PRESS RELEASE **19 JUNE 2019**

THE BERKELEY GROUP HOLDINGS PLC

FINAL RESULTS ANNOUNCEMENT

The Berkeley Group Holdings plc ("Berkeley") today announces its audited results for the financial year ended 30 April 2019.

Berkeley is the country's leading place-maker, operating principally in London, Birmingham and the South East. We are a proud UK business and taxpayer. We create beautiful, successful and sustainable places where communities thrive and where people of all ages and backgrounds enjoy a great quality of life.

DELIVERING FOR ALL STAKEHOLDERS

- 3,698 homes delivered – includes more than 10% of London's new private and affordable homes
- Over £525 million of subsidies provided to deliver affordable housing and committed to wider community and infrastructure benefits in the year
- More than 11,000 people working across our sites
- Over 500 apprentices worked on Berkeley sites during the year, which also saw the launch of a second construction academy
- Maintained Industry leading Net Promoter Score and customer service ratings
- Berkeley's pioneering approach to enhancing nature and biodiversity recognised by Government, with net biodiversity gain to become a national policy requirement

EARNINGS AND GUIDANCE *

- £775.2 million of pre-tax profit (2018: £977.0 million), at top end of market expectations, reflecting resilient trading in the year
- Current 18% out-performance against December 2016 plan to deliver £3.0 billion of pre-tax profit in the five years ending 30 April 2021, in period of extended macro and political uncertainty
- In line with existing guidance and the original plan, pre-tax profit for 2019/20 is anticipated to fall by around a third from 2018/19, with pre-tax ROE expected to settle at around 15% thereafter

FINANCIAL POSITION *

- Net cash of £975.0 million (April 2018: £687.3 million)
- Net asset value per share up 18.9% to £23.05 (April 2018: £19.38)
- Cash due on forward sales of £1.8 billion (April 2018: £2.2 billion)
- £6.2 billion of estimated future gross margin in land holdings (April 2018: £6.0 billion)

STRATEGY FOR INVESTMENT AND SHAREHOLDER RETURNS

- 14 new sites added to the land bank in the year, comprising 8,700 homes
- 9 new planning consents in the year and over 60 revisions to existing consents, with 15 sites moved into production (including Grand Union in Brent, Oval Village, Hartland Village in Fleet, King's Road Park in Fulham and Clarendon Gasworks)
- 5.6 million shares acquired in the year for £198.9 million and dividends paid of £53.0 million
- Annual Shareholder Return extended at current amount of £280 million per annum to 2025

* The results for the year ended 30 April 2018 have been restated following the adoption of IFRS 15, "Revenue from Contracts with Customers". Accordingly, all references to comparable period performance throughout this press release have been restated. Details regarding the financial impact of IFRS 15 are included in note 8 of the condensed consolidated financial statements attached to this press release.

CHAIRMAN'S STATEMENT

This has been another year of solid performance for Berkeley, delivering financial results ahead of expectations while unlocking an increasingly valuable mix of social, economic and environmental benefits for the communities in which we work.

Our unique operating model, which recognises the cyclical nature of residential property development, continues to set us apart. We focus on large, complex and capital intensive regeneration opportunities in London, Birmingham and the South East of England, including a high proportion of former utility works and major industrial sites, which few other developers have the financial strength or development expertise to take on.

These long-term regeneration programmes require extensive remediation and enabling infrastructure works before they can be reconnected with the communities around them. Successfully reviving such vast and difficult sites presents a mix of technical, design and social challenges which are beyond the traditional role and scope of a developer.

Our approach is holistic, long-term and highly collaborative. We focus on the long-term strength and wellbeing of the local community and build strong local partnerships that maximise social value. This people-centred culture is what defines Berkeley's brand and ensures we are the clear partner of choice within our sector.

Other performance highlights include completing 3,698 homes, winning 26 Considerate Constructors Scheme National Site Awards and securing an independently assessed customer satisfaction score (Net Promoter Score) of 73.5 which is on a par with highly respected consumer brands. In a further mark of consistency, every Berkeley operating company achieved an Investors in Customers Gold Award in 2018.

This was a breakthrough year for Berkeley's pioneering approach to reversing natural habitat loss and delivering a measurable net biodiversity gain on all new sites. Over 25 developments submitted for planning have targeted a net biodiversity gain through landscape design. We have delivered our first large scale net biodiversity gain landscape strategy at Kidbrooke Village in partnership with the London Wildlife Trust. Following our pioneering work in this field, this year the Government has announced that net biodiversity gain will be mandatory for new developments through national policy.

I am also delighted to report that in May 2019, Berkeley's company-wide approach to tackle climate change was credited with the Carbon Reduction or Offset Programme of the Year accolade at the Better Society Awards 2019. This fantastic result reflects our status as the country's only carbon positive residential developer, something we achieved in 2018.

This was also a great year for project-level milestones and achievements. The regeneration of Woodberry Down in Hackney celebrated its 10th anniversary, as did Kidbrooke Village in Greenwich. At Southall Waterside, we have now welcomed the first local Ealing residents to this 88 acre former gasworks and seen more than 50 Londoners enrol in the site's state-of-the-art Construction Academy, delivered in partnership with West London College.

During the year, Berkeley made shareholder returns of £251.9 million, of which £198.9 million was represented by share buy-backs and £53.0 million by dividends. This included the £139.7 million scheduled return for the six months ended 31 March 2019. Of the £139.7 million return announced to be made by 30 September 2019, £5.2 million has been made to date through share buy-backs. The amount that will be returned as a dividend will be announced on 15 August 2019 and paid on 13 September 2019 to shareholders on the register on 23 August 2019, taking account of any further share buy-backs in the intervening period.

I am extremely proud of these results, and the unique operating model which underpins them. Most of all, I am grateful and indebted to our superb staff and fantastic partners. The passion and care they bring to their work are what give the places we create their life, pride and enduring value.

Tony Pidgley CBE
Chairman

THE BERKELEY GROUP HOLDINGS PLC

RESULTS FOR THE YEAR ENDED 30 APRIL 2019

CHIEF EXECUTIVE'S STATEMENT

Summary of Performance

Berkeley has delivered pre-tax earnings of £775.2 million for the year. This is from the sale of 3,698 homes (2018: 3,678) at an average selling price of £748,000 (2018: £725,000), reflecting the mix of properties sold in the year.

