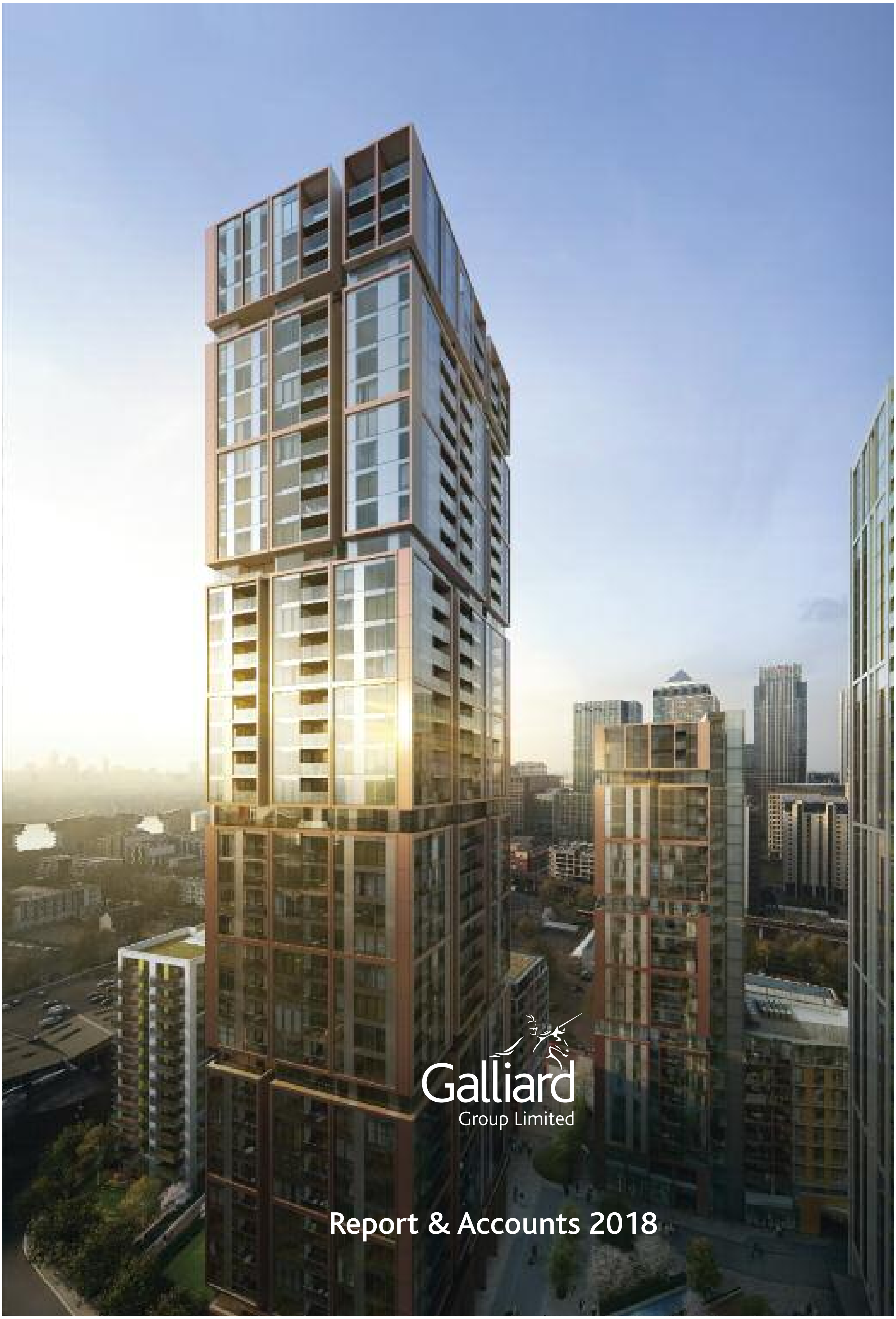
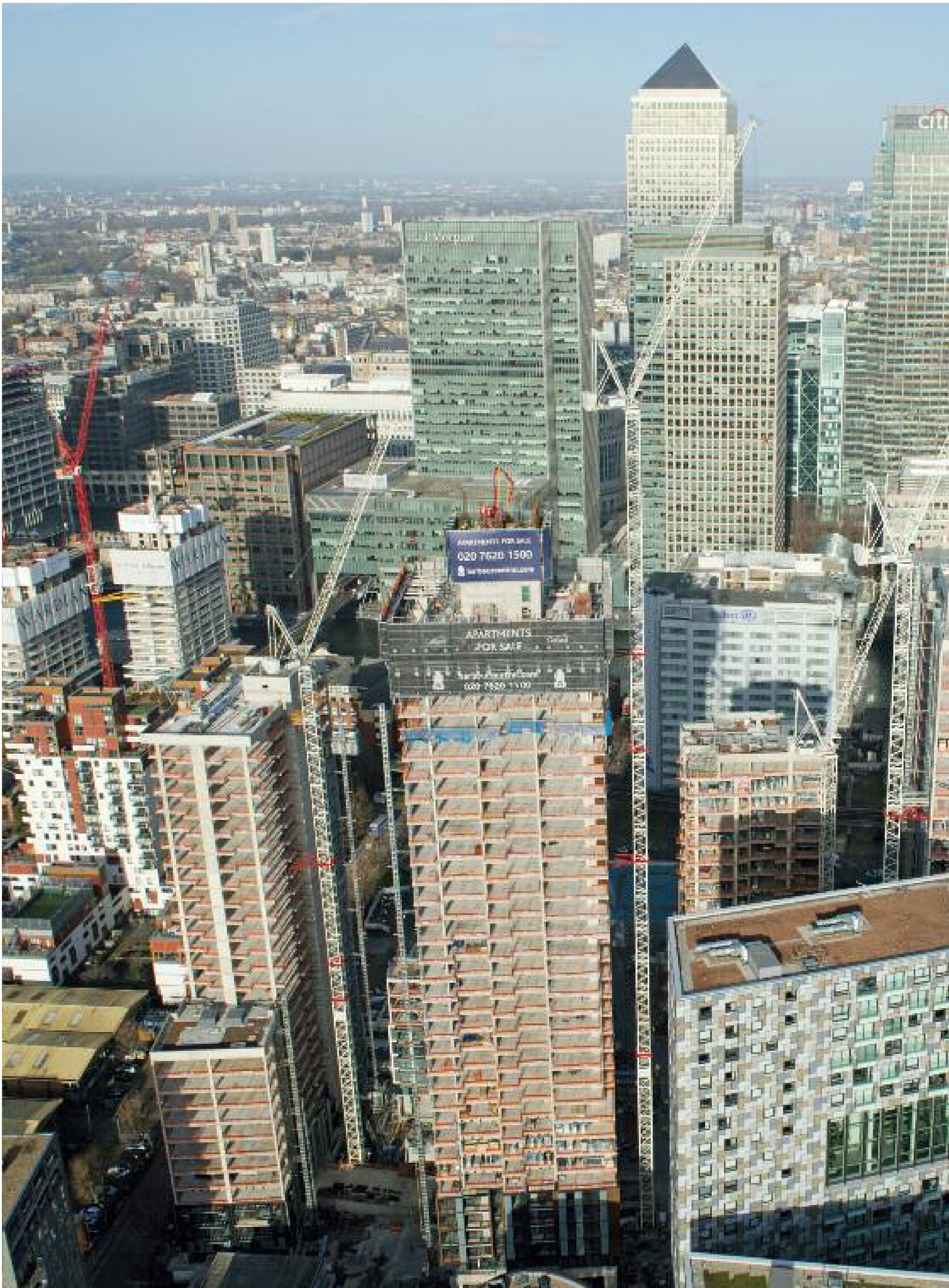


Galliard
Group Limited

Report & Accounts 2018


APARTMENTS FOR SALE
020 7620 1500
APARTMENTS
FOR SALE
020 7620 1500

About Galliard

Galliard is London's largest privately owned residential property developer. A family business founded on family values, we have grown to become market leader in high profile urban regeneration.

Our business is about opportunity. Whether that be opportunity for a person to buy their first home or their first investment, or to purchase a property so that their children may go to university, or to start new and exciting projects so that our loyal team of employees may better fulfil their own ambitions and potential. This concept of opportunity is central to all that we do.

For 25 years we have implemented innovative new products and solutions that aim to enhance our returns, those of our joint venture partners and stakeholders, and the buying experience of our customers.

Our aim is to generate long term value, both for individuals and for whole communities, by creating functional, sustainable homes, workplaces, retail and leisure spaces within which they can live, work and play in harmony with each other and their surroundings.

Galliard people are dynamic, committed and creative. We believe in communication and are always willing to talk with and learn from our customers with whom we are keen to share our specialist property knowledge.

Cover:
Harbour Central,
Millharbour, E14

Inside Cover:
Under construction
January 2018.

Galliard
Group Limited

Welcome to the 2018 annual report of Galliard Group Limited

Welcome to the annual report of Galliard Group Limited (also referred to as "the Galliard group", "Galliard", "the group") which covers the year ended 31 March 2018. The strategic report on pages 4 to 69 explains our business model and risk management processes and also provides an overview of current performance and outlook. The governance section on pages 70 to 81 covers the role and activities of the board in running the business. The detailed annual financial statements on pages 82 to 122, accompanied by the report from the group's auditor, complete the annual report.

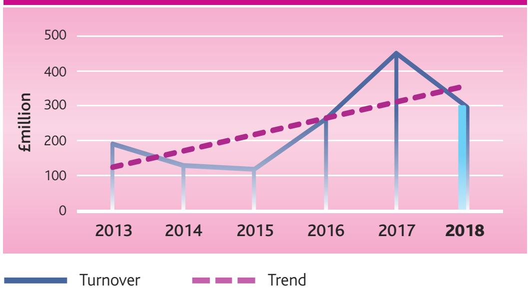
Tiered roof gardens
Orchard Wharf,
London E14

Contents

Galliard Group Limited

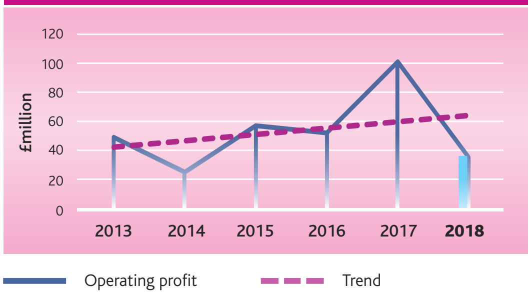
Financial Highlights

TURNOVER



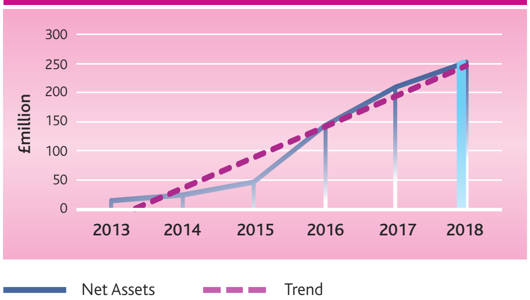
Turnover is an income statement performance measure and reflects sales of owned portfolio properties and construction work contracted to third parties. Sales realised by joint ventures and associates are excluded from this measure.

OPERATING PROFIT



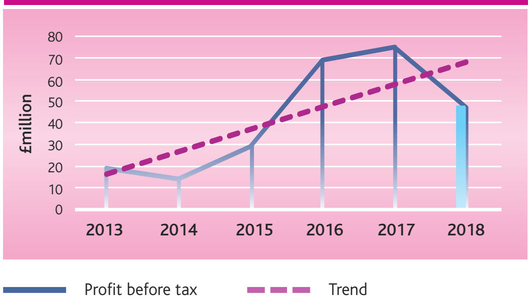
This measure of profitability reflects our return from the sale of homes and contracted construction services, before the impact of associate and joint venture contributions to profit, and before the effects of interest and taxation.

NET ASSETS



This balance sheet measure reflects the value of shareholders' interests in the equity of the group.

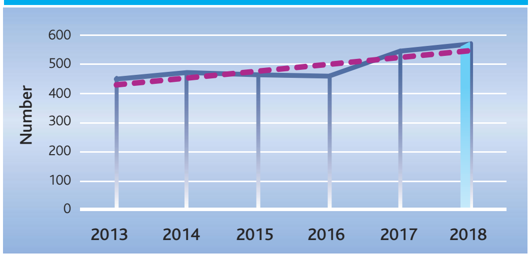
PROFIT BEFORE TAX



Profit before tax and exceptional items is our principal measure of performance. It reflects our full return including our share of associate and joint venture returns.

Operational Highlights

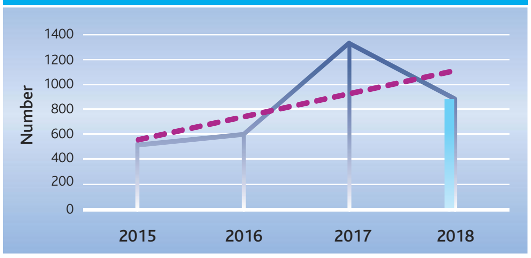
STAFF NUMBERS



Staff numbers — Trend

This non- financial performance measure reflects our people investment through the number of directly employed staff. It does not include people employed through our joint venture, associate or sub-contracted workforce.

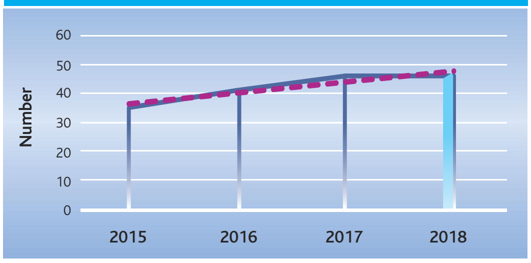
HOMES COMPLETED



Homes completed — Trend

Homes completed during the year reflects our performance toward delivering new homes.

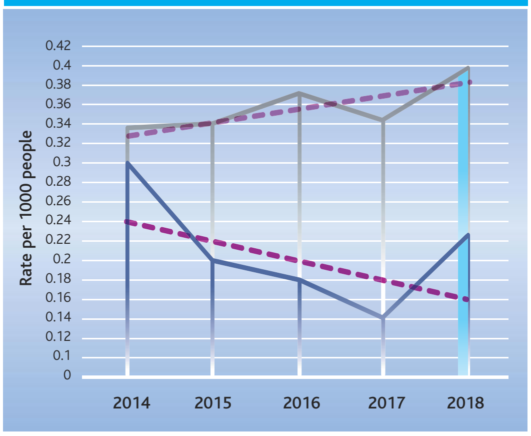
SITES UNDER DEVELOPMENT



Sites under development — Trend

This operational performance measure reflects the number of sites at year-end where the group is involved in the development of new homes.

SAFETY AT THE WORKPLACE

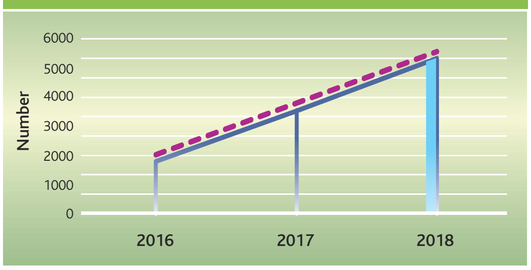


HSE construction industry average — Trend

Galliard reportable injury incidence rate

This measure of performance towards our commitment to maintain a safe workplace reflects our reportable injury incidence rate (presented as incidents per 1,000 people), with comparison against the Health and Safety Executive (HSE) construction industry average.

