selling price of £456,000 (30 April 2014: £419,000, restated to include pipeline revenue and plots).

Land holdings	April 2015	Change	April 2014
Owned	34,215	+6,210	28,005
Contracted	3,258	-4,700	7,958
Plots	37,473	+1,510	35,963
Estimated sales value	£17,075m	+£1,996m	£15,079m
Average selling price	£456k	+£37k	£419k
Average plot cost	£58k	-£5k	£63k
Land cost (%)	12.7%	-2.4%	15.1%
Estimated gross margin	£5,272m	+£758m	£4,514m
Gross margin (%)	30.9%	+1.0%	29.9%

Trading and Financial Review and Outlook

continued

Trading analysis

Revenue of £2,120.0 million in the year (2014: £1,620.6 million) included £2,020.2 million of revenue from operations (2014: £1,620.6 million) and £99.8 million from the sale of a portfolio of ground rent assets (2014: £nil).

The £2,020.2 million of revenue from operations included £1,936.2 million of residential revenue (2014: £1,605.0 million), £12.3 million from land sales on three sites (2014: £nil) and £71.7 million of commercial revenue (2014: £15.6 million).

3,355 new homes (2014: 3,742) were sold across London and the South of England at an average selling price of £575,000 (2014: £423,000). The increase in average selling price reflects first completions at Ebury Square, Riverlight, Fulham Reach and One Tower Bridge, all London schemes acquired in 2009/10. The year ended 30 April 2014 included the disposal of 534 properties from Berkeley's rental fund to M&G Investments at an average selling price of £197,000 and the sale of two student developments.

Revenue of £71.7 million from commercial activities (2014: £15.6 million) included the sale of some 130,000 sq ft of office, retail and leisure space across a number of the Group's developments including Fulham Reach in Hammersmith, Langham Square in Putney and Royal Worcester as well as a 90,000 sq ft hotel at Goodman's Fields in Central London. The £15.6 million of revenue last year was mainly from the sale of retail space on developments including Marine Wharf in Deptford, Goodman's Fields in Aldgate, Fulham Reach in Hammersmith and Imperial Wharf in Fulham.

During the year, the Group sold a portfolio of approximately 10,000 ground rent leases across some 60 sites for proceeds of £99.8 million and a gross profit of £85.1 million. Income and expenses associated with this sale have been recognised in the income statement through revenue and gross profit.

The adjusted gross margin percentage, excluding profit from the sale of ground rent assets, has been broadly stable at 31.3% (2014: 31.4%), and reflects the mix of homes sold in the period.

Overheads of £192.7 million (2014: £134.1 million) included a charge of £47.0 million (2014: £nil) in respect of the Company's decision to settle the tax and national insurance liabilities arising on the vesting of options for participants in Part B of the 2009 LTIP scheme on 15 April 2015, in lieu of issuing shares to this value, and the intention to do the same in respect of options vesting on 15 April 2016. Of this £47.0 million, £33.5 million is in respect of prior periods and £13.5 million in respect of the year ended 30 April 2015.

The result is that the Group's adjusted operating margin, excluding the profit from sale of the ground rent assets, has reduced from 23.1% to 21.7% in the year.

Berkeley's share of the results of joint ventures was a profit of £28.3 million (2014: £12.1 million) which reflects a further 230 completions at 375 Kensington High Street and Stanmore Place.

The Group has remained cash positive throughout the year, and also completed a refinancing of its corporate banking facilities. The result is that net finance costs in the year have increased from £6.9 million to £12.7 million. This includes £1.8 million in respect of the amortisation of ongoing facility fees and the expensing of the £3.9 million of unamortised fees in respect of the previous refinancing in 2012, and other finance income and costs including imputed interest on land creditors, which more than offset any interest income from cash holdings during the year.

	£'million
Profit before tax: 2014	380.0
Increase in gross margin from operations	122.8
Profit on sale of ground rent assets	85.1
Increase in overheads	(58.6)
Increase in net finance costs	(5.8)
Increase in result from joint ventures	16.2
Profit before tax: 2015	539.7

Analysis of capital employed	April 2015 £'million	Change £'million	April 2014 £'million
Investment in joint ventures	50.1	-11.3	61.4
Other non-current assets	125.6	+7.1	118.5
Inventories	2,654.1	+172.9	2,481.2
Trade and other receivables	145.6	-13.4	159.0
Trade and other payables			
- Deposits and on account receipts	-920.9	-179.2	-741.7
- Other trade payables	-714.6	-89.1	-625.5
Current tax liabilities	-57.8	+25.9	-83.7
Provisions	-75.1	-18.0	-57.1
Capital employed	1,207.0	-105.1	1,312.1

Analysis of inventories	April 2015 £'million	Change £'million	April 2014 £'million
Land not under development	342.0	-150.4	492.4
Work in progress: land cost	798.6	+12.5	786.1
	1,140.6	-137.9	1,278.5
Work in progress: build cost	1,481.6	+301.3	1,180.3
Completed units	31.9	+9.5	22.4
	2,654.1	+172.9	2,481.2

Adjusted pre-tax return on equity, excluding profit from the sale of ground rent assets, has increased from 27.5% to 29.5%. Basic earnings per share has risen by 41.1% from 221.8 pence to 313.0 pence, which takes into account a further reduction in the corporate tax rate from 21% to 20% in the year, and the issue of a further 1.3 million shares issued in April to satisfy share awards.

Taxation

The Group has an overall tax charge of £116.2 million for the year and an effective tax rate of 21.5%. The effective tax rate has fallen from 22.9% in line with the reduction in the UK headline rate of corporation tax to 20% with effect from 1 April 2015. The Group manages its tax affairs in an open and transparent manner with the tax authorities and observes all applicable rules and regulations in the countries in which it operates. Factors that may affect the Group's tax charge in future periods include changes in tax legislation and the resolution of open issues. The Group holds tax provisions in respect of the potential tax liability that may arise on the resolution of open tax issues, however the amount ultimately payable may be lower than the amount accrued thus improving the overall profitability and cash flow of the Group in future periods.

Financial position

Net assets increased over the course of the year by £196.6 million, or 13.6%, to £1,637.9 million (2014: £1,441.3 million). This is after payment of £243.5 million of dividends and equates to a net asset value per share of 1,199 pence, up 12.5% from 1,066 pence at 30 April 2014.

Inventories have increased by £172.9 million from £2,481.2 million at 30 April 2014 to £2,654.1 million at 30 April 2015. Inventories include £342.0 million of land not under development (30 April 2014: £492.4 million), £2,280.2 million of work in progress (30 April 2014: £1,966.4 million) and £31.9 million of completed stock (30 April 2014: £22.4 million). With this continued investment in our schemes, upward pressure on costs and the limited availability of skilled labour and materials in the supply chain remain key challenges, albeit ones that we continue to manage.

Trade and other payables are £1,635.5 million at 30 April 2015 (£1,367.2 million at 30 April 2014). These include £920.9 million of on account receipts from customers (30 April 2014: £741.7 million), which have increased as a result of strong trading in the period, and land creditors of £205.1 million (30 April 2014: £210.0 million). Provisions of £75.1 million (30 April 2014: £57.1 million) include post completion development obligations and other provisions.

The Group ended the year ungeared with net cash of £430.9 million (30 April 2014: £129.2 million). This is an increase of £301.7 million during the year (2014: £84.5 million) as a result of £528.4 million of cash generated from operations (2014: £337.6 million), £8.3 million from the disposal of rental fund properties (2014: £138.2 million) and a net inflow of £115.2 million in working capital (2014: net investment of £77.9 million), before tax and other cash outflows of £106.7 million (2014: £118.2 million) and dividends of £243.5 million (2014: £195.2 million).

Cash flow	2015 £'million	2014 £'million
Adjusted profit before tax	454.6	380.0
Increase in inventories	(172.9)	(414.5)
Increase in customer deposits	179.2	315.6
Other working capital movements	108.9	21.0
Profit on sale of ground rents	85.1	-
Profit from sale of rental fund	-	84.9
Net receipts from/(investment in) joint ventures	39.6	(5.2)
Tax paid	(140.5)	(92.4)
Other movements	(8.8)	(9.7)
Cash inflow before dividends	545.2	279.7
Dividends	(243.5)	(195.2)
Increase in net cash	301.7	84.5
Opening net cash	129.2	44.7
Closing net cash	430.9	129.2

Trading and Financial Review and Outlook

continued

Banking

The Group's financial position is further supported by the re-negotiation of the Group's banking facilities during the year. On 23 March 2015, Berkeley increased its committed corporate banking facilities from £525 million to £575 million, extending the maturity date of the Group's facilities from April 2018 (£250 million) and May 2018 (£275 million) to March 2020 (£575 million). This gives clarity of financing for five years, with options over a further two years of extensions, and has reduced materially the ongoing costs associated with the facility. A further £60 million of banking facilities in St Edward Homes, which were undrawn at 30 April 2014, were cancelled during the year as they were no longer required by the joint venture.

St Edward

Investments accounted for using the equity method have reduced from £61.4 million at 30 April 2014 to £50.1 million at 30 April 2015 which reflects distributions in the year. This relates almost exclusively to Berkeley's investment in St Edward, a joint venture with Prudential.

St Edward has three schemes currently in development at Stanmore Place, 375 Kensington High Street and 190 Strand. 230 homes were sold in the year at an average selling price of £1,229,000 (2014: 203 at £1,235,000), which reflects the mix of properties sold, predominantly at 375 Kensington High Street.

2,116 plots in Berkeley's land holdings relate to St Edward schemes (30 April 2014: 1,389), which includes a site at Green Park in Reading which was acquired during the year.

St Edward is continuing to identify opportunities to develop the joint venture through further sites to which it can add value, and controls a commercial site in Westminster which has a detailed planning consent but is conditional on vacant possession and is included in the land bank.

Ground rents

The Group has reported the sale of a portfolio of ground rent assets for £99.8 million, which gave rise to a profit on disposal of £85.1 million in its results for the year ended 30 April 2015.

The Group has exchanged contracts for the sale of a further portfolio of ground rent assets for £53 million. The sale is expected to be completed in the first half of the year ending 30 April 2016 and give rise to a profit on disposal of approximately £50 million after transaction costs in that period.

Outlook

These results demonstrate a strong performance which has enabled Berkeley to meet its targets in returning the first 434 pence per share to shareholders by the first milestone date of September 2015, and that it is well-placed, with the visibility of forward sales and developments already in construction, to meet the next milestone payment by September 2018, which it currently intends to do through regular equal dividends.

Whilst earnings remain sensitive to the timing of delivery of certain key developments, the Board currently expects adjusted earnings for the current year to be similar to 2014/15, and is targeting the delivery of pre-tax profits in the region of £2.0 billion over the three year period comprising 2015/16, 2016/17 and 2017/18. This target is a result both of Berkeley planning to deliver the London sites which were acquired in the period from 2009 and 2013 and of continuing to benefit from the maturity of its longer term regeneration sites. The current year will see increased investment in construction ahead of this enhanced profit delivery. Any surplus capital generated through this period of investment and delivery, will either be reinvested in the business or used to fund further dividend payments or share buybacks.

There remain structural challenges to be addressed in our industry to meet the latent and ongoing demand for homes of all tenure types. Addressing these requires a regulatory environment that is responsive and supportive of development. It also requires the UK's continued participation in the European Union to maintain London's pre-eminence as a world city.

The complexity of delivering new homes in London and the capital allocation required in a cyclical market is well understood by Berkeley and embedded in its strategy. As a consequence, the Group is well placed to achieve its targets for the next three years, meet its commitment to return over £1.7 billion to shareholders by 2021 and, with the visibility afforded by the land bank, provide a successful and sustainable business thereafter.

Rob Perrins
Managing Director
30 June 2015

	Returns to Shareholders £'million	Pence per share
Paid in year ended 30 April 2013	20	15
Paid in year ended 30 April 2014	195	149
Paid in year ended 30 April 2015	244	180
Interim dividend declared for payment in September 2015	123	90
Total paid or committed by 30 September 2015 (first milestone) *	582	434
By 30 September 2018 (second milestone) *	591	433
By 30 September 2021 (third milestone) *	591	433
	1,764	1,300

* Based on 136.6 million shares currently in issue

The first phase of new family homes at Wimbledon Hill Park were completed this year.

Groundworks underway at the next phase of new homes at Fulham Reach in Hammersmith.

Governance

Board of Directors

Chairman and Executive Directors

Tony Pidgley CBE N

Co-founder of the Company 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 and is currently Chairman of the London Chamber of Commerce and Industry. He is Chairman of the Nomination Committee.

Rob Perrins BSC (Hons) FCA

Joined the Company in 1994. 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. He is also a Governor of Wellington College and Aston University.

Richard Stearn FCA

Re-joined Berkeley on 13 April 2015 as Finance Director, having previously worked for the company from 2002 to 2011 as Group Financial Controller. Prior to re-joining Berkeley, Richard spent three years at Quintain Estates and Development plc, becoming its Finance Director in July 2012. He originally trained and practiced for 12 years as a chartered accountant with PwC.

Karl Whiteman BSC (Hons)

Joined Berkeley in 1996 as a Construction Director and currently leads the Berkeley Homes East Thames division. He joined the Board on 10 September 2009 as a Divisional Executive Director.

Non-executive Directors

Sir John Armitt N R

Appointed a Non-executive Director on 1 October 2007 and became Deputy Chairman on 5 September 2012. He is currently Chairman of the Olympic Delivery Authority, Chairman of National Express Group PLC, Chairman of City and Guilds and is a member of the Transport for London Board. He was Chairman of the Engineering and Physical Science Research Council until 31 March 2012. From 2001 to 2007, he was Chief Executive of Network Rail and its predecessor, Railtrack. Sir John is the Senior Independent Director.

Adrian Li

Appointed a Non-executive Director on 2 September 2013. He is currently Executive Director and Deputy Chief Executive of The Bank of East Asia, Ltd. He is an Independent Non-executive Director of Sino Land Company Ltd., Tsim Sha Tsui Properties Ltd., Sino Hotels (Holdings) Ltd., China State Construction International Holdings Ltd. and COSCO Pacific Ltd. He is a member of the International Advisory Board of Abertis Infraestructuras, S.A.

Alison Nimmo CBE A

Appointed a Non-executive Director on 5 September 2011, Alison is Chief Executive of The Crown Estate. Prior to that she led the design and delivery of the London 2012 Olympic and Paralympic venues as Director of Regeneration and Design at the Olympic Delivery Authority. She is a trustee of the UK's Green Building Council.

Veronica Wadley N A

Appointed a Non-executive Director on 3 January 2012. She is currently Chair of the Arts Council London, a Senior Adviser to the Mayor of London and a National Council member of Arts Council England. Previously Editor of The Evening Standard, she is also an Independent Director of Times Newspapers Holdings Ltd.

Sean Ellis BSC (Hons)

Joined Berkeley in 2004 with an expertise in land and is currently Chairman of St James Group, Berkeley Homes Eastern Counties and St William Homes. He joined the Group Main Board on 9 September 2010 as a Divisional Executive Director.

Greg Fry FCA

Joined the Group in 1982 and is currently Chairman of St George, having been a Director since its inception in 1986. He was reappointed to the Group Main Board on 5 September 2011 as a Divisional Executive Director, having previously been a member of the Group Main Board from 1 May 1996 to 22 July 2010.

Jim Farrer

With great sadness we report that our Honorary Life President, Jim Farrer, passed away during the year. Jim, along with Tony Pidgley, was a co-founder of Berkeley and Group Chairman until his retirement in 1992.

Glyn Barker BSc (Hons) FCA A R

Appointed a Non-executive Director on 3 January 2012 following a 35 year career with PwC, most recently as its UK Vice Chairman. He previously held a number of senior posts within PwC including Managing Partner and Head of Assurance and also established and ran their Transactions Services business. Glyn is a Non-executive Director of Aviva plc and Transocean Limited, Chairman of the law firm Irwin Mitchell and a Director of the English National Opera Company. He is Chairman of the Remuneration Committee.

Andy Myers BEng ACA A R

Appointed a Non-executive Director on 6 December 2013, he is currently Chief Financial Officer at McLaren Technology Group Limited, having previously held senior finance roles in Rolls Royce plc and BMW/Rover Group. He is Chairman of the Audit Committee.

Diana Brightmore-Armour FCCA, MCT

Appointed as a Non-executive Director on 1 May 2014, Diana is currently the UK CEO of The Australia and New Zealand Banking Group Ltd and previously held the position of CEO, Corporate Banking at Lloyds Banking Group (2004-2012). Diana has 30 years of international experience in banking, corporate finance, financial management, treasury and audit.

Company Secretary

E A Driver

Key

- N Nomination Committee
- A Audit Committee
- R Remuneration Committee

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance in respect of leadership, effectiveness, accountability, remuneration and relationships with our shareholders as identified by the UK Corporate Governance Code 2012 (the Code). In the year to 30 April 2015, the revised principles and provisions of the Code (published In September 2012 by the Financial Reporting Council (FRC) applied to the Company. The provisions of the UK Corporate Governance Code 2014 will apply to the Company with effect from 1 May 2015 and so are not adopted in this report.

This section, including the Audit Committee Report and the Directors' Remuneration Report, details how the Company has applied the principles and provisions of the Code. The Company's business model is explained in the Strategic Report. It is the Board's view that it has been fully compliant with the Code throughout the 2014/15 financial year. A copy of the Code is available on the Financial Reporting Council's website www.frc.org.uk

The Board

Role

The Board has a collective responsibility for promoting the long term success of the Company in a safe and sustainable manner in order to create shareholder value. The Board provides leadership and sets the Company's strategic long-term objectives.

Its duties are set out in a formal schedule of matters specifically reserved for decision by the Board, which include:

- Overall management of the Group, its strategy and long-term objectives;
- Approval of corporate plans;
- Approval of all material corporate transactions;
- Changes to the Group's capital structure;
- Approval of the Group's treasury policy;
- Approval of the Group's interim and annual results, dividend policy and shareholder distributions;
- Reviewing the Group's risks and system of internal control;
- Changes to the Board and other senior executive roles;
- Corporate Governance arrangements and the Board evaluation; and
- Approval of policies in key areas including Sustainability, Health & Safety and Business Ethics.

Composition, Diversity and Independence

At the date of this report the Board comprises thirteen Directors: the Chairman, five Executive Directors and seven independent Non-executive Directors. The biographies of these directors are set out on pages 58 and 59.

The Board has evolved over recent years to put in place the succession planning that all successful organisations require and the composition of the Board continues to be reviewed on a regular basis to ensure that an appropriate balance of skills is maintained. The Board has chosen not to set specific representation targets for women at Board level at this time. However, it recognises that the benefits of diversity, including gender diversity, will continue to be an active consideration when further changes to the Board's composition are considered.

The Board considers that all of the current Non-executive Directors were independent throughout the year. At the Annual General Meeting on 1 September 2014, David Howell stepped down after ten years on the Board. The Non-executive Directors, led by the Senior Independent Director Sir John Armitt, have the skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

During the year, the Company dismissed its previous Finance Director, Mr Nicolas Simpkin, who left the Board on 8 September 2014 and is currently on full paid garden leave until 23 September 2015.

Richard Stearn was appointed as an Executive Director, and re-joined the Company on 13 April 2015 in the role of Group Finance Director, having previously held the position of Group Financial Controller from 2002 to 2011. In the intervening period between the departure of Nicolas Simpkin and the appointment of Richard Stearn, the financial function of Berkeley was managed by Rob Perrins, the Group Managing Director and previously the Group Finance Director, supported by Ben Marks, the Group Financial Controller.

The Group Executive Directors do not hold any Non-executive Director appointments or commitments required to be disclosed under the Code.

Chairman and Managing Director

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.

Meetings

The Board met five times during 2014/15 and there were no absences.

In addition to the above formal meetings of the whole Board, the Non-executive Directors meet with the Group Chairman. 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.

Election and re-election of 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 addition, all Directors are subject to election by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years.

However, in accordance with the requirements of the Code, all Directors offer themselves for re-election at the Annual General Meeting on 8 September 2015.

Induction and development

On appointment, Non-executive Directors are provided with a detailed induction programme. This covers an overview of the Group's operations and its policies, corporate responsibility and corporate affairs issues, legal matters, and the opportunity to meet with Directors and key staff and to visit the Group's sites.

No training needs were identified this year, although ongoing training is available to all Directors to meet their individual needs. Board members also receive guidance on regulatory matters and the corporate governance framework that the Group operates under.

Members of the Audit and Remuneration Committees received briefings from our auditors and remuneration advisers respectively to ensure they remain up to date with current regulations and developments.

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.

Board evaluation

The Code requires that the Board undertakes an annual evaluation of its own performance and that of its committees and individual directors with an externally facilitated evaluation conducted at least every three years. The Board evaluation for 2015 was, in accordance with Code Provision B.6.2, externally facilitated, carried out by Clare Howard Consultancies, who have no other connection with the Company. The Board evaluation covered:

- Strategic matters
- Board structure, committees and their operation
- Succession planning
- Induction and development
- Assessment of the performance of individual committees and the Chairman
- Shareholder communication

The unanimous outcome of the review was that the Board works very well and that all the Directors are passionate about the business, and that they enjoy their role on the Board.