Year ended 30 April	2019	2018 (*Restated)	Change	
	£'m	£'m	£'m	%
Revenue	2,957.4	2,840.9	+116.5	+4.1%
Gross profit	926.2	983.5	-57.3	-5.8%
Operating expenses	(157.8)	(166.5)	+8.7	+5.2%
Operating profit	768.4	817.0	-48.6	-5.9%
Net finance costs	(2.0)	(2.7)	+0.7	
Share of joint ventures	8.8	162.7	-153.9	
Profit before tax	775.2	977.0	-201.8	-20.7%
Pre-Tax Return on Equity	27.9%	41.9%	-14.0%	
Earnings Per Share – Basic	481.1p	587.4p	-106.3p	-18.1%
Shareholder Returns				
Dividends paid	53.0	146.7	-93.7	
Share Buy-backs under Returns Programme	198.9	140.4	+58.5	
Shareholder Return in the year	251.9	287.1	-35.2	

Berkeley started the year anticipating profits for 2018/19 would be approximately 30% lower than 2017/18, as the positive impact of the investment made at the end of the financial crisis reduced and profitability began to normalise. This is therefore a strong set of results, reflecting robust trading in the year and the appeal of Berkeley's developments.

In December 2016, Berkeley set a plan to deliver £3.0 billion of pre-tax profit over the five years to 30 April 2021. We are currently 18% ahead of this, in spite of the extended period of macro and political uncertainty. In line with existing guidance and the original plan, pre-tax profit for 2019/20 is anticipated to fall by around a third from the 2018/19 level, with the pre-tax ROE expected to settle at around 15% thereafter.

In the first three years of this plan, Berkeley has increased its net cash position from £107.4 million to £975.0 million, a level which represents under-investment commensurate with the uncertain operating environment. Notwithstanding this, and the high level of profit delivery over this period, Berkeley has maintained the estimated gross profit in its land holdings at over £6.0 billion.

Strategy Update

Berkeley's strategy for capital allocation is to: first, invest in opportunities for the business where the right risk-adjusted returns are available; second, to ensure the financial strength reflects the prevailing macro environment; and third, to make returns to shareholders through either dividends or share buy-backs.

The current phase of the strategy began in 2011. We had entered the financial crisis in a position of strength and identified what was a unique opportunity to invest our capital to create value for our shareholders and other stakeholders. At the time, Berkeley had net assets of £0.9 billion (£7.09 per share), was ungeared and had an estimated £2.3 billion of future gross profit in its land holdings. From this base we made a commitment to return £1.7 billion to shareholders (£13.00 per share) over the next 10 years, which was subsequently increased by £0.5 billion to £2.2 billion (£16.34 per share).

Since then Berkeley has successfully executed its strategy, delivering exceptional financial returns that were unique to this period, whilst continuing to invest. Consequently, Berkeley now has an estimated £6.2 billion of future gross profit in its land holdings, whilst net assets are £3.0 billion (£23.05 per share); a 225% increase of £2.1 billion or £15.96 per share over the eight years over which period shareholder returns of £11.34 have also been made through a combination of dividends and share buy-backs.

The land holdings contain a number of fantastic regeneration sites in our wholly owned business, as well as that of our joint ventures which are in, or will shortly move into, production. In London, these include sites at White City, South Quay Plaza, Grand Union in Brent, Southall Waterside, Oval Village and Stephenson Street in West Ham. Outside the capital, these include sites in Birmingham, Watford, Reading, Slough and Staines. In its joint ventures, this includes Hartland Village in Fleet in St Edward, and Clarendon in Hornsey, King's Road Park in Fulham and Poplar Riverside in St William.

These long-term sites supplement our existing ongoing regeneration sites at Royal Arsenal Riverside in Greenwich, Woodberry Down in Finsbury, Kidbrooke Village in Greenwich, Beaufort Park in Hendon, London Dock in Wapping and Green Park Village in Reading, amongst others. We are also seeking to invest in new opportunities as the market in London and the South East adjusts to the prevailing macro uncertainty and policy interventions of recent years.

Berkeley has the unique expertise to unlock the social and economic value in all of these long-term sites, coupled with the strong capital base required to execute their delivery as, by nature they are highly capital intensive; particularly in the early stages of remediation and investment in site infrastructure. The success of these sites is founded on trusted partnerships with local authorities and communities and their development is directly aligned to the Government's strategy for increasing the supply of good quality homes for everyone, across all tenures.

Signalling this new investment phase, Berkeley has commenced production on 14 sites in the year, ten of which have been in the second half of the financial year and include some of the next wave of regeneration sites already referred to, such as Oval Village, Southall Waterside, Hartland Village, Clarendon and King's Road Park. In this next phase of its strategy, Berkeley is targeting a long-term, sustainable pre-tax return on equity of 15%. This return is commensurate with the investment required to bring forward the next generation of sites, their longevity and relative risk profile, alongside Berkeley's lasting commitment to investing in the wider community benefits that good development brings.

As announced in our interim results, this investment phase also underpins the extension of the current annual quantum of shareholder returns of £280 million by a further four years to September 2025, assuming there is no material deterioration in the operating environment.

The Remuneration Committee of the Board is now consulting with shareholders over a new three-year remuneration policy to be put to the 2019 Annual General Meeting in September.

Shareholder Returns Programme

In its interim results, Berkeley announced that the next six monthly £139.7 million Shareholder Return will be provided by 30 September 2019 through a combination of dividends and share buy-backs. By 30 April 2019, Berkeley had returned £5.2 million via share buy-backs. The return amount will be increased appropriately in the event that any new shares are issued either from treasury or as newly listed shares.

In total, Berkeley has returned or committed to return £12.34 per share of the £16.34 Shareholder Return to be made by 30 September 2021. The final £4.00 per share under the formal 2011 Shareholder Returns programme is scheduled to be returned over the following two year period to 30 September 2021, with the current annual £280 million return continuing thereafter to September 2025, as noted above.