FUTURE OUTLOOK



Future outlook — Trend

Looking to the future and the invested value in our planning and development pipeline, this measure reflects the number of new homes in the process of development at year end.

OUR BUSINESS AT A GLANCE

Galliard is London's largest privately owned residential developer and one of the largest home builders in the capital. Our aim has always been to build market-leading new homes in locations where people would want to buy, either to live or to invest, at highly competitive prices.

The group focuses on building high quality residential and mixed use developments with the philosophy of providing affordable homes for owner-occupiers, investors and parents buying for their adult children to allow them to study, work and live in the capital.

We are leaders in urban regeneration. We have established an enviable reputation in the capital for our affordable, value for money developments in undervalued locations which are set to benefit from inward investment in the form of new transport infrastructure, homes, shops and leisure facilities.

As an area benefits from inward investment it becomes more popular and property prices rise, enhancing capital values for our customers.

In order to deliver this strategy, the skills and commitment of our workforce are paramount. We therefore strive to create a working environment that enables all staff to realise their potential and work towards our common vision.

Everyone at Galliard works together to achieve our goals. By giving a clear direction across all disciplines within the group our staff are empowered and motivated to contribute to the ongoing success of the business.

OUR BUSINESS MODEL

Our business model is based around five principal activities, which focus on delivering value throughout the property development chain, creating sustainable returns and long- term value to all our stakeholders, and making a positive difference in the communities in which we operate. We use our experience and specialist skills to deliver desirable, sustainable homes and communities and to help us grow our business.

Land acquisition

Acquiring land and properties with a suitable potential for development is the foundation that underpins our ongoing growth and success. Our experienced land-buying team has developed a wide resource network that provides a pipeline of opportunities that fit our investment strategy and return criteria.

In an extremely competitive market we have focused on securing off-market transactions, usually preplanning, that offer the best potential to add value. As a privately owned and funded company the greatest advantage we have over our competitors is our ability to make decisions and finalise contracts swiftly. This has become something that we are recognised for in the market and which in itself generates further opportunity.

Planning and design

Quality planning and design is at the heart of sustainable development. Our team of in-house planning and technical experts work with consultants, local and regional authorities and communities to create bespoke regeneration and mixed-use developments that provide much needed housing; exemplified by quality design, enhanced public realm, sustainability, transport links and access to jobs and amenities.

Our experience of regenerating sites in emerging locations within the capital has given us an edge in expertise and understanding of urban redevelopment.

For each site we appoint a unique project team best suited to the condition and constraints of a site, creating bespoke developments every time. Since the introduction of the prior approval legislation to convert office-to-residential, we have become one of the largest providers of affordable private units.

Our in-house professional expertise has ensured a 100% application success rate for every site we have acquired that benefitted from the office-to-residential legislation.

Home building

Galliard Construction provides a full range of construction services to the group. The majority of the group’s workforce are contracted to this division which supports the employment of a further 8,000 construction staff across our various sites and offices. Galliard Construction has built its success on a philosophy of delivering quality, value for money and environmentally friendly properties on time and within budget.

A substantial part of our success can be attributed to a flexible, decisive and disciplined workforce, structured to adhere to deadline schedules and build programmes regardless of project size. The construction team is underpinned by long standing relationships with materials suppliers and a loyal subcontractor supply chain. Central procurement of these external resources ensures that our cost base is effectively managed and continuity of supply is maintained.

Galliard Homes is the brand used by the group to interface with the public. Through this brand all of our developments are advertised and marketed. Each development site is owned by a unique special purpose vehicle. The flexibility of structuring each deal in this way facilitates our business model which emphasises the spreading of risk by working with joint venture partners.

Over the years we have built many strong relationships with a wide variety of strategic partners from land owners to banks, funds, high net worth individuals and other developers.

This risk management strategy not only reduces our risk exposure on each individual project but also spreads our risk over a greater number of projects as equity is freed up for investment in more deals. In this way the business has been allowed to grow in a controlled manner. Having shared in our success, our partners have consistently reinvested in further projects which has enhanced the group’s reputation, attracting other investors and providing a pool of equity for further investment.

Westgate House
Hanger Lane W5

Stadia Three
Wimbledon Grounds SW17

Marketing and sales

We have always recognised the importance of a strong sales and marketing function and are fortunate to have a formidable and respected team that consistently delivers a strong sales performance.

Our preferred approach is to mount large scale traditional and online media campaigns that direct potential buyers to an early sales release of off-plan units. Sales releases can take place both in the UK, usually either at or close to the locality of the development site, or abroad, principally in the Far East where we have a strong customer base.

With a broad range of skill sets our team is able to answer any questions that potential customers may have regarding the development, in addition to providing access to a choice of lawyers and financial advisors who are able to act for and advise the customers should they wish to proceed to an exchange of contracts on the day.

This tried and trusted approach has proved to be effective and is always very well received by both buyers and funders alike. During periods between sales releases we utilise many advertising and marketing techniques, both traditional and cutting edge, to maintain our profile and ensure that our efforts are directed accurately to reach as many potential customers as possible.

Property Management

Our property management expertise fulfils two important functions within the group. Firstly to maximise returns from our own substantial residential and commercial investment portfolios and, secondly, to provide our customers with a complete lettings and management service to support and extend our comprehensive after-sales commitment. This has proved an invaluable service for both our residential and commercial investor landlords and helps strengthen our business relationships and reputation as well as optimising returns for our customers.

Investment portfolio management

Galliard retains a commercial property portfolio, providing both new development and investment opportunities. Our asset management team uses its wealth of industry knowledge and experience accumulated over many years to further grow our business. Our strategy involves the acquisition of commercial properties and maximising value by increasing rental streams whilst finding opportunities to reduce costs and improve quality and efficiencies. This philosophy is at the heart of our approach to every asset in the portfolio, across a broad spectrum of sectors. The asset management team has professional experience of office, retail and leisure, industrial and storage, hotel and residential property management and seeks to cultivate added value whilst mitigating risks to the group.

The portfolio management function is underpinned by our discerning land bank strategy, where we seek to secure projects that yield earlier returns, including the selective acquisition of income producing properties with medium term development potential.

Property lettings and management services

Our comprehensive aftersales commitment is more than just an opportunity to extend and maximise our relationship with our customers. It also delivers a critical service to our investment customers which helps build trust and loyalty.

A home will always be a major purchase, whether for self-occupation or to let as an investment. Our property management offering provides a comprehensive service to our customers, looking after both individual properties, blocks and estates, ensuring they are maintained to the highest standards and are kept secure. We provide a facilities management service for all shared equipment and amenities within a development and, where appropriate, a dedicated concierge service giving peace of mind to residents. In conjunction with our colleagues in construction and sales, we strive to make the experience of owning a Galliard home more rewarding through this added value service.

LiFE Residential ("LiFE")

LiFE is a 50% joint venture with founders Jonathan Werth and Jason Dienaar that has grown to become one of London's biggest home letting and management agencies with 13 offices across the capital and 2 international branches.

CHAIRMAN'S STATEMENT

Stephen Conway
EXECUTIVE CHAIRMAN

Royal Gateway
Canning Town E16

"I am delighted to be able to report another outstanding performance by the group in the year to 31 March 2018. Despite significant challenges in the economic environment the group has continued to trade solidly, strengthening our balance sheet and underpinning our capacity to withstand the issues we shall undoubtedly have to face in the medium term

It is important to view the trading results of the group over a time span that is sufficient to eliminate the effects of short-term fluctuations that can mask an otherwise positive trend. Thus at first glance our results for the year, by comparison with the outstanding figures achieved in 2017, may appear to illustrate a decline in performance. Such a view would be entirely erroneous. Our financial performance is totally dependent on our build program which, as expected, delivered fewer units in the year to 31 March 2018. Delivery in the first half of the year to 31 March 2019 however has been much higher and the financial results for the current year will reflect this. The underlying performance of the group remains strong.

The issues facing us in the medium term, of course, surround the ongoing uncertainty over the outcome of the negotiations to establish the terms of the United Kingdom's withdrawal from the European Union. With membership scheduled to end on 29 March 2019 we have only a few months left to ride out this period of uncertainty, however, whatever deal is done will present its own challenges and we must be properly prepared to face up to them. With that in mind we have taken a number of steps to mitigate against any negative consequences that may arise. One such step has been to rationalise our site portfolio by the realisation of more than £200m in land sales. This not only liberates valuable management time from projects that have become increasingly demanding, it also frees up cash to enable us to take advantage of other potentially more lucrative opportunities that may arise.

Our business model has remained unchanged since we started to trade and its risk-averse nature fits well in times of uncertainty. One of the prime tenets of this model is the early sale, preferably off-plan, of units under construction to minimise the risk of being left with unsold units particularly at a time when the market is softening. This gives certainty of revenue which underpins the financial viability of the project. We have concentrated our efforts on maximizing the pre-sale of stock over the past year, a strategy that will stand us in good stead as the Brexit narrative unfolds.

There can be little doubt that the property market is cyclical in nature. The market in central London in particular, after several years of buoyancy, has undergone a correction over the past three years. Ahead of this we completed the sale of all our prime stock in the capital and shall monitor the situation prior to further investment. In my experience, which now spans over fifty years, such a correction is generally followed by a recovery that takes the market beyond previous highs and I see no reason why this cycle should be any different. Once signs of the inevitable upturn are apparent we shall be ready to take advantage of suitable opportunities.

After a long and difficult planning journey I am pleased to report that earlier this year we finalised a joint venture with leading London housing association, Catalyst Housing, to redevelop the former Wimbledon greyhound stadium. The scheme will comprise retail and leisure space in addition to over 600 residential units and will also deliver a brand new 20,000 seat football stadium for use by AFC Wimbledon.

The group's planning expertise has been well utilised again this year. Our team is currently leading the applications on a number of large joint venture projects where the potential to add value is excellent. There are well in excess of 10,000 units that are the subject of current applications in areas as diverse as Southall, Chadwell Heath, Southwark, Stansted and Cheltenham.

We are also actively engaged in seeking sites for a new joint venture with Evolve Business Centres which aims to provide cost-effective workspace for smaller businesses. Currently there is nothing on the market catering uniquely for the type of workspace required by small businesses and start-ups that is both flexible and affordable. Evolve was formed specifically to address this need and we shall be working closely with them to identify, acquire and develop suitable sites.

Our geographical focus has traditionally been in and around London although there have been a few exceptions, particularly in the West Country. Whilst we have no intention of changing this, we have been fortunate in the last twelve months to have had the opportunity to acquire a number of sites in Birmingham which we see as a particularly attractive growth area in the medium term. With the advent of HS2 bringing two new stations to the area and major employers such as HSBC, HMRC and Barclays bank relocating to England's second city the potential for growth in this part of the West Midlands is approaching the levels we saw in London 20 years ago. Our sites will deliver in excess of 2,000 units over the next two to three years and will appeal to both home owners and buy-to-let investors.

At every level of the group's personnel structure there have been outstanding contributions to our success over the past year. I would like to thank everyone for their efforts and I look forward to continued progress in the future.

Stephen Conway
Chairman
27 September 2018

OPERATING REVIEW

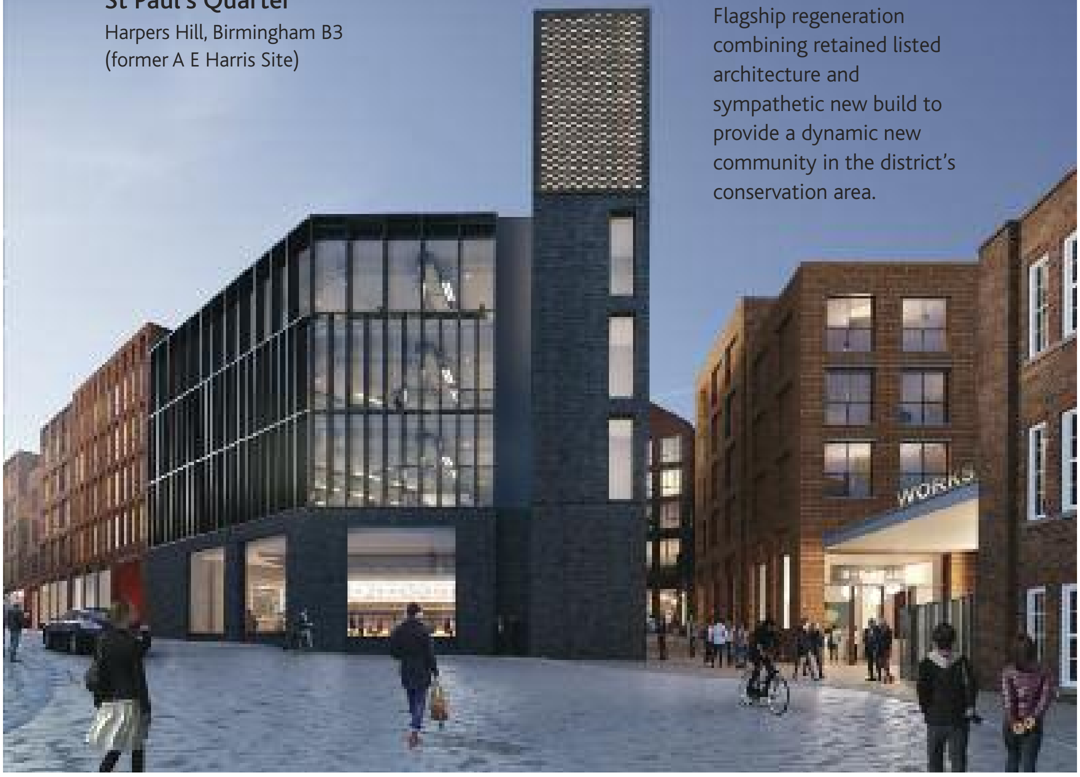
Don O'Sullivan
CHIEF EXECUTIVE OFFICER

Stadia Three
Regeneration showcase with new stadium for AFC Wimbledon.

> *2017/18 demonstrates the cyclical nature of our business operations and reflects a year during which we invested in our property development activities and reinforced a firm basis to realise our business ambitions and potential. We have once again delivered a set of good results that reflects the hard work and dedication of our staff during a busy and challenging year. While the group's operating profit did not reach the record levels achieved in 2016/17, our balance sheet remains healthy and exhibits our investment in the business and our strategy to create wealth for our shareholders, with a significant increase in equity and the accretion of value to be realised in the future*

St Paul's Quarter
Harpers Hill, Birmingham B3
(former A E Harris Site)

Flagship regeneration combining retained listed architecture and sympathetic new build to provide a dynamic new community in the district's conservation area.