The Board has a pivotal role in preserving the organisation's culture and ultimately its success. In line with all successful organisations, succession planning is seen as a key focus for the Company and the Board continues to evolve to address this issue. The autonomous structure of the Group also provides strength in depth which further mitigates this risk.

An action plan has been agreed by the Board to address the recommendations made from the review.

Conflicts of interset

In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The decision to authorise a conflict of interest can only be made by non-conflicted Directors (those who have no interest in the matter being considered) and in making such a decision the Directors must act in a way they consider in good faith will be most likely to promote the Company's success.

The Company has established a procedure whereby actual and potential conflicts of interest of current and proposed roles to be undertaken by Directors of the Board with other organisations are regularly reviewed in respect of both the nature of those roles, and their time commitment, and for proper authorisation to be sought prior to the appointment of any new director. The Board consider these procedures to be working effectively.

Insurance

The Company had in place at 30 April 2015 an appropriate policy which insures Directors against certain liabilities, including legal costs, which they may incur in carrying out their duties. This remains in place.

Board committees

The Board has delegated certain matters to individual Executives and to the specific committees of the Board; audit, remuneration and nomination. The main three Board Committees operate within clearly defined Terms of Reference pursuant to the provisions of the 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.

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 Managing Director, Rob Perrins, chairs this Committee and other members comprise, Tony Pidgley, Richard Stearn, Karl Whiteman, Sean Ellis and Greg Fry alongside other senior management.

Audit committee

The Audit Committee is responsible for monitoring and reviewing the financial reporting and accounting policies of the Company, reviewing the adequacy of internal controls and the activities of the Group's internal audit function and overseeing the relationship with the external auditor. The Audit Committee comprises four independent Non-executive Directors. The Committee is chaired by Andy Myers and the other members at 30 April 2015 were Alison Nimmo, Glyn Barker and Veronica Wadley.

Andy Myers and Glyn Barker are all considered to have recent and relevant experience. Andy Myers is qualified as a chartered accountant and is currently Chief Financial Officer at McLaren Group Limited and Glyn Barker is also qualified as a chartered accountant, having previously held a number of senior posts within PwC including Managing Partner and Head of Assurance.

The Committee met formally on three occasions during the year to 30 April 2015 with no absences, with the exception of one meeting in March 2015 from which Veronica Wadley was absent.

An explanation of the role and activities of the Audit committee during the year is contained in the Audit Committee report on pages 64 and 65.

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.

At 30 April 2015, the Committee comprised Glyn Barker, Sir John Armitt and Andy Myers who are independent Non-executive Directors. The Committee was chaired by Glyn Barker.

The Committee met formally on three occasions during the year to April 2015 with no absences.

No Director is involved in deciding his or her remuneration. The Executive Directors decide the remuneration of the Non-executive Directors and the Committee takes into consideration the recommendations of the Group Managing Director and Group Finance Director regarding the remuneration of their Executive colleagues.

The principles and details of Directors' remuneration are contained in the Directors' Remuneration Report on pages 66 to 83.

Nomination committee

The Nomination Committee ensures that the membership and composition of the Board, including the balance of

Corporate Governance Report
continued

skills, is appropriate, as well as giving full consideration to succession planning on a regular basis.

The Committee is chaired by the Group Chairman, Tony Pidgley, and the Independent Non-executive members at 30 April 2015 were Sir John Armitt and Veronica Wadley.

The Committee met formally on two occasions during the year to 30 April 2015 with no absences.

During the year, the activities of the Committee included considering and making recommendations to the Board regarding the membership of the Board committees and reviewing succession plans for the Executive team.

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

Key risks and internal control

The Board acknowledges that it has overall responsibility for ensuring that the Group's system of internal control comply with the UK Corporate Governance Code 2012 and for reviewing its effectiveness, at least annually.

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.

There are ongoing processes and procedures for identifying, evaluating and managing the significant risks faced by the Group. These processes and procedures were in place from the start of the financial year to the date on which the 2015 Annual Report and Accounts were approved and accord with the Turnbull guidance issued in 2005.

The processes are regularly reviewed by the Board and include an annual review by the Directors of the operation and effectiveness of the system of internal control as part of its year end procedures. The key features of the system of internal control include:

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 the review of risk and performance occurs at multiple levels throughout the operating companies, divisions and at 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 risks include health and safety, sales, production (build cost and programme), land and planning, economic, regulatory and site specific matters.

In addition, there is a formalised process whereby each division produces quarterly risks 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.

A Group Risk Management Report is presented at each Group Main Board Meeting, setting out the current factors affecting the risk profile of the Group, the mitigation of these risks and the key changes to this risk profile since the last report.

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 is prepared. The results of all operating units are reported monthly and compared to budget and forecast.

There is a consolidation process in place which ensures that there is an audit trail between the Group's financial reporting system and the Group's statutory financial statements.

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.

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

Strong central functions, including Legal, 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.

Internal audit

Internal auditors are in place at divisional and Group level 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, staff and external stakeholders can report in confidence any concerns they may have of malpractice, financial irregularity, breaches of any Group procedures, or other matters. The policy is available to view on the Group's website.

Bribery act

The Board has responsibility for complying with the requirements of the Bribery Act 2010 and is charged with overseeing the development and implementation of the Group's policies and procedures and monitoring ongoing compliance.

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 and Interim Management Statements. 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 ("AGM") 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.

In accordance with the Code, 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 AGM.

The Company complies with the provisions of the Code relating to the disclosure of proxy votes, which, including abstentions, are declared at the AGM 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 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 AGM and during normal business hours at the Company's registered office.

Audit Committee Report

The Board of Directors presents its Audit Committee Report for the year ended 30 April 2015 which has been prepared on the recommendation of the Audit Committee ("the Committee").

The report has been prepared in accordance with the requirements of the UK Corporate Governance Code, Schedule 8 of the Large & Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, and the Listing Rules of the Financial Conduct Authority.

Details of the composition, experience and the number of meetings of the Committee are reported on page 61 of the Corporate Governance Report.

Role and responsibilities of the Audit committee

The Committee has formal Terms of Reference which set out its role and the authority delegated to it by the Board. The key responsibilities of the Committee are as follows:

- **Financial Reporting**
  Monitoring the integrity of the financial reporting of the Company and reviewing significant financial reporting issues and accounting policies;

- **Internal Control and Internal Audit**
  Reviewing the adequacy and effectiveness of the Group's internal control and risk management systems and monitoring the effectiveness of the Group's internal audit function; and

- **External Audit**
  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.

This report considers each of these responsibilities in turn, and how the Committee has discharged them during the year.

Financial reporting

At each of the Audit Committee meetings, the Group Managing Director and/or the Group Finance Director presented, and the Committee debated, the results and business plan of the Group and any significant financial reporting judgements relevant to this.

The Committee reviewed, prior to their publication, the financial disclosures in the Group's Annual Report and Accounts, Preliminary Announcement, Interim Report and the contents of interim management statements issued during the year. The Committee's review incorporated consideration of the appropriateness of the relevant accounting policies and financial reporting judgements adopted therein.

The Committee's review of the Annual Report concentrated on whether, taken as a whole, it was fair, balanced and understandable and provided the information necessary for users of the Annual Report to assess the Group's business strategy and performance.

The views of the Group's auditor, which was in attendance at each meeting of the Committee during the year, were taken into account in reaching its conclusions on these matters.

The significant matters considered by the Committee in 2015 included:

- **Carrying value of inventories and margin recognition**
  Inventories comprise land not under development, work in progress and completed units, which are held in the balance sheet at the lower of cost and net realisable value. This demands a periodic assessment by the management team of each of Berkeley's sites which is sensitive to assumptions in terms of future sales prices and construction costs and recognises the inherently cyclical nature of the property market and the risks of delivery. These assumptions are also relevant to the determination of profit recognised on properties sold. The conclusions of this assessment were reported by exception to the Committee in a financial overview paper prior to release of the Group's annual and interim results.

- **Provisions**
  The Committee recognises that accounting for provisions relies on management judgement in estimating the quantum and timing of outflows of resources to settle any associated legal or constructive obligations. The Group holds provisions for post-completion development obligations, onerous lease, estate liabilities and other litigation. The basis for determining these provisions was presented to the Committee for their consideration. The Committee reviewed the relevant papers and discussed the assumptions underlying this determination with management and the Group's external auditor and concluded that it was satisfied that the assumptions adopted were appropriate. A table of movements in provisions over the period is included in note 18 to the financial statements.

- **Revenue recognition**
  The Committee recognises that the Group's accounting policy for revenue recognition, namely that properties are treated as sold and profits are recognised when contracts are exchanged and building work is physically complete, involves an element of judgement in determining the point at which building work is physically complete. The Committee reviewed the quantum of properties not yet legally completed at each balance sheet date in conjunction with the review undertaken by the Group's external auditor and concluded that the judgements were appropriate.

- **Share-based payments**
  The Committee recognises that accounting for share-based payments represents a complex accounting area and particularly so in a year in which there was a modification in the method of settlement. The Committee reviewed the impact of this modification in conjunction with the external auditor's assessment and concluded that the judgement and application were appropriate.

- **Compliance with laws and regulations**
  The Committee recognises that the Company is subject to laws and regulations across a number of areas including, but not limited to, anti-bribery, anti-money laundering and sanctions checking. The Committee considered the Group's approach to reviewing and updating its policies with respect to compliance with laws and regulations. In performing this review, it considered relevant legal matters. The Committee was satisfied that there were no material instances of non-compliance.

Other matters considered by the Committee included management's assessment of the going concern status of the Group at the balance sheet date. The Committee concurred with management's adopted approach on all of these matters.

Since the year end, the Committee has completed its review of the 2015 Annual Report and has confirmed to the Board that it considers it to be fair, balanced and understandable.

Internal control and internal audit

The Committee undertook its annual review of the Group's Internal Control Framework during the year. This review focused on the system of risk management and internal control in place which is explained in more detail on page 62 of the Corporate Governance Report, and covered:

- the key risks facing the Group;
- the key elements of the Group's control processes to mitigate these risks;
- the operations and effectiveness of internal audit.

A paper was also presented to the Committee which summarised the Group's consideration, controls and monitoring of fraud risk across its activities.

The Committee also considered any internal control recommendations raised by the Group's auditors during the course of the external audit and the company's response to dealing with such recommendations.

A report summarising the recent activities of the Internal Audit function within Berkeley was presented to each of the Committee meetings during the year. These reports covered:

- a summary of the key findings arising from the most recent formal internal audits undertaken;
- management responses to any control weaknesses identified, the closure of any open items and any recurring themes;
- the outcome of other operational review work undertaken by the internal audit function;
- the internal audit plan for the coming year, for debate with and the approval of the Committee.

The Committee was satisfied that the scope, extent and effectiveness of the Internal Audit function are appropriate for the Group.

External audit

Following a competitive tender process for the audit of the Company and its subsidiaries undertaken in the year ended 30 April 2014, KPMG LLP ("KPMG") was identified to replace PricewaterhouseCoopers LLP as the Company's auditor and consequently was appointed to fill a casual vacancy in accordance with the Companies Act 2006. The appointment of KPMG was approved at the 2014 Annual General Meeting.

Approach

KPMG presented its audit strategy to the Audit Committee meeting during the year. The strategy document identified its assessment of the key risks of the business for the purpose of the audit, the scope of their work and updated the Committee on regulatory changes for the current year.

KPMG reported to the Committee at the year end, prior to the public announcement of the Company's results, in which it set out its assessment of the Company's judgements and estimates in respect of these risks and any other findings arising from its work.

The external auditors have open recourse to the Non-executive Directors should they consider it necessary. There is private dialogue between the Chairman of the Audit Committee and the external auditors prior to each Audit Committee meeting and, after each meeting, the opportunity for the Committee to meet with the external auditors without the Executive Directors and management present.

Independence of the external auditors

As part of its audit strategy presentation, and through the audit tender process, KPMG identified the safeguards in place within its internal processes and procedures to protect, in respect of its own role, the independence of its audit.

The Committee has a policy on the use of the auditors for non-audit services in order to safeguard auditor independence and the ratio of audit fees (including the fees for the Interim Review) to non-audit fees should be no greater than 1:1. The ratio for the year ended 30 April 2015 was within the limits of this ratio. Audit and non-audit fee disclosures are set out in Note 5 of the Consolidated Financial Statements.

Any departure from this ratio will only be as a consequence of transactional work, where the Committee considers it is right for the auditors to undertake such work where the reasons for doing so are compelling, such as where:

i) it is proprietary to them;

ii) they have pre-existing knowledge and experience that precludes the use of alternative firms;

iii) the nature of the transaction is such that the Group's auditors are the only practical solution.

Non-audit work carried out by all accounting firms, including the auditors, is formally reported to the Audit Committee at each meeting. There is open dialogue between KPMG and the Company's senior finance team to monitor any proposed new instructions.

The Committee has concluded that it is comfortable that the auditors are independent.

Appointment of KPMG

On completion of the audit, the Committee reviewed the performance and effectiveness of KPMG with feedback from executive management. The Committee has resolved to propose KPMG's appointment at the 2015 Annual General Meeting.

The Committee remains mindful of evolving best practice under the UK Corporate Governance Code 2012, and will monitor the proposals of the Financial Reporting Council and the European Union in determining its future approach to re-tendering the external audit appointment.

A Myers
Chairman, audit committee
30 June 2015

Directors' Remuneration Report

Annual statement from Chairman of Remuneration Committee

Dear Shareholder

This Remuneration Report is split into two parts:

- **Our Remuneration at a Glance** sets out a summary of Berkeley's Directors' Remuneration policy and the key remuneration decisions made by the Committee for the financial year ending 30 April 2015.
- The **Annual Report on Remuneration** sets out payments and awards made to the Directors and details the link between Company performance and remuneration for the 2014/15 financial year.

The Annual Report on Remuneration together with this letter is subject to an advisory shareholder vote at the AGM in September 2015. The sections of this report that have been subject to audit are labelled accordingly.

In line with the The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Directors' Remuneration Policy has not been presented in this report given that the Policy was approved at last year's AGM on 1 September 2014 and it is not intended to move a similar resolution again at the 2015 AGM. The Directors' Remuneration Policy is available to view in full on the Company's website at www.berkeleygroup.co.uk/investor-information/corporate-governance.

Corporate Performance

Berkeley has delivered strong performance and growth during 2014/15, with the key highlights being:

- Adjusted* pre-tax return on shareholders' equity of 29.5% (2014: 27.5%).
- Dividends paid to shareholders of £243 million (2014: £195 million).
- Future anticipated gross margin in the land bank up 16.8% to £5,272 million (2014: £4,514 million).
- Adjusted* earnings per share increased by 18.8% to 263.6 pence (2014: 221.8 pence).
- Net asset value per share increased by 12.5% to 1,199.3 pence (2014: 1,065.6 pence).

The results continue to underline the Group's strategy of balancing earnings in the near term and creating a sustainable business, delivering value to shareholders over the long term.

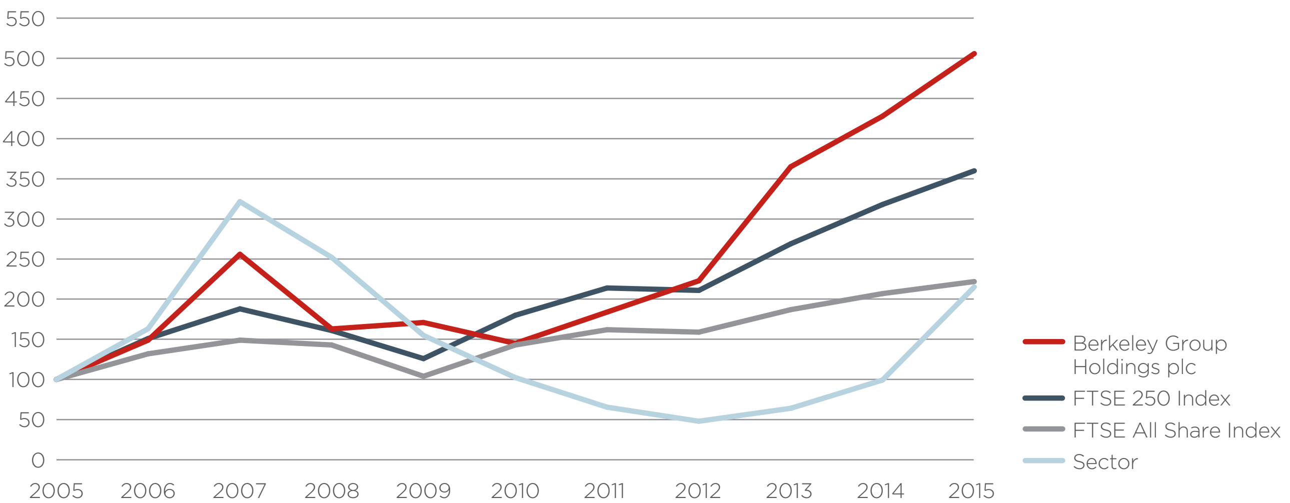
Berkeley's Return on Equity compared with the sector over the last seven years illustrates the relative performance of the Company:

	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Berkeley	16.2%	13.3%	15.3%	21.2%	22.4%	27.5%	29.5%*
Sector highest	16.2%	13.3%	15.3%	21.2%	22.4%	27.5%	29.5%
Sector lowest	(73.4%)	(44.2%)	(6.2%)	(0.4%)	3.4%	3.5%	12.2%
Sector average (excluding Berkeley)	**(26.0%)**	**(18.1%)**	**1.0%**	**4.8%**	**8.5%**	**11.4%**	**18.2%**

* Adjusted figures exclude gross margin from the sale of ground rents

Berkeley's total shareholder return, when compared to the companies in the sector and also the FTSE 250 and FTSE All Share indices, illustrates the value delivered to shareholders over the long term.

Total shareholder return from 30 April 2005 (%)



Berkeley's remuneration policy aims to encourage, reward and retain the Executives and ensure that their actions are aligned with the Company's strategy. In particular, the emphasis on performance related pay aligns the Executives with the performance of the business which is coupled with long term incentives that lock in the Executive team for up to 10 years which is far longer than is typical in most publicly listed companies.

Incentive Outcomes in 2014/15

The key incentive outcomes from the performance this year are:

- A W Pidgley, R C Perrins, G J Fry, K Whiteman and S Ellis earned 100% of the maximum annual contribution under the Bonus Plan;
- 50% of the 2009 LTIP Part B awards vested during the year. The exercise of these awards resulted in a significant increase in shareholding for A W Pidgley, R C Perrins, G J Fry, K Whiteman and S Ellis.

Operation of Policy in 2015/16

There are no material changes to the operation of the policy for 2015/16.

The Executive Directors have received salary increases for 2015/16 of approximately 3%, compared to average salary increases across the Group of 5.2%.

In addition 2015/16 will be the first year of operation of the new Bonus Plan which formed part of the Directors' Remuneration Policy approved last year at the AGM on 1 September 2014.

The Committee is comfortable that its Directors' Remuneration Policy is in line with the new UK Corporate Governance Code (applying for financial years beginning on or after 1 October 2014). We provide further details on page 72.

In conclusion

The Directors' Remuneration Policy was subject to a binding vote at the AGM in September 2014, and will last for a period of three years from that date or until another Policy is approved in a general meeting. The Annual Report on Remuneration together with this letter will be subject to an advisory shareholder vote at the forthcoming AGM in September 2015.

Details of voting at last year's Annual General Meeting, where 95.88% and 91.61% of those voting supported the resolutions to approve the Directors' Remuneration Policy and the Annual Report on Remuneration respectively, are set out on page 83 of this report.

I look forward to receiving your support for the resolution seeking approval of the Annual Report on Remuneration at our forthcoming AGM.

Glyn Barker
Chairman, Remuneration Committee

Directors' Remuneration Report

continued

Our remuneration at a glance

Ahead of the detail behind payments for 2014/15, I would like to take this opportunity to outline the Committee's policy, key decisions and performance outcomes during the past year.

