PRESS RELEASE **21 JUNE 2017**

THE BERKELEY GROUP HOLDINGS PLC

FINAL RESULTS ANNOUNCEMENT

OUTSTANDING BALANCE SHEET STRENGTH WITH CASH DUE ON FORWARD SALES OF £2.74 BILLION, ESTIMATED FUTURE LAND BANK GROSS MARGIN OF £6.4 BILLION AND NET CASH OF £285.5 MILLION

ON TARGET TO DELIVER AT LEAST £3.0 BILLION OF PRE-TAX PROFIT IN THE FIVE YEARS BEGINNING 1 MAY 2016, WITH £812.4 MILLION DELIVERED IN THIS FIRST YEAR

MORE THAN £0.5 BILLION OF SUBSIDIES PROVIDED TO DELIVER AFFORDABLE HOUSING AND WIDER COMMUNITY AND INFRASTRUCTURE BENEFITS IN THE YEAR

£8.34 PER SHARE ALREADY RETURNED OR ANNOUNCED TO BE RETURNED BY SEPTEMBER 2017 UNDER SHAREHOLDER RETURNS PROGRAMME, WITH REMAINING £8.00 PER SHARE (£1.1 BILLION) SCHEDULED TO BE DELIVERED EVENLY OVER THE FOLLOWING FOUR YEARS

The Berkeley Group Holdings plc ("Berkeley") today announces its final results for the year ended 30 April 2017:

HIGHLIGHTS

• Profit before tax	£812.4 million; up 53.0% (2016: £530.9 million)
• Net cash	£285.5 million (April 2016: £107.4 million) after dividend payments of £254.6 million and share buy-backs of £64.5 million
• Net asset value per share	Up 18.4% to £15.56 (April 2016: £13.14)
• Forward sales	£2.74 billion (April 2016: £3.25 billion)
• Land bank	£6.4 billion of estimated future gross margin (April 2016: £6.1 billion) across 46,351 plots (April 2016: 42,858 plots)
• Investment	Sixteen sites added to land bank, including five contracted in the St William joint venture
• People	Over 13,000 people working across our sites, including over 650 apprentices in the year

CHAIRMAN'S STATEMENT

Berkeley's unique operating model is focused on developing complex sites, which others are not willing or able to take on, creating fantastic, sustainable places with homes built to a high quality in which our customers want to live and with which planning authorities are proud to be associated. This is what differentiates Berkeley. The additional operational risk associated with this model requires Berkeley to maintain its financial strength at all stages in the cycle and this is reflected in today's strong results and financial position.

The housing market has stabilised in London and the South East but, while Berkeley is in excellent shape with further additions to our unrivalled land bank in the period, it is an inescapable fact that we are facing a number of headwinds and a period of prolonged uncertainty. Brexit and wider global macro instability impact both confidence and sentiment and will result in constrained investment levels. At the same time, the headwinds from changes in recent years to SDLT and mortgage interest deductibility, coupled with the planning environment's increasing demands from the combination of Affordable Housing, CIL, Section 106 obligations and review mechanisms, are resulting in reduced levels of new housing starts in London.

For Berkeley, this leads to greater uncertainty around the timing of delivery of homes from our land bank but will not change our absolute focus on the quality of the homes and places we create. Notwithstanding the uncertainty, Berkeley's strong forward sales position and land bank provide sufficient visibility to reiterate its previous guidance of delivering at least £3.0 billion of pre-tax profit in the five years beginning 1 May 2016, assuming prevailing market conditions persist.

Berkeley has built 19,000 new homes in the last five years and our contribution to housebuilding, job creation and the wider economy remains strong. In London this year, we have again built 10% of all new homes, including 10% of new Affordable Housing, and our contributions to Affordable Housing and wider community and infrastructure benefits exceeded £0.5 billion. Over the five previous years to 30 April 2016, Berkeley has contributed a total of £2.3 billion to the Treasury through direct and wider taxation and we currently support 13,000 jobs across our business. Meanwhile, since its inception in 2011, the Berkeley Foundation has committed £11.2 million to more than 100 charities, of which over £3 million has been raised by Berkeley's staff.

Last year, Berkeley made a series of strategic commitments designed to create value for our business, for our shareholders and for society, as part of a ten year plan for the company. We have had more than 650 apprentices on our sites and in our teams over the last year, a figure that has nearly doubled in the last 12 months. With an ageing construction workforce, a substantial amount of which in London comes from Europe, introducing the next generation to the sector is a top priority for our industry, working in partnership with Government and Further Education colleges. Our Net Promoter Score, which measures customer service, is in the top quartile, sitting alongside the UK's leading retail brands. Our safety record is the best in our history and people's life satisfaction on estates like Kidbrooke Village, which ten years ago were beset by crime and inequality, is now more than 20% higher than the UK average, thanks to the regeneration led by Berkeley in partnership with the local authority.

At the half year, Berkeley introduced flexibility to the delivery of its Shareholder Returns Programme so that future returns could be made from either dividends or share buy-backs. Since then we paid the £1 per share announced in December on schedule in March, equating to £138.8 million; £117.7 million as dividend and £21.1 million through share buy-backs. In February, we announced that the next £138.8 million (£1 per share) will be returned by 30 September 2017, again through a mix of dividends and share buy-backs. To date, £23.2 million of share buy-backs have been made against this commitment.

In closing, Berkeley has delivered another strong performance in a fast-changing environment. We have a deep understanding of our market and real clarity about the fundamental hallmarks of our business: quality, community and a long-term focus on value creation. This is possible because of the hard work and expertise of our people to whom I am ever grateful for their outstanding contribution to this business. It is greatly appreciated. I would also like to thank Greg Fry, who retired from the Board on 31 December 2016, for his loyal service to Berkeley and St George over some 30 years and I wish him every happiness in the future.

Tony Pidgley CBE
Chairman

THE BERKELEY GROUP HOLDINGS PLC

RESULTS FOR THE YEAR ENDED 30 APRIL 2017

CHIEF EXECUTIVE'S STATEMENT

Summary of Performance

Berkeley has delivered pre-tax earnings of £812.4 million for the year, an increase of 53.0% on last year. This is from the sale of 3,905 homes (2016: 3,776) at an average selling price of £675,000 (2016: £515,000), reflecting the mix of properties sold in the year.