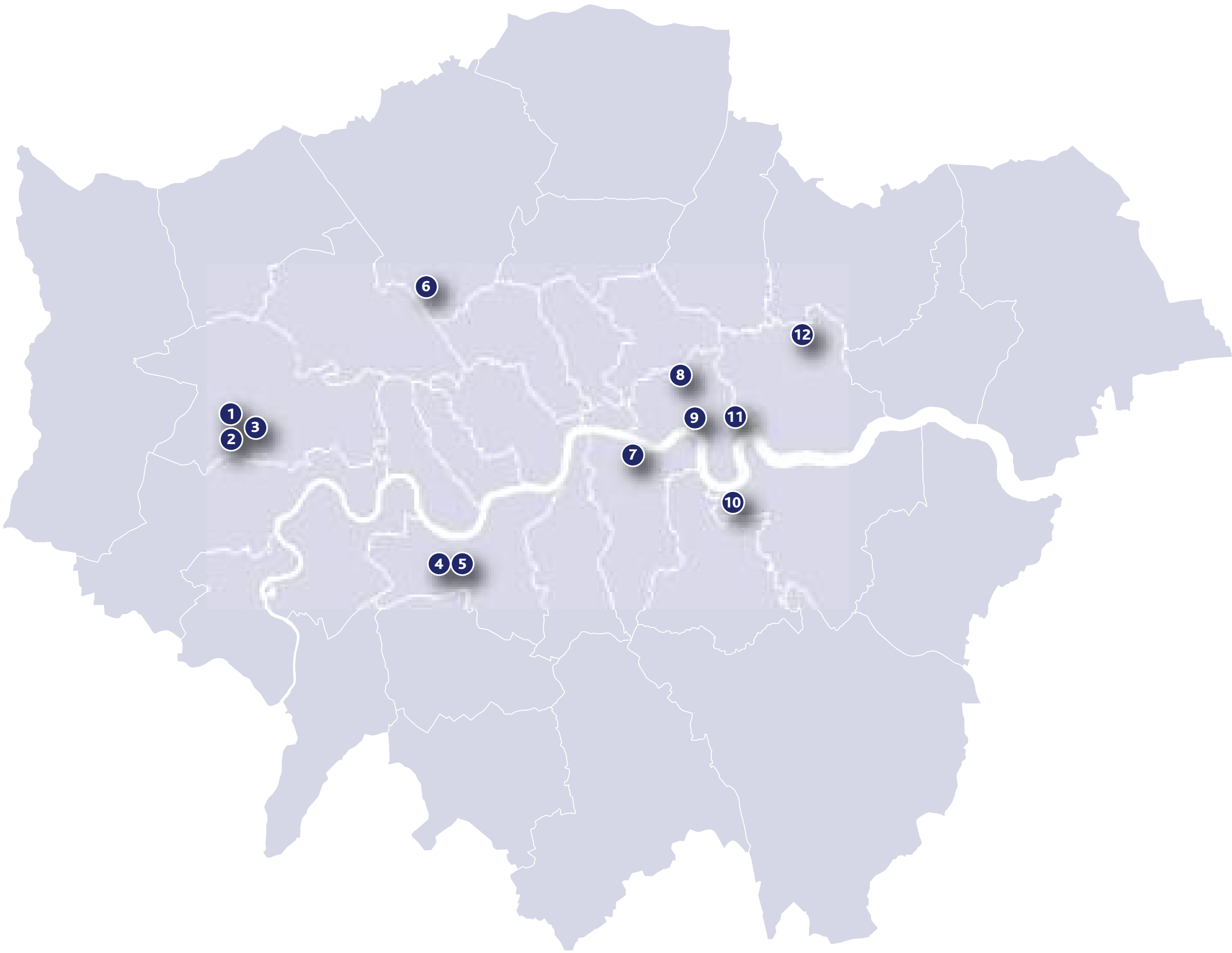
Land acquisition

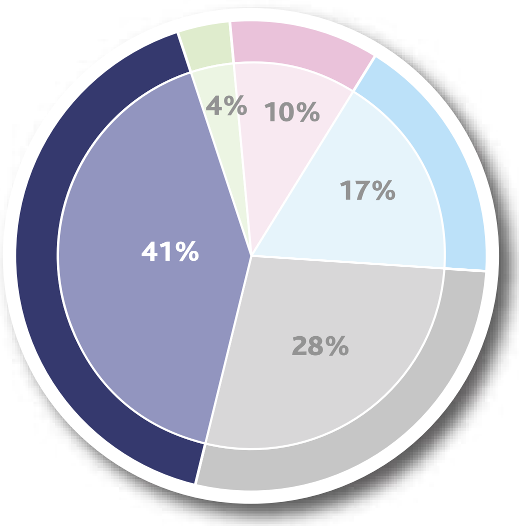
Galliard continues to target new projects that can be acquired at a perceived discount to open market value and in locations that have been identified as having significant potential for future growth. Our preference has been to utilise in-house planning expertise to obtain change-of-use consents rather than compete in a competitive land market for sites with pre-existing planning permissions. To this end transactions are often structured in a way that seeks to reduce risk, either through obtaining land options or by incorporating planning conditionality into contracts.

Our single greatest area of land focus over the past year has been on Birmingham where a buoyant property market has emerged following central government's commitment to delivering the High Speed 2 rail network and the movement of a number of major organisations' operations to the city. Notably this year HMRC signed a 25-year lease for a new office that will house over 3,500 employees from several government departments, and HSBC has opened a new headquarters building housing 4,000 employees. From an early stage in the expansion narrative, Galliard has been actively securing sites in the city of Birmingham and are now well positioned to capitalise on this opportunity and are benefitting from the rise in residential values. At the time of writing the initial launch of our 379 unit Timber Yard scheme which was purchased subject to planning in April 2017 has been well received with prices being achieved that are significantly higher than those expected just one year ago. Further acquisitions in the city have occurred on 3 sites with a combined purchase price of circa £38 million and where over 2,000 residential units and commercial accommodation are planned including the prestigious AE Harris site in the heart of the Jewellery Quarter which is arguably the city's finest residential development site.

The A E Harris site, nestled in the centre of Birmingham's historic and vibrant Jewellery Quarter

During this year we procured 29 new locations across London and the Southern parts of England for the creation of a range of new homes, student accommodation, commercial, sport, leisure and recreational facilities.





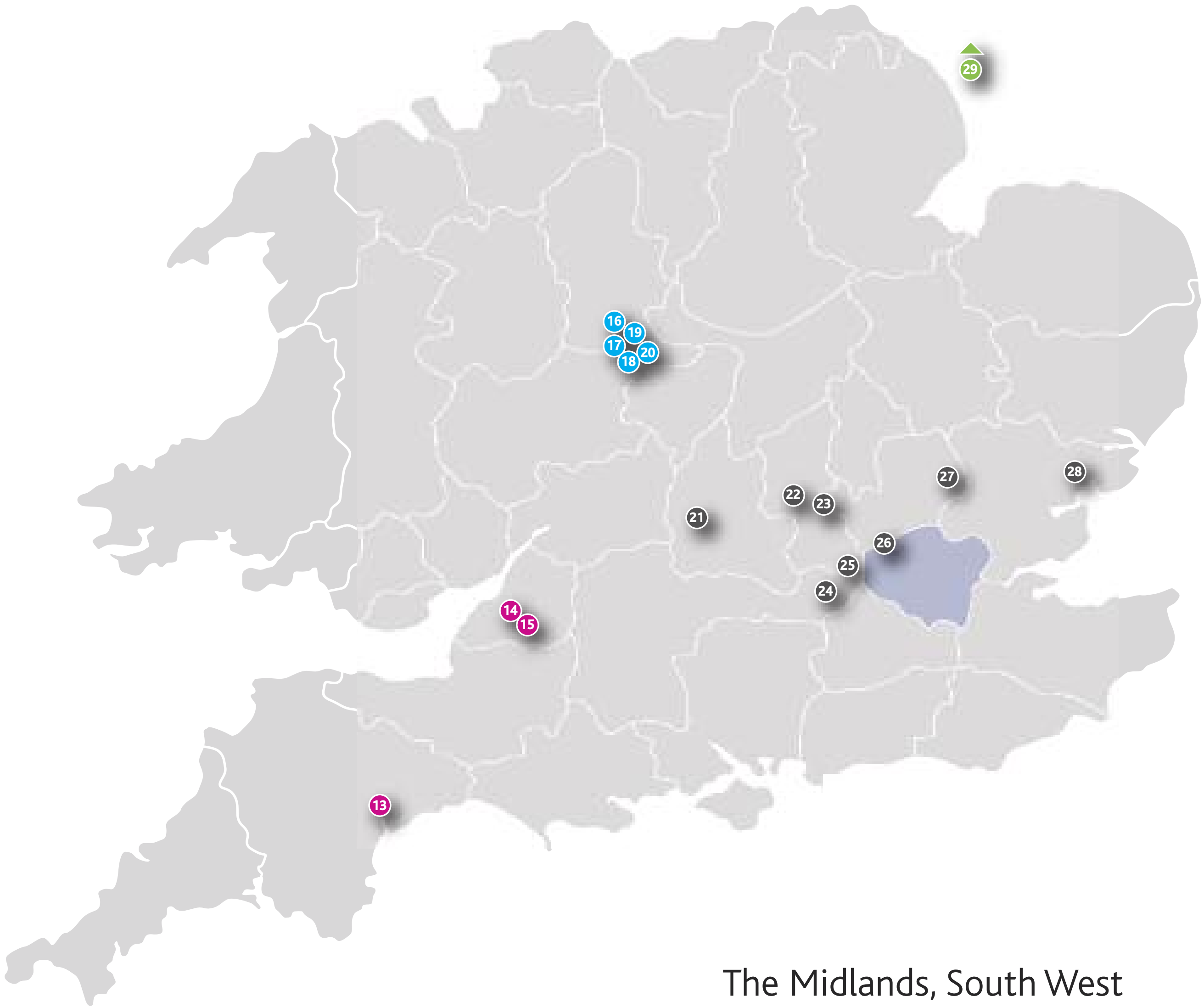
Greater London

Map of Greater London showing 12 of 29 sites acquired across the UK since April 2017.

- Greater London
- The South
- The South West
- The Midlands
- The North

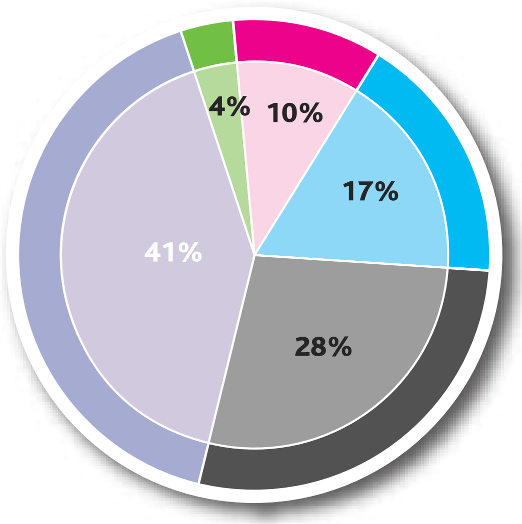
	DEVELOPMENT	COMPLETION DATE	DESCRIPTION
1	**Arches - Merrick Road (Block A, B, C)** Southall UB2	Nov - 17	New build development site simultaneously sold on completion to a housing association.
2	**Honey Monster** Southall UB2	May - 17	Freehold acquisition of the Honey Monster factory in Southall, measuring approximately 3.2 hectares (7.9 acres) and zoned for industrial. This site adjoins a previous acquisition (Chancery Gate) and we will now seek residential consent.
3	**Chancery Gate** Southall UB2	Aug - 17	Cleared 7.64 acre site. Land surrounding the Honey Monster factory which is currently zoned for industrial. The land is very close to the area earmarked for conversion from commercial to residential in the Southall Opportunities Area Framework. We are preparing a full planning application for a residential led scheme.
4	**Wimbledon Greyhound Stadium** Wimbledon SW17	Dec -17	Galliard obtained planning permission for a new build 20,000 seat football stadium, 1,000 sq m retail space, 1,730 sq m squash and fitness club, 602 residential units, basement parking for 350 cars in addition to a new public street and public realm.
5	**Volante** Wimbledon SW17	Jan - 18	Strategically important site as a bolt-on to Wimbledon Greyhound Stadium. The site has planning permission for 93 flats with 10% affordable housing.
6	**Hendon Hall** Hendon NW4	STP*	60 bed hotel on a 2.5 acre site sold with vacant possession upon completion. Following exchange of contracts the hotel has been sold on a subject to planning basis to a care home operator.
7	**Tower Bridge Road** London SE1	Mar - 18	A unique freehold development opportunity close to Tower Bridge, Bermondsey Street and London Bridge, with views across The Shard, South Bank, and the City of London. The site has resolution to grant planning permission for a mixed use scheme compromising 69 residential apartments of 5,749 sq m (61,880 sq ft), 137 room aparthotel and flexible retail/commission space of 981 sq m (10,560 sq ft).
8	**Norlington Road** Leyton E11	Mar - 18	A land assembly with the view of delivering a high density mixed-use development on an allocated site in the London Borough of Waltham Forest. The combined site area is approximately 1.7 acres / 0.69 ha with a proposed scheme for circa 200 residential units.
9	**Butchers Row** Limehouse E14	STP*	Subject to planning purchase of a 150 year leasehold from the Royal Foundation of St Katherine with the intention of delivering a mixed use, residential-led scheme comprising c. 90 residential units and 28,500 sq. ft. of hotel, workspace, office, community hub, hostel / study rooms which will be handed back to the Royal Foundation.
10	**Creekside** Deptford SE8	Jun -17	Vacant freehold site. Galliard to submit a full planning application for circa 350 units.
11	**Orchard Wharf Service Station** Poplar E14	May - 17	Former petrol station in Poplar covering 0.9 acres. Galliard obtained planning permission for the construction of 338 new residential dwellings (use class C3) in a mix of unit sizes (30% affordable - 102 units), 412 sq m (4,400 sq ft) of flexible non-residential use and a cafe.
12	**Bourne Court** Woodford Green IG8	Jul -17	Fully let freehold commercial investment office building. Permitted development application to be submitted for the conversion of the building into 137 residential units.

* Subject to planning.



The Midlands, South West and South of England

Map showing location of 17 sites acquired across the UK since April 2017.