Summary of Directors' Remuneration Policy

Element	Policy summary description	Maximum opportunity
Executive Directors		
Base salary	Core element of remuneration, set at a level which is sufficiently competitive to recruit and retain Executive Directors of the appropriate calibre and experience to achieve the Company's business strategy. In setting levels of base salary, the Committee takes into account the following factors: • 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; • The performance of the individual Executive Director and the Group; • Pay and conditions throughout the Group.	Where an Executive is extremely experienced and has a long-track record of proven performance salaries may be in the upper decile when compared to companies of broadly comparable size and complexity – in particular those within the comparator group and those in the FTSE 250. In general salary rises will be limited to the level provided to employees of the Company as a whole.
Pension and benefits	The Company's policy is either to provide a contribution to a pension arrangement or provide payments in lieu of pension. Other benefits are provided to the Executive Directors including a fully expensed company car or cash allowance alternative, medical insurance and other benefits may be provided from time to time.	The maximum contribution or payment in lieu is 25% of salary. Levels of benefits are defined by market rates.
Annual bonus This summary relates to the new six-year Bonus Plan approved by shareholders at the 2014 AGM.	The Bonus Plan aligns rewards to the key objectives linked to short to medium term performance whilst ensuring that there is a balance between incentivising the Executive Directors, providing a sustainable ongoing level of return to shareholders and ensuring the long term sustainability of the Company. Under the Bonus Plan awards are earned annually over a six year plan period, subject to stretching Group and Divisional performance targets. 50% of a participants plan account will be paid out annually for the first five years with 100% of the balance paid at the end of the sixth plan year.	300% of salary.
Long term Incentives	No plan available for new grants during the three year Policy Period unless, on recruitment, where a new Executive Director may be eligible to participate in the 2011 LTIP and also provided the total number of awards granted to all participants do not exceed the limits agreed with shareholders at the 2011 AGM.	
Shareholding requirement	The Committee operates a system of shareholder guidelines to encourage long-term share ownership by the Executive Directors. This should be achieved within five years of appointment for Executive Directors.	400% of base salary for the Group Chairman, 200% of base salary for other Executive Directors.
Non-executive Directors		
Fees	Each Non-executive Director receives a fee which relates to membership of the Board and additional fees are paid for Committee Chairmanship.	In setting fees, the Board looks at the upper quartile fee levels of companies of broadly similar size and complexity – in particular those within the comparator group and those in the FTSE 250. In general fee rises will be limited to the level provided to employees of the Company as a whole.

The Directors' Remuneration Policy is available to view in full on the Company's website at www.berkeleygroup.co.uk/investor-information/corporate-governance.

How have we performed against our 2014/15 Bonus Plan objectives?

The following table sets out the various performance metrics targeted by the Bonus Plan and how the Company has performed against these metrics in respect of 2014/15. It should be noted that this is the last year of the operation of the five-year Bonus Plan that has been in operation since the start of the 2010/11 financial year.

Bonus Plan performance conditions		Targets set at the start of the year	Actual performance outcome	Percentage of bonus element earned following assessment against the performance targets
Group performance condition - 100% weighting for the Group Executives, 50% weighting for Divisional Directors	Return on Equity	ROE of 25% (maximum target)	29.5% ROE[1]	100%
	Land Bank Growth	Land Bank Growth of 5% (maximum target)	16.8% Land Bank Growth	
Divisional PBT performance condition for the Divisional Directors - 50% weighting for Divisional Directors	Divisional PBT targets	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. Disclosure of PBT targets are considered to be commercially sensitive as the disclosure of such details could be detrimental to the Company's future strategic plans.	100% of Divisional PBT target achieved[2]	100%

Notes

1. Adjusted Return on Equity excludes gross margin from the sale of ground rents.
2. Divisional PBT performance condition for the Divisional Directors – the percentage achievement of target is shown as the average performance for each Division.

The Committee is satisfied that there is strong alignment between Company performance and the remuneration of the Executive Directors. As a result of strong performance during the year, the Committee determined that the Executive Directors would receive bonus payments equal to 100% of their maximum bonus potential as set at the start of the year. N G Simpkin was not entitled to receive a bonus for the year ending 30 April 2015.

Further details are set out in the Annual Report on Remuneration on pages 74 to 76.

Other remuneration outcomes during the year

50% of the awards granted under the 2009 LTIP Part B vested on 15 April 2015. These awards vested following the achievement of the Net Assets per share performance condition underpin of £9.00. Actual Net Assets per share were £11.97 as at April 2015.

Shareholder approval was received at the 2011 AGM to amend the rules of the 2009 LTIP Part B so that the terms of existing options granted can be adjusted in the event of the payment of a cash dividend or dividend in specie. The exercise price of the 2009 LTIP Part B awards at the date of vesting was £4.96 following £3.44 of dividends being paid during the vesting period. Full details are disclosed on page 77.

New appointment during the year

R J Stearn was appointed Group Finance Director on 13 April 2015. In line with our recruitment remuneration policy R J Stearn's remuneration package is made up of:

- Base salary equal to £350,000 per annum from the date of appointment.
- Standard benefits package and a pension contribution of 15% of salary.
- Maximum bonus opportunity of 200% of salary for the financial year ending 30 April 2016.
- A buy-out package for incentives foregone in respect of his role at Quintain Estates and Development plc, and awards under the 2011 LTIP. In line with the Company's recruitment policy, when determining the package the Committee considered the structure of Quintain's incentive arrangements, the proportion of the relevant performance periods completed, the associated performance conditions and the likelihood of vesting. Further details of the buy-out package granted on 13 April 2015 and awards to be granted under the 2011 LTIP can be found on page 78.

Directors' Remuneration Report
continued

Single total figure of Remuneration for Executive Directors for 2014/15
The table below summarises the 2014/15 single total figure of remuneration:

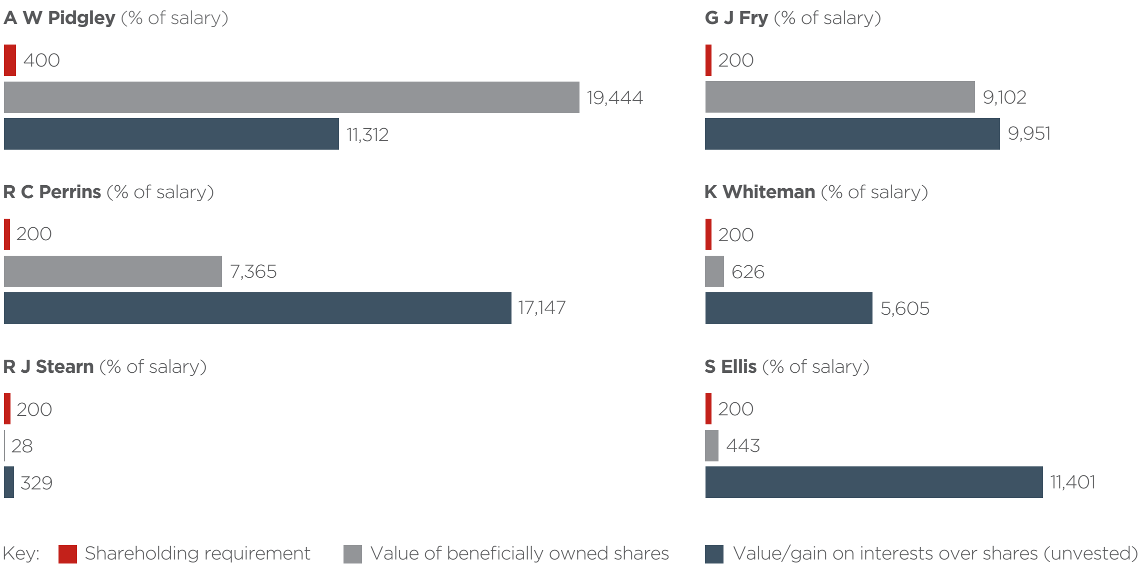
Executive Director £'000	Salary	Benefits	Annual bonus	Multi-year performance incentive[1]	Pensions	Other[2]	Total
A W Pidgley	825	48	2,475	19,808	140	–	23,296
R C Perrins	500	31	1,500	10,241	85	–	12,357
R J Stearn	19	1	–	–	3	1,609	1,632
N G Simpkin[3]	119	8	–	–	18	–	145
G J Fry	344	26	602	6,281	52	–	7,305
K Whiteman	324	30	567	3,427	49	–	4,397
S Ellis	324	20	713	2,646	49	–	3,752

Notes
1. 2014/15 Multi-year performance incentive – the amounts relate to awards that were released under the Bonus Plan and the 2009 Part B LTIP awards that vested in 2014/15.
2. Buy out compensation awarded on joining Berkeley on 13 April 2015 (cash payment and conditional shares granted on 13 April 2015).
3. Left the Board on 8 September 2014.

Total equity exposure at 30 April 2015
The following table and chart sets out all subsisting interests in the equity of the Company held by the Executive Directors at 30 April 2015:

		Scheme interests – Options and awards over shares			
		Option interests subject to conditions			
Executive Director	Shares	2009 LTIP Part B	2011 LTIP	Other share awards subject to conditions[1]	Total Interests held
A W Pidgley	6,368,153	750,000	5,000,000	–	5,750,000
R C Perrins	1,461,792	375,000	5,000,000	–	5,375,000
R J Stearn	3,867	–	–	45,672	45,672
G J Fry	1,243,056	250,000	1,866,503	–	2,116,503
K Whiteman	80,560	125,000	1,000,000	–	1,125,000
S Ellis	57,029	87,500	2,250,000	–	2,337,500

Notes
1. Buy out conditional shares awared on joining Berkeley on 13 April 2015.



Statement of implementation of remuneration policy in the following financial year

Executive Directors

The remuneration policy and its implementation for the forthcoming financial year is summarised below.

Salary: The salaries for 2015/16 are set out below:

Executive Director	2014/15 Salary £'000	2015/16 Salary £'000	% change	FTSE 250 - £'000		
				Lower Quartile	Median	Upper Quartile
A W Pidgley	825	850	3.0	459	524	607
R C Perrins	500	515	3.0	461	526	605
R J Stearn	350	350	–	307	344	399
G J Fry	344	355	3.2	295	340	390
K Whiteman	324	335	3.4	295	340	390
S Ellis	324	335	3.4	295	340	390

In reviewing the salaries of the Executive Directors for 2015/16, the Committee has also taken account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 5.2%.

Benefits and Pension: No changes are proposed benefits or pension in 2015/16.

Bonus Plan: The maximum bonus potentials for the year ending 30 April 2016 (first year of operation of the new Bonus Plan approved by shareholders at the 2014 AGM) are set out below:

Executive Director	A W Pidgley	R C Perrins	R J Stearn	G J Fry	K Whiteman	S Ellis
Maximum Bonus (% of salary)	300%	300%	200%	175%	200%	220%

The Committee has approved an increase in K Whiteman's maximum bonus potential for 2015/16, from 175% to 200%, reflecting his performance and contribution to the business.

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 conditions. 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 performance condition.

Group performance condition (year ending 30 April 2016)

Performance Requirement Matrix			Net Asset Value Growth						
			<0%	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%
			0.0%	50.0%	60%	70.0%	80.0%	90.0%	100.0%
Return on Equity	<20.0%	0%	Bonus Plan Deduction	0%	0%	0%	0%	0%	0%
	20.0%	50%	0%	25%	30%	35%	40%	45%	50%
	21.0%	60%	0%	30%	36%	42%	48%	54%	60%
	22.0%	70%	0%	35%	42%	49%	56%	63%	70%
	23.0%	80%	0%	40%	48%	56%	64%	72%	80%
	24.0%	90%	0%	45%	54%	63%	72%	81%	90%
	25.0%	100%	0%	50%	60%	70%	80%	90%	100%

Divisional performance condition (year ending 30 April 2016)

The Divisional performance targets are set at the beginning of the financial year, based upon the business plan, including PBT targets of the relevant division, at a level which is challenging taking into account the potential level of bonus payments, the market, development availability and other relevant issues. It is the view of the Committee that the disclosure of these targets in advance would provide the Company's competitors with an unfair advantage. However the Committee may in the future provide retrospective disclosure to allow shareholders to judge the level of bonus actually earned against the relevant Division's performance.

Long-term incentives: No changes are proposed to the Company's long-term incentive arrangements in 2015/16.

Directors' Remuneration Report

continued

Impact of the new UK Corporate Governance Code

The Committee is comfortable that its Policy is in line with the new UK Corporate Governance Code (applying for financial years beginning on or after 1 October 2014 which the Company will apply with effect from the year ending 30 April 2016). The following table sets out the key elements of the revised Code and how the Company's remuneration policy for Executive Directors is in line with the Governance Code:

Code Provision	Company Remuneration Policy
Executive Directors' remuneration should be designed to promote the long-term success of the Company.	The 2014 Bonus Plan provides a rolling deferral in shares and an ongoing performance based risk adjustment. In addition, the end of the rolling deferral period is 6 years. The 2011 LTIP performance period does not finish until 2021 providing a very long-term equity based incentive plan. It is the Committee's view that the 2014 Bonus Plan and 2011 LTIP together provide a holistic approach to ensuring Executive Directors are focused on the long-term success of the Company.
Incentive Schemes should include provisions that would enable the company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so.	The 2014 Bonus Plan and new grants* under the 2011 LTIP include best practice malus and clawback provisions. The circumstances in which malus and clawback could apply are as follows: • discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company; • the assessment of any performance target or condition in respect of an award was based on error, or inaccurate or misleading information; • the discovery that any information used to determine the number of shares subject to an award was based on error, or inaccurate or misleading information; • action or conduct of an award holder which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct; • events or behaviour of an award holder have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Company provided that the Board is satisfied that the relevant award holder was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him. The 2014 Bonus Plan has a malus period finishing on the date of each payment under the Plan with a clawback period extending for a further three years following each payment. The 2011 LTIP* has a malus period extending to the end of the Plan period in 2021 with a clawback period extending for a further two years. The Committee believes that the rules of the Plans provide sufficient powers to enforce malus and clawback if required. * The new malus and clawback provisions in the 2011 LTIP will only apply to grants where the grant or the commitment to make the grant is made after the Committee determined to amend the rules of the 2011 LTIP on 15 June 2015.
For share-based remuneration, the Remuneration Committee should consider requiring directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise, including for a period after leaving the company, subject to the need to finance any costs of acquisition and associated tax liabilities.	The policy contains the following relevant features: • Minimum shareholding requirement of 200% of salary for Executive Directors with the Executive Chairman having a 400% of salary requirement; • The Committee believes that the long-term nature of both the 2014 Bonus Plan (6 years) and 2011 LTIP (10 years) means that there is no requirement for additional holding periods. The Committee, therefore, believes that its Policy is in line with best practice.

Non-executive Directors

The following table sets out the fee rates for the Non-executive Directors in the year ended 30 April 2015 and those rates which will apply in the year ending 30 April 2016:

Non-executive Director	2014/15 £'000	2015/16 £'000	% change
Deputy Chairman and SID fees	106.0	109.25	3.1
Basic Fee	58.5	60.25	3.0
Additional fee for chairmanship of Audit and Remuneration Committee	12.5	12.5	–

In reviewing the fees of the Non-executive Directors for 2015/16, the Committee has also taken account of the employment conditions and salary increases awarded to employees throughout the Group, which were on average 5.2%.

Annual report on remuneration

This section of the Remuneration Report contains details of how the Company's 2014/15 remuneration policy for Directors was implemented during the financial year that ended on 30 April 2015. An advisory resolution to approve this report will be put to shareholders at the AGM.

Single total figure of remuneration (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the 2014/15 financial year. Comparative figures for 2013/14 have also been provided.

Executive Director (£'000)	Salary		Benefits(1)		Annual bonus		Multi-year performance incentive		Pensions		Other(4)		Total	
	2015	2014	2015	2014	2015	2014	2015(2)	2014(3)	2015	2014	2015	2014	2015	2014
A W Pidgley	**825**	800	**48**	47	**2,475**	1,200	**19,808**	1,574	**140**	136	–	–	**23,296**	3,757
R C Perrins	**500**	484	**31**	32	**1,500**	726	**10,241**	947	**85**	82	–	–	**12,357**	2,271
R J Stearn	**19**	–	**1**	–	–	–	–	–	**3**	–	**1,609**	–	**1,632**	–
N G Simpkin(5)	**119**	321	**8**	23	–	353	–	424	**18**	48	–	–	**145**	1,169
G J Fry	**344**	334	**26**	28	**602**	292	**6,281**	359	**52**	50	–	–	**7,305**	1,063
K Whiteman	**324**	314	**30**	24	**567**	275	**3,427**	294	**49**	47	–	–	**4,397**	954
S Ellis	**324**	314	**20**	27	**713**	275	**2,646**	333	**49**	47	–	–	**3,752**	996

Notes

1. Benefits include a fully expensed company car or cash allowance alternative and medical insurance.
2. 2014/15 Multi-year performance incentive – the amounts relate to awards that were released under the Bonus Plan and the 2009 Part B LTIP awards that vested in 2014/15.
3. 2013/14 Multi-year performance incentive – the amounts relate to awards that were released under the Bonus Plan.
4. Other – this represents buy out compensation awarded to R J Stearn on joining Berkeley on 13 April 2015 (cash payment and conditional shares granted on 13 April 2015) – see page 78 for details.
5. Left the Board on 8 September 2014.

Directors' Remuneration Report

continued

The table below sets out the single total figure of remuneration and breakdown for each Non-executive Director.

Non-Executive Director (£'000)	Basic fees		Additional fees[3]		Total fees	
	2015	2014	2015	2014	2015	2014
J Armitt	**106.0**	103.0	**–**	–	**106.0**	103.0
D Howell [1]	**19.8**	56.5	**4.2**	12.5	**24.0**	69.0
A Nimmo	**58.5**	56.5	**–**	–	**58.5**	56.5
G Barker	**58.5**	56.5	**12.5**	12.5	**71.0**	69.0
V Wadley	**58.5**	56.5	**–**	–	**58.5**	56.5
A Li	**58.5**	38.0	**–**	–	**58.5**	38.0
A Myers	**58.5**	23.0	**8.3**	–	**66.8**	23.0
D Brightmore-Armour[2]	**58.5**	–	**–**	–	**58.5**	–

Notes
1. Resigned from the Board on 1 September 2014.
2. Appointed to the Board on 1 May 2014.
3. Additional fees represent fees paid for the role of Committee Chairmanship.
4. Non-executive Directors do not participate in any of the Company's incentive arrangements nor do they receive benefits.

Additional details in respect of single total figure table (Audited)

Taxable benefits

Taxable benefits comprise a fully expensed company car or cash allowance alternative and medical insurance.

Annual Bonus

In respect of the year under review, the Executive Directors' performance was carefully reviewed by the Committee and performance against the Bonus Plan targets is summarised below:

Executive Director	Maximum Annual Bonus	Weighting - % of maximum paid for Group Performance	Weighting - % of maximum paid for Divisional Performance	Annual Bonus Contribution to Plan Account for 2014/15 £'000	Annual Bonus Contribution to Plan Account for 2014/15 % of maximum
A W Pidgley	300%	100%	0%	2,475	100%
R C Perrins	300%	100%	0%	1,500	100%
G J Fry	175%	50%	50%	602	100%
K Whiteman	175%	50%	50%	567	100%
S Ellis	220%	50%	50%	713	100%

Notes
1. N G Simpkin was not entitled to receive a bonus for the year ended 30 April 2015.

Assessment of Group performance condition

The matrix of targets against which performance has been assessed for the year ended 30 April 2015 is set out below:

Performance Requirement Matrix			Land Bank Growth						
			<0%	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%
			0.0%	50.0%	60%	70.0%	80.0%	90.0%	100.0%
Return on Equity	<20.0%	0%	Bonus Plan Deduction	0%	0%	0%	0%	0%	0%
	20.0%	50%	0%	25%	30%	35%	40%	45%	50%
	21.0%	60%	0%	30%	36%	42%	48%	54%	60%
	22.0%	70%	0%	35%	42%	49%	56%	63%	70%
	23.0%	80%	0%	40%	48%	56%	64%	72%	80%
	24.0%	90%	0%	45%	54%	63%	72%	81%	90%
	25.0%	100%	0%	50%	60%	70%	80%	90%	100%

Notes

1. 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 that could be earned for 2014/15.
2. Straight line bonus vesting between points.
3. Return on Equity (ROE) is defined as profit before tax divided by average shareholders' funds.
4. Land Bank Growth is defined as the annual percentage increase in the development margin in the land bank.

Actual performance against the maximum targets for 2014/15 is set out below, along with the targets and actual performance for the preceding four years of the five year plan:

	Return on Equity		Land Bank Growth	
Bonus Plan year	Maximum Target	Actual	Maximum Target	Actual
2014/15	25.0%	29.5%*	5.0%	16.8%**
2013/14	20.0%	27.5%	5.0%	5.7%
2012/13	18.5%	22.4%	10.0%	10.5%
2011/12	16.5%	21.2%	8.0%	12.0%
2010/11	13.5%	15.3%	10.0%	13.1%

* Adjusted ROE for the year ended 30 April 2015 excludes gross margin from the sale of ground rents

** The land bank has been rebased to include the pipeline that was previously disclosed separately. Land bank growth, if calculated on a similar basis to last year, was 25.7%

For the 2014/15 financial year, the annual Bonus Plan contribution based on performance against the Group performance targets matrix equated to 100% of the maximum annual bonus subject to this condition.

Assessment of Divisional PBT performance condition

Division	Percentage of bonus element paid for threshold performance	Percentage of bonus element paid for maximum performance	Level of actual performance as a percentage of the maximum performance target	Percentage of bonus element earned following assessment against the performance target
St George	0%	100%	100%	100%
Berkeley Homes East Thames	0%	100%	100%	100%
St James Group	0%	100%	100%	100%

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. Disclosure of PBT targets are considered to be commercially sensitive as the disclosure of such details could be detrimental to the Company's future strategic plans.