This financial year, Shareholder Returns totalled £251.9 million, with £53.0 million returned through dividends and £198.9 million through share buy-backs (5.6 million shares). Of the Shareholder Returns made to date under the 2011 programme, £383.7 million has been made via share buy-backs, with 11.1 million shares acquired, at an average cost of £34.63 pence per share (range: £28.08 - £38.45 per share).

Following the share buy-backs executed to date, the annual Shareholder Return (currently £280 million) now equates to £2.16 per share; an 8% increase to the initial £2.00 per share.

Housing Market

For Berkeley, trading conditions and the value of new reservations secured continues to be stable, with 2018/19 being marginally ahead of 2017/18. These are at levels which underpin the business plan but which are constrained by the continuing economic and political uncertainty and policy interventions, including high transaction costs and mortgage restrictions, both on income multiples and mortgage offer periods.

According to the latest MHCLG data, new starts in London for the 2018 calendar year were broadly stable when compared with 2017, remaining some 30% down from the peak in 2015, and less than a third of the draft London Plan target of 66,000 new homes per year. Whilst completion statistics in the capital had been rising for some time, inevitably the reducing new starts of recent years are impacting completion volumes for the first time. According to the MHCLG data, completions for 2018 were down 32% on 2017.

Consequently, supply in London is reducing at a time when more new homes need to come forward. In this environment, pricing remains firm and we continue to secure prices above the business plan levels, broadly covering build cost increases. The level of cancellations remains stable and within the normal range. Sales continue to be split broadly evenly between owner occupiers and investors, with overseas customers continuing to see relative value in the London market. Help to Buy reservations accounted for 297 sales in the year.

Reflecting the profile of delivery on our London developments, this has been a year in which high revenue has resulted in a moderation of cash due on forward sales to £1.8 billion, down from £2.2 billion at 30 April 2018. The cash due on these forward sales will be collected in the next three financial years and provides a strong underpin for the business plan.

This year we have launched 11 new developments to the market: three in London, at Trent Park in Enfield, Oval Village and St William’s Clarendon in Hornsey; and the rest outside the capital, in Winchester, Leatherhead, Cranleigh, Sevenoaks, Ascot, Snow Hill Wharf in Birmingham and in our joint ventures at Fleet and Borehamwood. As noted earlier, with a number of new sites having recently moved into production, we anticipate further launches during 2019/20 at, for example, Southall Waterside, Grand Union in Brent and King’s Road Park in Fulham with other launches subject to the next wave of sites coming forward for development once pre-development restraints are resolved.

Berkeley has added 14 new sites to its land holdings in the year and obtained nine new planning consents, along with over 60 revisions to existing consents. We are also seeing a number of new opportunities as the market in London and the South East factors in the prevailing macro uncertainty and policy interventions of recent years but have been naturally cautious in this period of extended political and economic volatility.

As reported in our interim results, build cost rises remain steady at around 4% per annum and we continue to monitor the impact presented by various Brexit scenarios. The risks associated with a “no deal Brexit” are well documented. For Berkeley, areas of potential impact include short term materials availability and pricing and, over the longer term, the availability of skilled labour.

Our Vision

Berkeley’s business strategy is called ‘Our Vision’ and includes five strategic focus areas: Customers, Homes, Places, Operations and Our People. Every two years we review and develop strategic commitments under each of our focus areas to drive continual business improvement and to address industry and global issues.

Our Vision is an integrated business strategy, bringing together our commitments across a wide range of business topics, including sustainability and key themes such as climate change and nature. We have reviewed the United Nations’ Sustainable Development Goals (SDGs) and the targets that sit beneath them, to understand how they relate to our business and where we can make the most significant contribution.

We are making good progress against our commitments launched in May 2018, with performance highlights as follows:

Customers

Our customers' experience is central to our strategy and we use the independently assessed Net Promoter Score (NPS) to drive and measure progress in this area. Our NPS remains industry leading at 73.5 (on a scale of -100 to +100). We continue to gather insight into the customer journey to further improve the professional and efficient service we provide.

Homes

In May 2018 we committed to produce a transition plan for each new development to enable our homes to operate at net zero carbon by 2030, in our drive to help the built environment transition towards a low carbon economy. In the year, we have trialled transition plans for three of our developments, helping us to further understand the long-term energy solutions that will enable our customers to live low carbon lifestyles. We have built upon our own commitment by becoming a programme partner of the UK Green Building Council's (UKGBC's) Advancing Net Zero work.

At the same time, we continue to work with E.ON to pilot the 'Future Energy Home', which allows residents to generate renewable energy on site and then store it in a battery; this energy can then be used to charge electric vehicles and to relieve pressure on the power grid at times of high demand.

Places

Creating beautiful, sustainable places that will endure as settled, vibrant communities long into the future, is central to our approach. Nature can bring a multitude of benefits to communities, and we believe that new developments can create places with more nature afterwards than before, through the provision of higher quality habitats.

We have delivered our first measured implementation of net biodiversity gain at Kidbrooke Village, as calculated using our Biodiversity Toolkit. Here we have worked with the London Wildlife Trust to transform parkland into a wetland area that will attract wildlife and people. More broadly, Berkeley has been sharing its approach to net biodiversity gain with Natural England and the Greater London Authority to help inform future policy. We are delighted that our approach has been nationally recognised and shared in the Government's consultation on net biodiversity gain, making Berkeley well placed to meet the Government's intention to mandate net biodiversity gain for new developments.

Operations

Berkeley has continued to progress delivery of its Berkeley Modular facility in the year, having completed construction of the factory building in the year. We are undertaking research and development with our consultants and supply chain partners to create a sophisticated modular solution.

We are proud that our team at One Blackfriars has demonstrated industry leading performance in managing this complex construction site with exemplary consideration of the workforce, community and environment, achieving the accolade of 'Most Considerate Site (>£50m)' at the Considerate Constructors Scheme National Site Awards 2019. More broadly, our approach to ensuring our operations are carbon positive has been recognised at the Better Society Awards 2019, with Berkeley winning 'Carbon Reduction or Offset Programme of the Year'.