Year ended 30 April	2017 £'m	2016 £'m	Change £'m	Change %
Revenue	2,723.5	2,047.5	+676.0	+33.0%
Gross profit	939.8	701.7	+238.1	+33.9%
Operating expenses	(183.6)	(199.8)	+16.2	-8.1%
Operating profit	756.2	501.9	+254.3	+50.7%
Net finance costs	(7.6)	(7.5)	-0.1	
Share of joint ventures	63.8	36.5	+27.3	
Profit before tax	812.4	530.9	+281.5	+53.0%
Earnings Per Share – Basic	467.8p	295.8p	+172.0p	+58.1%
Dividend Per Share	185p	190p	-5p	-2.6%
Pre-Tax Return on Equity	41.1%	30.8%	+10.3%	

This result, taken together with the £530.9 million delivered last year, means Berkeley has now delivered £1.3 billion of the £2.0 billion pre-tax earnings target for the three financial years ending 30 April 2018 that it set in June 2015. Berkeley has good visibility of the forthcoming financial year and beyond, with total cash due on forward sales over the next three years of £2.74 billion. Berkeley also reiterates its earnings guidance for the five years ending 30 April 2021 of at least £3.0 billion of pre-tax earnings, anticipating earnings for 2017/18 of at least the level of 2016/17.

The housing market in London stabilised in the second half of the year, following the disruption either side of the EU Referendum, and reservations for the 2017 calendar year have recovered to 2015 levels. Notwithstanding this, uncertainty over Brexit remains and this, coupled with the impact of high SDLT and multiple demands from the planning system in London, mean that supply in our capital will remain constrained and not reach the levels required.

We have acquired sixteen new sites in the year, of which nine are on a conditional basis, totalling some 7,200 plots. We have also secured ten new planning consents and in excess of 30 revised consents. This activity has seen our land holdings rise to 46,351 plots with an estimated future gross margin of £6.4 billion, up from 42,858 plots and £6.1 billion a year ago. Since the year-end we have acquired our first site in St Joseph, in Birmingham's Gun Quarter, where we plan to develop some 400 new homes.

Strategic Delivery

As reported in December 2016, during the first half of the year the Board of Berkeley reviewed the mechanism for making the £10.00 per share of shareholder returns, remaining to be paid at that time, in light of its assessment that the short-term macro volatility was preventing the long-term value of Berkeley being recognised by the market. The payments were re-characterised as an absolute value per annum and are now to be made through a combination of share buy-backs and dividends, rather than solely dividends. The absolute value will be increased appropriately for any new shares issued.

Since the interim results announcement on 2 December 2016, Berkeley has spent £44.4 million on share buy-backs across 1.53m shares, at an average cost of £28.96 per share (range: £28.08 - £30.97 per share). When combined with dividend payments of £117.7 million in March, £21.1 million of this was part of the £138.8 million announced in December 2016 to be returned by 31 March 2017. The remaining £23.3 million will contribute to the £138.8 million returns to be made by 30 September 2017, as announced on 23 February 2017. The amount to be paid as a dividend will be announced on 17 August

2017 and payable on 15 September 2017 to shareholders on the register on 25 August 2017, taking account of any further share buy-backs made in the intervening period.

	Shareholder Return		Return mechanism	
	Per share	Value	Dividends	Buy-backs
To 30 September 2016	£6.34	£854.9m	£854.9m	-
To 30 March 2017	£1.00	£138.8m	£117.7m	£21.1m
By 30 September 2017	£1.00	£138.8m	*	£23.3m*
Returns - announced	£8.34	£1,132.5m	£972.6m	£44.4m
By 30 September 2018	£2.00	£277.7m		
By 30 September 2019	£2.00	£277.7m		
By 30 September 2020	£2.00	£277.7m		
By 30 September 2021	£2.00	£277.7m		
Returns - to come	£8.00	£1,110.8m		
Total returns	**£16.34**	**£2,243.3m**		

** As of 20 June 2017. The amount to be paid as a dividend in September will depend upon the extent of any further share buy-backs prior to the announcement of the dividend in August.*

Given the change to the Shareholder Returns Programme there were consequential amendments made to the rules of the 2011 LTIP and Berkeley also sought to introduce annual caps for Executive remuneration within the context of a new Remuneration Policy, both of which were approved by shareholders at the Company's Extraordinary General Meeting held on 23 February 2017. The new Remuneration Policy was approved by 97%, and the changes to the 2011 LTIP by 93%, of shareholders who voted.

Housing Market

The housing market in London and the South East has stabilised in the second half of the year, following the significant market dislocation around the EU Referendum last summer. Taking the year as a whole, including the period around the EU Referendum, the value of reservations is 25% lower than in 2015/16, but this decline has now fully reversed with the return to more stable market conditions in which reservation cancellation rates are at normal levels.

While these conditions are adequate to meet our profit guidance, they do not support the much needed growth in housing delivery in London and we have seen the number of new starts fall by some 30% across the Capital, according to latest figures released by the NHBC and Molior. This is a result of both demand and supply side pressures. The high levels of property taxation, reduction in mortgage cost deductibility and the uncertainty that Brexit creates combine to dampen sentiment and demand. While the planning environment, with increased demands from a combination of Affordable Housing, CIL, Section 106 obligations and review mechanisms, acts as a restriction on supply.

We continue to see distortions in the market from these policy measures with UK investors most acutely affected by the taxation changes, offset by overseas customers seeing relative value in the London market. The new build market is a small proportion of the overall housing market but drives the delivery of additional housing stock and, importantly, new affordable homes. The capital intensive nature of regenerating the complex sites that remain to be developed in London requires the certainty of cash flow and de-risking that forward sales to investors generate. It is therefore important that London remains the open, diverse and aspirational global city that contributes so strongly to the UK's prosperity.

Berkeley began the year with a record £3.25 billion of cash due on forward sales and has performed well in the current trading environment to sustain forward sales above £2.74 billion in a year of record revenue delivery. This has been assisted by launches at West End Gate in Paddington and The Dumont on Albert Embankment as well as new phases on our regeneration schemes and development outside the capital in the South East. Prices remain at or above business plan levels. Sales continue to be split broadly evenly between owner occupiers and investors and include just 157 Help to Buy reservations (2016: 96).

Build costs have increased at a similar rate to last year, around 6%, with currency movements impacting materials pricing. There is a recognised skills gap in the UK construction workforce and it is hard to predict how build costs will be affected by Brexit as approximately half of London's site labour comes from the EU. This needs to be addressed by a combination of continued access to EU labour, skills training and innovation in construction if the industry is to achieve its medium term production aspirations.