Directors' Remuneration Report
continued

For the 2014/15 financial year, the annual Bonus Plan contribution based on performance against the Divisional PBT targets equated to 100% of maximum annual bonus subject to this condition.

The Committee exercised no discretion in determining incentive outcomes for the year ended 30 April 2015.

Bonus earned but deferred under the Bonus Plan
Under the Bonus Plan, the earned bonus for the year is added to each individual Director's plan account. On the basis that this is the final year of the 2011 Bonus Plan, in line with the Plan rules, 100% of the balance of the plan account at the end of the financial year is released.

The plan account for each Executive Director is set out below.

Executive Director	a. Plan account brought forward	b. Plan account brought forward[1]	c. Contribution into plan account for the financial year 2014/15	d. Plan account balance following contribution for financial year 2014/15	e. Amount released following contribution for financial year 2014/15[3]	f. Amount released - annual bonus (100% of column c)	g. Amount released - Multi-year (column e less column f)	h. Plan account carried forward
	Shares	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A W Pidgley	120,912	3,263	2,475	5,738	5,738	2,475	3,263	–
R C Perrins	72,948	1,969	1,500	3,469	3,469	1,500	1,969	–
G J Fry	28,398	766	602	1,368	1,368	602	766	–
K Whiteman	24,801	669	567	1,236	1,236	567	669	–
S Ellis	26,505	715	713	1,428	1,428	713	715	–
Total	**273,564**	**7,382**	**5,857**	**13,239**	**13,239**	**5,857**	**7,382**	**–**

Notes
1. Converted at a share price of £25.19 at 30 April 2015 plus £0.90 dividend paid 26 September 2014 plus £0.90 dividend paid 23 January 2015.
2. N G Simpkin was not entitled to receive a bonus for the year ended 30 April 2015. The balance of his plan account brought forward from the year ended 30 April 2014 (£777,000) lapsed following notice of termination of employment.
3. 50% of the amount released following the contribution for the financial year 2014/15 is payable in cash, and 50% in shares, as set out in the table below. The shares released have been converted using a share price of £25.19 at 30 April 2015:

Executive Director	Amount released	Amount released in cash (50%)	Amount released in shares (50%)	Number of shares released
	£'000	£'000	£'000	Number
A W Pidgley	5,738	2,869	2,869	113,903
R C Perrins	3,469	1,734	1,734	68,854
G J Fry	1,368	684	684	27,163
K Whiteman	1,236	618	618	24,541
S Ellis	1,428	714	714	28,348
Total	**13,239**	**6,619**	**6,619**	**262,809**

Long-term incentives

50% of the Part B awards granted under the 2009 Long Term Incentive Plan vested on 15 April 2015. The table below sets out the numbers of awards that vested for each Executive Director participant and the achievement against the conditions required for vesting.

The table also sets out the remaining 50% of the 2009 LTIP Part B awards which will vest on the 15 April 2016 provided that the Executive remains in employment and the satisfaction of the Net Assets per share underpin condition is achieved at the vesting date (£9.00 at 15 April 2016). Should these awards vest, the value at vesting will be disclosed in the 2015/16 single total figure of remuneration.

Executive Director	Number of awards granted (50% of the 2009 LTIP Part B awards)(1)	Performance measures	Performance outcome	Percentage of awards vesting	Number of awards vesting (50% of the 2009 LTIP Part B awards)	Value of awards that vested on 15 April 2015 (£'000)(2)	Number of awards that will potentially vest on 15 April 2016 (50% of the 2009 LTIP Part B awards)(3)
A W Pidgley	750,000	Continued employment to the vesting date and the satisfaction of the underpin condition that Net Assets per share are at least £9.00 at 15 April 2015	Achieved – Net Assets per share of £11.97 at April 2015	100%	750,000	**16,545**	750,000
R C Perrins	375,000			100%	375,000	**8,273**	375,000
G J Fry	250,000			100%	250,000	**5,515**	250,000
K Whiteman	125,000			100%	125,000	**2,758**	125,000
S Ellis	87,500			100%	87,500	**1,930**	87,500

Notes

1. The original exercise price was adjusted from £8.40 to £4.96 to reflect the payment of dividends during the vesting period – as approved by shareholders at the 2011 AGM.
2. The value of awards at vesting is calculated using the closing middle market share price of £27.02 on 15 April 2015, the date the awards became exercisable, less the exercise price of £4.96 per share.
3. The value at vesting will be dependent upon the share price and exercise price at 15 April 2016.
4. N G Simpkin's 2009 LTIP Part B awards lapsed following notice of termination of employment.
5. The accounting for the 2009 B LTIP is disclosed in Note 6 to the financial statements.

The above participants exercised their vested awards on the 15 April 2015.

Total pension entitlements (Audited)

No Executive Directors participate in any defined benefit arrangements.

Sean Ellis and Richard Stearn are members of a defined contribution scheme. They received contributions equal to 15% of salary.

No amounts were paid into pension arrangements in respect of Tony Pidgley, Rob Perrins, Greg Fry and Karl Whiteman during the year ended 30 April 2015, who instead received payments in lieu of a pension contribution from the Company (2014/15: percentages of salary 17%, 17%, 15% and 15% respectively).

Directors' Remuneration Report

continued

Replacement awards made to R J Stearn (Audited)

In line with Berkeley's recruitment policy, on appointment to the role as Group Finance Director, R J Stearn was granted replacement share awards over 45,672 Berkeley shares on 13 April 2015 and provided with a cash payment of £359,842 in lieu of his entitlement over Quintain incentives that were forfeited when he joined Berkeley.

Further details of the conditional shares granted in the year are provided below:

Type of award	Number of awards	Face value of awards made[1]	Date of vesting	Conditions
Conditional shares	16,195	£442,933	23 May 2016	Continued employment
Conditional shares	11,848	£324,043	22 July 2016	Continued employment to vesting date and sale restriction until 22 July 2018
Conditional shares	8,795	£240,543	23 May 2017	Continued employment to vesting date and sale restriction until 23 May 2019
Conditional shares	8,834	£241,610	23 May 2018	Continued employment to vesting date and sale restriction until 23 May 2020

Notes

1. At the time of recruitment the total value of R J Stearn's buy-out shares was determined to be £1,014,832. This was converted into replacement share awards over 45,672 Berkeley shares using a share price of £22.22. In line with the regulations, the face value of the replacement shares was calculated using the closing middle market share price of £27.35 on 13 April 2015, the date of joining Berkeley and the date the awards were granted.

In addition, in accordance with the Company's recruitment policy, R J Stearn will be granted 704,328 options over shares under the 2011 LTIP following the announcement of the results for the year ended 30 April 2015. A further 250,000 options over shares will be granted to him following the first anniversary of commencement of employment.

Type of award	Number of awards	Date of grant	Date of vesting	Conditions
2011 LTIP – Options	704,328	Following announcement of results for year ended 30 April 2015	30 September 2021	Performance will be measured against cumulative distribution targets. All awards granted to participants in the 2011 LTIP have the same performance conditions.
	250,000	Following the first anniversary of commencement of employment		See detailed terms on pages 62 to 63 of the Directors' Remuneration Policy at www.berkeleygroup.co.uk/investor-information/corporate-governance.

Payments to past Directors (Audited)

No payments to past Directors were made during the year.

Payments for loss of office (Audited)

N G Simpkin received twelve months' notice of termination of his employment on 24 September 2014. N G Simpkin is on gardening leave and during this period will receive his salary and benefits, including pension contributions, totalling £452,427, as follows:

N G Simpkin	Payments for 12 months' notice £'000
Salary	335
Benefits	67
Pension	50
Total	**452**

N G Simpkin was not entitled to receive a bonus for the year ended 30 April 2015. The balance of his Bonus Plan account brought forward from the year ending 30 April 2014 and his 2009 LTIP Part B and 2011 LTIP awards lapsed following notice of termination of employment.

N G Simpkin has issued legal proceedings against the Company arising from his employment and its termination. These proceedings were received by the Company on 12 December 2014 and 25 June 2015. The Company is defending the proceedings with the assistance of external legal advisers.

Directors' shareholding and share interests (Audited)

The Company has a shareholding requirement for both Executive and Non-executive Directors, linked to base salary or net fee they receive from the Company. In the case of the Group Chairman this is 400% of base salary, for other Executive Directors 200% of base salary and for the Non-executive Directors 100% of net fees. This should be achieved within five years of appointment for Executive Directors and three years of appointment for Non-executive Directors.

Using the Company's closing share price of £25.19 on 30 April 2015, compliance with these requirements was as follows:

Executive Director	Obligation (% base salary/NED net fees)	% base salary/NED net fees at 30 April 2015	Achievement at 30 April 2015
A W Pidgley	400%	19,444%	√
R C Perrins	200%	7,365%	√
R J Stearn	200%	28%	x [1]
G J Fry	200%	9,102%	√
K Whiteman	200%	626%	√
S Ellis	200%	443%	√
Non-executive			
J Armitt	100%	373%	√
A Nimmo	100%	297%	√
G Barker	100%	614%	√
V Wadley	100%	483%	√
A Li	100%	742%	√
A Myers	100%	40%	x [2]
D Brightmore-Armour	100%	–	x [2]

Notes

1. To be achieved within 5 years of appointment.
2. To be achieved within 3 years of appointment.

Directors' Remuneration Report

continued

The table below summarises the Directors' interests in shares at 30 April 2015.

		Scheme interests – Options and awards over shares			
		Option interests subject to conditions[3]			
Executive Director	Shares[1]	2009 LTIP Part B[4]	2011 LTIP[5]	Other share awards subject to conditions[6]	Total Interests held at 30 April 2015
A W Pidgley	6,368,153	750,000	5,000,000	–	5,750,000
R C Perrins	1,461,792	375,000	5,000,000	–	5,375,000
R J Stearn	3,867	–	–	45,672	45,672
N G Simpkin[2]	27,000	–	–	–	–
G J Fry	1,243,056	250,000	1,866,503	–	2,116,503
K Whiteman	80,560	125,000	1,000,000	–	1,125,000
S Ellis	57,029	87,500	2,250,000	–	2,337,500
Non-executive					
J Armitt	9,112	–	–	–	–
A Nimmo	4,000	–	–	–	–
G Barker	10,042	–	–	–	–
V Wadley	6,500	–	–	–	–
A Li	10,000	–	–	–	–
A Myers	650	–	–	–	–
D Brightmore-Armour	–	–	–	–	–

Notes
1. Beneficial interests include shares held directly or indirectly by connected persons.
2. At 8 September 2014 – N G Simpkin's 2011 LTIP and 2009 LTIP Part B awards lapsed on notice of termination of employment.
3. Please see the description of 2009 LTIP Part B awards and 2011 LTIP awards in the 'elements of previous policy that continue to apply' section of the Directors' Remuneration Policy on pages 61 to 63, which is available to view in full on the Company's website at www.berkeleygroup.co.uk/investor-information/corporate-governance.
4. 2009 LTIP Part B option exercise price £4.96 at 30 April 2015.
5. 2011 LTIP option exercise price £9.56 at 30 April 2015.
6. Other share awards subject to conditions relate to the buy out conditional shares awared to R J Stearn on joining Berkeley on 13 April 2015.

50% of the 2009 LTIP Part B awards vested and were exercised during the year by the Executive Director participants. See the long-term incentives section under the additional details in respect of single total figure table on page 77 for details.

Dilution

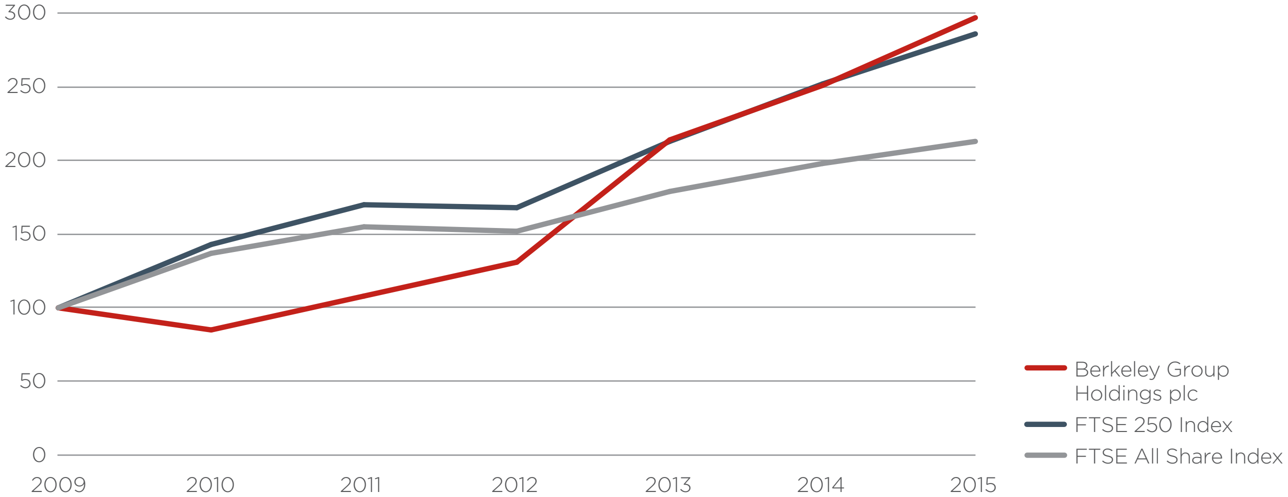
The 2009 LTIP and 2011 LTIP were special arrangements, approved by shareholders at the EGM in April 2009 and AGM in September 2011 respectively. In considering dilution under the 2011 LTIP the Committee took account of the long term nature of the plan which extends beyond the length of normal incentive plans.

In addition, the Committee took into account, after the priority return of £1.7 billion (£13 per share), representing 183% of Net Assets at 30 April 2011, that the dilution on existing shareholders until the hurdle return has been achieved will have no effect and the dilution will only have effect on the value created above the priority return of £1.7 billion.

Performance and pay

The graph below shows the Company's performance, measured by total shareholder return (TSR), compared with the performance of the FTSE 250 and the FTSE All Share. The Company considers these the most relevant indices for total shareholder return disclosure required under these Regulations.

Total shareholder return from 30 April 2009 (%)



Notes

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.

Group Chairman and Managing Director remuneration over past 6 years

The table below shows the remuneration of the Group Chairman and Managing Director for each of the financial years shown above. Given the nature of the roles of A W Pidgley and R C Perrins, the table below provides this information for both individuals.

	Single figure of total remuneration (£'000)[1]			
Executive Director	**A W Pidgley Group Chairman**	**R C Perrins Managing Director**	**Annual bonus pay-out (as % maximum opportunity)[2]**	**Multi-year incentive vesting awards (as % maximum opportunity)**
2014/15	23,296	12,357	100%	100%/See Note 4
2013/14	3,757	2,271	100%	
2012/13	3,638	2,198	100%	See Note 3
2011/12	2,799	1,692	100%	
2010/11	2,033	1,226	100%	n/a
2009/10	2,406	1,127	100%	n/a

Notes

1. Single figure of total remuneration for each year has been calculated in accordance with the Regulations.
2. From 2010/11 onwards the annual bonus pay-out figures represent annual Company contributions under the Bonus Plan.
3. 2011/12, 2012/13 and 2013/14 Multi-year vesting awards represent deferred awards that were released during the year under the Bonus Plan. In accordance with the Bonus Plan rules the Company's contribution is earned based on the satisfaction of the annual performance conditions. Part of the Company contribution is provided as a deferred award. 100% of these deferred awards will be paid out unless there has been forfeiture during the deferral period and subject to continued employment at the date of release. At the year ended 30 April 2015 there has not been a forfeiture event under the Bonus Plan.
4. 2014/15 Multi-year vesting represents the 2009 Part B LTIP awards that vested during the year and the deferred Bonus Plan awards as per note 3 above.

Directors' Remuneration Report
continued

Percentage change in Group Chairman's and the Managing Director's remuneration

The table below compares the percentage increase in the Group Chairman's and Managing Director's pay (including salary, taxable benefits and annual bonus) between 2013/14 and 2014/15, with the wider employee population. The Company considers the full-time employee population, excluding the Main Board, to be an appropriate comparator group and the most stable point of comparison:

	2013/14 to 2014/15 year on year change (%)		
	A W Pidgley Group Chairman	R C Perrins Managing Director	Group employees
Base salary	3.1%	3.3%	6.0%
Taxable benefits	2.2%	(3.0%)	0.6%
Annual bonus	3.1%	3.3%	2.6%

Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the 2014/15 and 2013/14 financial years compared with distributions to shareholders.

	2014/15 (£m)	2013/14 (£m)	% change
Remuneration of Group employees (including Directors)	177	142	25%
Distributions to shareholders	243	195	25%

Statement of implementation of Remuneration Policy for 2015/16

The details surrounding the statement of implementation of our Remuneration Policy for 2015/16 can be found in 'Our Remuneration at a glance' on pages 71.

Consideration by the directors' of matters relating to director's remuneration

Members of the Committee

The Committee currently comprises of three Independent Non-executive Directors, Glyn Barker (Chairman), Sir John Armitt and Andy Myers.

The members of the Committee 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 the running of the business.

Director	Number of meetings during financial year	Number of meetings attended
Glyn Barker	2	2
Sir John Armitt	2	2
Andy Myers	2	2

Role of the Committee and activities

The key responsibilities of the Committee are to:

- Determine and agree with the Board the broad policy for the remuneration of the Executive Directors. This includes salary, Bonus Plans, share options, other share based incentives and pensions;
- Determine the performance conditions for the Bonus Plan operated by the Company and approve the total annual payments made under this Plan;
- Determine all share incentive plans for approval by the Board and shareholders;
- Take into account the views of shareholders when determining plans under the remuneration policy;
- Ensure that the contractual terms on termination, and any payments made, are fair to the individual and the Company and that failure is not rewarded;
- Note annually the remuneration trends and any major changes in employee benefit structures across the Company or Group.

The Committee has formal terms of reference which describes its full remit. This can be downloaded from the section dealing with Investor Relations on the Berkeley website (www.berkeleygroup.co.uk).

The Committee's activities during the 2014/15 financial year included:

Meeting	Items discussed
June 2014	• Annual performance targets under the Annual Bonus Plan • Draft Remuneration Report for the year ended 30 April 2014 • Proposed shareholder consultation regarding the new Annual Bonus Plan • Pay review for the Group for the year ended 30 April 2014
March 2015	• Executive Remuneration Benchmarking report • Market trends and Corporate Governance update • 2009 LTIP Part B vesting

Advisors to the Committee

In determining the Executive Directors' remuneration for the year, the Committee consulted with the Group Chairman, Tony Pidgley, the Group Managing Director, Rob Perrins and the then Group Finance Director, Nick Simpkin. No Director played a part in any discussion about his own remuneration.

In addition, the Committee appointed PricewaterhouseCoopers LLP (PwC) as its independent remuneration advisor following the appointment of new auditors. PwC also provided Berkeley with tax advisory services during the year. The Committee reviewed the nature of the other services provided by PwC and was satisfied that no conflict of interest exists or existed in the provision of these services.

PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees

Fixed fees of £50,000 were provided to PwC during the year in respect of remuneration advice received. In 2013/14, the Company paid a retainer fee of £50,000 to PwC for services in relation to remuneration advice provided to the Board.

Statement of Voting at General Meeting

The table below shows the binding vote approving the Directors' Remuneration Policy and the advisory vote on the Annual Report on Remuneration at the AGM held on 1 September 2014.

2014 AGM resolution	Votes for	%	Votes against	%	Votes withheld
Directors' Remuneration Policy	95,528,881	95.88	4,090,177	4.11	4,238,568
Annual Report on Remuneration	94,600,568	91.61	8,651,549	8.38	605,509

The Directors Remuneration Report has been approved by the Board.

By Order of the Board

Glyn Barker
Chairman of the Remuneration Committee
30 June 2015

Directors' Report

The Directors submit their report together with the audited consolidated and company financial statements for the year ended 30 April 2015.

Principal activities and review of the business

The Company is the UK 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 Strategic report can be found on pages 6 to 54 of the Annual Report which provide more detailed commentaries on the business performance during the year together with the outlook for the future. In particular, information in respect of the principal financial and operating risks of the business is set out on pages 23 to 31 of the Strategic Report.

Trading results and dividends

The Group's consolidated profit after taxation for the financial year was £423.5 million (2014: £292.9 million). The Group's joint ventures contributed a profit after taxation of £28.3 million (2014: £12.1 million).

An interim dividend of 90 pence per share was paid to shareholders on 26 September 2014 and a further interim dividend of 90 pence per share was paid to shareholders on 23 January 2015. A further interim dividend of 90 pence per share is proposed, payable on 17 September 2015 to shareholders on the register on 14 August 2015.

Post balance sheet event

The Group has exchanged contracts for the sale of a portfolio of ground rent assets for £53 million. The sale is expected to give rise to a non-recurring profit on disposal of approximately £50 million after transaction costs following legal completion in the year ending 30 April 2016.