Our People

Contributing to tackling the industry's skills crisis remains a key area of focus for Berkeley. In autumn 2018, we saw the official opening of one of the country's first purpose-built construction academies on our Southall Waterside regeneration site. The West London Construction Academy is being delivered in partnership with West London College and was named as one of the first Mayor's Construction Academy (MCA) Hubs in January 2019, a quality mark that identifies and recognises high-quality construction skills training in London.

The health, safety and wellbeing of our people is of the highest importance to Berkeley. Our latest 12 month rolling Accident Injury Incidence Rate (AIIR) is 1.14 reportable incidents for every 1,000 people working on our sites and in our offices (2018: 1.42). We are strengthening our focus on wellbeing, and in particular are developing and implementing a strategy for mental health, with 80 Mental Health First Aiders having been trained in the year.

The Berkeley Foundation

We continue to support our local communities through the Berkeley Foundation (the "Foundation"), a registered charity. The Foundation works in partnership with the voluntary sector across London, Birmingham and the South East of England, with a particular focus on reducing homelessness, increasing access to employment, and improving health and wellbeing. Since 2014, the Foundation's partnerships have supported almost 22,000 people.

This year, the Foundation has contributed more than £3.2 million in funding, through grants, fundraising and Give As You Earn. 65% of Berkeley staff have got involved in its work, raising over £1 million; more than ever before. Berkeley also earned the new Diamond Payroll Giving Award – the highest level achievable.

The Foundation has recently launched its new strategic plan, which will take the organisation through to 2021. This focuses the Foundation's efforts on improving social mobility for young people in our local communities, working towards a new vision: a society in which every young person can thrive. Over the next three years, this will involve growing the Foundation's community investment, working with others to develop more collaborative approaches to funding, and looking at how we can maximise the value we are able to add to the Foundation's partners through the skills, experiences and opportunities available at Berkeley.

Outlook

The operating environment has been uncertain for three years, since the United Kingdom chose to leave the European Union, resulting in a lack of visibility in the political outlook. When seen alongside the increasing property tax burden since 2014, and a complicated, costly and bureaucratic planning system, it is unsurprising that both demand and supply are constrained at present. Businesses are used to, and indeed thrive on changing economic and commercial conditions but they do need a supportive and stable political and regulatory environment to invest with confidence and stimulate growth.

Underpinning the market for Berkeley over this period has been robust demand for well-located homes, priced correctly and that are built to a good standard of quality within welcoming environments. We have invested in our brand, with our holistic approach to place-making, putting people, nature and the strength and wellbeing of the wider community at the core of every development plan. London remains a fantastic global City, a place where people aspire to live and work, and the UK continues to benefit from strong employment and low borrowing costs.

Berkeley starts the coming year from a position of strength, with net cash of £975.0 million, forward sales of £1.8 billion and an estimated £6.2 billion of gross profit in our land holdings, and this means we can look beyond the current period of uncertainty with confidence. However, like all responsible businesses who operate in cyclical markets, we have been, and will remain cautious in our investment in this environment, and this will determine the speed with which we deliver the value from our assets and invest in new opportunities.

Rob Perrins
Chief Executive

TRADING AND FINANCIAL REVIEW

Trading performance

Revenue of £2,957.4 million in the year (2018: £2,840.9 million) arose primarily from the sale of new homes in London and the South East. This included £2,797.0 million of residential revenue (2018: £2,703.9 million), £nil million from the sale of ground rent assets (2018: £28.4 million) and £160.4 million of commercial revenue (2018: £108.6 million). There were no land sales in the year (2018: £nil).

3,698 new homes (2018: 3,678) were sold across London and the South East at an average selling price of £748,000 (2018: £725,000). The changes to the average selling price are a result of mix on the Group's developments in central London in the year.

Revenue of £160.4 million from commercial activities (2018: £108.6 million) included the disposal of a 190-bed hotel at 250 City Road, 71,000 sqft of office, retail and leisure space at One Tower Bridge, an office building at Royal Wells Park and further space across a number of developments including London Dock, Fulham Reach, Corniche, Kidbrooke Village, Vista and Woodberry Down. The £108.9 million of revenue last year was from the sale of hotels at One Blackfriars and Royal Arsenal as well as some 254,000 sq ft of office, retail and leisure space.

The gross margin percentage has decreased to 31.3% (2018: 34.6%), reflecting the mix of properties sold in the year. Overheads of £157.8 million (2018: £166.5 million) decreased by £8.7 million in the year. This is principally due to a decrease in the charge to the income statement for the Group's share schemes. Consequently, the Group's operating margin has decreased to 26.0% from 28.8% last year.

Berkeley's share of the results of joint ventures was a profit of £8.8 million (2018: £162.7 million) which reflects the stage of delivery of our joint venture sites. This year, sales were predominantly from St Edward's Green Park Village in Reading and the Kensington development, offset by net costs in St William which is in the very early stages of delivery, while last year's results included a large number of completions at 190 Strand.

The Group has remained cash positive on a net basis throughout the year. Net finance costs totalled £2.0 million for the year (2018: £2.7 million) due to facility fees, interest on the £300 million term borrowing and imputed interest on land creditors which outweighed interest income on cash deposits.

Pre-tax return on equity for the year is 27.9%, compared to 41.9% last year. Basic earnings per share has decreased by 18.1% from 587.4 pence to 481.1 pence, which takes into account the issue of a further 0.5 million shares in October 2018 to satisfy the net share awards under the 2011 LTIP scheme as well as the buy-back of 5.6 million shares at a cost of £198.9 million under the Shareholder Returns programme.

Financial Position

Net assets increased over the course of the year by £0.4 billion, or 14.4%, to £2,963.3 million (2018: £2,591.2 million). This is after payment of £53.0 million of dividends and the £198.9 million of share buy-backs. This equates to a net asset value per share of 2,305 pence, up 18.9% from 1,938 pence at 30 April 2018, given the share buy-backs undertaken in the year.

Inventories have decreased by £181.9 million from £3,296.6 million at 30 April 2018 to £3,114.7 million at 30 April 2019. Inventories include £395.2 million of land not under development (30 April 2018: £337.7 million), £2,584.7 million of work in progress (30 April 2018: £2,836.5 million) and £134.8 million of completed stock (30 April 2018: £122.4 million).