Greater London
The South
The South West
The Midlands
The North

	DEVELOPMENT	COMPLETION DATE	DESCRIPTION
13	Honiton Inn Exeter EX1	May -17	Vacant pub site with full planning permission for the demolition of the former Honiton Inn to build a mixed use development scheme comprising of a ground floor cafe bar for public use (Use Class A4) with 107 bed space student accommodation above including common room, gym, cinema, laundry, office and bike stores. Six floors and a mezzanine.
14	Anchor Road Bristol BS1	Jun -17	Circa 1 acre (0.4 hectares) brownfield site on the former Canon's Marsh gasworks site between Anchor Road and the Floating Harbour on the River Avon. Galliard obtained full planning in April 2017 for the construction of 60 residential units over three blocks.
15	Brooks Laundry Bristol BS2	Aug - 17	Site outline planning permission for the redevelopment of the former commercial laundry premises to provide 104 residential units and 6,830 sq ft of commercial space.
16	Soho Loop Birmingham B18	Jun -17	12.4 acres (5.0 hectares) of land next to Birmingham City Hospital. Previous use was industrial. There is now outline planning permission for 504 residential units and a data centre. We plan to submit a revised fully residential planning application.
17	Summerhill Birmingham B1	Dec - 17	Office building with 92,472 sq ft of office space and 209 parking spaces, with the potential for a mixed use residential led scheme of circa 127 residential apartments (81,978 sq ft) and 60,278 sq ft of commercial office space. The site is located on the ring road at the corner of Icknield Middleway (A4540) within the Jewellery Quarter.
18	Middleway Birmingham B16	Sep - 18	12 acre (4.9 hectares) cleared site with planning potential for circa 200 houses or 700 apartments and 50,000 sq ft of retail.
19	AE Harris Birmingham B1	STP*	Planning consent in place for circa 150 residential units. A revised application is to be submitted to increase the number of residential units.
20	Gooch Estate Birmingham B5	Oct - 18	Subject to planning acquisition of a car park site with development potential for approximately 227,500 sq ft of residential.
21	Thorney Leys Witney OX28	Jul -17	Freehold commercial investment of a well performing business park located in an affluent Oxfordshire market town on the edge of the Cotswolds. Multi-let comprising 16 semi detached or terraced units extending to 53,522 sq ft. Anticipated site cover of 34% and an on site car parking ratio of 1:287 sq ft (231 spaces).
22	Oxford House Aylesbury HP21	Oct -17	Multi-let freehold office extending to 120,205 sq ft over four floors on approximately 8.1 acres (3.28 hectares). Galliard sold the site in August 2018 following grant of permitted development approval for the conversion of the building to 190 apartments.
23	Chiltern Court Chesham HP5	Jul -17	Freehold commercial investment of six detached modern office buildings comprising 28 units, extending to 31,249 sq ft. On site car parking ratio of 1:208 sq ft (150 spaces). The overall site area extends 1.8 acres (0.7 hectares) providing a site cover of 43%.
24	Blythe House Bracknell RG12	Mar - 18	Two-storey detached former care home, currently comprising 43 residential units all let on assured shorthold tenancies.
25	Mill Street Slough SL2	STP*	Existing industrial buildings occupying a land area of 0.6 acres (0.2 hectares). The site has been allocated in Slough's local plan for a mixed-use development opportunity, and planning has been submitted for a circa 57 residential unit development.
26	Watford Watford WD18	Jul-18	Leasehold interest of an existing commercial building comprising 21 units totalling 16,500 sq ft. The property has consented planning permission for an extension to exisitng units to provide mezzanines and other rebuilding to increase overall square footage to 35,000 sq ft.
27	The Colts Sawbridgeworth CM21	Sep - 18	Detached bungalow on a 6.5 acre site with development potential.
28	Colchester Colchester CO7	Aug - 18	2.22 hectare (5.5 acre) site with existing planning for approximately 43,000 sq ft of offices and 24,000 sq ft 58 bed hotel. The strategy is to secure a new planning consent for 91 small business units.
29	Stanley Place Edinburgh EH7	Aug - 17	New build development site with planning permission for a student accommodation scheme consisting of 93 units.

* Subject to planning.

Planning

Over the past year, the planning team has grown in numbers to help deliver on a number of key projects like Harbour Central in Tower Hamlets and returning AFC Wimbledon to Plough Lane, as well as tackle our growing portfolio within the capital and further afield. Our planning team has focused on the promotion of large-scale developments in Southwark, Ealing, Hounslow and Birmingham, totalling nearly 6,000 units between the authorities.

In Southwark, we are working with Aviva at the Cantium Retail Park to promote one of the leading regeneration schemes for Old Kent Road as part of the Bakerloo line extension, with a mixed-use development of over 1,000 units.

On a site at Ealing, we have been working alongside officers at the council and Greater London Authority to meet the emerging co-location policy aspirations for Significant Industrial Land (SIL). The emerging proposals for the former Honey Monster factory in Southall, seek to maintain a `no net loss' of employment floor area, provided through a new film hub for west London, comprising sound stages, workshops, pre and post production spaces, retail and community uses integrated with circa 2,000 residential units.

In the spirit of our entrepreneurial approach to development and having seen an opportunity in a new emerging housing typology, we are currently promoting a 250 unit co-living scheme in the heart of Hounslow town centre, opposite the new council offices. Grounded by retail and a co-working offer, we continue our commitment as a multi-faceted developer.

In Birmingham, working with our joint venture partner Apsley, we are promoting over 3,000 units and hotel rooms across numerous sites within the city centre, at locations like Pershore Street, Soho Loop and the Jewellery Quarter. As emerging London planning policy continues to challenge the development industry, we continue our search for new opportunities in proactive authorities that want to benefit from Galliard's regeneration expertise, within and beyond the M25.

Soho Wharf
Birmingham B18

Timber Yard
Birmingham B5

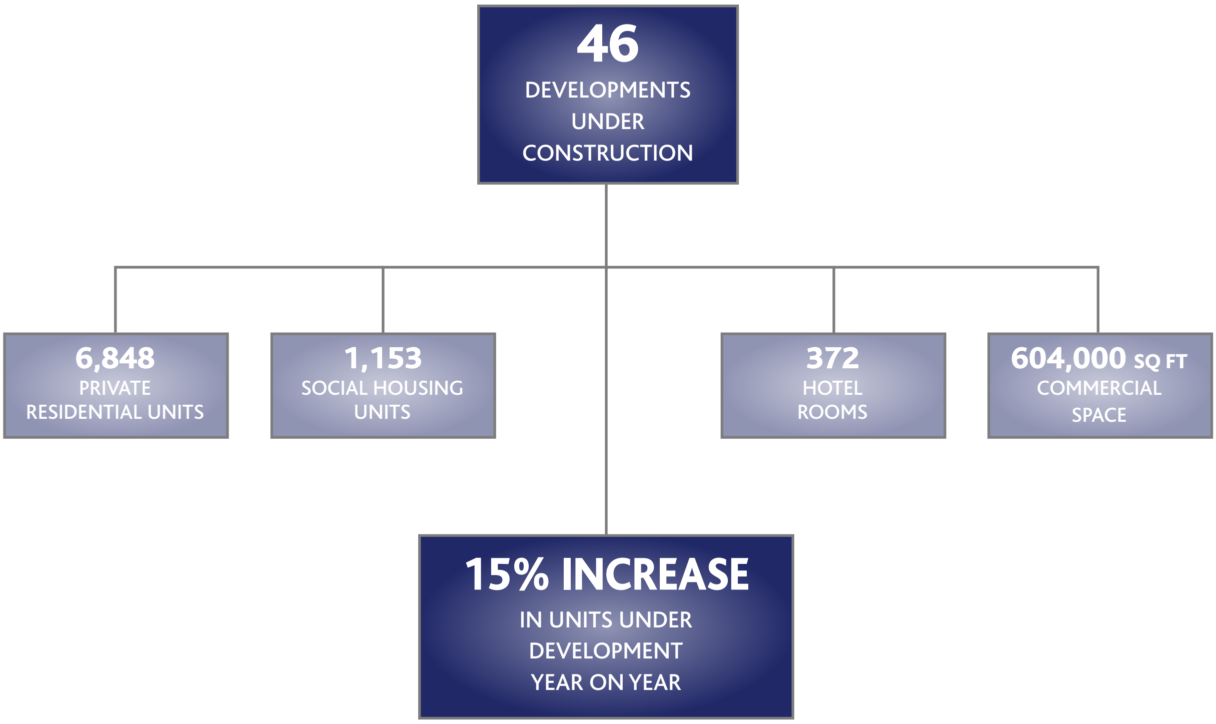
Building

We currently have 46 developments under construction, including those in collaboration with our joint venture partners. These include 8,001 new homes, of which a record 1,153 are social housing units, plus 372 rooms at two hotel developments and 604,000 sq ft of commercial space. This represents a 15% increase in units under development from last year, most of which are expected to be completed in the coming financial year.

During the year we have also completed an urgent assessment of properties potentially affected by similar materials to those used at Grenfell Tower. Our processes identified only one development in our portfolio with an increased risk profile, being New Capital Quay in Greenwich constructed in 2014. The development consists of 1,006 residential apartments and ancillary commercial premises. The insurance company has confirmed that it will cover the cost of the remedial works required.

Construction cost inflation remains a challenge to our building operations. This is largely attributable to continued pressures on the value of the sterling as well as wider economic uncertainty which contributed to rising interest rates and consumer price inflation increases. In response our priority continues to focus on improving efficiencies in our operations and controlling our costs. As a substantial housebuilder in a market where there is currently limited choice of contractors capable of taking on large residential projects, we have leveraged our construction capabilities to build a robust and loyal supply chain of outstanding sub-contractors.

In terms of labour, despite the usual pressures on skilled labour supplies, we have managed to keep the labour cost inflation within industry norms of 3%. We also remain conscious of the growing body of evidence that suggest that the number of EU workers in UK construction is falling and we are actively working with our people and subcontractors to limit the risk to our business.



GALLIARD GROUP - PRIVATE RESIDENTIAL COMPLETIONS

Development	Location	Units	Sales £'000	Sq ft '000	£ per sq ft
Baltimore Tower	Docklands	167	109,941	112.8	975
Capital Towers	Stratford	189	66,073	143.6	460
Trinity Square	Hounslow	225	57,120	87.7	651
Royal Gateway	Canning Town	107	41,106	70.7	581
The Landmark	Luton	106	18,601	40.8	456
The Chilterns	Marylebone	3	17,132	6.7	2,557
Carlow House	Camden	24	16,110	16.7	965
Crescent House	Clapham	7	6,138	5.7	1,077
The Fusion	Shoreditch	8	5,731	5.7	1,005
The White House	Haywards Heath	17	3,635	7.7	472
Hope House	Bath	2	3,190	5.0	638
Wapping Riverside	Wapping	2	2,895	3.1	934
Station House	Muswell Hill	3	2,639	3.1	851
St Luke's Square	Canning Town	5	2,166	4.2	516
Central House	Hounslow	6	1,788	3.1	577
Craneshaw House	Hounslow	6	1,569	2.2	713
New Road	Crouch End	1	1,025	1.1	932
The Printworks	Clapham	2	1,025	1.4	732
Lincoln Plaza	Docklands	1	830	0.9	922
Riverdale House	Lewisham	1	440	0.7	629
King Edwards House	Waltham Cross	2	400	1.1	364
Total Private Completions	**2018**	**884**	**359,554**	**524.0**	**686**
Total Private Completions	**2017**	**1,331**	**598,156**	**778.2**	**769**
Excluding Platinum collection		688	213,475	385	554

TOTAL PRIVATE RESIDENTIAL COMPLETIONS BY UNIT TYPE - ALL DEVELOPMENTS

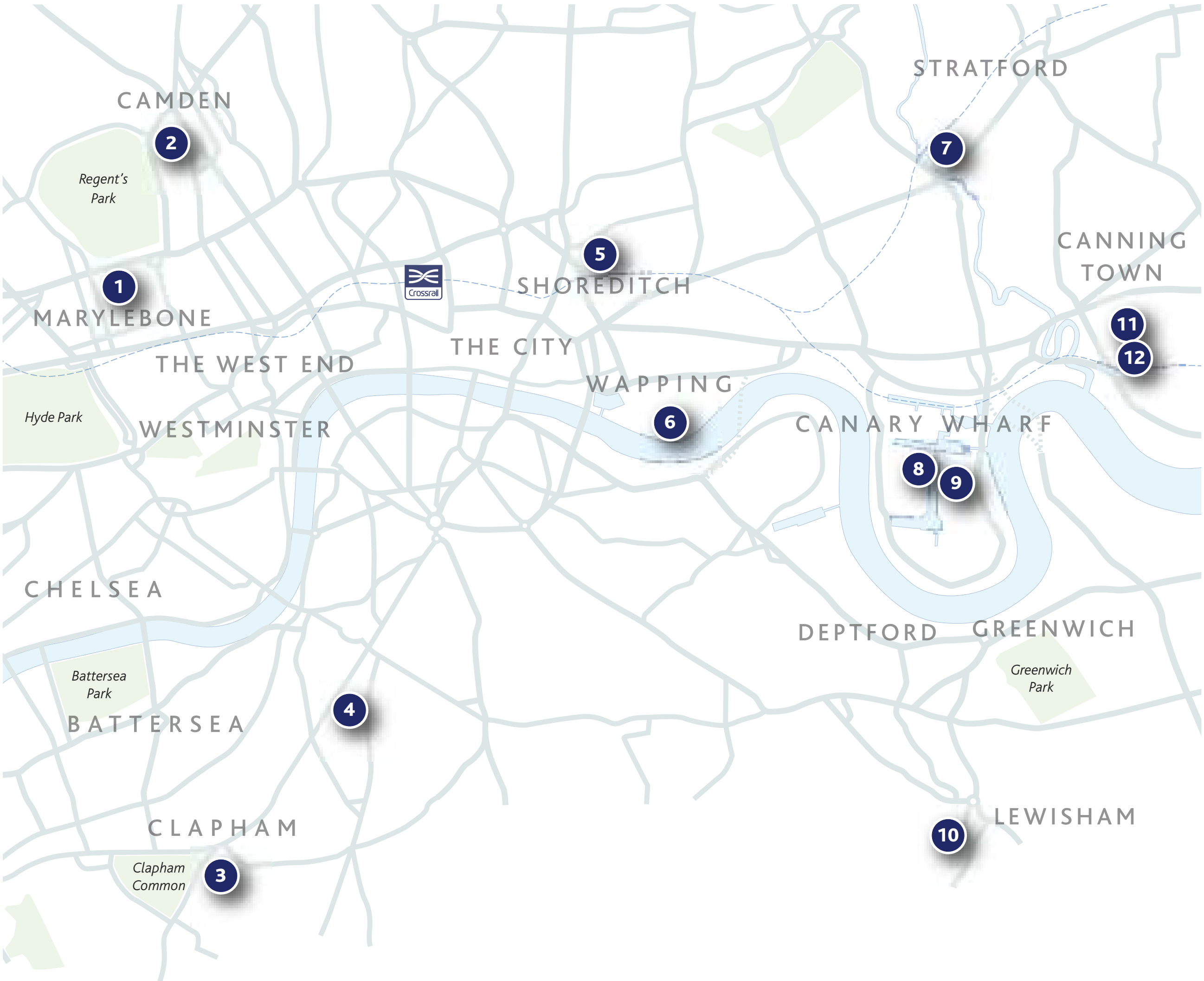
Type	Units	% total units	Sales £'000	sq ft '000	Ave Sq ft	Ave price (£)	£ Ave per sq ft
Studio	301	34.0%	76,506	112.5	374	254,172	680
Studio + Study	6	0.7%	1,188	3.2	537	197,917	368
1 Bed	234	26.5	76,713	118.9	508	327,833	645
1 Bed + Study	21	2.4%	8,437	12.1	576	401,783	698
2 Bed	240	27.1%	124,059	187.7	782	516,914	661
2 Bed Duplex	7	0.8%	4,358	6.7	955	622,629	652
3 Bed	72	8.1%	64,501	77.0	1,069	895,843	838
3 Bed Duplex	1	0.1%	600	1.2	1,241	600,000	483
4 Bed	2	0.2%	3,200	5.0	2,523	1,600,000	634
Total 2018	**884**	**100%**	**359,562**	**524**	**593**	**406,744**	**686**
Total 2017	**1,331**	**100.0%**	**598,156**	**778.2**	**585**	**449,405**	**769**

TOTAL PRIVATE RESIDENTIAL COMPLETIONS BY UNIT TYPE - Excluding Platinum Collection*