Share capital

The Company had 136,657,183 ordinary shares in issue at 30 April 2015 (2014: 135,357,183). No shares are held in treasury. Authority will be sought from shareholders at the forthcoming Annual General Meeting to renew the authority given at the 2014 Annual General Meeting for a further year, permitting the Company to purchase its own shares in the market up to a limit of 10% of its issued share capital.

Movements in the Company's share capital are shown in note 20 to the consolidated financial statements.

Information on the Group's share option schemes is set out in note 6 to the consolidated financial statements. Details of the Long-Term Incentive Schemes and Long-Term Incentive Plans for key executives are set out within the Directors' Remuneration Report on pages 66 to 83.

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.

Directors

The Directors of the Company and their profiles are detailed on pages 58 and 59. All of these Directors served throughout the year under review with the exception of Richard Stearn who was appointed to the Board on 13 April 2015. David Howell stood down from the Board on 1 September 2014 and Nick Simpkin left the Board on 8 September 2014.

The Articles of Association of the Company require Directors to submit themselves for re-election every three years. In addition all Directors are subject to election at the first opportunity after their appointment to the Board. However, in accordance with the UK Corporate Governance Code all the Directors will offer themselves for re-election at the forthcoming Annual General Meeting.

The Directors' interests in the share capital of the Company and its subsidiaries are shown in the Directors' Remuneration Report on page 70. At 30 April 2015 each of the Executive Directors were deemed to have a non-beneficial interest in 100,156 (2014: 106,799) ordinary shares held by the Trustees of The Berkeley Group Employee Benefit Trust. The trustee of the Berkeley Group Holdings Employee Benefit Trust ("EBT") has agreed not to vote on any shares held in the EBT at any general meeting.

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 6 to the consolidated 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. Qualifying third party indemnities, under which the Company has agreed to indemnify the Directors, were in force during the financial year and at the date of approval of the financial statements, 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, as at 29 June 2015:

	Number of ordinary shares held	% of issued share capital	Nature of holdings
First Eagle Investment Management LLC	13,092,232	9.97	Direct
BlackRock Inc.	9,343,421	6.84	Indirect
Anthony William Pidgley	6,368,153	4.66	Direct
Standard Life Investments	6,443,253	4.76	Indirect/Indirect

Donations
The Group made no political donations (2014: £nil) during the year.

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. Following periodic reviews (the most recent in September 2010) the policy is now an Equality and Diversity Policy 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, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief (including lack of belief), sex and sexual orientation. It is the policy of the Group to support the employment of people with disabilities wherever practicable and to ensure, as far as possible, the training, career development and promotion opportunities are available to all employees. This policy includes employees who become disabled whilst employed by the Group.

All disclosures concerning diversity of the Group's Directors, senior management and employees (as required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) are contained within the Strategic Report on page 47.

Sustainability
The Group considers its approach to sustainability, defined as the effective management of environmental, social and economic risks and opportunities facing the company, to be an integral part of managing its business. Our framework for the business, Our Vision, sets out our integrated approach to managing sustainability within the context of the wider aims for the business. This approach is outlined within the Strategic Report and more extensive information is available on Berkeley's website. We believe that this integrated approach demonstrates how sustainability is embedded within the day-to-day operations of our business.

We remain committed to enhancing the Group's high standards through continuous improvement. The Board is responsible for setting the strategic objectives and continues to monitor strategic development and progress against commitments and Key Performance Indicators. The Sustainability Working Group is responsible for delivering these objectives and reviewing progress against targets.

Greenhouse gas emissions

	2015	2014 Restated
Scope 1 (tCO_2e)	**2,283**	1,853
Scope 2 (tCO_2e)	**11,248**	8,907
Scope 3 (tCO_2e)	**14,534**	11,481
Total (tCO_2e)	**28,066**	22,242
Emissions intensity (tCO_2e/person)	**2.56**	2.53

The Group has reported on greenhouse gas emissions for which it is responsible, as required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The emissions disclosed are aligned to the Group's financial reporting year, are considered material to its business and have the following parameters:

Scope 1 – direct emissions relating to office, sales and development site activities; and work-related travel in company owned vehicles;

Scope 2 – indirect emissions from electricity consumed for office, sales and development site activities;

Scope 3 – other indirect emissions relating to office, sales and development site activities; work related travel in leased and employee owned vehicles; business air travel; transmission and distribution losses of purchased electricity; and upstream emissions.

Emissions include 50% of those resulting from the Group's joint ventures on the basis of its equity share.

The intensity ratio has been calculated using the total number of direct employees across the Group and the number of contractors working on our sites.

The UK Government Environmental Reporting Guidelines 2014 and UK Government GHG Conversion Factors for Company Reporting 2014 have been used to calculate and report the Group's greenhouse gas emissions.

2014 data has been restated based on energy billing information which was received after the publication of the Annual Report 2014. Further details on the methodology adopted can be found at berkeleygroup.co.uk/sustainability/reports-and-case-studies, and other environmental key performance indicators (KPIs) can be found at berkeleygroup.co.uk/about-berkeley-group/our-vision/performance.

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 & 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. The Board 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.

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 partners, Prudential Assurance Company Limited and National Grid plc, the ability to exercise certain rights under the shareholder agreements in relation to their St Edward Homes and St William Homes joint ventures respectively.

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

Directors' Report
continued

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 6 and 20 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 appoint KPMG 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 2015. 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.

Share capital structure

The Company is compliant with DTR 7.2.6. and the information relating to the Company's share capital structure is included in the Directors' Report on page 84.

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 prepared 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 these 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 on pages 58 and 59 confirm that, to the best of each person's knowledge:

a. the Group financial statements, which have been prepared in accordance with IFRS's as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
b. the Strategic Report, together with 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;
c. the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Going concern

The Group's business activities together with the factors likely to affect its future development performance and position are set out in the Strategic Report. 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 50 to 54.

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group, including the repayment of £1.7 billion to shareholders by 2021, 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.

By order of the Board

EA Driver
Company Secretary
The Berkeley Group Holdings plc
Registered number: 5172586
30 June 2015

Kidbrooke Village.

Joggers on the riverbank at
Woodberry Park in Hackney.

Financials

Independent Auditors' report
to the members of The Berkeley Group Holdings plc

Opinions and conclusions arising from our audit

1) Our opinion on the financial statements is unmodified
We have audited the financial statements of The Berkeley Group Holdings plc for the year ended 30 April 2015 set out on pages 94 to 125. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 April 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2) Our assessment of risks of material misstatement
In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

The risk	Our response
Carrying value of inventories and profit recognition (inventories: £2,654.1m, gross profit: £716.8m) Refer to page 64 (Audit Committee Report), pages 99 and 100 (accounting policy) and page 112 (financial disclosures) The Group recognises profit on each sale by reference to the overall site margin, which is the forecast profit percentage for a site that may comprise multiple phases and can last a number of years. The recognition of profit is therefore dependent on the Group's estimate of future selling prices and build costs, which form the basis of the site forecast. Future selling prices are dependent on market conditions, which can be difficult to predict. Future build costs are subject to a number of variables including the accuracy of designs, market conditions in respect of materials and sub-contractor cost and construction issues. Inventory represents the costs of land, materials, design and related production and site costs to date. It is held at the lower of cost and net realisable value, the latter also being based on the forecast for the site. As such errors in these forecasts can impact the assessment over the carrying value of inventories and gross profit. There is a risk that the actual revenue and costs are different to those forecast across whole sites resulting in material misstatement of inventory and gross profit recognised. There is also a risk that costs are inappropriately recognised within inventories or that the allocation of costs that relate to the whole site, such as land and infrastructure, is inappropriate across development phases, resulting in a material misstatement of inventory or gross profit.	Our audit procedures in respect of this area included: Testing the Group's controls by checking approvals over reviewing and updating selling price and cost forecasts, authorising and recording of costs. We inspected the minutes and attended a selection of management's cost review meetings. At these meetings management review actual costs and revenues against detailed site budgets. Estimates of future costs and selling prices in the forecasts are challenged by management including reference to tendered works packages, actual costs incurred and forward sales reservation prices. Our inspection of the minutes and attendance at a selection of meetings included assessing whether the appropriate individuals attended the meetings and that the valuations and costs to complete forecasts for all developments were discussed, challenged and the valuations updated as appropriate. We inspected the site forecasts, on a sample basis, and challenged the assumptions for future costs and sales. We corroborated a sample of forecast costs back to supplier agreements or tenders. We also considered the appropriateness of allowances made for cost increases and for risks inherent in longer term developments. We agreed a sample of additions in the inventory balance to invoices and/or payments, including checking that they were allocated to the appropriate site and development phase and met the definition of inventory costs. For all significant new land acquisitions and a sample of other land acquisitions we inspected purchase contracts to understand the terms and any deferred or contingent payments. We re-performed the calculation of such amounts to check the amounts recorded. For a sample of both pre-development and active sites we evaluated the reliance on planning and other third party actions to achieve the forecast and considered the impact on carrying values. We compared the margin recognised in the year on any units sold to the forecast site margin over the life of the development. We evaluated the sensitivity of the margin to a change in sales prices and costs and considered whether this indicated a risk of impairment of the inventory balance. We considered the adequacy of the Group's disclosures over inventory and the degree of judgement and estimation involved in arriving at the forecast and resultant profit.

The risk	Our response
Revenue recognition (£2,120.0m) Refer to page 64 (Audit Committee Report) and page 99 (accounting policy). It is the Group's policy to recognise 100% of revenue on property units when contracts are exchanged and the building work is physically complete, being the point at which the Group is satisfied it has discharged its obligations to the buyer. Contract exchange, including the payment of a deposit, may have occurred sometime in the past. However, the legal completion of the sale, being the point at which the balance of the sale is paid for and title transfers, remains dependent on the receipt of final payment. The recognition of revenue is generally before legal completion, and as such is potentially more subjective than recognising at the latter point. The risk is that the unit is not physically complete or that the buyer does not complete the purchase, as should either of these be the case the revenue should not be recognised. The group also recognised revenue and resultant profit on the disposal of a portfolio of ground rents in the period. A second tranche of ground rent sales is due to complete after the balance sheet date. The risk pertaining to the sale of ground rents in both tranches is whether the risks and rewards of ownership of the assets have transferred to the purchaser at the balance sheet date and that the transaction is recorded appropriately in the financial statements.	Our audit procedures in respect of this area included: Testing controls over property sales including: • documentation evidencing internal and third party physical inspection and confirmation of build complete status; • customer signature in acceptance of the physical condition of the property; and • customer background checks including checks of availability of funds For a sample of property sales in the year, we performed the following test: • inspected the paperwork confirming legal completion For a sample of sales recorded close to the year end where the final payment was not yet received, we performed the following tests: • performed site visits to verify build completion status; • inspected the internal sign-off sheets to check that sales recorded in the year had gone through the Group's approval process for sale of properties; • after the year end, and up to the date of signing the audit report, we confirmed whether final payments from buyers had been made and appeared as receipts in the bank statements. Where significant amounts were still outstanding we considered other information, such as correspondence agreeing subsequent payment and reasons for this, or reasons for known recessions, in evaluating the recoverability of these amounts and appropriateness of related revenue recognition. We also performed a physical inspection on a sample of properties for which the sale had not been recognised to check that these did not meet this criterion for revenue recognition. We also used data analytics to look at journal entries posted throughout the period that impacted revenue to make sure the journals were appropriate. We reviewed the contracts for the sale of ground rent assets that exchanged and completed in the period, as well as that which had not completed as at the balance sheet date. We considered the respective treatments in conjunction with the revenue recognition principles of the group's accounting policy and those under EU-IFRS to ascertain if revenue and profit is appropriately recognised in the correct accounting period. In particular we considered the transfer of risks and rewards made under the agreement and timing of these. We have recalculated the profit on disposal recorded for the transaction completed in the period, and verified revenue recorded to the sale agreement. We have also considered the adequacy of the Group's disclosures in respect of the judgements taken in recognising revenue for property units prior to legal completion and the adequacy of the disclosure of the Group's accounting policy with regards to sales of ground rent assets, and the disclosure of the two transactions undertaken.

Independent Auditors' report to the members of The Berkeley Group Holdings plc
continued

The risk	Our response
Provisions (£75.1m) Refer to page 64 (Audit Committee Report), page 100 (accounting policy) and page 113 (financial disclosures) The Group holds provisions in respect of claims and construction related liabilities that have arisen, or that prior claims experience indicates may arise, subsequent to the completion of certain developments, as well as in relation to other matters of litigation. The determination and valuation of provisions is judgmental by its nature and there is a risk that the estimate is incorrect and the provision is materially misstated.	Our audit procedures in respect of this area included: Enquiring of Group and divisional Directors and inspecting board minutes for actual and potential claims arising in the year, and challenging whether provisions are required for these claims. For all significant known issues and claims provided for we inspected the calculation of the provision held and compared this to third party evidence, where available. For claims that past events indicated may arise, we evaluated settled issues and considered any differences in the development portfolio then and now, such as increasing complexity of construction, as evidence for the calculation of the provision. In respect of open matters of litigation, we had discussions with the Group's external legal advisors and reviewed correspondence in respect of these matters. We assessed each provision against the requirements of the relevant accounting standards and the Group's policy and assessed whether the Group's disclosures disclose the potential liabilities of the Group in accordance with accounting standards.
Share-based payment recognition (£55.5m) Refer to page 64 (Audit Committee Report), page 100 (accounting policy) and page 103 (financial disclosures) Share-based payments is a complex accounting area and there is a risk in the financial statements that amounts are incorrectly recognised and/or inappropriately disclosed. The Group also changed the method of settlement on its share-based long term incentive plan awards which vest in April 2015 and April 2016 from equity-settled to cash-settled. This requires further complex accounting considerations.	Our audit procedures in respect of this area included: We made inquiries of the directors to understand the share-based payment schemes in place and the changes made to the awards and inspected communications made to scheme members regarding these changes. We agreed the terms of settlement to the revised scheme documents. We considered whether the modifications met the criteria for a change in accounting treatment and whether the accounting treatment was appropriate. We also considered whether the modification impacted the treatment of other awards by setting an expectation regarding settlement. For equity-settled options we recalculated the estimated charge which reflected the best estimate of the number of options expected to vest. For cash-settled schemes we inspected the vesting price and recalculated the amounts to be recognised in the financial statements. We considered the adequacy of the Group's disclosures in respect of the judgements taken in the choice of equity or cash settled recognition treatment.
Compliance with Laws and Regulations Refer to page 64 (Audit Committee Report) The Group is subject to a number of laws and regulations. These include, but are not limited to, anti-bribery, anti-money laundering, sanctions checking and those relevant to publicly traded companies. Failure to comply with any of these applicable laws and regulations could have a material financial and reputational impact on the business. The Directors have conducted a review of their policies in these areas, during the year and did not record any material instances of non-compliance.	Our audit procedures in respect of this area included: Obtaining an understanding of the relevant legal and regulatory framework within which the Group operates and assessing the design and operation of its key controls over this framework. We discussed the applicable policies and procedures with divisional and group management, including internal legal counsel. We reviewed Board papers, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance. We reviewed the Group's documentation and correspondence with respect to relevant legal matters. We had discussions with the Group's external legal advisors in respect of these matters.

3) Our application of materiality and an overview of the scope of our audit
The materiality for the Group financial statements as a whole was set at £22.5m, determined with reference to a benchmark of Group profit before taxation (excluding profit on ground rent disposal), of £454.6m, of which it represents 5%.

We report to the audit committee any corrected or uncorrected identified misstatements exceeding £1.1m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 14 reporting components, we subjected 8 to audits for group reporting purposes. Our procedures for group reporting purposes covered balances that accounted for 88% of Group revenue; 94% of Group profit before taxation and 86% of Group total assets.

For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all components was performed by the Group audit team using component materialities ranging from £2.3m to £11.3m having regard to the mix of size and risk profile of the Group across the components.

4) Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5) We have nothing to report in respect of the matters on which we are required to report by exception
Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:
- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Audit Committee report does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required 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.

Under the Listing Rules we are required to review:
- the directors' statement, set out on page 86, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 60 relating to the company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities
As explained more fully in the Directors' Responsibilities Statement set out on page 86, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Sean McCallion (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
30 June 2015

Consolidated Income Statement

For the year ended 30 April	Notes	2015 £m	2014 £m
Revenue		**2,120.0**	1,620.6
Revenue includes:			
Revenue from operations		**2,020.2**	1,620.6
Revenue from sale of ground rent assets	3	**99.8**	–
Cost of sales		**(1,403.2)**	(1,111.7)
Gross profit		**716.8**	508.9
Gross profit includes:			
Gross profit from operations		**631.7**	508.9
Gross profit from sale of ground rent assets	3	**85.1**	–
Net operating expenses		**(192.7)**	(134.1)
Operating profit		**524.1**	374.8
Finance income	4	**3.0**	3.4
Finance costs	4	**(15.7)**	(10.3)
Share of results of joint ventures using the equity method	11	**28.3**	12.1
Profit before taxation for the year	2, 5	**539.7**	380.0
Income tax expense	7	**(116.2)**	(87.1)
Profit after taxation for the year		**423.5**	292.9

Earnings per ordinary share:			
Basic	8	**313.0p**	221.8p
Diluted	8	**276.9p**	188.4p

Consolidated Statement of Comprehensive Income

For the year ended 30 April	Notes	2015 £m	2014 £m
Profit after taxation for the year		**423.5**	292.9
Other comprehensive expense:			
Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit asset/liability	6	**(0.6)**	(0.6)
Deferred tax on remeasurements of the net defined benefit asset/liability	7	**0.1**	0.1
Total items that will not be reclassified to profit or loss		**(0.5)**	(0.5)
Items that may be reclassified subsequently to profit or loss			
Change in value of other investments	12	**1.0**	1.0
Total items that may be reclassified subsequently to profit or loss		**1.0**	1.0
Other comprehensive income for the year		**0.5**	0.5
Total comprehensive income for the year		**424.0**	293.4

Consolidated Statement of Financial Position

As at 30 April	Notes	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets	9	**17.2**	17.2
Property, plant and equipment	10	**23.5**	22.0
Investment properties	10	**0.2**	7.2
Investments accounted for using the equity method	11	**50.1**	61.4
Other investments	12	**12.0**	11.0
Deferred tax assets	19	**72.7**	61.1
		175.7	179.9
Current assets			
Inventories	13	**2,654.1**	2,481.2
Trade and other receivables	14	**145.6**	159.0
Cash and cash equivalents	15, 25	**430.9**	130.2
		3,230.6	2,770.4
Total assets		**3,406.3**	2,950.3
Liabilities			
Non-current liabilities			
Trade and other payables	17	**(131.7)**	(148.6)
Provisions for other liabilities	18	**(61.1)**	(48.5)
		(192.8)	(197.1)
Current liabilities			
Borrowings	16	**–**	(1.0)
Trade and other payables	17	**(1,503.8)**	(1,218.6)
Current tax liabilities		**(57.8)**	(83.7)
Provisions for other liabilities	18	**(14.0)**	(8.6)
		(1,575.6)	(1,311.9)
Total liabilities		**(1,768.4)**	(1,509.0)
Total net assets		**1,637.9**	1,441.3
Equity			
Shareholders' equity			
Share capital	20	**6.8**	6.8
Share premium	20	**49.6**	49.3
Capital redemption reserve	21	**24.5**	24.5
Other reserve	21	**(961.3)**	(961.3)
Revaluation reserve	21	**–**	4.1
Retained profit	21	**2,518.3**	2,317.9
Total equity		**1,637.9**	1,441.3

The financial statements on pages 94 to 120 were approved by the board of directors on 30 June 2015 and were signed on its behalf by:

R J Stearn
Finance Director

Consolidated Statement of Changes in Equity

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Revaluation reserve £m	Retained earnings £m	Total £m
At 1 May 2014		6.8	49.3	24.5	(961.3)	4.1	2,317.9	1,441.3
Profit after taxation for the year		–	–	–	–	–	423.5	423.5
Other comprehensive income for the year		–	–	–	–	–	0.5	0.5
Total comprehensive income for the year		–	–	–	–	–	424.0	424.0
Reserves transfer from revaluation reserve	21	–	–	–	–	(4.1)	4.1	–
Issue of ordinary shares	20	–	0.3	–	–	–	–	0.3
Transactions with shareholders:								
Credit in respect of employee share schemes	6	–	–	–	–	–	2.7	2.7
Deferred tax in respect of employee share schemes	7	–	–	–	–	–	13.1	13.1
Dividends to equity holders of the Company	22	–	–	–	–	–	(243.5)	(243.5)
At 30 April 2015		**6.8**	**49.6**	**24.5**	**(961.3)**	**–**	**2,518.3**	**1,637.9**

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Revaluation reserve £m	Retained earnings £m	Total £m
At 1 May 2013		6.7	49.3	24.5	(961.3)	4.0	2,199.2	1,322.4
Profit after taxation for the year		–	–	–	–	–	292.9	292.9
Other comprehensive income for the year		–	–	–	–	–	0.5	0.5
Total comprehensive income for the year		–	–	–	–	–	293.4	293.4
Reserves transfer from revaluation reserve	21	–	–	–	–	0.1	(0.1)	–
Issue of ordinary shares	20	0.1	–	–	–	–	–	0.1
Transactions with shareholders:								
Credit in respect of employee share schemes	6	–	–	–	–	–	3.3	3.3
Deferred tax in respect of employee share schemes	7	–	–	–	–	–	17.3	17.3
Dividends to equity holders of the Company	22	–	–	–	–	–	(195.2)	(195.2)
At 30 April 2014		6.8	49.3	24.5	(961.3)	4.1	2,317.9	1,441.3

Consolidated Cash Flow Statement

For the year ended 30 April	Notes	**2015 £m**	2014 £m
Cash flows from operating activities			
Cash generated from operations	25	**643.6**	259.7
Proceeds from sale of investment properties*		**8.3**	138.2
Interest received		**3.2**	2.7
Interest paid		**(5.4)**	(5.0)
Income tax paid		**(140.5)**	(92.4)
Net cash flow from operating activities		**509.2**	303.2
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(4.6)**	(8.9)
Purchase of financial assets		**–**	(10.0)
Dividends from investments accounted for using the equity method	11	**12.3**	–
Proceeds on disposal of property, plant and equipment		**0.6**	0.6
Movements in loans with joint ventures	11	**27.3**	(5.2)
Net cash flow from investing activities		**35.6**	(23.5)
Cash flows from financing activities			
Proceeds from issue of shares		**0.4**	–
Increased/(Repayment of) borrowings		**(1.0)**	(21.1)
Dividends paid to Company's shareholders	22	**(243.5)**	(195.2)
Net cash flow from financing activities		**(244.1)**	(216.3)
Net increase in cash and cash equivalents		**300.7**	63.4
Cash and cash equivalents at the start of the financial year		**130.2**	66.8
Cash and cash equivalents at the end of the financial year	15, 25	**430.9**	130.2

* The Group has reviewed the classification of Proceeds from the sale of investment properties which is included within Cash flows from operating activities. In 2014, this was included within Cash flows from investing activities.