Trade and other payables are £1,595.5 million at 30 April 2019 (30 April 2018: £1,727.4 million). These include £686.1 million of on-account receipts from customers (30 April 2018: £895.0 million) and land creditors of £92.6 million (30 April 2018: £105.2 million). Provisions of £79.1 million (30 April 2018: £81.8 million) include post-completion development obligations and other provisions.

The Group ended the year with net cash of £975.0 million (30 April 2018: £687.3 million) which consists of cash holdings of £1,275.0 million and a £300.0 million term loan drawn under the Group's banking facilities. This is an increase of £287.7 million during the year (2018: £401.8 million) as a result of £767.2 million of cash generated from operations (2018: £828.3 million) and a net inflow of £22.0 million in working capital (2018: net inflow of £128.9 million), before tax and other net cash outflows of £249.6 million (2018: £268.3 million), share buy-backs of £198.9 million (2018: £140.4 million) and dividends of £53.0 million (2018: £146.7 million).

Banking

The Group's financial strength is further supported by its banking facilities which total £750 million, consisting of a drawn £300 million term loan and an undrawn £450 million revolving credit facility. The Group has clarity of financing with the facilities in place to November 2023 after the Group exercised the final option during the year to extend the facilities by a further year. The Group's cash holdings are currently placed on deposit with its relationship banks.

Joint Ventures

Investments accounted for using the equity method have increased from £311.9 million at 30 April 2018 to £374.7 million at 30 April 2019. Berkeley's joint ventures include St Edward, a joint venture with Prudential plc, and St William, a joint venture with National Grid plc. The increase in joint venture investments during the year reflects Berkeley's share of joint venture profits of £8.8 million and further funding into St William of £54.0 million.

In St Edward, 255 homes were sold in the year at an average selling price of £469,000 (2018: 372 at £1,669,000). These completions were across two developments: Green Park in Reading and Kensington, while the last home at 190 Strand completed, with the volume mix now weighted towards out of London. The acquisition of Hartland Village into the joint venture occurred in the year and consequently the site has been added to the land holdings and moved into production, whilst a further site was contracted conditional on planning in Queensway, Birmingham.

In total, 3,736 plots (30 April 2018: 1,835 plots) in Berkeley's land holdings relate to six St Edward developments, two in London (Westminster and Kensington) and four outside the capital (Reading, Fleet, Wallingford and Birmingham).

In St William, there are 9,812 plots (30 April 2018: 7,900 plots) contracted in the joint venture across 16 developments which are all included in Berkeley's land holdings. During the year, construction commenced at Clarendon in Hornsey where over 1,700 homes will be delivered, as well as smaller developments in Oxted and Watford. In addition, planning was obtained for King's Road Park in Fulham, where over 1,800 homes will be delivered, and the site acquisition was completed with the site moving into production shortly before financial year end. This means there are now eight developments in production, with the first St William homes completed in the year at Elmswater in Rickmansworth.

The remaining eight sites are included in Berkeley's conditional land holdings. This includes the two new site acquisitions in the year, at Lea Bridge in Leyton and in a further site in Bath. A scheme in Sunninghill, Ascot has a detailed planning consent for 76 homes but remains conditional, whilst shortly after year end the development in Poplar received a resolution to grant consent at Committee. This remains subject to concluding a section 106 agreement, but in due course will enable the delivery of up to 2,800 new homes. The other six sites all remain in the planning process. Berkeley continues to work closely with National Grid to identify sites from across its portfolio to bring through into the joint venture.

Land

Berkeley's land holdings comprise 54,955 plots at 30 April 2019 (30 April 2018: 46,867 plots), including joint ventures. Of these land holdings, 41,639 plots (30 April 2018: 32,921) are on 84 sites that are owned and included on the balance sheet of the Group or joint ventures and 13,316 plots (30 April 2018: 13,946) are on 15 contracted sites, some of which do have a planning consent, but remain conditional due to another element such as vacant possession. The Group also holds a strategic pipeline of long-term options for in excess of 5,000 plots.

The plots in the land bank at 30 April 2019 have an estimated future gross margin of £6,247 million (30 April 2018: £6,003 million), which includes the Group's 50% share of the anticipated margin on any joint venture development.

Plots in the land bank have increased during the year, and this is reflected in the gross margin. In total, Berkeley has acquired 14 new sites in the year, including two each into our joint ventures, St William and St Edward, as set out in the joint ventures section above; namely Bath and Leyton into St William, and Hartland Village in Fleet and Queensway in Birmingham into St Edward.

The other ten sites are in locations with strong demand, including two developments for a little over 1,000 homes each in Slough and Watford, as well as sites in High Wycombe, Paddock Wood, Reading (2), Horsham, Stratford-Upon-Avon and London (2).

Berkeley has secured nine new planning consents this year, as well as over 60 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, Kennington, Oval Gasworks, Grand Union in Northfields, Stephenson Street and St William's site at Fulham, whilst four consents are outside the capital at Paddock Wood, Fleet, Cranbrook and St William's site at Ascot.

Of Berkeley's 84 owned sites, 69 sites (plots: 33,001) have an implementable planning consent and are in construction, whilst a further nine sites (plots: 5,440) have a consent which is not yet implementable; due to practical technical constraints and challenges surrounding, for example, vacant possession, CPO requirements or utilities provision. Berkeley has just six sites (plots: 3,198) which it owns unconditionally that do not have a planning consent.

Of the 15 contracted sites, two sites have a planning consent, but they remain conditional on other factors, typically vacant possession, whilst two sites have a resolution to grant which is subject to a section 106 agreement. The remaining 11 sites are in the planning process. Given the contracted nature of all of these sites, there is low financial risk on balance sheets of the Group or its joint ventures.

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.

- End -

For further information please contact:

The Berkeley Group Holdings plc
R C Perrins / R J Stearn
T: 01932 868555

Novella Communications
Tim Robertson
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. 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.	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. 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. 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 and the continuing uncertainty over the timing and form of our exit, 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. Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.	Berkeley is primarily 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. 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. During the year Berkeley conducted comprehensive checks on the fire safety plans for all our current sites.