Type	Units	% total units	Sales £'000	sq ft '000	Ave Sq ft	Ave price (£)	£ Ave per sq ft
Studio	267	38.8%	62,899	99.9	374	235,578	630
Studio + Study	6	0.9%	1,188	3.2	537	197,917	368
1 Bed	180	26.2%	48,122	89.4	496	267,344	538
1 Bed + Study	13	1.9%	3,502	7.0	541	269,346	498
2 Bed	164	23.8%	67,132	129.2	788	409,343	520
2 Bed Duplex	7	1.0%	4,358	6.7	955	622,629	652
3 Bed	48	7.0%	22,484	43.3	902	468,413	520
3 Bed Duplex	1	0.1%	600	1.2	1,241	600,000	483
4 Bed	2	0.3%	3,190	5.0	2,523	1,595,000	632
Total 2018	**688**	**100%**	**213,475**	**385**	**560**	**310,283**	**555**
Total 2017	**1,007**	**100%**	**361,034**	**555**	**551**	**358,524**	**651**

**Platinum Collection includes: Baltimore Tower, The Chilterns, Carlow House, Riverside*

Location of completions - London



Developments contributing to gross sales during the financial year

1. The Chilterns
MARYLEBONE W1

2. Carlow House
CAMDEN NW1

3. Crescent House
CLAPHAM SW4

4. The Printworks
CLAPHAM SW9

5. The Fusion
SHOREDITCH E1

6. Wapping Riverside
WAPPING E1

7. Capital Towers
STRATFORD E15

8. Lincoln Plaza
CANARY WHARF E14

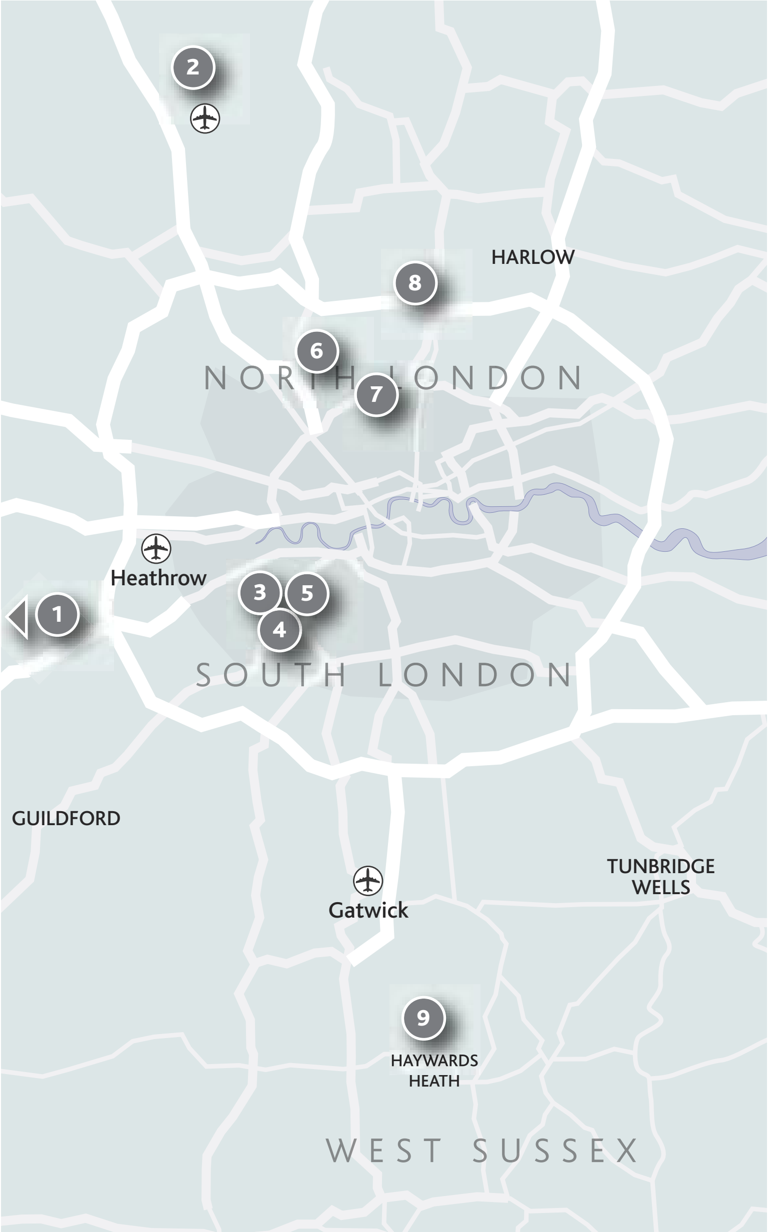
9. Baltimore Tower
CROSSHARBOUR E14

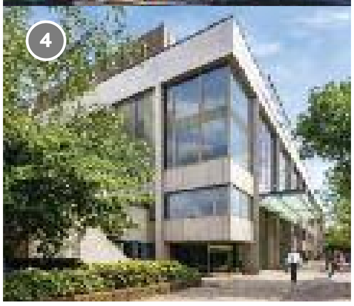
10. Riverdale House
LEWISHAM SE13

11. St Luke's Square
CANNING TOWN E16

12. Royal Gateway
CANNING TOWN E16

Outer London, home counties and Somerset





1 Hope House
BATH, SOMERSET BA1

2 The Landmark
LUTON LU1

3 Craneshaw House
HOUNSLOW TW3

4 Central House
HOUNSLOW TW3

5 Trinity Square
HOUNSLOW TW3

6 Station House
MUSWELL HILL N2

7 New Road
CROUCH END N8

8 King Edward House
WALTHAM CROSS EN8

9 The White House
HAYWARDS HEATH RH16

Quality control

Delivering quality and value is at the core of our business. Our quality control department has evolved as a testament to our continued growth and striving for excellence in what we deliver on each and every development. A stand-alone in-house department consisting of quality control managers and quality control inspectors, it works closely with our designers and site teams from project inception and throughout the build process to inspect all aspects of the build at fixed points, signing off before the next sequenced event can proceed.

All sites adhere to our bespoke quality control procedure. It is a unique system that has been developed and allowed to evolve over many years. It is continually monitored and amended as required alongside our business and purchaser requirements and needs. Our sub-contractors and suppliers are all contracted to work within the guidelines of our quality procedures with linked payment terms ensuring the highest priority is given throughout.

Early inspections and testing are essential to ensure installations are as designed and correctly implemented to the high standard we demand. Benchmark apartments are accelerated and completed as early as possible on all projects. These set the standard that all are working to and must achieve across each development.

All inspections are recorded on our bespoke database which ensures consistency in the product we are delivering across the business. All issues encountered are recorded including photographic evidence at each and every stage.

On final completion of each apartment our unique white card certificate will be issued which confirms that the property can be handed over to the purchaser.

Property management

Our property management division had another successful year. During the current year we have acquired a number of new opportunities including an office portfolio comprising three campuses which are to be refurbished or asset managed with a view to onward sale, either as value added investments or broken up as small investments or for owner occupation. We have also sold a number of mature investments including the Landsdowne Road Industrial Estate in Cheltenham realising over £16.75 million, a hotel as a going concern in Southampton, an office investment in Ipswich and a car park / data centre investment in Docklands for £17 million, having added significant value since its acquisition. Additionally, we sold a large ground rent investment in Tunbridge Wells, realising in excess of £18 million.

Block management

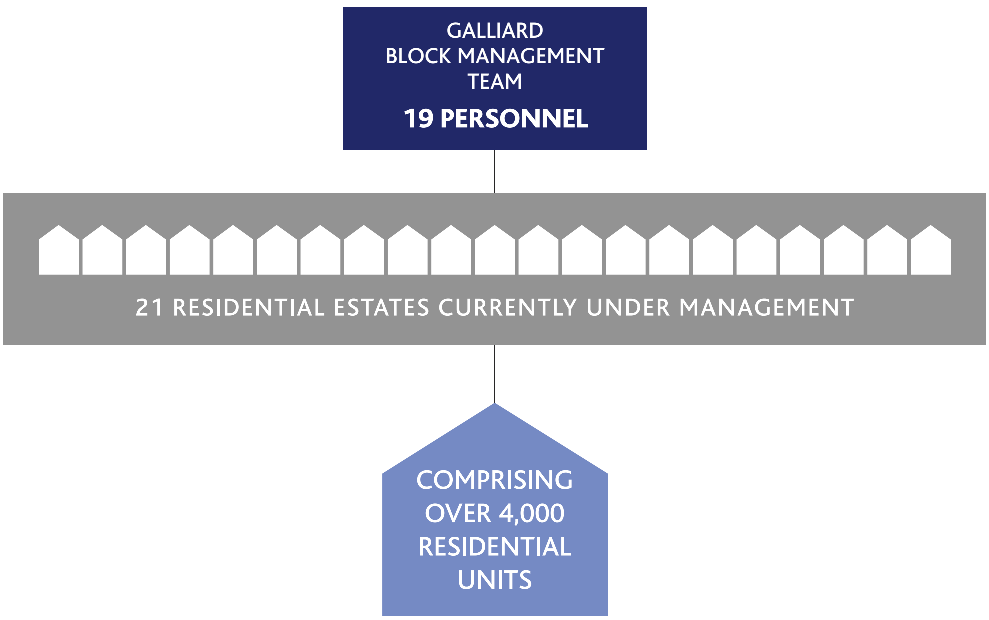
Our block management team has grown to 19, the majority of whom are qualified property professionals. The team currently manages 21 residential estates comprising more than 4,000 residential units with close to 100 site staff and a combined turnover of £1.4 million in fees. We remain on course to achieve our target of doubling the number of units under management over the next three years.

LiFE Residential ("LiFE")

LiFE has grown this year to 165 staff running one of London's leading real estate agencies, specialising in newly-built luxury developments. Current properties under management amount to around 4,500 which consistently achieve occupancy levels of circa 98%.

To accommodate its growth ambition, LiFE has recently moved into a new 14,000 sq.ft headquarters in west London. This will also facilitate current plans to expand the business into commercial property services.

The business recently established its LiFE Ventures division as part of its commitment to help advance early stage property technology ("proptech") companies. It has already made a number of substantial investments including shareholdings in Goodlord, KeyNest, Getrentr, FalconDHQ and Nez, as well as a controlling stake in TeqDen, an events and social media platform focused on introducing proptech starts ups.



Sales and marketing

Whether a customer is a seasoned property investor or someone taking their first tentative step onto the property ladder they can expect the same, unrivalled quality of service from Galliard.

Since our first development was launched in 1992 our core principles have remained unchanged – the provision of a superb product that is well located, both geographically and economically, and that offers excellent value for money.

Our sales and marketing function is focussed on the provision of relevant information to aid decision-making by our potential customers. Effective communication and subject knowledge are our top priorities and the key to the service we provide.

The Galliard name is now widely recognised in London and the south-east of England thanks to targeted, large-scale media campaigns directing potential buyers towards an early sales release. Media coverage is continually monitored to maintain maximum exposure at the most competitive rates.

Galliard Homes are synonymous with high profile display signage.

Sales and marketing

Our commitment is always to sell to UK based buyers first where possible. Occasionally a concurrent launch overseas cannot be avoided but we recognise that there is a UK housing shortage and that we have a responsibility towards UK residents. We must however also be aware of the commercial reality that London is a world city and that overseas markets help to ensure the viability of developments that would otherwise not be built.

With this in mind we have commissioned a Mandarin version of our website which is expected to be completed by the end of 2018 and will be accessible in mainland China. We also have a UK-based team of bilingual staff to accommodate our growing number of Chinese customers, each with their own unique perspective on the UK marketplace and their own customer care requirements.

The Galliard business model continues to be based on our ability to sell a substantial proportion of our developments off-plan and reflects the strong demand we are still experiencing at our average price point. This model is highly adaptable. Recently, for example, we have been able to take advantage of customer appetite for high quality, smaller units that have good commuter links with London, a departure from our usual geographical base.

At sales launches our highly-trained sales team are complemented by panels of lawyers and financial advisers who can act for or advise potential customers should they wish to proceed to an exchange of contracts on the day in order to secure their desired home. The sales teams have an extensive knowledge of their scheme and its locality ensuring that customers find a home that suits their lifestyle or personal investment preference. Sales offices are opened on-site to market any remaining homes.

This is a tried and trusted approach and has proved to be both effective and popular with customers. Between releases we utilise a number of different advertising and marketing techniques, both traditional and cutting-edge, to communicate opportunities in a way that reaches as many potential customers as possible.

Digital marketing

We launched a brand new website in July of 2017 that, we believe, sets us apart from other property developers. Buying a new property can be a 'minefield', so our priority was to help users navigate their way to the right choice by providing helpful tools and guides on their online journey, making sure every user finds the most relevant information at the moment they need it.

Our custom "Property Data Management" system contains detailed data on dozens of individual properties and developments including live pricing and availability and works in conjunction with our UK-led multinational sales release model. This is twinned with a single device agnostic API (application programming interface) feed which provides real time data to all of Galliard's marketing outlets including the new corporate website, individual development microsites and marketing suite interactive applications. This single point of data entry, accessible by multiple users provides real time consistency across all platforms.

galliardhomes.com

Total website visits for the year 537,404

These "best in class" improvements were implemented without notable disruption to ranking or online visibility and have directly resulted in the following increases in traffic numbers:

Facebook followers - 2,655
up 114% from the previous financial year

114%

Twitter followers - 6,273
up 13% from the previous financial year

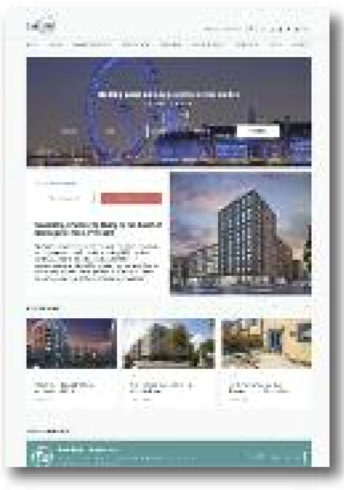
13%

LinkedIn followers - 10,285
up 20% from the previous financial year

20%

Instagram followers - 15,300
up 538% from the previous financial year

538%



Galliard aftercare

We are very proud of our aftercare department which continually adapts, evolves and improves to keep pace with the growth of our businesses. The department consists of three permanent full-time staff based at our head office with six experienced mobile supervisors, tradespersons and engineers equipped with all the necessary tools, plant and materials to deal with any issue that may arise at our properties. All office based and mobile team members are familiar with all of our developments, specifications, sub-contractors and suppliers.

After each apartment has been completed and inspected by the customer, the aftercare team will provide any advice, direction and/or repair that is necessary over the next two years.

With its own telephone line and dedicated email address the aftercare department provides a "one stop shop" to deal with any issues that may arise with a new apartment. Email traffic is monitored at a senior level to ensure that the standard of service delivered is second to none. In addition to this all-encompassing, two year warranty all of our developments benefit from a full 10 year New Homes Building Warranty from a recognised provider.

During normal working hours all reported issues are prioritized by severity and receive an initial response which includes preliminary advice about the issue. Response times from the aftercare team themselves range from a maximum of four hours for urgent issues to seven days for routine work. Most issues however receive attention within twenty four hours. Outside of normal working hours customers can contact us for assistance via a call centre that will direct urgent issues to one of our out-of-hours contractors.

All reported issues are recorded through our bespoke Aftercare/Maintenance database which tracks each issue from its report to its completion with a full closure report being issued at conclusion.

As we maintain excellent relationships with our sub-contractors and suppliers any issue can be dealt with promptly and efficiently.