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 83.

Basis of preparation

These Consolidated Financial Statements have been prepared in accordance with European Union endorsed International Financial Reporting Standards ("IFRSs"), IFRS-IC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared 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 101.

The following new standards, amendments to standards and interpretations are applicable to the Group and are mandatory for the first time for the financial year beginning 1 May 2014: IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12 Disclosure of Interest in Other Entities; IAS 27 (amendment), Consolidated and Separate Financial Statements; IAS 28 (Amendment), Investments in Associates and Joint Ventures; IAS 32 (amendment), Financial Instruments; IAS 36 (amendment), Impairment of Assets and IAS 39 (amendment), Financial Instruments.

These standards have not had a material impact on the results of the Company for the year ended 30 April 2015.

The following new standards, amendments to standards and interpretations have been issued, but are not yet effective for the financial year ending 30 April 2015 and have not been adopted early: IAS 19 (Amendments) Employee contributions, Annual Improvements 2010-2012 Cycle, Annual Improvements 2011-2013 Cycle, Annual Improvements 2012-2014, IFRS10 and IAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, IFRS15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

These standards are not expected to have a significant impact on the Consolidated Financial Statements.

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 Group 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 its 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.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Acquisition-related costs are expensed as incurred.

(b) Joint ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

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.

The Group is predominantly 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.

In addition to its development activities, the Group holds certain residential properties for investment purposes. These investment activities represent a separate segment which is included within "Other activities", as they do not meet the size thresholds to be disclosed as a separate reportable segment.

Revenue
Revenue represents the amounts receivable from the sale of properties, investment properties and ground rent assets 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. Ground rent assets are treated as sold when all material conditions precedent to the sale have been satisfied and the risks and rewards of ownership have transferred to the purchaser. See Accounting estimates and judgements below for further disclosures on revenue recognition.

Rental income is recognised in the income statement on a straight line basis over the life of the lease. Any lease incentives are recognised as an integral part of the total rental income.

Expenditure
Expenditure recorded in inventory is expensed through cost of sales at the time of the related property sale. The amount of cost related to each property includes its share of the overall site costs including, where relevant, its share of forecast costs to complete. 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. See Accounting estimates and judgements below for further disclosures on cost recognition.

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 reporting 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. 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.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets
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 and impairment reviews performed 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.

Property, plant and equipment
Property, plant and equipment is carried at historic purchase cost less accumulated 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 buildings	2%	Fixtures and fittings	15% / 20%
Motor vehicles	25%	Computer equipment	33 1/3 %

Freehold property disclosed in the notes to the Consolidated Financial Statements consists of both freehold land and freehold buildings. No depreciation is provided on freehold land. 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 amount or recognised as a separate asset, 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.

Notes to the Consolidated Financial Statements
continued

1 Accounting policies continued

Investment properties

Investment properties, which are properties held to earn rental income, are recognised using the "cost model" and are carried in the statement of financial position at historic cost less accumulated depreciation.

Depreciation is provided to write off the element of the cost of the assets that relates to buildings at 2% per annum on a straight line basis. No depreciation is charged on the element of the cost of the assets that relates to land.

Sales of investment properties are recognised in revenue and cost sales. These are considered to be similar in nature to the underlying property sales of the Group.

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 cost. Where such land is purchased on deferred settlement terms, and the cost 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 against net operating expense 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 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, sold 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.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle that obligation, and the amount has been reliably estimated. See Accounting estimates and judgements below for further disclosures on recognition of provisions.

Deposits

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

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. In accordance with IAS 19 the Group does not recognise on the statement of financial position 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

Equity-settled

Where the Company operates 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, taking into account only service and non-market conditions.

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.

Cash-settled
The cost of cash settled transactions is recognised as an expense over the vesting period measured by reference to the fair value of the corresponding liability which is recognised on the balance sheet. The liability is remeasured at fair value at each balance sheet date until settlement with changes in fair value recognised in the income statement.

During the year, the Company changed its policy for the accounting of equity-settled share-based payment schemes in the event that such schemes are modified, in full or in part, to become cash settled. The effect of this change in policy has been to recognise a charge in the income statement of £47.0 million, which previously would have been debited directly to reserves. This related to the modification of the basis of settlement for a proportion of the awards under Part B of the 2009 LTIP which was undertaken in the year. The effect on basic earnings per share in the year was a reduction of 34.7 pence. There is no impact of this change in accounting policy on the prior years presented in the financial statements, nor in those years presented in the five year record.

See Accounting estimates and judgements below for further disclosures on recognition of share based payments.

Dividends
Dividend distributions to shareholders are recognised as a liability in the period in which the dividends are appropriately authorised and approved for payout and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Leasing agreements
Payments and receipts under operating lease agreements are charged or credited 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 assess the risks and forecast the costs in future years 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) Provisions
The Group makes assumptions to determine the timing and its best estimate of the quantum of its construction and other liabilities for which provisions are held.

(c) Revenue recognition
Assumptions are made which complement external certifications to assess whether the building work for properties sold is physically complete and legal completion is highly probable and hence whether the Group's revenue recognition criteria have been satisfied.

(d) Share-based payments
Assumptions are made in determining the fair value of employee services received in exchange for the grant of options under share-based payment awards at the date of grant.

2 Segmental disclosure
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.

In addition to its development activities, the Group holds certain residential properties for investment purposes. These investment activities represent a separate segment which is included within other activities as it does not meet the size thresholds to be disclosed as separate reportable segments. Revenue and operating profit for the year ended 30 April 2015 included £8.3 million and £1.3 million, respectively, on the sale of 53 other investment properties. Revenue and operating profit for the year ended 30 April 2014 included £105.4 million and £29.6 million, respectively, on the sale of 534 properties to M&G Investments and £32.8 million and £13.6 million, respectively, on the sale of 141 other investment properties.

Notes to the Consolidated Financial Statements
continued

2 Segmental disclosure continued

Segment results

	2015 £m	2014 £m
Profit before tax		
Residential-led mixed-use development	**539.4**	379.7
Other activities	**0.3**	0.3
	539.7	380.0

Segment profit before tax represents the profit before tax allocated to each segment. This is the measure reported to the Executive Committee of the Board for the purpose of resource allocation and assessment of segment performance. Segmental profit before tax on other activities is stated after charging external and intercompany interest and depreciation.

Segment assets

	2015 £m	2014 £m
Assets		
Residential-led mixed-use development	**3,406.1**	2,943.1
Other activities	**0.2**	7.2
	3,406.3	2,950.3

For the purpose of monitoring segment performance and allocating resources between segments all assets are considered to be attributable to residential-led mixed-use development with the exception of investment properties which are held for the Group's investing activities and have therefore been allocated to other activities.

3 Disposal of ground rent assets

During the year end 30 April 2015, the Group sold a portfolio of ground rent assets for consideration of £99.8 million and a gross profit of £85.1 million. Income and expenses associated with this sale have been recognised in the income statement through revenue and gross profit in accordance with the Group's accounting policy for revenue and expenditure.

The Group has exchanged contracts for the sale of a further portfolio of ground rent assets for £53 million. The sale is expected to give rise to a profit on disposal of approximately £50 million after transaction costs in the year ending 30 April 2016. The sale will be recognised in the income statement through revenue and profit in accordance with the Group's accounting policy for revenue and expenditure.

4 Net finance costs

	2015 £m	2014 £m
Finance income	**3.0**	3.4
Finance costs:		
Interest payable on bank loans and non-utilisation fees	**(4.8)**	(5.1)
Amortisation of facility fees	**(5.7)**	(1.3)
Other finance costs	**(5.2)**	(3.9)
	(15.7)	(10.3)
Net finance costs	**(12.7)**	(6.9)

Finance income predominantly represents interest earned on cash deposits.

Amortisation of facility fees includes fees expensed in relation to a refinancing of the Group's revolving credit facilities in 2012 which was superseded by the recent refinancing of the facilities in 2015. See note 26 for further information.

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

5 Profit before taxation

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

	2015 £m	2014 £m
Staff costs (note 6)	**270.3**	177.3
Depreciation of property, plant and equipment (note 10)	**2.7**	1.9
Loss on sale of fixed assets	**0.2**	0.7
Profit on sale of investment properties	**(1.3)**	(43.2)
Rental income from investment properties	**(0.1)**	(0.9)
Direct operating expense in relation to investment properties including depreciation	**0.1**	0.2
Operating lease costs	**2.6**	2.7
Fees paid and payable to the Company's previous auditor for other services:		
– Audit related assurance services	**–**	0.1
Fees paid and payable to the Company's current auditor for the audit of the Parent Company and consolidated financial statements	**0.2**	0.2
Fees paid and payable to the Company's current auditor for other services:		
– Audit of the Company's subsidiaries	**0.1**	0.1
– Audit related assurance services	**0.1**	–
– Taxation advisory services	**0.1**	0.1

The value of inventories expensed and included in the cost of sales is £1,325.4m (2014: £1,032.9m).

In addition to the above services, the Group's current auditor has been asked to act 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 £10,000 (2014: £nil).

Fees paid in the year to the Group's current auditor for audit-related assurance services relate to the interim review. In the prior year, fees paid to the Group's current auditor for other services disclosed in the table above relate only to the period from the date of appointment of 6 December 2013. Fees paid in respect of the full year ended 30 April 2014 were £0.1 million for taxation advisory services and £0.1 million for all other non-audit services.

In the prior year, remuneration paid to the Group's previous auditors in respect of audit related assurance services relates to the interim review.

6 Directors and employees

	2015 £m	2014 £m
Staff costs		
Wages and salaries	**176.7**	141.8
Social security costs	**32.8**	28.5
Share-based payments	**55.5**	3.3
Pension costs	**5.3**	3.7
	270.3	177.3

The average monthly number of persons employed by the Group during the year was 2,045 (2014: 1,647).

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 as included in the Income Statement during the year are as follows:

	2015 £m	2014 £m
Directors' remuneration	**3.8**	3.5
Amounts charged under the long term incentive scheme	**41.7**	13.1
Company contributions to the defined contribution pension schemes	**0.1**	0.1
Payments for loss of office	**0.5**	–
	46.1	16.7

The Directors' Remuneration Report includes disclosure of the gains made by Directors on the exercise of share options during the year, which was £35.0 million in aggregate.

During the year the Company dismissed its finance director, Mr Nicolas Simpkin, who is currently on fully paid garden leave ending on 23 September 2015. Mr Simpkin has issued legal proceedings against the Company arising from his employment and its termination. These proceedings were received by the Company on 12 December 2014 and 25 June 2015. The Company is defending the proceedings with the assistance of external legal advisers.

Notes to the Consolidated Financial Statements
continued

6 Directors and employees continued
Equity-settled 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 share options awarded under the 2009 Long-Term Incentive Plan and the 2011 Long-Term Incentive Plan was £55.5m (2014: £9.0m). The charge of £55.5m in 2015 includes £47.0m, of which £33.5m relates to the modification of the basis of settlement and £13.5m relates to the fair value charge for the current year, in respect of the Company's decision to offer to pay the income tax and national insurance liabilities of participants under Part B of the 2009 Long-Term Incentive Plan in lieu of issuing shares of an equivalent value to them. This effectively determined the part of the scheme to be accounted for on a cash-settlement basis, which is explained further below. The decision and the resultant income statement charge relates to options vesting at both 15 April 2015 and 15 April 2016. The charge to the income statement attributable to key management is £33.0m (2014: £2.3m).

There were no exercisable share options at the end of the year.

2009 Long-Term Incentive Plan

Part B

Part B of the 2009 Long-Term Incentive Plan covers 6,830,000 (2014: 6,830,000) share options with an exercise price of £4.96. 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 £9.00 at 15 April 2015 and 15 April 2016. During the year, 280,000 options lapsed on the departure of employees (2014: 30,000) prior to the shares vesting on 15 April 2015, leaving 5,810,000 options to vest. In accordance with the scheme, 50% of these options became exercisable by the relevant employees on 15 April 2015. As a result, 2,384,943 shares were issuable to the participants, representing 2,905,000 options that vested under 2009 LTIP Part B, less 520,057 of shares equivalent to the exercise price on vesting of £4.96 per share, where the exercise price was not settled in cash by the participants. The Company elected to enable participants to choose to allow the Company to settle the income tax and national insurance liabilities of the participants of the Scheme in lieu of issuing shares to them for an equivalent value. This reduced the number of shares issuable by a further 1,078,300 to 1,306,643 which were issued on 15 April 2015. The share price at the date of vesting was £27.11. As at 30 April 2015 there were 2,905,000 options outstanding (2014: 6,090,000), and there was £23.7 million carrying amount of liabilities in respect of these options.

2011 Long-Term Incentive Plan

The Company announced in June 2011 as part of a strategic review of the business a long term plan to return approximately £1.7 billion to shareholders over the next 10 years. The rules were subsequently amended and approved at the 2012 Annual General Meeting to allow the returns to be made through a combination of dividends (£13 per share) and share buy backs ('distributions'). The cumulative distributions required by the plan on or before the relative milestone dates are set out below:

	Cumulative distributions
30 September 2015	£4.34 per share
30 September 2018	£4.33 per share
30 September 2021	£4.33 per share

A long term remuneration plan was proposed to support this strategy, the 2011 Long Term Incentive Plan ("2011 LTIP"), which was approved by shareholders at the Annual General Meeting on 5 September 2011 and the amendment at the Annual General Meeting on 5 September 2012. The key features of the 2011 LTIP are:

– if the Company returns £1.7 billion to shareholders over a ten year period via a series of dividend payments (£13 per share) and share buy backs by the milestone dates referred to above, participants will be entitled to exercise options and receive a number of ordinary shares in the capital of the Company at the end of the ten year period.

– the maximum number of shares capable of being earned by all participants are 19,616,503 shares, being 13% of the fully diluted share capital of the Company at the date of approval of the plan.

– the exercise price of options granted under the 2011 LTIP will be £13 per share less an amount equal to the value of all dividends paid between the date of approval of the 2011 LTIP and 30 September 2021, provided the exercise price cannot be less than zero.

The fair value of the options granted during that year, determined using the current market pricing model, was £3.17 for options which vest on 30 September 2021. The inputs into the current market option pricing model were:

	Inputs
Grant date	5 September 2011
Vesting date	30 September 2021
Share price at grant date (p)	1,236
Exercise price (p)	nil
Discount rate	6.3%

The discount rate was determined by calculating the Group's expected cost of capital over the vesting period at the grant date.

Cash-settled share-based payments

Bonus Plan.

Under the Bonus Plan, in the Directors' Remuneration Report on page 76, the balance on the plan account at the end of the financial year was the final balance and has been settled 50% in cash and 50% in shares.

The liability has been accrued over the vesting period. The income statement is charged with an estimate for the vesting of notional shares awarded subject to service and non-market performance conditions. The charge for 2015 was £8.7m (2014: £10.8m).

The total carrying amount of liabilities for the Bonus Plan at the end of the year was £13.1 m (2014: £11.4m).

Senior Management share appreciation rights
Certain key members of senior management and staff have been awarded cash bonuses deferred in notional shares in the Company. The notional shares have a contractual life of five years after the bonus is allocated, and are settled in cash subject to continued employment by the Company and individual and divisional performance criteria.

The liability is accrued over the vesting period. The income statement is charged with an estimate for the vesting of notional shares awarded subject to service and non-market performance conditions. The charge for 2015 was £13.7m (2014: £6.9m).

The total carrying amount of liabilities for share appreciation rights at the end of the year was £26.7m (2014: £13.0m).

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 £4.5m (2014: £3.3m) were paid into the defined contribution schemes during the year.

Defined benefit plan
As at 30 April 2015, the Group operated one defined benefit pension scheme which was closed to future accrual with effect from 1 April 2007. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for some 335 past employees. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

The Berkeley Final Salary Plan is subject to an independent actuarial valuation at least every three years. The most recently finalised valuation was carried out as at 1 May 2013 and finalised in December 2013. The method adopted in the 2013 valuation was the projected unit method, which assumed a return on investment both prior to and after retirement of 4.00% per annum and pension increases of 3.25% per annum. The market value of the Berkeley Final Salary Plan assets as at 1 May 2013 was £16.2m and covered 97% 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. Following the finalisation of the 2013 valuation, the Group agreed with the Trustees of the Scheme to make additional contributions to the Scheme of £0.2m for the remainder of the year (1 December 2013 to 30 April 2014) to address the Scheme's deficit after which required contributions were reduced to zero. Notwithstanding this the Group made additional voluntary contributions of £0.5m during the year (2014: £0.6m).

For the purposes of IAS 19, the 2013 valuation was updated for 30 April 2015.

The most significant risks to which the plan exposes the group are:

Inflation risk: A rise in inflation rates will lead to higher plan liabilities as a large proportion of the defined benefit obligation is indexed in line with price inflation. This effect will be limited due to caps on inflationary increases to protect the plan against extreme inflation.

Interest rate risk: A decrease in corporate bond yields would result in an increase to plan liabilities although this effect would be partially offset by an increase in the value of the plan's bond holdings.

Mortality risk: An increase in life expectancy would result in an increase to plan liabilities as a significant proportion of the Pension Schemes' obligations are to provide benefits for the life of the member.

The amounts recognised in the statement of financial position are determined as follows:

	2015 £m	2014 £m
Present value of defined benefit obligations	**(16.6)**	(14.8)
Fair value of plan assets	**18.1**	16.0
Net surplus	**1.5**	1.2
Effect of the asset ceiling	**(1.5)**	(1.2)
Net amount recognised on the statement of financial position	**–**	–

Notes to the Consolidated Financial Statements
continued

6 Directors and employees continued
Movement in net defined benefit asset:

	Defined Benefit Obligation		Fair Value Plan Assets		Net Defined Benefit Asset	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Balance at 1 May	**(14.8)**	(14.6)	**16.0**	16.0	**1.2**	1.4
Included in income statement						
Net interest	**(0.6)**	(0.6)	**0.7**	0.6	**0.1**	–
Included in other comprehensive income						
Remeasurements:						
Actuarial (loss)/gain arising from:						
– demographic assumptions	**–**	–	**–**	–	**–**	–
– financial assumptions	**(1.8)**	(0.1)	**–**	–	**(1.8)**	(0.1)
– experience adjustments	**0.1**	0.1	**–**	–	**0.1**	0.1
Return on plan assets	**–**	–	**1.4**	(0.8)	**1.4**	(0.8)
(excluding interest income)						
Other						
Contributions by the employer	**–**	–	**0.5**	0.6	**0.5**	0.6
Benefits paid out	**0.5**	0.4	**(0.5)**	(0.4)	**–**	–
Balance at 30 April	**(16.6)**	(14.8)	**18.1**	16.0	**1.5**	1.2

Cumulative actuarial gains and losses recognised in equity:

	2015 £m	2014 £m
Cumulative amounts of losses recognised in the statement of comprehensive income at 1 May	**(5.0)**	(4.4)
Net actuarial losses recognised in the year	**(0.3)**	(0.8)
Change in the effect of the asset ceiling	**(0.3)**	0.2
Cumulative amounts of losses recognised in the statement of comprehensive income at 30 April	**(5.6)**	(5.0)

The fair value of the assets were as follows:

	30 April 2015 Long-term Value £m	30 April 2014 Long-term Value £m
UK Equities	**0.8**	0.8
Global Equities	**3.1**	3.0
Emerging Market Equities	**1.4**	0.7
Emerging Market Debt	**0.9**	1.3
High Yield Bonds	**0.9**	0.9
Diversified Growth Fund	**3.0**	2.9
Property	**1.7**	1.5
Government Bonds (over 15 years)	**0.9**	1.6
Government Bonds (5 to 15 years)	**1.7**	0.8
Index Linked Gilts (over 5 years)	**1.9**	–
Corporate Bonds	**1.3**	2.3
Cash	**0.5**	0.2
Fair value of plan assets	**18.1**	16.0

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA- rated. All other plan assets are not quoted in an active market.