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 primarily 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.
Liquidity	
Reduced availability of the external financing required by the Group to pursue its activities and meets its liabilities. Failure to manage working capital may constrain the growth of the business and ability to execute the business plan.	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 Group's financial risks and provide the right platform for the business to manage its operating risks. Cash flow management is central to the continued success of Berkeley, and there is 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. .
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	
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. 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 demands for sustainable homes and communities.	The strategic direction for sustainability is set at a Group level and is integrated within our business strategy, Our Vision. We have specific commitments to enhance environmental and social sustainability considerations in the operation of our business and the delivery of our homes and places. 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
Climate Change	
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. There is also an increased level of interest in disclosures on climate change management. Failure to report in line with regulations or key recommendations could expose Berkeley to penalties and reputational damage.	The Group Sustainability Team identifies strategic climate change risks and opportunities facing the business through the regular review of issues and trends, along with active collaboration with external experts. These are shared with the Group Managing Director and Board Director Responsible for Sustainability. Climate change is a key theme within our business strategy, Our Vision, with commitments to both mitigate and adapt to climate change. By taking action under our operational carbon emissions reduction target our sites, offices and sales suites are identifying and investing in energy efficiency measures. We also look to reduce the impact of our homes and places when in use and are taking action to contribute to a zero carbon built environment. To build resilience into our homes and developments, we consider climate change risks and incorporate measures to reduce these. This includes undertaking an overheating risk assessment pre-planning and incorporating relevant measures to improve thermal comfort. We welcome the recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and are taking action to implement these over time through the evolvement of our processes and reporting.
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 ongoing commitments to promote apprenticeships and training across both our employees and our indirect 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 and Customers	
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 Cyber Essentials Plus certification and 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	2019 £m	2018 (Restated*) £m
Revenue		2,957.4	2,840.9
Cost of sales		(2,031.2)	(1,857.4)
Gross profit		926.2	983.5
Net operating expenses		(157.8)	(166.5)
Operating profit		768.4	817.0
Finance income	3	10.7	6.6
Finance costs	3	(12.7)	(9.3)
Share of results of joint ventures using the equity method		8.8	162.7
Profit before taxation for the year		775.2	977.0
Income tax expense	4	(147.8)	(181.5)
Profit after taxation for the year		627.4	795.5
Earnings per share (pence):			
Basic	5	481.1	587.4
Diluted	5	469.9	574.3

*Results for the year ended 30 April 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 May 2018. See note 8.

Consolidated Statement of Comprehensive Income

For the year ended 30 April	2019 £m	2018 (Restated*) £m
Profit after taxation for the year	627.4	795.5
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) recognised in the pension scheme	1.6	(0.6)
Deferred tax on actuarial loss recognised in the pension scheme	-	0.1
Total items that will not be reclassified to profit or loss	1.6	(0.5)
Other comprehensive income/(expense) for the year	1.6	(0.5)
Total comprehensive income for the year	629.0	795.0

*Results for the year ended 30 April 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 May 2018. See note 8.

Consolidated Statement of Financial Position

As at 30 April	2019 £m	2018 (Restated*) £m
Assets		
Non-current assets		
Intangible assets	17.2	17.2
Property, plant and equipment	42.5	25.9
Investments in joint ventures	374.7	311.9
Deferred tax assets	45.8	65.7
	480.2	420.7
Current assets		
Inventories	3,114.7	3,296.6
Trade and other receivables	65.5	43.1
Current tax assets	2.5	-
Cash and cash equivalents	1,275.0	987.3
	4,457.7	4,327.0
Total assets	4,937.9	4,747.7
Liabilities		
Non-current liabilities		
Borrowings	(300.0)	(300.0)
Trade and other payables	(40.5)	(62.6)
Provisions for other liabilities and charges	(59.1)	(68.0)
	(399.6)	(430.6)
Current liabilities		
Trade and other payables	(1,555.0)	(1,664.8)
Current tax liabilities	-	(47.3)
Provisions for other liabilities and charges	(20.0)	(13.8)
	(1,575.0)	(1,725.9)
Total liabilities	(1,974.6)	(2,156.5)
Total net assets	2,963.3	2,591.2
Equity		
Shareholders' equity		
Share capital	7.0	7.0
Share premium	49.8	49.8
Capital redemption reserve	24.5	24.5
Other reserve	(961.3)	(961.3)
Retained earnings	3,843.3	3,471.2
Total equity	2,963.3	2,591.2

*Results for the year ended 30 April 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 May 2018. See note 8.

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total equity £m
At 1 May 2018 – originally	7.0	49.8	24.5	(961.3)	3,500.0	**2,620.0**
Impact of IFRS 15	-	-	-	-	(28.8)	**(28.8)**
At 1 May 2018 – restated*	7.0	49.8	24.5	(961.3)	3,471.2	**2,591.2**
Profit after taxation for the year	-	-	-	-	627.4	**627.4**
Other comprehensive income for year	-	-	-	-	1.6	**1.6**
Purchase of own shares	-	-	-	-	(198.9)	**(198.9)**
Transactions with shareholders:						
- Charge in respect of employee share schemes	-	-	-	-	(3.9)	**(3.9)**
- Deferred tax in respect of employee share schemes	-	-	-	-	(1.1)	**(1.1)**
- Dividends to equity holders of the Company	-	-	-	-	(53.0)	**(53.0)**
At 30 April 2019	**7.0**	**49.8**	**24.5**	**(961.3)**	**3,843.3**	**2,963.3**
At 1 May 2017 – originally reported	7.0	49.8	24.5	(961.3)	3,016.9	2,136.9
Impact of IFRS 15	-	-	-	-	(62.2)	(62.2)
At 1 May 2017 – restated*	7.0	49.8	24.5	(961.3)	2,954.7	2,074.7
Profit after taxation for the year – restated*	-	-	-	-	795.5	795.5
Other comprehensive expense for the year	-	-	-	-	(0.5)	(0.5)
Purchase of own shares	-	-	-	-	(140.4)	(140.4)
Transactions with shareholders:						
- Credit in respect of employee share schemes	-	-	-	-	4.2	4.2
- Deferred tax in respect of employee share schemes	-	-	-	-	4.4	4.4
- Dividends to equity holders of the Company	-	-	-	-	(146.7)	(146.7)
At 30 April 2018 – restated*	7.0	49.8	24.5	(961.3)	3,471.2	2,591.2

*Results for the year ended 30 April 2018 have been restated to reflect the adoption of IFRS 15 with effect from 1 May 2018. See note 8.