Our aftercare department provides a "one stop shop" to deal with any issues that may arise with a new apartment

Our business relies on a number of key resources and relationships. We firmly believe that these are the foundation of our success and the creation of value for all our stakeholders and communities. Our business strategy encapsulates the following key areas: our people, our relationships, our customers and our environment.

Our people

We have said on many occasions that our strength lies in our people. At Galliard we continue to retain an outstanding team of people with an energy and enthusiasm that proliferates throughout the business. This is the key ingredient to our success that drives our business forward. A special thank you to all our employees for making this a wonderful organisation to work for.

Learning and development

Our commitment to training and development to help our employees grow and achieve their personal career ambitions in conjunction with the aims of the business remains firm.

Talent programmes

Evolve
Galliard Homes Apprenticeship Programme

enGage
GALLIARD HOMES WORK EXPERIENCE PROGRAMME

ELEVATE
Galliard Homes Graduate Scheme

Evolve Apprenticeship Programme

The Galliard Homes Evolve Apprenticeship Programme was launched in 2017 to support our future talent pipeline offering opportunities to those from 16 upwards who are interested in learning and earning simultaneously. In the last two years over 200 candidates have applied for the scheme which has 10 roles available in every cycle.

The disciplines range from corporate functions to site-based positions, including trades such as plumbing and carpentry. The 2017 intake and the 2018 cohort are entirely reflective of the communities in which we live, work and develop.

Engage Work Experience Programme

Since 2015 we have successfully supported over 70 work experience students to complete paid work experience placements across the group.

Our commitment to develop and maintain strong relationships with local schools and colleges particularly in those areas where we have ongoing projects means we are able to connect with a wide variety of individuals keen to explore the opportunities the construction sector has to offer.

Participating in this summer scheme has also been hugely rewarding for our line managers who have acted not only as mentors to the students but also as ambassadors to the company.

Elevate Graduate Scheme

Our rotational graduate scheme is now in its second year and has participants across disciplines such as investment and acquisitions, architecture, project management, surveying and engineering. The scheme which is 12 months in duration offers graduates exposure to the senior leadership team, experience of many areas within the business and access to a wealth of learning and development interventions, including an external secondment and the funding of professional qualifications.

KEY RESOURCES AND RELATIONSHIPS

Over the last 12 months Galliard has continued to expand the offering of its Learning Academy and has spent over £125,000 upskilling employees. As we continue to promote an environment of continuous improvement and a culture of high performance we have added more learning interventions to meet the ever-changing demands of the sector and the personal aspirations of our employees.

Our bespoke e-learning modules are now covering topics such as anti-bribery, modern slavery and GDPR as well as diversity and inclusion and health and well-being. Working with external partners to design unique programmes that meet the requirements identified through our quarterly "Frequent Feedback" performance review process or highlighted as a future critical success factor as part of our succession planning cycle, we have delivered a range of solutions to specific populations across the group.

Sessions such as our resilience workshops have been hugely popular and highly successful, equipping head office and construction employees alike with the skills to recognise their own pressure points, approach obstacles as challenges and ensure communication remains open and honest at all times. Our coaching and mentoring courses have enabled many within the business to develop a new skills set aimed at imparting knowledge and helping others progress in their chosen career.

In addition to the 8,000 hours of training delivered internally we have also funded 10,000 hours of external learning and are currently supporting 63 employees in achieving professional accreditation or pursuing further education.

Over 70% of the business now participates in a quarterly performance review process that allows a meaningful interchange and exchange of views between line managers and team members. This is an extremely valuable and useful tool that provides guidance, encouragement and motivation to help staff fulfil their potential.

As a signatory member of the Home Builders Federation (HBF) skills pledge and an approved training partner of the Chartered Institute of Building (CIOB) we are committed to developing not only the skills and expertise of our own employees but also changing perceptions of the industry and emphasising the exciting opportunities for growth and development within the construction sector. We believe investing in our people is investing in our future. At Galliard we really are 'building your success on ours'.

CURRENT WORKFORCE IS NOW **567 EMPLOYEES** ACROSS THE GROUP

OVER **£125,000** SPENT ON UPSKILLING EMPLOYEES

OVER **18,000 HOURS** OF TRAINING AND LEARNING DELIVERED INTERNALLY AND EXTERNALLY

63 EMPLOYEES CURRENTLY WITHIN A **HIGHER EDUCATION** PROGRAMME


Galliard
Homes

Gender pay gap reporting

There can be no doubt that remuneration levels should be influenced only by performance, skill and application. Factors such as gender, ethnicity and disability have no relevance. That is the basis upon which our pay scales are set, which clearly demonstrates our commitment to fair pay. The government has chosen to focus its attention on the difference between the pay of men and women. Unfortunately the indicators they have chosen do not give a full picture and in particular fail to compare the pay of a man doing exactly the same job as a woman. As such they can easily be misinterpreted although they can be useful in demonstrating trends.

Progress has already been made attracting more women into what is traditionally a male-dominated sector. The table below shows that the proportion of women in each division of our business has increased in the past year:

PROPORTION OF MALE AND FEMALE WORKERS BY DIVISION

	2018		2017	
	Male	Female	Male	Female
Construction	86%	14%	88%	12%
Administration	45%	55%	46%	54%
Sales	29%	71%	40%	60%
Combined	**69%**	**31%**	**71%**	**29%**

Not only has the proportion of women increased, so has the absolute number. Thus in 2017 we employed 271 men and 113 women whereas in 2018 this increased to 298 men and 136 women. Nearly half of the additional staff we have taken on in the past twelve months were women. In addition, and more importantly, both our mean and median gender pay gaps have reduced in the past year:

GALLIARD GROUP GENDER PAY GAP

	2018	2017
Mean gender pay gap	30.9%	35.8%
Median gender pay gap	27.7%	30.3%

The table above indicates that, for 2018, the mean rate of pay for male employees is 30.9% higher than the mean rate of pay for female employees, and the median rate of pay for male employees is 27.7% higher than the median rate of pay for female employees.

This does not alter the fact that a woman working at Galliard will be paid exactly the same as a man for doing the same job.

The difference highlighted by these figures is due to other factors largely relating to the mix of occupations within our business and whether or not women are more likely to be attracted to that particular career.

The bonus gender pay gap figures demonstrate that there are a higher proportion of men in the more senior posts in the company:

GALLIARD GROUP BONUS GENDER PAY GAP

	2018	2017
Mean bonus gender pay gap	62.7%	54.6%
Median bonus gender pay gap	-10.0%	16.7%

The median bonus gender pay gap is in favour of women which indicates that bonuses are much more evenly distributed despite the fact that, on average, men receive higher bonuses than women.

PERCENTAGE OF EMPLOYEES RECEIVING A BONUS

	2018	2017
Proportion of males receiving a bonus	84.4%	90.4%
Proportion of females receiving a bonus	79.6%	85.0%

Virtually all employees will receive a bonus provided they do not leave their employment before December when the bonuses, which are discretionary, are paid. A relatively high number of new staff joined the company in the fourth quarter of the year, after the annual bonuses had been paid and a large number of these were women. This is why the above percentages are not in the high 90's.

The quartile pay analysis below emphasises the proportion of female employees who earn at a lower rate because they occupy less senior positions. It can be seen however that, particularly in the upper two quartiles, there are proportionately far more women in higher paid employment in 2018 than 2017:

	2018		2017	
	Male	Female	Male	Female
Lower quartile	47.2%	52.8%	47.4%	52.6%
Lower middle quartile	64.2%	35.8%	66.7%	33.3%
Upper middle quartile	77.8%	22.2%	82.5%	17.5%
Upper quartile	85.3%	14.7%	88.5%	11.5%

We shall continue to take action where necessary to address any inequality between the amounts our male and female employees are paid but it must be recognised that we have to work within the constraints of our industry.

Health and safety and our people

In common with many others in our industry, increased activity levels combined with a diverse workforce with varied levels of experience and skills, contribute to an increasing need to develop ever more strategies working towards zero accidents at work. We seek to maintain stringent safety standards and have a continuous commitment to uphold our excellent health and safety record. Getting the basics right, good leadership, awareness and commitment to health and safety from all levels of management is what delivers such a good health and safety performance in our business.

Our health and safety management systems are subject to continuous review and improvement, with ongoing compliance being monitored by a programme of internal and external verification reviews.

Our aim is to have a safe, injury free working environment and whilst we believe that all injuries are avoidable, our objective for the year was to have an improvement in our RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable injury incidence rate. During 2017/18 our number of RIDDOR reportable injuries per 1,000 people reduced to 2.0 compared to 2.1 in the previous year. We have once again managed to outperform both the Health and Safety Executive (HSE) construction industry average of 3.97 reportable injuries per 1,000 people and the HBF industry average of 3.34, a proud record that reflects our dedication to maintain a safe workplace. We remain committed and will not cease in our aspirations towards achieving and maintaining a zero reportable injury workplace.

Safety initiatives for the first quarter of 2017/18 have majored on fire prevention and work at height with the onsite tuition being supported with a training programme during the period involving staff at all levels, including our directors, covering both of these aspects.

Our training programme continues and includes scaffold inspection, Prefabricated Access Suppliers and Manufacturers Association training (PASMA), the Site Manager Safety Training Scheme (SMSTS) and First Aid at Work. In addition, our site managers must each work towards a National Examination Board in Occupational Safety and Health (NEBOSH) construction certificate.

The Spring of 2018 also saw the inaugural Galliard Safety Trade Day. This event was designed predominantly to address occupational health issues although inevitably current health and safety technology was also on display. The day was attended by all disciplines from the construction industry and representatives of the HSE and considered a success by all.

Modern Slavery

Galliard is committed to working with its partners and suppliers to ensure our business and supply chains are slavery free.

The group has implemented a modern slavery policy in support of our existing policies that embeds the protection of human rights throughout our business. Further details on our modern slavery statement can be accessed through visiting our website at www.galliardhomes.com.

Our relationships

At Galliard we take being a responsible business seriously. As an employer of choice, our corporate strategy endorses our values and underpins the way in which we conduct our business. We have a genuine desire to create a better London, and a better standard of living for those who live and work amongst us. We endeavour to act responsibly, operate ethically and champion integrity in all of our dealings. As the largest private London residential developer our long-term goal is to engage with the communities within which we work and promote employability, educational advancement, charitable giving, a strong local economy and environmental sustainability. We are committed to delivering a positive and enduring impact on our stakeholders - our employees, our investors, our communities and our customers.

The Foundations of our Responsible Business Strategy

SUSTAINABILITY	PARTNERSHIPS	ENGAGEMENT
• Environmental initiatives • Energy and fuel efficiency • Carbon footprint • Waste and water consumption • Urban regeneration	• Schools, colleges and universities • Clients • Joint venture partners • Ethical supply chain • Community partners • Training partnerships • Charity partnerships	• Attract talent • Retention strategies • Brand awareness • Learning and development • Health and safety • Diversity and inclusion • Apprenticeships • Graduate elevate scheme • Work experience • Volunteering

COMPANY VALUES

LOYAL
IN OUR
PARTNERSHIPS

ENTREPRENEURIAL
IN OUR
THINKING

PROFESSIONAL
IN OUR
WORK

Joint ventures

Linking with our development partners remains a key feature of our business strategy and allows us to leverage our projects and spread our risk. Our largest joint venture partner is Cain International with whom the group jointly owns Galliard Developments Ltd. This joint venture currently has 23 projects under management.

Our other key partners include O'Shea, Frogmore, Vanke, Investec and Acorn with whom we continue to engage to deliver a portfolio of quality developments.

MAJOR JOINT VENTURE PARTNERS INCLUDE:

Commercial relationships

Home building is a long term business and the development of sustained commercial relationships with landowners, suppliers and subcontractors is one of its critical elements. We work closely with private landowners and their agents to identify land suitable for development and our land acquisition and legal teams, through their professional and efficient approach, help to ensure that we are considered as preferred bidder with whom to do business.

We are proud of our reputation for supporting our supply chain and recognise its value to our business. We continue to invest in our relationship with both our materials suppliers and subcontractors, and regularly meet with as many of them as possible to review our ongoing business relationships. We also share our knowledge of new technologies as well as environmental and safety advances in a spirit of mutual cooperation and benefit.

Our communities

As one of London's largest residential developers we are acutely aware of the impact we have on the communities in which we work and the positive change we can have on the lives of those who live here.

Under our Responsible Business Strategy we are committed to engaging with our communities and invest both time and resources in providing access to employment, opportunities for development and regeneration and enhancement of facilities and locales.

Great Ormond Street Hospital ("GOSH") is our nominated charity partner until 2020. Since 1852 GOSH has depended on charitable support to give patients the chance of a better future. Every day 618 seriously ill children from across the UK arrive at the hospital in urgent need of life-changing care. We have undertaken to raise £120,000 to be used to support the 'Home Away from Home' programme which funds parent accommodation, allowing families to stay close to their child when it matters most. It costs £44 per night per parent to stay close to their child.

Since pledging our support to GOSH, Galliard employees have fully embraced this challenge and dedicated their time and money to fundraising efforts. Not only have volunteers climbed London buildings, run through Clapham dressed as Santa, participated in Triathlons, donned their best 80's outfits, promoted collection tins, held quiz nights with suppliers and customers and baked like they've never baked before, our employees have also decorated wards in the hospital and supported the patient Christmas party. To date we have raised nearly £70,000 towards our fundraising target and were delighted to win the 'New Kids on the Block' Award in recognition of our fundraising efforts.

Galliard continues to provide support to Haven House Children's Hospice located in close proximity to our head office. Haven House provides day and night stays either in the hospice itself or in the fully equipped family flat. The facility also offers support to parents and siblings by providing counselling groups, play sessions and support groups. The Hardship Fund is also administered by the hospice and covers emergency travel, medical equipment, funeral costs and bereavement counselling for the families. Full 24-hour care costs the facility £5,666 per day and this is what much of Galliard's fundraising goes towards.

The group is the primary sponsor for the hospice and our employees have donated over 200 hours of their time and raised over £26,000 for the hospice this year alone.

Over the last 12 months employees from across the group have participated in gardening days, bake-offs and 'Store Wars'. Recently a team of volunteers helped to prepare and host Haven House Hospice's spectacular 15th Birthday Summer Party. The event which took place on the 1st July 2018 was open to the local community and was their biggest event to date raising £13,000 for the hospice and the families it supports.

The money raised from this event is essential to the running of the hospice, which works to give the best possible life to every baby, child and young person with life-limiting or life-threatening conditions. Funds are not only essential for providing the 24-hour care for the children, the maintenance of the medical equipment and for employing and medically training the staff, but also allows for excursions for the children which their parents may be unequipped to take them on, such as visiting museums and play centres.

Mike Palfreman, Chief Executive of Haven House: "We are delighted that Galliard chose to sponsor our special 15th birthday year in 2018. Galliard are incredible long-term supporters and have raised more than £50,000 for our hospice in the last ten years."

"Their support for our 15th Birthday Summer Fair and Big Birthday Ball has boosted our fundraising in 2018 and helped raise the profile of our flagship events. It was great to see a team of volunteers from Galliard visit the hospice to help set up for the Summer Fair in June. The volunteers did a fantastic job and made sure our grounds were ready in time for the event. We couldn't continue our work of caring for local life-limited children and their families without the generous support of companies such as Galliard."


CHRISTMAS STOCKING APPEAL

The Artskickers are a grassroots community group who do amazing work in their local area, recognising home grown talented artists who use the arts as a diversionary tactic away from crime and disengagement.