Our Vision

Berkeley aspires to be a modern world-class business. Through the framework of "Our Vision", we articulate our strategy across our five areas of strategic focus: Customers; Homes; Places; Operations and Our People.

Customers

Berkeley seeks to provide exceptional service to all of our customers, placing them at the heart of our decisions. Our performance is independently assessed using the Net Promoter Score (NPS) and we compare our results with other well-known brands using the Institute of Customer Service's UK Customer Satisfaction Index (UK CSI) results. In March 2017 our six-month rolling average NPS was 70.8 on a scale of -100 to +100 (2016: 71.2), which places Berkeley in the top quartile for all retail brands across all sectors. 98% of our customers would recommend Berkeley to a friend.

We continually engage with our customers to find out what matters most to them. At all stages of the customer experience, the emphasis for our teams is to put the customer first and they are empowered to treat each customer as an individual. We run Sales and Customer Service Academies which brings talented individuals from other industries to Berkeley and ensures the highest standards are set and maintained.

Homes

Over the past five years we have delivered some 19,000 homes, each one with a focus on individual design and quality. Three of our developments were recently category winners within the London Evening Standard New Homes Awards and we were proud to win overall Best Large Housebuilder as well as development-specific accolades in the WhatHouse? Awards 2016.

Our current focus within Our Vision is on developing more resilient, future-proof homes. We are the first developer to respond to the industry-wide issue of overheating by using a risk assessment methodology on all sites. Our aim is to build homes where people can live comfortably in the future with expected changes in climate. We are also future-proofing our homes for increasingly connected lifestyles. We now have minimum fibre broadband infrastructure and wiring standards which will enable customers to 'plug in' emerging technologies according to their wishes and as and when they become available. This would not be possible without working in close collaboration with Openreach and we were delighted to be awarded the Openreach Property Developers Award 2017 for Innovation – Most Supportive Trialist. During 2018 we will continue to research applicable smart technologies, from appliances to security systems and heating and lighting controls.

This year we have successfully used off-site construction to deliver the Urban House concept at Kidbrooke Village, reducing site complexity and time of build in addition to having positive environmental impacts.

Places

We aim to create great places where residents enjoy a good quality of life, now and in the future including, on many of our larger sites, a variety of retail and other commercial uses. We continue to use our toolkit, Creating Successful Places, as a framework for applying the ideas of social sustainability to a new development; Community plans are now in place at 12 of our developments to provide a structured approach to help communities to thrive for the long-term. This supports the ongoing delivery of new community facilities, including three schools which opened in September 2016. Many of our developments also host short-term community events during construction, such as a pop-up park and exhibition at London Dock.

Our long-standing commitment to environmental sustainability has also been reinforced by becoming the first developer to commit to achieving a net biodiversity gain on every new site. Put simply, this means there will be more nature when we finish on site than when we begin. We believe that landscaping can be beautiful whilst providing amenity value and enhancing biodiversity.

Operations

In April 2017 we had more than 13,000 people working on around 58 live construction sites across London and the South East of England. With such levels of activity, it is critical that we undertake the build process with consideration of the workforce, the communities in which we operate and the environment. Testament to this is that almost half of our sites won a Considerate Constructors Scheme Award this year, compared to just 10% nationally.

We recognise the role business must play in tackling global climate change and are delighted to be the first housebuilder to commit to becoming carbon positive. As part of this, we are targeting a 10% reduction in 2018 emissions compared to 2016 levels and are adopting cleaner energy sources.

There needs to be a joined-up approach to tackling the industry's skills crisis and prestige problem. We are now a client member of Build UK, which we see as playing a vital role in reversing the current trend of more people leaving the industry than joining it. Through working closely with our contractors, we have significantly increased the amount of training within our workforce; in 2017 more than 1,600 people were in formal training. Of these, over 650 were apprentices, with the remainder undertaking vocational training. We were pleased to be able to recognise some of the great work which is being achieved in this area at the inaugural Berkeley Apprenticeship Awards in autumn 2016.

Our People

Berkeley's talented and varied people are our strongest resource. Through Our Vision, there has been a focus in 2017 on providing a healthy and supportive working environment for all of our employees. Our commitment to providing healthy workplaces has led to the launch of a number of new initiatives across the business and resulted in Berkeley St Edward being recognised as a 'most improved workplace' within Vitality's Britain's Healthiest Workplace Awards in 2016. Each of our divisions also run personal development and talent management programmes.

Safety is of critical importance to the company and we are honoured to have been awarded the Sir George Earle Trophy in one of our divisions, an international award from RoSPA for premier performance in occupational health and safety; the first time this prestigious award has been won by a housebuilder. Over the last ten years we have worked extremely hard to ensure that all our contractors, suppliers and partners share our commitment to promoting safe and healthy work practices. As a result, we have seen a year-on-year reduction in the number of incidents. In 2017 our Accident Incident Rate was 1.83 (2016: 2.4), less than half the industry average and meaning there were fewer than two incidents during the year for every 1,000 people working on our construction sites.

We continue to support the charitable work of the Berkeley Foundation, which we see as integral to being a modern world-class business, and are thankful for the dedication and enthusiasm of our staff who, once again, have raised large amounts of money and given their time to support such valuable causes. We are delighted that the Foundation's work has been recognised at the 2017 Third Sector's Business Charity Awards, where it received the Corporate Foundation Award for the year.

Outlook

Providing an outlook statement today is by nature challenging, given the level of prevailing macro uncertainty, but Berkeley is in great shape. We have added to our unrivalled land bank in the year. We have net cash of £285.5 million and our forward sales of £2.74 billion give good visibility of profitability and cash flow as we begin a new financial year. The housing market in London and the South East remains under-supplied with low interest rates, good mortgage availability and robust underlying demand. Taken together, this enables Berkeley to reiterate its guidance of delivering at least £3.0 billion of pre-tax profit over the five years to 2021, assuming the return to normal market conditions continues.

A thriving housing market is underpinned by confidence and sentiment. In a cyclical sector this is always finely balanced, more so in times of uncertainty and heightened macro risk, and this needs to be recognised and reflected in the planning and taxation environments. Otherwise, looking to the long term, this could impact the size of Berkeley's business and the speed with which we deliver the homes and value in the land bank.

For London, the effect could be profound and we are already seeing a reduction in new starts at a time when production needs to, and should, increase.

The combination of Brexit, global economic and political instability, increasing planning requirements and the recent increases in property taxation serves to increase the risk profile for developers and this needs to be recognised if the housing challenge in London and the South East is to be addressed. We need conditions for growth that reduce barriers to entry and encourage accelerated development from existing market participants to support increased delivery across all tenures.