Consolidated Cash Flow Statement

For the year ended 30 April	Notes	2019 £m	2018 £m
Cash flows from operating activities			
Cash generated from operations	6	789.2	957.2
Interest received		10.7	4.9
Interest paid		(8.8)	(7.5)
Income tax paid		(178.8)	(238.0)
Net cash flow from operating activities		612.3	716.6
Cash flows from investing activities			
Purchase of property, plant and equipment		(19.5)	(6.1)
Proceeds on disposal of property, plant and equipment		0.3	0.4
Movements in loans with joint ventures		(54.0)	(22.0)
Net cash flow from investing activities		(73.2)	(27.7)
Cash flows from financing activities			
Proceeds associated with settlement of share options		0.5	-
Purchase of own shares		(198.9)	(140.4)
Dividends paid to Company's shareholders		(53.0)	(146.7)
Net cash flow from financing activities		(251.4)	(287.1)
Net increase in cash and cash equivalents		287.7	401.8
Cash and cash equivalents at the start of the financial year		987.3	585.5
Cash and cash equivalents at the end of the financial year		1,275.0	987.3

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 2019 or 2018, but is derived from those accounts. Statutory accounts for 2018 have been delivered to the Registrar of Companies, and those for 2019 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 2018, 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 2018 Annual Report. However, this announcement does not itself contain sufficient information to comply with IFRS.

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 2018:

IFRS 15, ‘Revenue from Contracts with Customers’ replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction Contracts’, setting out new revenue recognition criteria particularly with regard to performance obligations and assessment of when control of goods or services passes to the customer. The standard is effective for periods beginning on or after 1 January 2018 and has been implemented by the Group from 1 May 2018. See note 8 for details of the restatement.

IFRS 9 ‘Financial Instruments’ replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’ and is effective from 1 January 2018. The Group does not presently hold any complex financial instruments. This Standard has not had a significant impact on the results of the Group for the year ended 30 April 2019.

Amendment to IFRS 2 ‘Share-based Payments’, Amendment to IFRS 4 ‘Insurance Contracts’ regarding the implementation of IFRS 9 ‘Financial Instruments’, and Annual Improvements 2014-2016, all effective from 1 January 2018, have not had a significant impact on the results of the Group for the year ended 30 April 2019.

The Group has considered the impact of IFRS 16 ‘Leases’, Annual Improvements 2015-2017, Amendment to IAS 28 ‘Investments in Associates and Joint Ventures’, IFRIC 23 Uncertainty over income tax treatments, and Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’ which will be applicable to the Group for the financial year beginning 1 May 2019. These standards are not expected to have a significant impact on the results of the Group.

Notes to the Condensed Consolidated Financial Information

3 Net finance costs

For the year ended 30 April	2019 £m	2018 £m
Finance income	10.7	6.6
Finance costs		
Interest payable on bank loans and non-utilisation fees	(8.6)	(7.5)
Amortisation of facility fees	(1.8)	(1.8)
Other finance costs	(2.3)	-
	(12.7)	(9.3)
Net finance costs	(2.0)	(2.7)

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	2019 £m	2018 £m
Current tax		
UK corporation tax payable	(132.4)	(177.8)
Adjustments in respect of previous years	0.3	9.4
	(132.1)	(168.4)
Deferred tax	(15.7)	(13.1)
	(147.8)	(181.5)

Notes to the Condensed Consolidated Financial Information

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	**2019**	**2018**
Profit attributable to shareholders (£m)	627.4	795.5
Weighted average no. of shares (m)	130.4	135.4
Basic earnings per share (p)	481.1	587.4

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 2019, the Group had two (2018: two) categories of potentially dilutive ordinary shares: 2.9 million (2018: 2.9 million) £nil share options under the 2011 LTIP and 22,000 (2018: 9,000) share options under the 2015 Bonus Banking plan.

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	**2019**	**2018**
Profit used to determine diluted EPS (£m)	627.4	795.5
Weighted average no. of shares (m)	130.4	135.4
Adjustments for:		
Share options - 2011 LTIP	3.1	3.1
Shares used to determine diluted EPS (m)	133.5	138.5
Diluted earnings per share (p)	469.9	574.3

Notes to the Condensed Consolidated Financial Information

6 Notes to the Consolidated Cash Flow Statement

For the year ended 30 April	**2019** **£m**	**2018** **£m**
Net cash flows from operating activities		
Profit for the financial year	627.4	795.5
Adjustments for:		
Taxation	147.8	181.5
Depreciation	2.4	2.7
Loss on sale of PPE	0.2	-
Finance income	(10.7)	(6.6)
Finance costs	12.7	9.3
Share of results of joint ventures after tax	(8.8)	(162.7)
Non-cash charge in respect of pension deficit	0.6	-
Non-cash charge in respect of share awards	(4.4)	8.6
Changes in working capital:		
Decrease in inventories	181.9	343.3
Increase in trade and other receivables	(20.9)	(40.2)
Decrease in trade and other payables	(138.4)	(173.6)
Decrease in employee benefit obligations	(0.6)	(0.6)
Cash generated from operations	789.2	957.2

Reconciliation of net cash flow to net cash		
Net increase in cash and cash equivalents, including bank overdraft	287.7	401.8
Increase in borrowings	-	-
Movement in net cash in the financial year	287.7	401.8
Opening net cash	687.3	285.5
Closing net cash	975.0	687.3

Net cash		
Cash and cash equivalents	1,275.0	987.3
Borrowings	(300.0)	(300.0)
Net cash	975.0	687.3

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 £225,188 (2018: £73,317), Mr R C Perrins paid £90,981 (2018: £14,577), Mr S Ellis paid £107,039 (2018: £nil) and Mr P Vallone paid £490,576 (2018: £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.

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

- Mr K Whiteman – purchase of an apartment at Royal Arsenal Riverside for £650,000 in 2016. During the financial year, Mr K Whiteman legally completed on the purchase of the apartment. All contractual amounts have been paid to the Group.