The Artskickers celebrate this commitment through an annual awards event, which has allowed its alumni to network and progress their careers in areas that they would never previously have had exposure to. The Galliard development at the Stage, Shoreditch was used to host the first ever annual awards dinner and the rich history associated with this site, Shakespeare's first theatre, made it an ideal location to bring together a powerful group of community champions. We are pleased to be supporting the Artskickers this year for their 2018 awards ceremony.

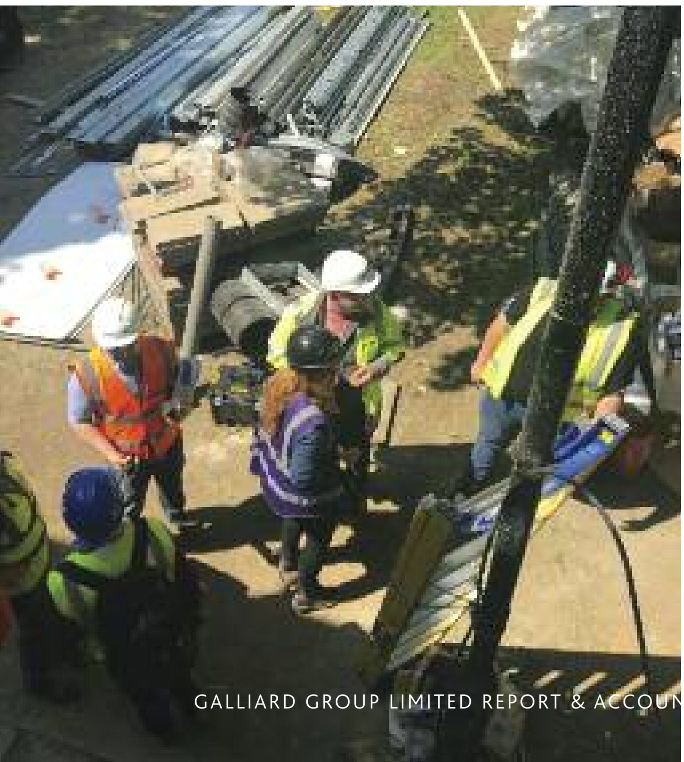
The YES Partnership, based in West Essex, was established in 2014 and provides students with ways in which to improve their employability skills. As a corporate sponsor Galliard works with 8 schools across the Epping Forest and Harlow District to facilitate World of Work conferences, provide careers advice and offer work placements and career coaching. We were delighted to receive an outstanding contribution award from the YES Partnership in November 2017.

Presented with the Artskickers "Kickstarter" accolade in 2017, Ebenezer Ayerh (a.k.a. Slix) and Prince Owusu-Agyekum (a.k.a. Rapid) are Grime artists who established the Ruff Sqwad Arts Foundation to help young people reach their full potential in creative careers. In conjunction with Galliard and Artskickers, Ruff Sqwad have funded creative projects which have appeared on the Shoreditch Arts Wall and initiated a song-writing project with young people from charity Hackney Quest, providing them with new contacts and platforms from which they are able to promote their music. Slix and Rapid have assisted Galliard in identifying young performers from Bow to develop original work as part of the Urban Symphony project. Galliard is currently financing a video being produced by Ruff Sqwad which is in response to the recent spate of acid attacks that have affected many people in London.


All Dogs Matter


Galliard


PUSH
YOUR BODY



GRENFELL COMMUNITY PROJECT AND BBC DIY SOS

Women Into Construction is an independent not-for-profit organisation that promotes gender equality in construction and provides bespoke support to women wishing to work in the sector through providing training and opportunities to reduce skills gaps and create a more gender-equal work force. Galliard is a gold corporate sponsor of Women into Construction and in October 2017, working in partnership with Clarion Housing Group and Workpath, funded an 18 week City and Guilds Level 1 multi-skills construction course for 16 Tower Hamlets residents. We continue to work with the women who gained their qualifications, offering work placements and apprenticeship opportunities.

Earlier this year Galliard were appointed as the principal contractor for the Grenfell community project which was filmed for BBC DIY SOS. We were delighted to be involved in this charity project built by Galliard in partnership with our subcontractors and suppliers to rebuild for free a community centre and boxing gym close to the former Grenfell Tower site.

Our suppliers gave their time voluntarily to work on the site sharing expertise and materials to manage a build that ordinarily would take over 12 months and was delivered in less than 12 weeks.

Our customers

Our aim is to deliver the best possible experience to all our customers who rightly expect a professional and efficient service throughout the buying process. From the moment a customer enquires about a property through to occupation and beyond, we pride ourselves in providing the highest quality sales, aftercare and property management service.

We have a continual training programme to maintain the quality of our customer interface that focuses on basic communication skills, product knowledge and process understanding so that we can deliver on our promise of the best possible customer service. We also closely monitor the changes in our customers' requirements to ensure they always get what they want when they want it.

One such customer was Greystar Europe Holdings Limited:

"Greystar forward funded our Sailmakers project in Canary Wharf from Galliard. The scheme was designed as "for-sale" units, and we worked closely with Galliard to make changes to the design for a functional build-to-rent project, with an on-site management and maintenance team and 20,000 sq ft of shared amenity space. Galliard was extremely helpful and collaborative in making the design changes as we submitted a planning amendment with Tower Hamlets. Overall, this has been a great experience working with the entire Galliard team and we hope to continue the relationship with more projects in the future."

Michela Hancock
Senior Director, Development
Greystar Europe Holdings Limited

Our environment

Every organisation needs to be aware of the impact of its operations on the environment. At Galliard we are acutely aware of the need to use scarce resources as efficiently as possible, to minimise waste and to acknowledge our responsibility to limit harmful emissions wherever and whenever we can. Our goal is to achieve the highest possible standard of sustainability within our industry.

Equally we want our finished product to maintain the sustainability standards we have set during its construction in terms of the efficiency with which it continues to consume energy in the future. This is achieved through innovative design, intelligent employment of technology and the use of energy efficient materials throughout the construction process.

Reducing waste

We have introduced a number of initiatives to actively manage and reduce the impact of waste on our construction sites. Our ultimate aim is to recycle all waste from all our sites. Since January 2014 we have consistently achieved a recycle rate of 98% which, in itself, is an excellent accomplishment. In order to achieve this, we segregate all waste into offcuts of plasterboard, metal, concrete, cardboard, plastics, wood and green waste, all of which is then channelled through recycling plants.

98%
OF ALL SITE WASTE
IS NOW RECYCLED
WITH TARGET FOCUS ON
100%

Building energy efficient homes, and using sustainable materials

There are many critical features that our customers look for when choosing their new home; price, design, location, standard of finish, but two of the most important are its energy efficiency and the use of sustainable materials in its construction. These factors are therefore at the forefront of the minds of our design and build teams who work hard to ensure that the sustainability and energy efficiency of our product meets the exacting standards our customers expect.

Wherever possible we use Forest Stewardship Council ("FSC") certified wood, LED lighting, reduced water flow taps and thermal insulation products using the latest technologies and designs amongst a multitude of other sustainable products and initiatives.

Considerate constructors

We take our responsibilities towards our staff and our neighbours seriously which is why all Galliard construction sites are registered with the Considerate Constructors Scheme ("CCS").

The CCS is a national initiative set up by the construction industry to improve its image. Construction sites that register with the scheme are monitored against a code of considerate practice designed to encourage best practice beyond statutory requirements. It is concerned about any area of construction activity that may have a direct or indirect impact on the image of the industry as a whole, the main areas of concern being: the general public, the workforce and the environment. In summary the code aims to ensure that constructors:

- Ensure sites appear professional and well managed
- Give utmost consideration to their impact on neighbours and the public
- Protect and enhance the environment
- Attain the highest levels of safety performance
- Provide a supportive and caring working environment

We positively engage with our neighbours to ensure we keep them informed of our plans and clearly provide contact details for specific named Galliard staff on each site so that any concerns can be raised directly and resolved quickly.

Royal Gateway
Canning Town E16

The economy and wider housing market

Global market volatility, coupled with the UK's imminent departure from the European Union, continues to dominate broader economics and is expected to influence market sentiment for some time to come. Despite this the UK economy continued to grow, although at a slightly slower rate than previous predictions and compared to the previous year.

The market remains supported by the under-supply of new homes. As explained in the 2017 Budget, the Government's ambition is to deliver 300,000 new homes a year in England, with a million homes by 2020. This commitment recognises the importance of housing to the UK and the Government's promise to increase new housing supply, and reflects the strength of demand for the foreseeable future. Even if the Government targets can be met, which many commentators regard as unachievable, supply is unlikely to meet demand in the medium term.

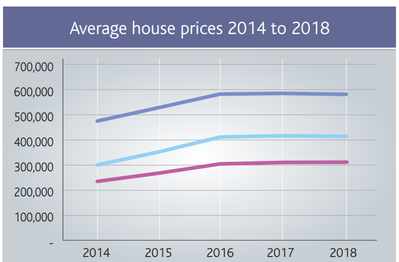
Despite the UK's decision to leave the European Union and wider global economic uncertainty, the UK property market fundamentals remain positive.

Housing supply and prices

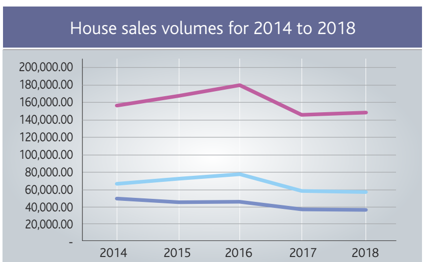
The supply of new housing in England has increased by 12% on the prior year (source: Department for Communities and Local Government ('DCLG')). Whilst this represents a positive move, new housing starts remain significantly lower than that required to meet demand. DCLG projects that 210,000 homes need to be built in England, per year, through the period 2014 – 2039. The shortfall in the supply of housing stock and a continued availability of mortgage finance at relatively low interest rates meant that house prices rose in the year. The Office of National Statistics ("ONS") house price index rose by an average of 4% per annum across England in the year to March 2018.

The regions where Galliard operate experienced more volatility though, with the ONS house price index reflecting annual increases of 5.8% in the East of England and 4.9% in the South East while the London housing market reflected a 0.7% decrease in average house prices from 2017. According to the Royal Institute of Chartered Surveyors (RICS) UK residential market survey new buyer enquiries have fallen during 2017, citing concerns over affordability and the lack of new instructions as factors hindering demand. While the limited availability of housing stock is expected to support continued lower levels of sales volumes and prices in the near term, there is greater optimism in the longer term outlook, particularly for house prices.

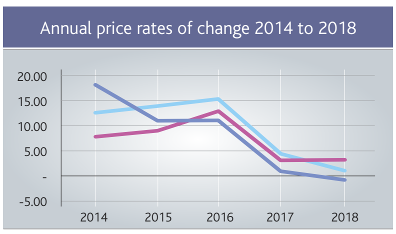
This supports our own experience over the past year where house prices, in particular in areas around inner London have faced increased pressure, resulting in the 10% decrease in our average house prices compared to 2016/17.



(Source: HM Land Registry)



(Source: HM Land Registry)



(Source: HM Land Registry)

South East Outer London Inner London

Mortgage availability

Mortgage availability and affordability in the UK is a key driver for our industry and house purchasers. The UK housing market is underpinned by a competitive mortgage market, where access to a wide variety of competitive mortgages remained a positive feature for local home buyers.

Low interest rates have been a major factor in driving the domestic property market in recent years. Despite two modest increases in the Bank of England base rate of 0.25% each in November 2017 and August 2018, the only increases in almost a decade, borrowing costs remain low compared to longer term historical rates. The Bank of England's expected path for interest rates indicates its expectation of only modest further increases in the coming years and shows that the base rate is not expected to reach 1.5% until 2021. On this basis no material change in the overall conditions in the mortgage market in the near term is currently envisaged.

The current fall in the value of sterling has also refreshed overseas interest.

Housing outlook

We remain mindful that the immediate outlook for the UK economy continues to be uncertain. Risks lie around the short term impact on buyer sentiment and any longer term negative impact on the wider economy. Similar to our competitors, we have noticed resilience in the market following the EU Referendum which is encouraging. The recent increase in property tax rates, increasing planning regulations, and decrease in the value of sterling also create additional challenges that will affect the housing market in the future. While the combination of Brexit and global political and economic volatility will continue to drive market uncertainty for some time to come, we remain cautiously optimistic and committed to help address the existing under-supply in the market.

We have a substantial portfolio under development and a strong forward sales book. With a clear strategy and a firm focus on value, we are confident that our business will continue to perform strongly and show resilience during these turbulent times. We remain optimistic about the London housing market and our ability to sustain growth in our business. We also remain committed to providing quality homes and creating communities in which people want to work and live, and we look forward to the challenges and opportunities that 2018/19 will bring to our business.

The strategic report was approved by the board and is signed on its behalf by:

Don O'Sullivan
Chief Executive Officer
27 September 2018

FINANCIAL REVIEW

Allan Porter

GROUP FINANCE DIRECTOR

Orchard Wharf
Poplar E14

Operating performance

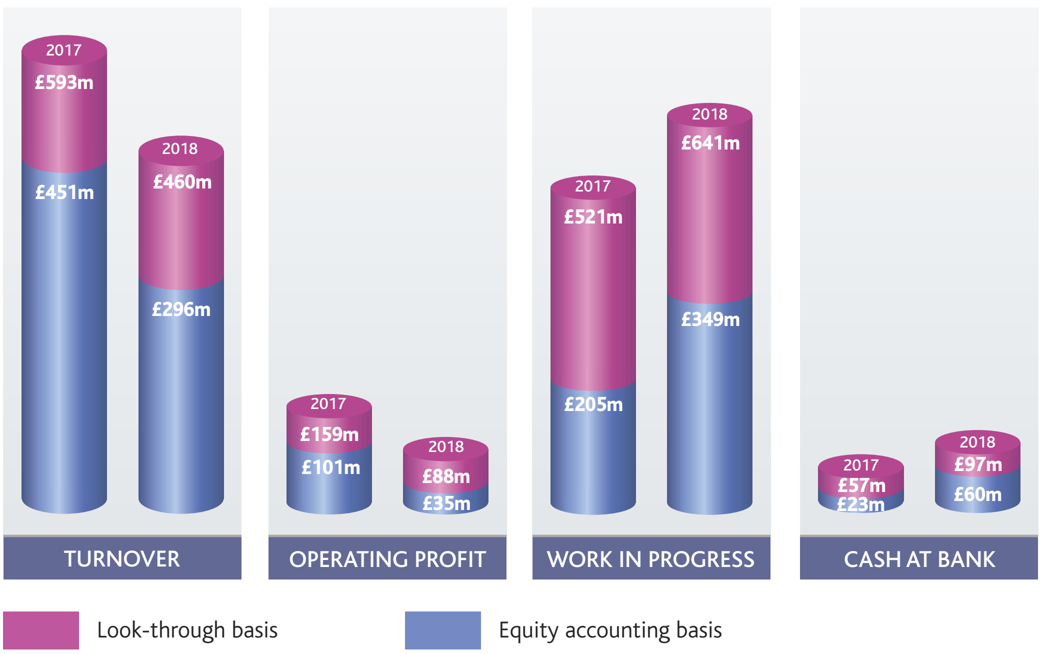
Despite most key indicators being lower than for the prior year the group's performance in the year to 31 March 2018 demonstrates the resilience of our business model in times of economic uncertainty.