Rob Perrins
Chief Executive

TRADING AND FINANCIAL REVIEW

Trading performance

Revenue of £2,723.5 million in the year (2016: £2,047.5 million) arose primarily from the sale of new homes in London and the South East of England. This included £2,667.4 million of residential revenue (2016: £1,965.2 million), £27.2 million from the sale of ground rent assets (2016: £53.4 million) and £28.9 million of commercial revenue (2016: 26.6 million). There were no land sales in the year (2016: £2.3 million).

3,905 new homes (2016: 3,776) were sold across London and the South East of England at an average selling price of £675,000 (2016: £515,000). The anticipated increase in the average selling price is a result of product mix, with Berkeley completing a number of sales on schemes in central London in the year. The comparative financial year included the disposal of two student developments, one in Bath and one in London at Acton, which together comprised 638 units.

In the previous two financial years, Berkeley completed the disposal of its historical ground rent asset portfolios. Ground rent assets now being sold are predominantly from current sites and, accordingly, such disposals are considered part of the ongoing core business and absorb an appropriate allocation of development costs.

Revenue of £28.9 million from commercial activities (2016: £26.6 million) included the sale of some 85,000 sqft of office, retail and leisure space across a number of the Group's developments including Royal Wells Park in Kent and Kew Bridge, Riverlight, Chelsea Creek, Fulham Reach and Goodman's Fields in London. The £26.6 million of revenue last year was from the sale of some 119,000 sqft of office, retail and leisure space.

The gross margin percentage of 34.5% is in line with last year's 34.3%.

Overheads of £183.6 million (2016: £199.8 million) decreased by £16.2 million in the year. This includes a net £22.3 million reduction in the charge to the income statement for the Group's share schemes, and an underlying increase of £6.1 million.

There are a number of factors resulting in the net £22.3 million reduction in share scheme charges, which includes the associated employer's National Insurance costs. The Company cash settled the tax and National Insurance liabilities arising on the vesting of options for participants in the 2011 LTIP on 30 September 2016 in lieu of issuing shares. The cash cost is recorded in overheads. However, this was more than offset by, firstly, the effect of the introduction of the caps on the Executive Director remuneration approved by shareholders at the EGM on 23 February 2017, effective from 1 May 2017, and secondly, the prior year included the costs associated with the second tranche of Part B of the 2009 LTIP which vested on 15 April 2016 which was also cash settled to the extent of the tax and National Insurance liabilities of participants.

The result is that the Group's operating margin has increased to 27.8% from 24.5% last year.

Berkeley's share of the results of joint ventures was a profit of £63.8 million (2016: £36.5 million) which reflects the first completions during the current financial year at 190 Strand and Green Park in Reading, as well as further completions at 375 Kensington High Street and Stanmore Place within St Edward, and pre-development costs within St William in the early stages of the joint venture.

The Group has remained cash positive on a net basis throughout the year. Net finance costs totaled £7.6 million for the year (2016: £7.5 million) due to facility fees and imputed interest on tax and land creditors.

Pre-tax return on equity for the year is 41.1%, compared to 30.8% last year. Basic earnings per share have increased by 58.1% from 295.8 pence to 467.8 pence, which takes into account the issue of a further 1.8 million shares in September 2016 to satisfy the net share awards under the 2011 LTIP scheme as well as the buy-back of 2.4 million shares at a cost of £64.5 million, including £20.1 million in June 2016 and £44.4 million under the Shareholder Returns Programme.

Financial Position

Net assets increased over the course of the year by £324.1 million, or 17.9%, to £2,136.9 million (2016: £1,812.8 million). This is after payment of £254.6 million of dividends and the £64.5 million of share buy-backs. This equates to a net asset value per share of 1,556 pence, up 18.4% from 1,314 pence at 30 April 2016.

Inventories have increased by £227.3 million from £3,256.1 million at 30 April 2016 to £3,483.4 million at 30 April 2017. Inventories include £414.1 million of land not under development (30 April 2016: £384.1 million), £2,981.7 million of work in progress (30 April 2016: £2,853.9 million) and £87.6 million of completed stock (30 April 2016: £18.1 million).

Trade and other payables are £1,878.4 million at 30 April 2017 (£1,858.9 million at 30 April 2016). These include £974.9 million of on-account receipts from customers (30 April 2016: £1,105.8 million) and land creditors of £142.9 million (30 April 2016: £174.7 million). Provisions of £99.9 million (30 April 2016: £88.5 million) include post completion development obligations and other provisions.

The Group ended the year with net cash of £285.5 million (30 April 2016: £107.4 million). This is an increase of £178.1 million during the year (2016: decrease of £323.5 million) as a result of £769.8 million of cash generated from operations (2016: £530.8 million) and a net outflow of £232.8 million in working capital (2016: £436.8 million), before tax and other net cash outflows of £39.8 million (2016: £153.2 million), share buybacks of £64.5 million (2016: £4.8 million) and dividends of £254.6 million (2016: £259.5 million).

Banking

During the year the Board reviewed the Group's banking arrangements, having regard to the size of the business and the investment opportunities emerging in the prevailing environment. As a consequence, Berkeley increased its committed corporate banking facilities to £750 million from £575 million as of 25 November 2016. The agreement was dated 25 November 2016 and has a five year term, with options over an additional two years. A term loan of £300 million was introduced and the revolving credit facility element reduced from £575 million to £450 million. The term loan was drawn down in February 2017.

Joint Ventures

Investments accounted for using the equity method have decreased from £150.0 million at 30 April 2016 to £135.0 million at 30 April 2017. Berkeley's joint ventures include St Edward, a joint venture with Prudential plc, and St William, a joint venture with National Grid plc. The decrease in joint venture investments during the year reflects dividend distributions and loan repayments from St Edward of £91.1 million which exceeded joint venture net profits of £63.8 million and further funding into St William during the year of £12.3 million. In August 2016, St William entered into a £150 million facility agreement with Barclays, Lloyds, and HSBC for a term of three years with options over a further two years. Along with the joint venture partner funding already provided, St William has visibility over its financing arrangements as it continues to grow and develop its land bank.

St Edward has four schemes currently in development at Stanmore Place, 375 Kensington High Street, 190 Strand and Green Park in Reading. 251 homes were sold in the year at an average selling price of £1,322,000 (2016: 240 at £1,329,000), which continues to reflect the mix at the central London developments of 375 Kensington High Street and 190 Strand.