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 year (2018: nil) and there were no outstanding balances at the year end (2018: 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 years.

Transactions with Joint Ventures

During the financial year there were no transactions with joint ventures other than movements in loans. The outstanding loan balances with joint ventures at 30 April 2019 total £156.7 million (30 April 2018: £102.7 million).

8 Prior year restatement from the impact of IFRS 15 '*Revenue from Contracts with Customers'*

IFRS 15, 'Revenue from Contracts with Customers' replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts', setting out new revenue recognition criteria particularly with regard to performance obligations and assessment of when control of goods or services passes to the customer. The standard is effective for periods beginning on or after 1 January 2018 and has been implemented by the Group from 1 May 2018.

Under IFRS 15, revenue and profit on the sale of units is recognised at the point control of the unit is passed to the customer which, based on the indicators in the standard as well as industry practices and interpretations, has been determined as the point of legal completion. The impact of this change is limited only to those contracts which had not legally completed at the financial year end.

Notes to the Condensed Consolidated Financial Information

8 Prior year restatement (continued)

The comparative results have been restated using the full retrospective transition method. The impact on the Group's primary financial statements is as follows:

Impact on condensed consolidated income statement	Year ended 30 April 2018 as previously stated £m	Adjustment £m	Year ended 30 April 2018 as restated £m
Revenue	2,703.7	137.2	2,840.9
Cost of sales	(1,757.6)	(99.8)	(1,857.4)
Gross profit	946.1	37.4	983.5
Net operating expenses	(166.5)	-	(166.5)
Operating profit	779.6	37.4	817.0
Finance income	6.6	-	6.6
Finance costs	(9.3)	-	(9.3)
Share of results of joint ventures using the equity method	158.0	4.7	162.7
Profit before taxation for the year	934.9	42.1	977.0
Income tax expense	(172.8)	(8.7)	(181.5)
Profit after taxation for the year	762.1	33.4	795.5

Impact on condensed consolidated statement of changes in equity	Year ended 30 April 2018 as previously stated £m	Adjustment £m	Year ended 30 April 2018 as restated £m
Profit after taxation for the year	762.1	33.4	795.5
Other comprehensive expense			
Items that will not be reclassified to profit or loss			
Re-measurements of the net defined benefit asset/liability	(0.6)	-	(0.6)
Deferred tax on re-measurements of the net defined benefit asset/liability	0.1	-	0.1
Total items that will not be reclassified to profit or loss	(0.5)	-	(0.5)
Other comprehensive expense for the year	(0.5)	-	(0.5)
Total comprehensive income for the year	761.6	33.4	795.0

Notes to the Condensed Consolidated Financial Information

8 Prior year restatement (continued)

Impact on condensed consolidated balance sheet	As at 30 April 2018 as previously stated £m	Adjustment £m	As at 30 April 2018 as restated £m
Assets			
Non-current assets			
Intangible assets	17.2	-	17.2
Property, plant and equipment	25.9	-	25.9
Investments accounted for using the equity method	315.0	(3.1)	311.9
Deferred tax assets	58.9	6.8	65.7
	417.0	3.7	420.7
Current assets			
Inventories	3,239.9	56.7	3,296.6
Trade and other receivables	132.3	(89.2)	43.1
Cash and cash equivalents	987.3	-	987.3
	4,359.5	(32.5)	4,327.0
Total assets	4,776.5	(28.8)	4,747.7
Liabilities			
Non-current liabilities			
Borrowings	(300.0)	-	(300.0)
Trade and other payables	(62.6)	-	(62.6)
Provisions for other liabilities	(68.0)	-	(68.0)
	(430.6)	-	(430.6)
Current liabilities			
Trade and other payables	(1,664.8)	-	(1,664.8)
Current tax liabilities	(47.3)	-	(47.3)
Provisions for other liabilities	(13.8)	-	(13.8)
	(1,725.9)	-	(1,725.9)
Total liabilities	(2,156.5)	-	(2,156.5)
Total net assets	2,620.0	(28.8)	2,591.2
Equity			
Shareholders' equity			
Share capital	7.0	-	7.0
Share premium	49.8	-	49.8
Capital redemption reserve	24.5	-	24.5
Other reserve	(961.3)	-	(961.3)
Retained profit	3,500.0	(28.8)	3,471.2
Total equity	2,620.0	(28.8)	2,591.2

Notes to the Condensed Consolidated Financial Information

8 Prior year restatement (continued)

Impact on condensed consolidated balance sheet	As at 30 April 2017 as previously stated £m	Adjustment £m	As at 30 April 2017 as restated £m
Assets			
Non-current assets			
Intangible assets	17.2	-	17.2
Property, plant and equipment	22.8	-	22.8
Investments accounted for using the equity method	135.0	(7.8)	127.2
Deferred tax assets	59.4	15.5	74.9
	234.4	7.7	242.1
Current assets			
Inventories	3,483.4	156.5	3,639.9
Trade and other receivables	229.5	(226.4)	3.1
Cash and cash equivalents	585.5	-	585.5
	4,298.4	(69.9)	4,228.5
Total assets	4,532.8	(62.2)	4,470.6
Liabilities			
Non-current liabilities			
Borrowings	(300.0)	-	(300.0)
Trade and other payables	(69.2)	-	(69.2)
Provisions for other liabilities	(73.0)	-	(73.0)
	(442.2)	-	(442.2)
Current liabilities			
Trade and other payables	(1,809.2)	-	(1,809.2)
Current tax liabilities	(117.6)	-	(117.6)
Provisions for other liabilities	(26.9)	-	(26.9)
	(1,953.7)	-	(1,953.7)
Total liabilities	(2,395.9)	-	(2,395.9)
Total net assets	2,136.9	(62.2)	2,074.7
Equity			
Shareholders' equity			
Share capital	7.0	-	7.0
Share premium	49.8	-	49.8
Capital redemption reserve	24.5	-	24.5
Other reserve	(961.3)	-	(961.3)
Retained profit	3,016.9	(62.2)	2,954.7
Total equity	2,136.9	(62.2)	2,074.7