History of asset values

	30 April 2015 £m	30 April 2014 £m	30 April 2013 £m	30 April 2012 £m	30 April 2011 £m
Fair value of scheme assets	**18.1**	16.0	16.0	14.0	12.8
Present value of scheme liabilities	**(16.6)**	(14.8)	(14.6)	(13.3)	(12.4)
Net surplus in the plan	**1.5**	1.2	1.4	0.7	0.4

Actuarial assumptions
The major assumptions used by the actuary for the 30 April 2015 valuation were:

Valuation at:	**30 April 2015**	30 April 2014
Discount rate	**3.50%**	4.30%
Inflation assumption (RPI)	**3.30%**	3.40%
Inflation assumption (CPI)	**2.40%**	2.50%
Rate of increase in pensions in payment post-97 (Pre-97 receive 3% p.a. increases)	**3.30%**	3.40%

The mortality assumptions are the standard S1PA CMI_2014_X [1.0%] (2014: S1PA CMI_2009_X [1.0%]) base table for males and 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 22.0 years and 24.3 years respectively (2014: 22.0 and 24.2). The life expectancy of male and female deferred pensioners (now aged 50) retiring at age 65 after the balance sheet date is 23.7 years and 26.1 years respectively (2014: 23.0 and 25.3).

Sensitivity Analysis
The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased as a result of a change in the respective assumptions.

	Change in Assumption	Change in defined benefit obligation
Discount rate	-0.25% p.a	+4.2%
Rate of inflation	+0.25% p.a	+2.9%
Rate of mortality	+ 1 year	+3.0%

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. In practice, changes in some of the assumptions are correlated and so each assumption change is unlikely to occur in isolation, as shown above.

Funding
The Group expects to pay £0.6m in contributions to its defined benefit plan in the year ending 30 April 2016 (i.e. the next annual reporting period), albeit it has no obligation to do so.

7 Taxation

The tax charge for the year is as follows:

	2015 £m	2014 £m
Current tax		
UK corporation tax payable	**(130.2)**	(94.3)
Adjustments in respect of previous years	**4.8**	(4.0)
	(125.4)	(98.3)
Deferred tax at 20% (note 19) (2014: 21%)	**9.2**	11.2
	(116.2)	(87.1)

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

	2015 £m	2014 £m
Deferred tax on remeasurements of the net defined benefit asset/liability (note 19)	**0.1**	0.1

Notes to the Consolidated Financial Statements
continued

7 Taxation continued

Tax on items recognised directly in equity is as follows:

	2015 £m	2014 £m
Deferred tax in respect of employee share schemes (note 19)	**13.1**	17.3
Current tax in respect of employee share schemes (note 19)	**(11.5)**	(23.1)
	1.6	(5.8)

The tax charge assessed for the year differs from the standard rate of UK corporation tax of 20.92% (2014: 22.84%). The differences are explained below:

	2015 £m	2014 £m
Profit before tax	**539.7**	380.0
Tax on profit at standard UK corporation tax rate	**113.2**	86.8
Effects of:		
Expenses not deductible for tax purposes	**0.5**	0.5
Tax effect of share of results of joint ventures	**0.9**	0.1
Adjustments in respect of previous periods	**1.9**	4.0
Prior year adjustment in respect of change of tax rate from 23% to 21%/20% (note 19)	**–**	5.3
Utilisation of losses	**–**	(0.8)
Other	**(0.3)**	(8.8)
Tax charge	**116.2**	87.1

Corporation tax is calculated at 20.92% (11 months at 21%, 1 month at 20%) of the estimated assessable profit for the year.

The adjustments in respect of previous years includes items such as the earlier recognition of costs in the statutory accounts and other timing differences that are not individually significant and have not therefore been separately disclosed.

8 Earnings per ordinary share

Basic earnings per ordinary share is 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.

	2015	2014
Profit attributable to shareholders (£m)	**423.5**	292.9
Weighted average number of shares (m)	**135.3**	132.1
Basic earnings per ordinary share (p)	**313.0**	221.8

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 2015, the Group had three (2014: three) categories of potentially dilutive ordinary shares: 2.9 million £4.96 share options under the 2009 LTIP Part B, 16.1 million (2014: 19.6 million) £nil share options under the 2011 LTIP and 0.5 million (2014: nil) share options under the Bonus Banking plan. 2.9 million share options vested on 15 April 2015 under the 2009 LTIP Part B scheme and 1.3 million were issued to participants, with the Company settling the option price and participants' tax liability in respect of the balance, in lieu of issuing shares. In 2014, 4.4 million share options vested and were issued on 31 January 2014 under the Part A of the 2009 LTIP scheme.

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.

	2015	2014
Profit used to determine diluted EPS (£m)	**423.5**	292.9
Weighted average number of shares (m)	**135.3**	132.1
Adjustments for:		
Share options – 2009 LTIP Part A (m)	**–**	3.0
Share options – 2009 LTIP Part B (m)	**3.5**	4.0
Share options – 2011 LTIP (m)	**13.6**	16.4
Bonus plan shares	**0.5**	–
Shares used to determine diluted EPS (m)	**152.9**	155.5
Diluted earnings per ordinary share (p)	**276.9**	188.4

9 Intangible assets

	Goodwill £m
Cost	
At 1 May 2014 and 30 April 2015	17.2
Accumulated impairment	
At 1 May 2014 and at 30 April 2015	–
Net book value	
At 1 May 2014 and at 30 April 2015	17.2
Cost	
At 1 May 2013 and 30 April 2014	17.2
Accumulated impairment	
At 1 May 2013 and at 30 April 2014	–
Net book value	
At 1 May 2013 and at 30 April 2014	17.2

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 on St James Group Limited Cash Generating Unit is tested annually for impairment. The recoverable amount has been determined on the basis of the value in use of the business using 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 12.06% (2014: 13.21%) 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.

Notes to the Consolidated Financial Statements

continued

10 Property, plant and equipment and investment property

	Property, plant and equipment				
	Freehold property £m	Fixtures and fittings £m	Motor vehicles £m	Total £m	Investment properties £m
Cost					
At 1 May 2014	16.3	6.0	4.0	26.3	7.5
Additions	0.3	2.9	1.4	4.6	–
Disposals	–	(0.2)	(0.9)	(1.1)	(7.3)
At 30 April 2015	**16.6**	**8.7**	**4.5**	**29.8**	**0.2**
Accumulated depreciation					
At 1 May 2014	0.7	2.3	1.3	4.3	0.3
Charge for the year	0.3	1.7	0.7	2.7	–
Disposals	–	(0.2)	(0.5)	(0.7)	(0.3)
At 30 April 2015	**1.0**	**3.8**	**1.5**	**6.3**	**–**
Net book value					
At 1 May 2014	15.6	3.7	2.7	22.0	7.2
At 30 April 2015	**15.6**	**4.9**	**3.0**	**23.5**	**0.2**

	Property, plant and equipment				
	Freehold property £m	Fixtures and fittings £m	Motor vehicles £m	Total £m	Investment properties £m
Cost					
At 1 May 2013	11.1	8.8	3.5	23.4	27.4
Additions	5.2	2.2	1.5	8.9	–
Disposals	–	(5.0)	(1.0)	(6.0)	(19.9)
At 30 April 2014	16.3	6.0	4.0	26.3	7.5
Accumulated depreciation					
At 1 May 2013	0.5	5.3	1.3	7.1	0.9
Charge for the year	0.2	1.1	0.6	1.9	0.1
Disposals	–	(4.1)	(0.6)	(4.7)	(0.7)
At 30 April 2014	0.7	2.3	1.3	4.3	0.3
Net book value					
At 1 May 2013	10.6	3.5	2.2	16.3	26.5
At 30 April 2014	15.6	3.7	2.7	22.0	7.2

The market value of the investment properties held at 30 April 2015 is £0.3m (30 April 2014: £10.3m) as determined by the Directors taking into account all relevant factors including their nature and location. No independent valuation was undertaken.

11 Investments accounted for using the equity method

	2015 £m	2014 £m
Unlisted shares at cost	**11.0**	12.1
Loans	**15.7**	41.9
Share of post-acquisition reserves	**23.9**	7.9
Elimination of profit on transfer of inventory to joint ventures	**(0.5)**	(0.5)
	50.1	61.4

Details of the principal joint ventures are provided in note 28.

The movement on the investments accounted for using the equity method during the year is as follows:

	2015 £m	2014 £m
At 1 May	**61.4**	44.1
Profit after tax for the year	**28.3**	12.1
Dividends from investments	**(12.3)**	–
Net (decrease)/increase in loans to joint ventures	**(27.3)**	5.2
At 30 April	**50.1**	61.4

Net (decrease)/increase in loans to joint ventures includes movements in unlisted shares at cost.

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

	2015 £m	2014 £m
Current assets	**196.1**	180.4
Current liabilities	**(92.4)**	(82.5)
Non-current liabilities	**(53.6)**	(36.5)
	50.1	61.4
Revenue	**141.5**	125.6
Costs	**(111.1)**	(112.1)
Operating profit	**30.4**	13.5
Interest charges	**(1.9)**	(1.2)
Profit/(loss) before taxation	**28.5**	12.3
Tax charge	**(0.2)**	(0.2)
Share of post tax profit/(loss) of joint ventures	**28.3**	12.1

12 Other investments
Other investments comprise available-for-sale financial assets.

	2015 £m	2014 £m
At 1 May	**11.0**	–
Additions	**–**	10.0
Fair value adjustment taken through other comprehensive income	**1.0**	1.0
At 30 April	**12.0**	11.0

As at 30 April 2015, the Group held 100,000 units (2014: 100,000 units) in a fund into which in 2014 the Group sold 534 rental properties. In accordance with IFRS 7 'Financial Instruments: Disclosures', these financial assets have been classified as Level 2 within the fair value hierarchy. Level 2 fair value measurements are those that are derived from inputs other than quoted prices included within level 1 that are observable for the asset (that is, as prices) or indirectly (that is, derived from prices).

On 30 April 2015, based on inputs other than quoted prices, the units had a market value of £12.0m (2014: £11.0m). A gain of £1.0m (2014: £1.0m) has been recognised in the consolidated statement of comprehensive income for the year ended 30 April 2015.

Further disclosures relating to financial assets are set out in note 26.

Notes to the Consolidated Financial Statements
continued

13 Inventories

	2015 £m	2014 £m
Land not under development	**342.0**	492.4
Work in progress	**2,280.2**	1,966.4
Completed units	**31.9**	22.4
	2,654.1	2,481.2

14 Trade and other receivables

	2015 £m	2014 £m
Trade receivables	**123.9**	134.0
Other receivables	**13.7**	15.3
Prepayments and accrued income	**8.0**	9.7
	145.6	159.0

Further disclosures relating to trade receivables are set out in note 26.

15 Cash and cash equivalents

	2015 £m	2014 £m
Cash and cash equivalents	**430.9**	130.2

16 Borrowings

	2015 £m	2014 £m
Current		
Bank loans	**–**	(1.0)
	–	(1.0)

Further disclosures relating to current and non-current loans are set out in note 26.

17 Trade and other payables

	2015 £m	2014 £m
Current		
Trade payables	**(391.9)**	(346.7)
Deposits and on account contract receipts	**(920.9)**	(741.6)
Loans from joint ventures	**(0.1)**	(0.1)
Other taxes and social security	**(39.4)**	(39.4)
Accruals and deferred income	**(151.5)**	(90.8)
	(1,503.8)	(1,218.6)
Non-current		
Trade payables	**(131.7)**	(148.6)
Total trade and other payables	**(1,635.5)**	(1,367.2)

All amounts included above are unsecured. The total of £39.4m (2014: £39.4m) for other taxes and social security includes £24.7m (2014: £29.5m) for Employer's National Insurance provision in respect of share-based payments.

Further disclosures relating to current trade and non-current trade payables are set out in note 26.

18 Provisions for other liabilities and charges

	Total £m
At 1 May 2014	(57.1)
Reclassified from accruals	(5.9)
Utilised	4.5
Released	24.5
Charged to the income statement	(41.1)
At 30 April 2015	**(75.1)**

	Total £m
At 1 May 2013	(29.0)
Utilised	2.5
Released	1.2
Charged to the income statement	(31.8)
At 30 April 2014	(57.1)

Analysis of total provisions:

	2015 £m	2014 £m
Non-current	**61.1**	48.5
Current	**14.0**	8.6
Total	**75.1**	57.1

Provisions for other liabilities and charges primarily relate to provisions for a best estimate of certain post-completion development obligations in respect of the construction of its portfolio of complex mixed-use developments which are expected to be incurred in the ordinary course of business, based on historic experience, but which are uncertain in terms of timing and quantum. In addition, the Group holds provisions for litigation, for onerous leases on properties leased by the Group and for the Group's exposure to specific estate liabilities on historic sites developed by the Group. These are not individually significant in terms of quantum.

19 Deferred tax

The movement on the deferred tax account is as follows:

	Accelerated capital allowances £m	Retirement benefit obligation £m	short-term timing differences £m	Total £m
At 1 May 2014	0.3	–	60.8	61.1
Transfer to corporation tax receivable	–	–	0.7	0.7
(Charged)/credited to the income statement in year	0.1	(0.1)	9.2	9.2
Credited to equity at 20%	–	0.1	13.1	13.2
Realisation of deferred tax asset on vesting of employee share scheme	–	–	(11.5)	(11.5)
Credited to equity in year (note 7)	–	0.1	1.6	1.7
At 30 April 2015	**0.4**	**–**	**72.3**	**72.7**

Notes to the Consolidated Financial Statements

continued

19 Deferred tax continued

	Accelerated capital allowances £m	Retirement benefit obligation £m	short-term timing differences £m	Total £m
At 1 May 2013	0.3	–	56.4	56.7
Transfer to corporation tax receivable	–	–	(1.1)	(1.1)
(Charged)/credited to the income statement at 23% (note 7)	–	(0.1)	16.6	16.5
Adjustment in respect of change of tax rate from 23% to 21%/20% (note 7)	–	–	(5.3)	(5.3)
(Charged)/credited to the income statement in year	–	(0.1)	11.3	11.2
Credited to equity at 23%	–	0.1	21.2	21.3
Adjustment in respect of change of tax rate from 23% to 21%/20%	–	–	(3.9)	(3.9)
Realisation of deferred tax asset on vesting of employee share scheme	–	–	(23.1)	(23.1)
Credited to equity in year (note 7)	–	0.1	(5.8)	(5.7)
At 30 April 2014	0.3	–	60.8	61.1

Deferred tax is calculated in full on temporary differences at the tax rates that are expected to apply for the period when the asset is realised and the liability is settled using a tax rate of 20% (2014: 21%/20%). Accordingly, all temporary differences have been calculated. There is no unprovided deferred tax (2014: nil) at the balance sheet date.

All deferred tax assets are available for offset against deferred tax liabilities and hence the net deferred tax asset at 30 April 2015 is £72.7m (2014: £61.1m).

Deferred tax assets of £49.0m (2014: £58.3m) are expected to be recovered after more than one year.

The deferred tax credited to equity during the year was as follows:

	2015 £m	2014 £m
Deferred tax on remeasurements of the net defined benefit asset/liability (note 7)	**0.1**	0.1
Deferred tax in respect of employee share schemes (note 7)	**1.6**	(5.8)
Movement in the year	**1.7**	(5.7)
Cumulative deferred tax credited to equity at 1 May	**27.0**	32.7
Cumulative deferred tax credited to equity at 30 April	**28.7**	27.0

20 Share capital and share premium

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

	Ordinary shares		Share Capital		Share Premium	
	2015 No '000	2014 No '000	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Issued						
At start of year	**135,357**	134,857	**6.8**	6.7	**49.3**	49.3
Issued in year	**1,300**	500	**–**	0.1	**0.3**	–
At end of year	**136,657**	135,357	**6.8**	6.8	**49.6**	49.3

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.

On 31 March 2015, 1.3 million ordinary shares (2014: 0.5 million) were allotted and issued to the Employee Benefit Trust.

On 15 April 2015, 1.3 million ordinary shares (2014: 4.2 million) were transferred from the Employee Benefit Trust to Executive Directors and Senior Management to satisfy the exercise of options under the 2009 Long Term Incentive Plan Part B.

At 30 April 2015 there were 0.1 million shares held in trust (2014: 0.1 million). The market value of these shares at 30 April 2015 was £2.5m (2014: £2.4m).

21 Reserves

The movement in reserves is set out in the Consolidated Statement of Changes in Equity on page 96.

Other reserve

The other reserve of negative £961.3m (2014: negative £961.3m) 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 revaluation 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 £20.3m 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 £3.9m in the year (2014: £nil) out of retained earnings was recognised as the associated fair value adjustments. At 30 April 2015 the balance in the revaluation reserve relating to the acquisition of St James Group Limited is £nil (2014: £3.9m).

The second element arose in 2010 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 £0.6m 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. Transfers of £0.2m in the year (2014: £nil) out of retained earnings were recognised as the associated fair value adjustments. At 30 April 2015 the balance in the revaluation reserve relating to the acquisition of the five entities that were previously joint ventures with Saad Investments Company Limited is £nil (2014: £0.2m).

Capital redemption reserve

The capital redemption reserve 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 and the Company's Employee Benefit Trust acquired none (2014: none) of its own shares through purchases on the London Stock Exchange in the year.

22 Dividends per share

The dividends paid in 2015 were a total of £243.5 million, £121.75 million in January 2015 (90 pence per share) and £121.75 million in September 2014 (90 pence per share) (2014: £195.2 million being £77.2 million in September 2013, 59 pence per share, and £118.0 million in January 2014, 90 pence per share). A further interim dividend of £123.0 million (90 pence per share) has been declared for payment on 17 September 2015. These financial statements do not reflect this further interim dividend.

23 Contingent liabilities

Certain companies within the Group have given performance and other trade guarantees on behalf of other members of the Group in the ordinary course of business. The Group has performance agreements in the ordinary course of business of £19.5m which are guaranteed by third parties (2014: £15.0m). The Group considers that the likelihood of an outflow of cash under these agreements is low and that no provision is required.

24 Operating leases – minimum lease payments

The total future aggregate minimum lease payments of the Group under non-cancellable operating leases are set out below:

	2015 £m	2014 £m
Amounts due within:		
Within one year	**1.6**	1.9
Between one and five years	**2.8**	4.4
After five years	**1.7**	2.4
	6.1	8.7

Notes to the Consolidated Financial Statements

continued

25 Notes to the consolidated cash flow statement

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

	2015 £m	2014 £m
Profit after taxation for the year	**423.5**	292.9
Adjustments for:		
– Taxation	**116.2**	87.1
– Depreciation	**2.7**	2.0
– Loss on sale of fixed assets	**0.2**	0.7
– Profit on sale of investment properties	**(1.3)**	(43.2)
– Finance income	**(3.0)**	(3.4)
– Finance costs	**15.7**	10.3
– Share of results of joint ventures after tax	**(28.3)**	(12.1)
– Non-cash charge in respect of share-based payments	**2.7**	3.3
Changes in working capital:		
– Increase in inventories	**(172.9)**	(414.5)
– Decrease/(increase) in trade and other receivables	**7.6**	(33.6)
– Increase in trade and other payables	**281.1**	370.8
– Decrease in employee benefit obligations	**(0.6)**	(0.6)
Cash generated from operations	**643.6**	259.7

Reconciliation of net cash flow to net cash:

	2015 £m	2014 £m
Net increase in cash and cash equivalents, including bank overdraft	**300.7**	63.4
Net cash outflow from decrease in borrowings	**1.0**	21.1
Movement in net cash/(debt) in the year	**301.7**	84.5
Opening net cash	**129.2**	44.7
Closing net cash	**430.9**	129.2

Net cash:

As at 30 April	**2015 £m**	2014 £m
Cash and cash equivalents	**430.9**	130.2
Current borrowings	**–**	(1.0)
Net cash	**430.9**	129.2

26 Capital management, financial instruments and financial risk management

The Group finances its operations by a combination of shareholders' funds, working capital and, where appropriate, borrowings. The Group's objective when managing capital is 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. This allows the Group to take advantage of prevailing market conditions by investing in land and work in progress at the right point in the cycle or delivering returns to shareholders through dividends or share buy backs. In 2012 the Group put in place a long-term strategic plan to see £13 per share returned to shareholders over the following 10 years. This plan, reported in more detail in the Trading and Financial Review on pages 50 to 54, ensures there is sufficient working capital retained in the business to continue investing selectively in new land opportunities as they arise.