2,152 plots (2016: 1,868 plots) in Berkeley's land holdings relate to St Edward schemes. During the year a resolution to grant consent for a development in Wallingford has been obtained. The site has come through the strategic land holdings and is now included in the Group's land bank. St Edward also controls a commercial site in Westminster which has a detailed planning consent but will not move into development until the premises are vacated by the current tenant.

6,459 plots (2016: 3,599 plots) in Berkeley's land holdings relate to St William schemes, with five new schemes contracted in the year. During the year production commenced on St William's Prince of Wales Drive development in Battersea. Berkeley continues to work closely with National Grid to identify sites from across its portfolio to bring through into its land holdings. In total, there are now 11 St William developments included in the Group's land holdings, where joint ventures are reflected at the appropriate share of profit.

Land

Berkeley has made strong progress in delivering value into and from its land holdings during the year, growing its estimated future gross margin to £6,378 million at 30 April 2017 from £6,146 million at the start of the year, despite a record year of profit delivery for the Group. This includes the Group's 50% share of the anticipated gross margin on joint venture developments. As at 30 April 2017, the Group (including joint ventures) controlled some 46,351 plots which compares to 42,858 plots at the start of the year.

Of the total land holdings plots, 33,771 plots (2016: 33,786) are owned and included on the balance sheet and 12,580 plots (2016: 9,072) are contracted sites which do not yet have a planning consent or are subject to vacant possession. The Group also holds a strategic pipeline of long-term options for in excess of 5,000 plots.

Excluding joint ventures, ten new sites have been added to the land bank in the year. These include six developments in the South East, all in high demand locations: Farnham, Leatherhead and Cranleigh in Surrey, Royal Tunbridge Wells in Kent, Rudgwick in West Sussex and Sunningdale in Berkshire. In London, we have acquired two sites unconditionally: the 21 acre Northfields industrial estate where Berkeley is preparing a planning application and a site in Ealing adjacent to the Group's existing Dickens Yard development. In addition, the Group has conditionally acquired a site on Wood Lane located immediately to the west of the existing White City development and a further conditional site in Paddington which will enhance the existing West End Gate development which was released to production during the year.

In addition, six joint venture sites have been added to the land bank in the year. This includes St Edward's development in Wallingford, which secured a resolution to grant consent in the year, and five former gasworks sites into St William. These five St William sites comprise some 3,000 homes but remain subject to planning, which the joint venture will pursue during the forthcoming financial year, and vacant possession. Accordingly, these sites are long-term in nature.

Berkeley has secured ten new planning consents this year, as well as a significant number of revised consents which have sought to improve the development solution for each scheme to add value and/or reduce risk, which is a key part of Berkeley's approach. The new consents include, in London, an adjacent phase to South Quay Plaza and developments in Kingston and Blackheath. In the South East Berkeley has secured new consents on schemes in Wokingham, St Edward's Wallingford development (resolution to grant), Leatherhead, Royal Tunbridge Wells, Rudgwick and, in St William, at Borehamwood and Rickmansworth.

The Group's land holdings at 30 April 2017 comprise some 90 sites, which is up from 77 a year ago. Of these, 58 (64%) have an implementable planning consent and are in construction and a further 14 (16%) have at least a resolution to grant planning but the consent is not yet implementable; typically due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision. The remaining 18 sites (20%) are in the planning process, with 15 of these subject to conditional contracts which means there is low financial risk on balance sheet. These 15 sites comprise the 12,580 contracted plots and include Stephenson Street, Oval Gasworks, the new site acquired on Wood Lane adjacent to White City in the year, as well as the St William former gasworks sites at Fulham, Poplar and Hornsey.

The estimated future gross margin represents management's risk-adjusted assessment of the potential gross profit for each site, taking account of a wide range of factors, including: current sales and input prices; the political and economic backdrop; the planning regime; and other market forces; all of which could have a significant effect on the eventual outcome. The increase in gross margin in the year is due to both acquisitions and value added through improvements secured both to current and future schemes, a core part of the Group's activities.

- End -

For further information please contact:

The Berkeley Group Holdings plc	Novella Communications
R C Perrins / R J Stearn	Tim Robertson
T: 01932 868555	T: 020 3151 7008

Principal Risks and Uncertainties

Berkeley's approach allows management to focus on making the right long-term decisions to deliver long-term value, whilst retaining the flexibility to take advantage of opportunities which arise in the short and medium term.

Operating Risk

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

The principal operating risks of the Group which have been considered by the Board include, but are not limited to, the following areas: economic and political outlook, regulation, land availability, the planning process, retaining people, securing sales, mortgage availability, sustainability and climate change, health and safety, build cost and programme, product quality and cyber and data risk. These risks and their impact, along with Berkeley's approach to mitigating them, are set out on the following pages.

Financial Risk

In light of these operating risks, Berkeley aims to keep financial risk low, and finances its operations through a combination of shareholders' funds, deposits and on-account receipts and borrowings, where appropriate. The financial 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 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.
- Market interest rate risk - the risk that Group financing activities are affected by fluctuations in market interest rates.
- 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.

The Board approves treasury policy and senior management control day-to-day operations. Relationships with banks and cash management are co-ordinated centrally as a Group function.

The treasury policy is intended to maintain an appropriate capital structure to manage the financial risks identified above and provide the right platform for the business to manage its operating risks.

Risk Description and Impact	Approach to Mitigating Risk
Economic Outlook	
As a property developer, Berkeley's business is sensitive to wider economic factors such as changes in interest rates, employment levels and general consumer confidence.	Recognition that Berkeley operates in a cyclical market is central to our strategy and maintaining a strong financial position is fundamental to our business model and protects us against adverse changes in economic conditions.
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.	Land investment in all market conditions is carefully targeted and underpinned by demand fundamentals and a solid viability case, respecting the cyclical nature of the property industry.
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.	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. Production programmes are continually assessed, depending upon market conditions. 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.
Political Outlook	
Significant political events, including the impact of the vote to leave the EU, may impact Berkeley's business through, for instance, the reluctance of buyers to make investment decisions due to political uncertainty and, subsequently, specific policies and regulation may be introduced that directly impact our business model.	Whilst we cannot directly influence political events, the risks are taken into account when setting our business strategy and operating model. In addition, we actively engage in the debate on policy decisions.
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.	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.
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.

Risk Description and Impact	Approach to Mitigating Risk
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.	Understanding the markets in which we operate is central to Berkeley's strategy and, consequently, land acquisition is focused on Berkeley's core markets of London and the South of England, markets in which it believes that the demand fundamentals are strong. Berkeley has experienced land teams with strong market knowledge in their areas of focus, which gives us the confidence to buy land without an implementable planning consent and, with an understanding of local stakeholders' needs, positions Berkeley with 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 greatest chance of securing targeted land. The Group maintains its land holdings to mitigate against significant impacts from market changes or delayed build activity.
Planning Process	
Delays or refusals in obtaining commercially viable planning permissions could result in the Group being unable to develop its land holdings. This could have a direct impact on the Group's ability to deliver its product and on its profitability.	The Group's strategic geographical focus and expertise places it in the best position to conceive and deliver the right consents for the land acquired. Full detailed planning and risk assessments are performed and monitored for each site without planning permission, both before and after purchase. Our assessment of the risk profile dictates whether sites are acquired either conditionally or unconditionally. The planning status of all sites is reviewed at both 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. This includes a talent management programme, investment in training and the implementation of health and wellbeing initiatives. 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.

Risk Description and Impact

Approach to Mitigating Risk

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 across a broad range of property prices to appeal to a wide market.

The Group's ability to forward sell reduces the risk 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 regularly.

Mortgage Availability

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.

Sustainability and Climate Change

Berkeley is aware of the environmental and social impact of the homes and places that it builds, both throughout the development process and during occupation and use by customers and the wider community.

The effects of climate change could directly impact Berkeley's ability to deliver its product through disruptions to programme and supplies of materials, and our customers and communities could be adversely affected through overheating, water shortages or flooding.

Failure to address sustainability issues, including climate change, could affect the Group's ability to acquire land, gain planning permission, manage sites effectively and respond to increasing customer demands for sustainable homes.

The strategic direction for sustainability is set at a Group level. Our Vision includes specific commitments to enhance environmental and social sustainability considerations in the operation of our business and the delivery of our homes and places.

We have commitments to both mitigate and adapt to climate change. Our sites and offices are encouraged to invest in energy efficiency measures, whilst climate change adaptation measures are considered for all new developments submitted for planning to build resilience into our homes and developments.

Operational procedures and processes are regularly reviewed to ensure high standards and legal compliance are maintained.

Dedicated sustainability teams are in place in each business and at Group, providing advice, monitoring performance and driving improvement.

Risk Description and Impact	Approach to Mitigating Risk
Health and Safety	
Berkeley's operations have a direct impact on the health and Safety of its people, contractors and members of the public. 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 considers this to be an area of critical importance. 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 high standards are maintained and comprehensive accident investigation procedures are in place. Insurance is held to cover the risks inherent in large-scale construction projects. The Group continues to implement initiatives to improve health and safety standards on site.
Build cost and programme	
Build costs are affected by the availability of skilled labour and the price and availability of materials, supplies and contractors. Declines in the availability of a skilled workforce, and changes to these prices could impact on our build programmes and the profitability of our schemes.	A procurement and programming strategy for each development is agreed by the divisional Board before site acquisition, whilst 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. The Group monitors its development obligations and recognises any associated liabilities which arise. Our Vision includes a specific commitment to promote apprenticeships and training across our workforce and the Group works closely with contractors, schools, colleges and training providers to promote the industry, reach talent and up-skill our workforce through the completion of relevant qualifications.

Risk Description and Impact	Approach to Mitigating Risk
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 product quality is maintained. Customer satisfaction surveys are undertaken on the handover of our homes, and feedback incorporated into the specification and design of subsequent schemes.
Cyber and Data Risk	
The Group acknowledges that it places significant reliance upon the availability, accuracy and security of all of its underlying operating systems and the data contained therein. The Group could suffer significant financial and reputational damage because of the corruption, loss or theft of data, whether inadvertent or via a deliberate, targeted cyber-attack.	Berkeley's systems and control procedures are designed to ensure that data confidentiality and integrity are not compromised. Our Information Security Programme focuses primarily on stopping security breaches, and ongoing monitoring and scanning are also conducted. We also work closely with our suppliers and partners to improve the understanding of security best practices. An IT Security Committee meets monthly to address all cyber security matters. The Group has achieved Cyber Essentials Plus certification and implemented a Group-wide security awareness programme, which is refreshed on a regular basis to update employees on current cyber security trends. The Group operates multiple data centres, thereby ensuring that there is no centralised risk exposure and the adequacy of the IT disaster recovery plan is regularly assessed. The Group has Cyber insurance in place to mitigate against any financial impact.

Consolidated Income Statement

For the year ended 30 April	Notes	2017 £m	2016 £m
Revenue		2,723.5	2,047.5
Cost of sales		(1,783.7)	(1,345.8)
Gross profit		939.8	701.7
Net operating expenses		(183.6)	(199.8)
Operating profit		756.2	501.9
Finance income	3	2.1	3.1
Finance costs	3	(9.7)	(10.6)
Share of results of joint ventures using the equity method		63.8	36.5
Profit before taxation for the year		812.4	530.9
Income tax expense	4	(167.3)	(126.8)
Profit after taxation for the year		645.1	404.1
Earnings per share (pence):			
Basic	5	467.8	295.8p
Diluted	5	451.4	268.7p

Consolidated Statement of Comprehensive Income

For the year ended 30 April	2017 £m	2016 £m
Profit after taxation for the year	645.1	404.1
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Actuarial loss recognised in the pension scheme	(0.6)	(0.6)
Deferred tax on actuarial loss recognised in the pension scheme	0.1	0.1
Total items that will not be reclassified to profit or loss	(0.5)	(0.5)
Items reclassified to profit or loss		
Gain on value of other investments	-	(2.0)
Total items reclassified to profit or loss	-	(2.0)
Other comprehensive income for the year	(0.5)	(2.5)
Total comprehensive income for the year	644.6	401.6

Consolidated Statement of Financial Position

As at 30 April	**2017** **£m**	**2016** **£m**
Assets		
Non-current assets		
Intangible assets	17.2	17.2
Property, plant and equipment	22.8	23.5
Investments in joint ventures	135.0	150.0
Deferred tax assets	59.4	71.9
	234.4	262.6
Current assets		
Inventories	3,483.4	3,256.1
Trade and other receivables	229.5	212.3
Cash and cash equivalents	585.5	107.4
	4,298.4	3,575.8
Total assets	4,532.8	3,838.4
Liabilities		
Non-current liabilities		
Borrowings	(300.0)	-
Trade and other payables	(69.2)	(90.3)
Provisions for other liabilities and charges	(73.0)	(68.3)
	(442.2)	(158.6)
Current liabilities		
Trade and other payables	(1,809.2)	(1,768.6)
Current tax liabilities	(117.6)	(78.2)
Provisions for other liabilities and charges	(26.9)	(20.2)
	(1,953.7)	(1,867.0)
Total liabilities	(2,395.9)	(2,025.6)
Total net assets	2,136.9	1,812.8
Equity		
Shareholders' equity		
Share capital	7.0	6.9
Share premium	49.8	49.8
Capital redemption reserve	24.5	24.5
Other reserve	(961.3)	(961.3)
Retained profit	3,016.9	2,692.9
Total equity	2,136.9	1,812.8