The Group monitors capital levels principally by monitoring net cash/debt levels, cash flow forecasts and return on average capital employed. The Group considers capital employed to be net assets adjusted for net cash/debt. Capital employed at 30 April 2015 was £1,207.0m (2014: £1,312.1m). The decrease in capital employed in the year of £105.1m reflects an increase in net cash holdings during the year.

The Group's financial instruments comprise financial assets being: trade receivables and cash and cash equivalents and financial liabilities being: bank loans, trade payables, deposits and on account receipts, loans from joint ventures and accruals. Cash and cash equivalents and borrowings are the principal financial instruments 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

– credit risk – the risk that a counterparty will default on their contractual obligations resulting in a loss to the Group.

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

	2015 £m	2014 £m
Current		
Trade receivables	**123.9**	134.0
Cash and cash equivalents	**430.9**	130.2
	554.8	264.2
Non-current		
Available-for-sale financial assets	**12.0**	11.0
	12.0	11.0
Total financial assets	**566.8**	275.2

Trade receivables and available-for-sale financial assets are non-interest bearing. Of the current trade receivables balance of £123.9m (30 April 2014: £134.0m), £119.1m (30 April 2014: £127.3m) was not past due, with £4.8m being 0–30 days past due (30 April 2014: £6.7m, 0–30 days past due).

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets that are measured at fair value:

2015	Notes	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Assets					
Available-for-sale financial assets	12	**–**	**12.0**	**–**	**12.0**
Total assets		**–**	**12.0**	**–**	**12.0**

2014	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets					
Available-for-sale financial assets	12	–	11.0	–	11.0
Total assets		–	11.0	–	11.0

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

	2015 £m	2014 £m
Current		
Bank loans	**–**	(1.0)
Trade payables	**(391.9)**	(346.7)
Loans from joint ventures	**(0.1)**	(0.1)
Accruals and deferred income	**(151.5)**	(90.8)
	(543.5)	(438.6)
Non-current		
Trade payables	**(131.7)**	(148.6)
	(131.7)	(148.6)
Total financial liabilities	**(675.2)**	(587.2)

All amounts included above are unsecured.

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.

Notes to the Consolidated Financial Statements
continued

26 Capital management, financial instruments and financial risk management continued

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

	2015 £m	2014 £m
In more than one year but not more than two years	**(67.4)**	(54.3)
In more than two years but not more than five years	**(32.3)**	(93.3)
In more than five years	**(32.0)**	(1.0)
	(131.7)	(148.6)

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).

Current trade receivables include £14.4m relating to amounts owed by St Edward Homes Limited in respect of the inventory sold by the Group in 2009 (Note 27). This is held at its 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. At 30 April 2015 a rate of 0.85% was applied (2014: 1.08%).

Non-current trade payables comprise long-term land payables, 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 2015 a rate of 0.85% was applied (2014: 1.08%). Non-current 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 carrying value in the preceding tables, is as follows:

	2015 £m	2014 £m
In less than one year	**(543.5)**	(441.5)
In more than one year but not more than two years	**(68.0)**	(55.0)
In more than two years but not more than five years	**(33.0)**	(96.0)
In more than five years	**(35.0)**	(1.0)
	(679.5)	(593.5)

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.

If interest rates on the Group's cash/debt balances had been 50 basis points higher throughout the year ended 30 April 2015, profit after tax for the year would have been £1,014,000 higher (2014: £483,000 higher). This calculation is based on the monthly closing net cash/debt balance throughout the year. A 50 basis point increase in interest rate represents management's assessment of a reasonably possible change for the year ended 30 April 2015.

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 (2014: £nil), nor are there any provisions held against trade receivables (2014: £nil), and no trade receivables are past their due date (2014: £nil).

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

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

	Available £m	Drawn £m	Undrawn £m	2015 Termination date	Available £m	Drawn £m	Undrawn £m	2014 Termination date
Revolving credit facility one	**–**	**–**	**–**	**–**	275	–	275	May-18
Revolving credit facility two	**–**	**–**	**–**	**–**	250	–	250	Apr-18
New Revolving credit facility	**575**	**–**	**575**	**Mar-20**	–	–	–	–
	575	**–**	**575**		525	–	525	

As of 23 March 2015, the two revolving credit facilities (RCF 1 and RCF 2) merged into one new revolving facility with the total facility increasing to £575 million (2014: £525 million). The term of the facility is 5 years with a maturity date of 23 March 2020.

At 30 April 2015 the total drawn down balance of the facility was £nil (2014: £nil). In addition, at 30 April 2015 there were bank bonds in issue of £5.0m (2014: £0.2m).

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, with all of which the Group is in compliance.

27 Related party transactions

The Group has entered into the following related party transactions:

Transactions with directors
In terms of new transactions in the 2015 financial year:

i) During the financial year, Mr A W Pidgley paid £25,470 (2014: £440,052) to Berkeley Homes plc for works carried out at his home under the Group's own build scheme. 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.

ii) Berkeley Homes plc has entered into an agreement with Langham Homes, a company controlled by Mr T K Pidgley who is the son of the Group's Chairman, under which Langham Homes will be paid a fee for a land introduction on an arm's length basis. A fee of £173,000 was paid under this agreement in the period and there were no outstanding balances at 30 April 2015 when the land purchase became unconditional. Langham Homes continues to introduce land to the Group and in the event that any further land purchases are agreed, further fees may be payable to Langham Homes in future periods. In prior years, £1,274,000 has been paid to Langham Homes in respect of two sites acquired by the Group, also on an arm's length basis.

iii) Mr G J Fry, a Director of the Company, contracted to purchase an apartment at Brewery Wharf, London and a car parking space for £565,000 on 21 August 2014 from St James Group Limited, a wholly owned subsidiary of the Company.

Ms D Brightmore-Armour, on 14 April 2014 prior to becoming a Director of the Company, contracted to purchase an apartment at 190 Strand, London for £2,985,000 from St Edward Homes Limited, a joint venture of the Company, for which shareholder approval was not required. Subsequent to this purchase, and having been appointed a Director of the Company, Ms Brightmore-Armour received Board approval to purchase a storage room at the property for £101,200.

The agreements between St James Group Limited and Mr Fry and St Edward Homes Limited and Ms Brightmore-Armour are standard form sale and purchase agreements used by the Company on its developments, save that Mr Fry's purchase of his apartment and Ms Brightmore-Armour's purchase of the storage room are conditional upon the agreement of shareholders.

As these transactions are in excess of £100,000, they constitute a substantial property transaction with a Director of the Company under sections 190 and 191 of the Companies Act 2006 and are therefore conditional on the approval of shareholders, which will be sought at the Annual General Meeting in September 2015.

Mr Fry paid a ten per cent deposit on exchange of contracts which will only be returned to him in the event that shareholders do not approve the transaction. Ms Brightmore-Armour has already paid a 10% deposit on exchange of contracts for the apartment and no further deposit is payable on purchase of the storage room, with payment due on completion.

In terms of transactions previously disclosed, all of which received shareholder approval, the purchases of an apartment by Mr G Fry at at Sovereign Court for £819,950 in 2014 and by Mr R C Perrins at 190 Strand for £2,100,000 in 2013. At 30 April 2015, any contractual deposit due to date had been paid to the Group, there were no current balances outstanding and the properties were still under construction and so the sales had not yet completed. The purchase of an apartment by Mr A W Pidgley at Ebury Square in 2013 for £10,500,000 completed and the balance of monies were fully settled in the year, along with a further £1,330,000 for enhancements to specification. The purchase of an apartment by Mr G Fry at Chelsea Creek in 2012 for £725,000 completed and the balance was fully settled in the year.

Transactions with joint ventures
During the financial year there were no transactions with joint ventures other than movements in loans. In 2009 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 2015 an amount of £14,449,000 was outstanding and included within trade receivables (2014: £16,219,000).

Notes to the Consolidated Financial Statements
continued

28 Subsidiaries and joint ventures

(a) Subsidiaries

At 30 April 2015 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 and ancillary activities	
Berkeley Commercial Developments Limited	Berkeley Homes Public Limited Company
Berkeley Homes (Western) Limited (1)	Berkeley Ryewood Limited
Berkeley Homes (Capital) plc (1)	Berkeley Strategic Land Limited
Berkeley Homes (Carmelite) Limited	BH (City Forum) Limited
Berkeley Homes (Central London) Limited (1)	St George Battersea Reach Limited (Jersey)
Berkeley Homes (East Thames) Limited (1)	St George Blackfriars Limited
Berkeley Homes (Eastern Counties) Limited (1)	St George Central London Limited (2)
Berkeley Homes (Eastern) Limited (1)	St George North London Limited (2)
Berkeley Homes (Fleet) Limited	St George PLC
Berkeley Homes (Hampshire) Limited (1)	St George South London Limited (2)
Berkeley Homes (North East London) Limited (1)	St George West London Limited (2)
Berkeley Homes (Oxford & Chiltern) Limited (1)	St George City Limited (2)
Berkeley Homes (PCL) Limited	St James (Grosvenor Dock) Limited
Berkeley Homes (South East London) Limited (1)	St James Group Limited
Berkeley Homes (Southern) Limited (1)	St James Homes Limited
Berkeley Homes (Three Valleys) Limited (1)	St James (West London) Limited
Berkeley Homes (West London) Limited (1)	The Berkeley Group plc (3)
Berkeley Partnership Homes Limited (1)	The Tower, One St George Wharf Limited

(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 Parent Company and is an intermediate holding company

Other activities
BRP Investments No.1 Limited (Jersey)
BRP Investments No.2 Limited (Jersey)

(b) Joint Ventures

At 30 April 2015 the Group had an interest in the following principal joint ventures which have been equity accounted to 30 April, have an accounting date of 30 April otherwise indicated and are registered and operate in England and Wales and which are 50% owned:

	Principal activity
St Edward Homes Limited	Residential-led mixed-use development
St Edward Homes Partnership	Residential-led mixed-use development
The St Edward (Strand) Partnership	Residential-led mixed-use development
St William Homes LLP*	Residential-led mixed-use development

* Accounting date of 31 March

Company Balance Sheet

As at 30 April	Notes	2015 £m	2014 £m
Fixed assets			
Investments	C5	**1,400.6**	1,397.0
		1,400.6	1,397.0
Current assets			
Debtors	C6	**6.5**	6.0
Cash at bank and in hand		**0.9**	0.9
		7.4	6.9
Current liabilities			
Creditors (amounts falling due within one year)	C7	**(618.2)**	(622.9)
Net current liabilities		**(610.8)**	(616.0)
Total assets less current liabilities and net assets		**789.8**	781.0
Capital and reserves			
Called-up share capital	C8	**6.8**	6.8
Share premium account	C9	**49.6**	49.3
Capital redemption reserve	C9	**24.5**	24.5
Profit and loss account	C9	**708.9**	700.4
Total shareholders' funds	C10	**789.8**	781.0

The financial statements on pages 121 to 125 were approved by the board of directors on 30 June 2015 and were signed on its behalf by:

R J Stearn
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. The principal accounting policies are set out below and have been applied consistently throughout the year.

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 total recognised gains and losses for the year as there are no separate gains or losses arising in the year.

Going concern

The Group's business activities together with the factors likely to affect its future development performance and position are set out in the Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are all described in the Trading and Financial Reviews on pages 50 to 54.

The Group has significant financial resources and the Directors have assessed the future funding requirements of the Group, including the repayment of £1.7 billion to shareholders by 2021, 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.

Based on 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, notwithstanding its net current liability position of £610.8m (30 April 2014: £616.0m). For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 three 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 Company 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.

Dividends

Dividend distributions to shareholders are recognised as a liability in the period in which the dividends are appropriately authorised and approved for payout and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

C2 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging the following amounts:

	2015 £m	2014 £m
Auditors' remuneration – audit fees	**0.1**	0.1

No disclosure of other non-audit services has been made as this is included within note 5 of the consolidated financial statements.

C3 Directors and employees

	2015 £m	2014 £m
Staff costs		
Wages and salaries	**12.9**	15.0
Social security costs	**7.6**	10.0
Share-based payments	**19.2**	1.4
	39.7	26.4

The average monthly number of persons employed by the company during the year was 10, all of whom are Directors (2014: 9).

Directors
Details of Directors' emoluments are set out in the Remuneration Report on pages 66 to 83.

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 6 of the Consolidated Financial Statements. Contributions amounting to £49,650 (2014: £48,150) 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; share options and notional shares awarded under the 2009 Long-Term Incentive Plan and the 2011 Long-Term Incentive Plan was £19.2m (2014: £1.4m). Further information on the Company's share incentive schemes are included in the Remuneration Report on pages 66 to 83 as well as note 6 to the Consolidated Financial Statements.

C4 The Berkeley Group Holdings plc profit and loss account

The profit for the year in the Company is £249.3m (2014: profit of £248.9m).

C5 Investments

	2015 £m	2014 £m
Investments in shares of subsidiary undertaking at cost at 1 May	**1,397.0**	1,395.1
Additions	**3.6**	1.9
Investment in shares of subsidiary undertaking at cost at 30 April	**1,400.6**	1,397.0

Additions in the year relate to company contributions to The Berkeley Group plc for employee services to be settled through the issue of shares on the vesting of the Berkeley Group Holdings plc 2009 Part (b) and 2011 Long Term Incentive Plan awards for the benefit of executive directors of its subsidiaries.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of principal subsidiaries are given within note 29 of the Consolidated Financial Statements.

C6 Debtors

	2015 £m	2014 £m
Current		
Deferred tax	**6.5**	6.0

The movements on the deferred tax asset are as follows:

	2015 £m	2014 £m
At 1 May	**6.0**	8.3
Deferred tax in respect of employee share schemes credited to reserves	**1.8**	1.1
Realisation of deferred tax asset on vesting of employee share scheme	**(1.3)**	(3.4)
At 30 April	**6.5**	6.0

Deferred tax is calculated in full on temporary differences at the tax rates that are expected to apply for the period when the asset is realised and the liability is settled using a tax rate of 20% (2014: 21%/20%). Accordingly, all temporary differences have been calculated. There is no unprovided deferred tax (2014: nil) at the balance sheet date.

The deferred tax asset of £6.5m relates to short-term timing differences (2014: £6.0m).

Notes to the Company Financial Statements

continued

C7 Creditors: Amounts falling due within one year

	2015 £m	2014 £m
Amounts owed to subsidiary undertakings	**(610.1)**	(612.7)
Other taxation and social security	**(8.1)**	(10.2)
	(618.2)	(622.9)

All amounts included above are unsecured. The interest rate on £624.9m (2014: £601m) of the balance owed to subsidiary undertakings is 4.0% (2014: 4.0%).

At 30 April 2015 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

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 and fully paid share capital for the Company in the year were as follows:

	Ordinary shares		Share Capital		Share Premium	
	2015 No '000	2014 No '000	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Issued						
At start of year	**135,357**	134,857	**6.8**	6.7	**49.3**	49.3
Issued in year	**1,300**	500	**–**	0.1	**0.3**	–
At end of year	**136,657**	135,357	**6.8**	6.8	**49.6**	49.3

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.

On 31 March 2015, 1.3 million ordinary shares (2014: 0.5 million) were allotted and issued to the Employee Benefit Trust.

On 15 April 2015, 1.3 million ordinary shares (2014: 4.2 million) were transferred from the Employee Benefit Trust to Executive Directors to satisfy the exercise of options under the 2009 Long Term Incentive Plan Part B.

At 30 April 2015 there were 0.1m shares held in trust (2014: 0.1m). The market value of these shares at 30 April 2015 was £2.5m (2014: £2.4m).

The movements in the year are disclosed in note 20 of the Consolidated Financial Statements.

C9 Reserves

	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 May 2014	49.3	24.5	700.4	774.2
Issued in year	0.3	–	–	0.3
Profit for the financial year	–	–	249.3	249.3
Dividends paid	–	–	(243.5)	(243.5)
Credit in respect of employee share schemes	–	–	2.7	2.7
At 30 April 2015	**49.6**	**24.5**	**708.9**	**783.0**

C10 Reconciliation of movements in shareholders' funds

	2015 £m	2014 £m
Profit for the financial year	**249.3**	248.9
Dividends paid	**(243.5)**	(195.2)
Equity settlement of employee share schemes	**0.3**	0.1
Credit in respect of employee share scheme	**2.7**	3.3
	8.8	57.1
Opening equity shareholders' funds	**781.0**	723.9
Closing equity shareholders' funds	**789.8**	781.0

C11 Dividends per share

The dividends paid in 2015 were a total of £243.5 million, £121.75 million in January 2015 (90 pence per share) and £121.75 million in September 2014 (90 pence per share) (2014: £195.2 million being £77.2 million in September 2014, 59 pence per share, and £118.0 million in January 2015, 90 pence per share). A further interim dividend of £123.0 million (90 pence per share) has been declared for payment on 17 September 2015. These financial statements do not reflect this further interim dividend.

C12 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.

Five year summary

Years ended 30 April	**2015 £m**	2014 £m	2012 £m	2011 £m	2010 £m
Income statement					
Revenue from operations	**2,020.2**	1,620.6	1,372.6	1,041.1	742.6
Operating profit	**524.1**	374.8	280.1	226.4	135.7
Share of results of joint ventures	**28.3**	12.1	(1.3)	(2.2)	2.1
Net finance (costs)/income	**(12.7)**	(6.9)	(8.1)	(9.4)	(1.5)
Profit before taxation	**539.7**	380.0	270.7	214.8	136.3
Taxation	**(116.2)**	(87.1)	(61.0)	(56.7)	(41.8)
Profit after taxation	**423.5**	292.9	209.7	158.1	94.5
Profit attributable to:					
Shareholders	**423.5**	292.9	209.7	158.5	95.1
Non-controlling interest	**–**	–	–	(0.4)	(0.6)
	423.5	292.9	209.7	158.1	94.5
Basic earnings per ordinary share	**313.0p**	221.8p	160.0p	121.0p	72.1p
Statement of financial position					
Capital employed	**1,207.0**	1,312.1	1,277.7	1,157.7	891.8
Net cash/(debt)	**430.9**	129.2	44.7	(57.9)	42.0
Net assets	**1,637.9**	1,441.3	1,322.4	1,099.8	933.8
Non-controlling interest	**–**	–	–	–	(4.4)
Shareholders' funds	**1,637.9**	1,441.3	1,322.4	1,099.8	929.4
Net assets per share attributable to shareholders (1)	**1,199p**	1,066p	1,009p	839p	709p
Ratios and statistics					
Return on capital employed (2)	**34.8%**	29.9%	22.9%	21.9%	19.2%
Return on equity after tax (3)	**25.2%**	21.2%	17.3%	15.6%	10.6%
Return on equity before tax (4)	**29.5%**	27.5%	22.4%	21.2%	15.3%
Units sold (5)	**3,355**	3,742	3,712	3,565	2,544

(1) Net assets attributable to shareholders divided by the number of shares in issue excluding shares held in treasury and shares held by the employee benefit trust.

(2) Calculated as adjusted* profit before interest and taxation (including joint venture (loss)/profit before tax) divided by the average net assets adjusted for (debt)/cash.

(3) Calculated as adjusted* profit after taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

(4) Calculated as adjusted* profit before taxation attributable to shareholders as a percentage of the average of opening and closing shareholders' funds.

(5) The number of units completed and taken to sales in the year excluding joint ventures.

*Adjusted figures exclude the benefit of profit on the sale of ground rent assets.

Financial Diary

Annual General Meeting and Interim Management Statement	8 September 2015
Half Year End	31 October 2015
Interim Results Announcement for the six months ending 31 October 2015	4 December 2015
Interim Management Statement	March 2016
Year End	30 April 2016
Preliminary Announcement of Results for the year ending 30 April 2016	June 2016
Publication of 2016 Annual Report	August 2016

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

0871 664 0300 (from the UK)
+44 20 8639 3399 (from overseas)

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
Herbert Smith Freehills LLP

Bankers
Barclays Bank plc
HSBC Bank plc
Lloyds TSB Bank plc
Santander UK plc
Svenska Handelsbanken AB (Publ)
The Royal Bank of Scotland plc

Auditors
KPMG LLP

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

T +44 (0)1932 868 555
F +44 (0)1932 868 667
www.berkeleygroup.co.uk

Design by Hunter Design

Printed in England by Pureprint Group
This report is printed on Amadeus 100 silk
and Amadeus 100 offset

FSC®
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C022913

Our vision for the future

THE QUEEN'S AWARDS FOR ENTERPRISE: SUSTAINABLE DEVELOPMENT 2014
The Berkeley Group Holdings plc