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained profit £m	Total £m
At 1 May 2016	**6.9**	**49.8**	**24.5**	**(961.3)**	**2,692.9**	**1,812.8**
Profit after taxation for the year	-	-	-	-	645.1	**645.1**
Other comprehensive income for the year	-	-	-	-	(0.5)	**(0.5)**
Purchase of own shares	-	-	-	-	(64.5)	(64.5)
Issue of ordinary shares	0.1	-	-	-	-	**0.1**
Transactions with shareholders:						
- Credit in respect of employee share schemes	-	-	-	-	(1.3)	**(1.3)**
- Deferred tax in respect of employee share schemes	-	-	-	-	(0.2)	**(0.2)**
- Dividends to equity holders of the Company	-	-	-	-	(254.6)	**(254.6)**
At 30 April 2017	**7.0**	**49.8**	**24.5**	**(961.3)**	**3,016.9**	**2,136.9**
At 1 May 2015	6.8	49.6	24.5	(961.3)	2,518.3	1,637.9
Profit after taxation for the year	-	-	-	-	404.1	404.1
Other comprehensive income for the year	-	-	-	-	(2.5)	(2.5)
Purchase of own shares	-	-	-	-	(1.2)	(1.2)
Issue of ordinary shares	0.1	0.2	-	-	-	0.3
Transactions with shareholders:						
- Credit in respect of employee share schemes	-	-	-	-	28.8	28.8
- Deferred tax in respect of employee share schemes	-	-	-	-	4.9	4.9
- Dividends to equity holders of the Company	-	-	-	-	(259.5)	(259.5)
At 30 April 2016	6.9	49.8	24.5	(961.3)	2,692.9	1,812.8

Consolidated Cash Flow Statement

For the year ended 30 April	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	6	537.0	94.0
Proceeds from sale of investment properties		-	0.2
Interest received		1.9	3.0
Interest paid		(2.7)	(2.7)
Income tax paid		(115.6)	(100.8)
Net cash flow from operating activities		420.6	(6.3)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2.8)	(4.9)
Sale of financial assets		-	12.8
Dividends from investments in joint ventures		70.0	-
Proceeds on disposal of property, plant and equipment		0.5	2.1
Movements in loans with joint ventures		8.8	(63.2)
Net cash flow from investing activities		76.5	(53.2)
Cash flows from financing activities			
Proceeds from issue of shares		0.1	0.3
Purchase of own shares		(64.5)	(4.8)
Increase of borrowings		300.0	-
Dividends paid to Company's shareholders		(254.6)	(259.5)
Net cash flow from financing activities		(19.0)	(264.0)
Net (decrease)/increase in cash and cash equivalents		478.1	(323.5)
Cash and cash equivalents at the start of the financial year		107.4	430.9
Cash and cash equivalents at the end of the financial year		585.5	107.4

Notes to the Condensed Consolidated Financial Information

1 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.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 April 2017 or 2016, but is derived from those accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies, and those for 2017 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

2 Basis of preparation

This information, including the comparative information for the year ended 30 April 2016, has been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRSs"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in accordance with the listing rules of the Financial Conduct Authority and consistently in accordance with the accounting policies set out in the 2016 Annual Report. However, this announcement does not itself contain sufficient information to comply with IFRS.

The following new standards, amendments to standards and interpretations ("Standards") are applicable to the Group and are mandatory for the first time for the financial year which began on 1 May 2016: Annual Improvements to IFRSs – 2012-2014 Cycle; IFRS 11 Joint Arrangements (Amendment); IAS 16 Property, Plant and Equipment (Amendment); IAS 27 Consolidated and Separate Financial Statements (Amendment); IFRS 10 Consolidated Financial Statements (Amendment); IFRS 12 Disclosure of Interest in Other Entities (Amendment); IAS 28 Investments in Joint Ventures and Associates (Amendment) and IAS 1 Presentation of Financial Statements (Amendment). These Standards have not had a material impact on the results of the Company for the year ended 30 April 2017.

The following new standards, amendments to standards and interpretations ("New Standards") have been issued, but are not yet effective for the financial year ended 30 April 2017 and have not been adopted early: IAS 12 Income Taxes (Amendment); IAS 7 Cashflow Statements (Amendment); IFRS 9 Financial Instruments; IFRS 2 Share Based Payments (Amendment); IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases.

The Group is currently considering the impact of IFRS 15 Revenue from Contracts with Customers which will be applicable in Berkeley's financial year ending 30 April 2019, as well as the other New Standards.

During the 2014/2015 financial year, the Company dismissed its finance director, Mr Simpkin, who has issued four sets of legal proceedings in the Employment Tribunal against the Company, the first set being issued on the 28 November 2014. Mr Simpkin claims detriment relating to alleged protected disclosures and unfair dismissal. All such claims are strongly denied by the Company. The Employment Tribunal claims have been stayed following the initial stay application of Mr Simpkin, which was rigorously opposed by the Company. On the 28 November 2015 Mr Simpkin served High Court proceedings on the Company. There is a preliminary High Court hearing in July 2017 to consider the way in which the Remuneration Committee and the Board exercised their respective discretions not to permit Mr Simpkin to retain awards otherwise lost under 2010 Bonus Plan and the 2009 and 2011 LTIP schemes. The Company is robustly defending the proceedings with the assistance of external professional advisers. Appropriate provision has been made in the financial statements for specific costs relating to this matter.

Notes to the Condensed Consolidated Financial Information

3 Net finance costs

For the year ended 30 April	2017 £m	2016 £m
Finance income	2.1	3.1
Finance costs		
Interest payable on bank loans and non-utilisation fees	(3.9)	(2.8)
Amortisation of facility fees	(1.5)	(1.0)
Other finance costs	(4.3)	(6.8)
	(9.7)	(10.6)
Net finance costs	(7.6)	(7.5)

Finance income predominantly represents interest earned on cash deposits.

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

4 Income tax expense

For the year ended 30 April	2017 £m	2016 £m
Current tax		
UK corporation tax payable	(162.4)	(107.5)
Adjustments in respect of previous periods	1.8	(14.9)
	(160.6)	(122.4)
Deferred tax	(6.7)	(4.4)
	(167.3)	(126.8)

5 Earnings per share

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

For the year ended 30 April	2017	2016
Profit attributable to shareholders (£m)	645.1	404.1
Weighted average no. of shares (m)	137.9	136.6
Basic earnings per share (p)	467.8	295.8

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 2017, the Group had two (2016: two) categories of potentially dilutive ordinary shares: 11.4 million (2016: 16.8 million) £nil share options under the 2011 LTIP and 12,000 (2016: 5,000) share options under the 2015 Bonus Banking plan. In the prior financial year, 2.8 million share options vested on 15 April 2016 under Part B of the 2009 LTIP scheme and 1.4 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.

Notes to the Condensed Consolidated Financial Information

A calculation is undertaken 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.

For the year ended 30 April	2017	2016
Profit used to determine diluted EPS (£m)	645.1	404.1
Weighted average no. of shares (m)	137.9	136.6
Adjustments for:		
Share options - 2009 LTIP Part B	-	1.3
Share options - 2011 LTIP	5.0	12.5
Bonus plan shares	-	-
Shares used to determine diluted EPS (m)	142.9	150.4
Diluted earnings per share (p)	451.4	268.7

6 Notes to the Consolidated Cash Flow Statement

For the year ended 30 April	2017 £m	2016 £m
Net cash flows from operating activities		
Profit for the financial year	645.1	404.1
Adjustments for:		
Taxation	167.3	126.8
Depreciation	2.8	3.1
(Profit)/Loss on sale of fixed assets	0.2	(0.2)
(Profit)/Loss on sale of financial asset	-	(2.8)
Finance income	(2.1)	(3.1)
Finance costs	9.7	10.6
Share of results of joint ventures after tax	(63.8)	(36.5)
Non-cash charge in respect of share awards	10.9	28.8
Changes in working capital:		
Increase in inventories	(227.3)	(602.0)
Increase in receivables	(18.4)	(67.8)
Increase in trade and other payables	13.2	233.6
Decrease in employee benefit obligations	(0.6)	(0.6)
Cash generated from operations	537.0	94.0
Reconciliation of net cash flow to net cash		
Net increase/(decrease) in cash and cash equivalents, including bank overdraft	478.1	(323.5)
Increase in borrowings	(300.0)	-
Movement in net cash in the financial year	178.1	(323.5)
Opening net cash	107.4	430.9
Closing net cash	285.5	107.4
Net cash		
Cash and cash equivalents	585.5	107.4
Borrowings	(300.0)	-
Net cash	285.5	107.4

Notes to the Condensed Consolidated Financial Information

7 Related party transactions

The Group has entered into the following related party transactions:

Transactions with Directors

During the year, Mr A W Pidgley paid £44,794 (2016: £378,593), Mr R C Perrins paid £32,289 (2016: £155,167) and Mr S Ellis paid £92,732 (2016: nil) to the Group in connection with works carried out at their respective homes at commercial rates in accordance with the relevant policies of the Group. There were no balances outstanding at the year end.

During the year, shareholder approval was obtained at the Company's Annual General Meeting held in September 2016 for the purchase by Mr K Whiteman, a Director of the Company, of an apartment at Royal Arsenal Riverside for £650,000 on 12 April 2016 from Berkeley Homes plc, a wholly owned subsidiary of the Company. Mr K Whiteman paid a contractual deposit on account of £97,500 during the year (2016: £65,000). At 30 April 2017, the contractual deposits due had all been paid to the Group, there were no current balances outstanding and the property was still under construction.

During the year, shareholder approval was obtained at the Company's Extraordinary General Meeting held in February 2017 for the purchase by Mr S Ellis, a Director of the Company, of an apartment at 190 Strand for £2,285,000 on 1 December 2016 from St Edward (Strand) Partnership, a Joint Venture of the Company. Mr S Ellis paid a contractual deposit on account of £457,000 during the year. At 30 April 2017, the contractual deposits due had all been paid to the Group, there were no current balances outstanding and the property was still under construction.

Director property purchases previously disclosed, which all received shareholder approval, include:

- Mr G J Fry - purchase of an apartment at Brewery Wharf for £565,000 in 2015. Prior to Mr G J Fry retiring as a Director of the Company on 31 December 2016, he legally completed on the purchase of the apartment. All contractual amounts have been paid to the Group.

- Mr G J Fry – purchase of an apartment at Sovereign Court for £819,950 in 2014. As of the date of his retirement as a Director of the Company, Mr G J Fry had paid all the contractual deposits due, there were no balances outstanding and the property was still under construction.

- Mr R C Perrins – purchase of an apartment at 190 Strand for £2,100,000 in 2013. During the financial year, Mr R C Perrins legally completed on the purchase of the apartment. All contractual amounts have been paid to the Group.

- Ms D Brightmore Armour – purchase of an apartment at 190 Strand for £2,985,000 in 2014 along with a storage room at the property for £101,200 in 2015. At 30 April 2017, the contractual deposits due had all been paid to the Group, there were no current balances outstanding and the property was still under construction.

On retiring as a Director of the Company, Mr G J Fry purchased his company owned vehicle for £29,100, which was the highest of four external quotes secured by the Group for the vehicle. As of the date of his retirement, Mr G J Fry had paid all amounts owing to the Group at that time.

Berkeley Homes plc has 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. No payments have been made under this agreement in the financial year (2016: nil) and there were no outstanding balances at the financial year end (2016: nil). Langham Homes has not introduced any new land to the Group in the year. In the event that any further land purchases are agreed, further fees may be payable to Langham Homes in future periods.

Notes to the Condensed Consolidated Financial Information

Transactions with Joint Ventures

During the financial period there were no transactions with joint ventures other than movements in loans and receipt of a dividend from St Edward of £70,000,000 (2016: £40,000,000). The outstanding loan balances with joint ventures at 30 April 2017 total £80,700,000 (30 April 2016: £89,800,000).

In 2009 inventory was sold to St Edward Homes Limited for £17,411,000 being the share of the transaction attributable to the other party in the joint venture. At 30 April 2017 an amount of £736,000 was outstanding and included within trade receivables (30 April 2016: £8,091,000).