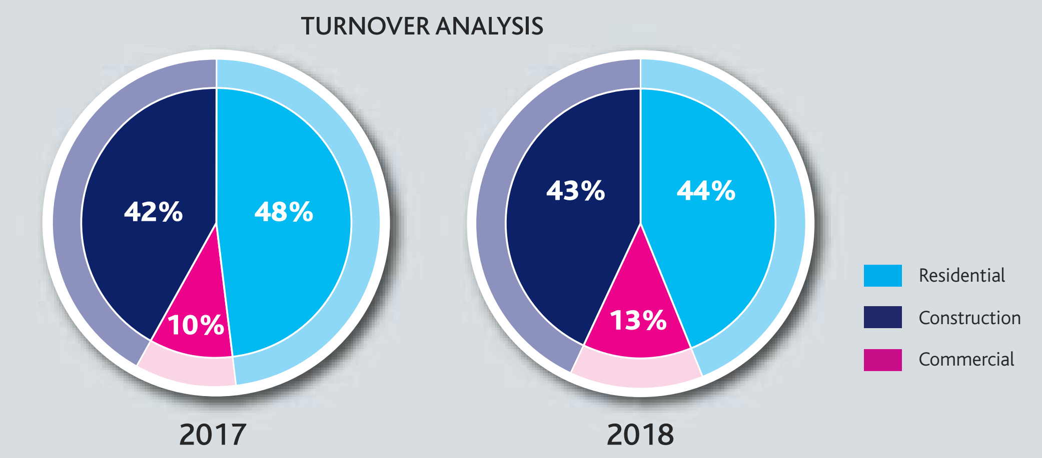
Once again a table of unaudited "look through" results have been provided at the end of the notes section of the accounts. These give what we believe to be a more meaningful and understandable analysis of the group's performance over the year. This presentation expands certain figures to include the group's share of the results of joint ventures under current accounting standards. For this reason, the note does not form part of the audited accounts. However, because so much of our business is transacted through joint ventures, it is easier to appreciate the scale of our operations and make more meaningful comparisons using this alternative form of presentation.

As an example, turnover appears to have dropped by 34% to £296 million according to the consolidated income statement but on a "look through" basis the reduction is only 22% (from £593 million in 2017 to £460 million in 2018) demonstrating that a greater proportion of our business was done through joint ventures in the current year. Although relatively fewer units were completed in the year to 31 March 2018, subsequent completions have been strong albeit the profits from their sale will not be realised until the year to 31 March 2019. Thus our financial performance bears a very close correlation to our build programme which explains the fluctuations we will always experience in our trading profits.

Margins are lower, falling from 23.3% to 11.0% on an equity accounting basis and 26.9% to 18.9% on a "look through" basis. This is a direct consequence of the reduction in development turnover which results in a greater proportion of the turnover for the year coming from our construction activities which yield a far lower margin. This reflects where we are in the current development cycle with over 600 units completing in the first six months of the year to 31 March 2019.

The graphic below illustrates the diluting effect the application of equity accounting has on some key indicators:





The breakdown of the group's turnover based on the "look through" numbers has changed little over the past year.

The developments making the greatest contribution to the year's profit were at Baltimore Wharf in Docklands, Caxton Works in Canning Town, Trinity Square in Hounslow, Capital Towers in Stratford, Lawn House Close in Docklands, Trident House in Hayes and Cygnet Street in Shoreditch. The profit on sale of fixed assets came largely from the sale of NPI House in Tunbridge Wells.

During the year we also sold the Highfield House Hotel in Southampton as well as the few remaining suites we still owned at the Park Plaza County Hall hotel that we built over ten years ago. In order to concentrate our efforts on our core property development activity we have also, since the year end, sold our interest in the Retallack holiday park in Cornwall.

Another of the more recent changes in accounting practice that has had a significant impact on this year's results and is therefore worthy of mention is the way in which we now have to account for our joint venture partners' share of profits. You will see in note 10 that nearly two-thirds of this year's interest payable charge relates to "Fair value change in financial liabilities". As our joint venture partners are entitled to a share of future profits, this is considered to be a financial liability and current rules dictate that we have to evaluate this potential liability each year and make provision for its present value. The problem with this approach is that there is no recognition of the corresponding future profits in these financial statements and, therefore, a mismatch between the accounting for income and the related expenditure. This illogical approach has resulted in a charge against this year's profit of £26.6 million relating to profits that have not yet been realised.

The board is entirely satisfied with the underlying operating performance of the group.

Dividends

Ordinary dividends totalling £1.65 million (2017: £1.5 million) were paid in the year representing 4.4p per ordinary share (2017: 4p per share), an increase of 10 per cent.

Financial position

Another strong trading performance has resulted in net equity growing by £35.8 million to £239.6 million at 31 March 2018 (2017: £203.8 million) an increase of 18%. The continuing strengthening of our balance sheet gives us the flexibility to respond quickly to suitable opportunities as they arise and to take advantage of those that fit well with our business strategy.

As explained in note 25 to the accounts a warrant has been issued to Cain International to subscribe for 4,166,667 ordinary shares in the company at a subscription price of £25 million. The £3,750,000 paid in consideration for the extension of the warrant period has been credited to a warrant reserve and will be released to profit and loss account if the warrant is not exercised by the expiry date of 30 September 2019. If the warrant is exercised before the expiry date the £3,750,000 will be credited to the share capital and share premium accounts, as appropriate.

Cash flow

Cash at bank and in hand has increased from £22.6 million at the start of the year to £60.1 million at the end. Net cash, allowing for increases in overdrafts, has increased by £32.9 million over the same period.

There was a net cash outflow from operations of £56.9 million (2017: inflow of £47.3 million) largely due to a net increase in stocks and work in progress of £126.3 million (2017: reduction of £67.6 million). This investment in new and existing sites reflects the confidence the board has in the market's future prospects despite the issues that are affecting it in the short term. New debt of £93.9 million helped fund this investment (2017: £nil).

Corporation tax of £15.8 million was paid during the year (2017: £8.2 million) and £65.2 million of debt was repaid (2017: £83.4 million). A total of £93.0 million was received from joint venture investments (2017: £63.5 million); £70.8 million by way of profit distributions (2017: £21.3 million) and £22.2 million by way of capital repayments (2017: £42.2 million).

Cash has been well controlled throughout the year and the increase in available funds will allow us greater flexibility as investment opportunities arise.

Net debt and financing

Net debt at 31 March 2018 was £183.3 million (2017: £145.5 million) an increase of £37.8 million reflecting additional debt drawn, in excess of repayments, to fund the investments made in new and existing sites. New sites acquired during the year included those at Thames Farm, Henley-upon-Thames; Thorney Leys Park, Witney; Bourne Court, Woodford Green; Hendon Hall Hotel, Hendon; and Summerstown, Wimbledon.

Financial risk and treasury management

Liquidity

Liquidity risk is managed by:

- the use of rolling cash flow forecasts so that remedial action can be taken in a timely fashion
- the maintenance of appropriate, committed banking facilities so that equity is preserved
- ensuring facilities have adequate headroom to minimise the need for emergency funding
- continually monitoring covenant compliance to avoid default penalties
- the use of joint venture structures to access third party equity
- maintaining excellent working relationships with our debt providers

Interest rate risk

Interest rate risk is managed by:

- the use of appropriate hedging instruments
- negotiating the most advantageous terms possible for new debt
- close monitoring of interest rate movements and trends
- maintaining an efficient treasury resource

Tax strategy and compliance

As part of our continuing obligation to demonstrate a robust, transparent and effective tax strategy the following paragraphs set out Galliard's approach as it relates to taxation in the UK. This satisfies the requirement to publish a tax strategy under UK legislation, specifically paragraph 16 (2) of Schedule 19 Finance Act 2016. The strategy has been approved by the group's board of directors and constitutes the group's UK tax strategy statement for the current financial period. This tax strategy relates to all UK entities in the group.

Risk management and governance arrangements

The group has a nominated Senior Accounting Officer ("SAO") and undertakes significant work on a risk based approach each year with external advisors in relation to the SAO regime in order to ensure that appropriate tax accounting processes are both established and maintained. These processes are tested annually to ensure their efficacy or make improvements where necessary.

The board of directors has ultimate responsibility for the group's tax strategy and policies. The day-to-day tax affairs are controlled by the finance director who will delegate to other members of the finance team as appropriate. Where significant tax risks are identified they are escalated to the board as ultimate arbiters.

Tax Planning

The group's policy is to minimise tax cost whilst remaining within both legal requirements and accepted ethical standards.

Our tax affairs are managed in a proactive manner with the aim of maximising stakeholder value. We seek to align all tax planning with our commercial strategy and tax is one of the several factors that is considered when making a business decision. Where there is uncertainty we shall obtain third party advice in order to gain clarity or support for a particular stance or approach.

Level of acceptable tax risk

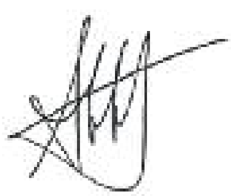
As with all aspects of our business model, we place a great deal of emphasis on the minimising of risk. So too, in relation to tax strategy, our objective is to ensure full compliance with all statutory obligations with the minimum of risk. We want to be recognised as an organisation with a low risk appetite in relation to UK taxation and so our tax affairs must be structured on sound commercial principles. Where possible we aim to be certain of the tax outcome prior to entering into any new transactions.

Dealings with HMRC

Our approach is to have an open, honest and positive working relationship with HM Revenue and Customs. Should any dispute arise between us with regard to the interpretation or application of tax law, we are committed to addressing the matter promptly and resolving it in as open and constructive a manner as possible.

Financial reporting standards

These consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102. There have been no changes to the group's accounting policies during the year other than the presentation of transactions between investors and equity accounted joint ventures and associates. See note 1.1 for details.



Allan Porter
Group Finance Director
27 September 2018

The Fusion
Cygnet Street, Shoreditch E1

RISK MANAGEMENT

The management of risk is fundamental to the sustainability of our business. Once identified, risks are assessed at an appropriate level and policies introduced to mitigate against them. The effectiveness of these policies is reviewed periodically and the whole risk management framework monitored continually to ensure its effectiveness.

	Description	Impact	Mitigation
ECONOMIC ENVIRONMENT	Unemployment, interest rates, exchange rates, inflation and local, microeconomic fluctuations all have an impact on the demand and pricing of new homes as does consumer confidence which is also affected by the same factors.	Revenues, margins and profits are all sensitive to changes in economic conditions as are asset values but the effect is dampened by the continuing housing shortage in the UK.	Comprehensive due diligence prior to each site purchase coupled with continual monitoring of lead indicators to ensure that initial investment decisions are made on the basis of complete and up-to-date knowledge. Critical review of product ranges and marketing strategies to adapt to market changes.
BREXIT	The uncertainty surrounding the terms of the UK's withdrawal from the EU has had an adverse impact on the UK economy in general and consumer confidence in particular. Additionally, legislative changes are anticipated that will restrict immigration and reduce the pool of available labour.	As well as the effects on profitability that are caused by general changes in the economic environment, a restriction in the availability of labour could put pressure on wage costs and adverse changes in exchange rates could increase certain materials costs.	Whilst the effects of the Brexit procedure do not necessitate any discrete reaction, existing robust investment appraisals and market strategy reviews are being combined with efficient procurement processes and targeted training programmes as a response.
GOVERNMENT POLICY AND PLANNING REGULATIONS	Changes in government policy with regard to taxation, the environment and housing are all likely to have an effect on the housing market. In particular modifications to planning regulations can have significant repercussions particularly on the supply side.	Revenue, margins and asset values could all suffer adverse effects as could labour supply. Planning changes could also have a fundamental impact on business strategy.	Government policy is closely monitored and appropriate adjustments to business strategy and procedures made as a direct response. Training, particularly in technical and planning disciplines, is constantly reviewed to ensure all relevant staff keep abreast of current developments.
RETENTION OF QUALITY STAFF	The successful delivery of our business objectives requires a sufficient pool of staff with knowledge, skill, expertise and ability.	High staff turnover and the inability to either attract or retain staff of sufficient calibre would have a severely disruptive impact on the running of the business and therefore on profits, cash flow and reputation.	Apprenticeship and training programmes are constantly monitored and reviewed as are our remuneration packages and staff welfare initiatives to ensure that they reflect the best industry practices.

	Description	Impact	Mitigation
PROCUREMENT	The availability of skilled subcontractors and quality materials is critical to the timely and cost effective delivery of our completed product. As the level of business activity increases so does this need for an effective procurement capability.	A shortage of either labour or materials would have an adverse effect on both costs and build programmes causing delays in delivery, cost overruns and consequential negative impacts on profits, cash flow and reputation.	Great importance is placed on our subcontractor relationships. Comfortable working conditions, an excellent health and safety record, prompt payment terms and our team ethic all help to attract and retain our chosen tradesmen. We also maintain excellent relationships with our materials suppliers and are constantly sourcing new suppliers worldwide in order to reinforce our supply chain.
HEALTH & SAFETY	Construction sites are inherently hazardous and will always pose the threat of accident or injury to workers and visitors unless properly managed.	It is our responsibility to maintain a safe environment on sites under our control. Failure to do so can lead to serious injury or even death which could have serious implications for our reputation and may lead to litigation that could have significant cost ramifications.	We consider health and safety to be one of our most important responsibilities. We maintain rigorous systems and controls at all our sites and invest considerable resources in our training programmes to ensure that everyone on site is aware of any potential dangers and knows how to minimise any risk.
INFORMATION TECHNOLOGY	Our dependence on a robust IT infrastructure will come as no surprise. In common with most businesses our main systems of communication, reporting, management and control all rely on a secure and reliable data handling environment.	Failure of our IT platform whether as a result of hardware or software malfunction could result in significant damage to both the financial and operational aspects of the business. Also, failure to comply with the new GDPR regulations could result in severe financial penalties.	As far as is possible our networks are protected from outside threats such as cyber-attacks and internal procedures are designed to safeguard the integrity of data held on our systems. In addition all staff have undergone detailed GDPR training to minimise the risk of compromising any personal data that we hold. Our disaster recovery plan is robust and reviewed at regular intervals to ensure it is fit for purpose and reflects current requirements.
LIQUIDITY	Continued support from external funders such as banks and other financial institutions is vital if we are to achieve our business objectives.	Withdrawal of facilities would restrict our ability to operate effectively and, in extreme circumstances, could lead to the cessation of trading.	As far as possible all facilities are project specific and ring-fenced to prevent cross-contamination. Banking covenants are closely monitored to minimise the risk of breach. The availability of alternative sources of finance is continually assessed and relationships maintained with a broad range of debt and equity providers.

CORPORATE GOVERNANCE

Being a privately owned business, our governance arrangements are largely voluntary and are commensurate with our size and our desire to conduct our business responsibly. We are proud of our initiatives towards enhancing our governance framework and this area will continue to be a focus of the board as we seek to embrace good management practice and promote a culture of good governance throughout our business.

Executive directors

STEPHEN CONWAY
Executive Chairman

Co-founder of the group in 1992. A banker by training, Stephen moved his focus to property in the 1980s running his own successful company that was eventually acquired by Frogmore Estates plc, for whom he then worked until he teamed up with John Black in the early '90s to form Galliard Homes.

MIKE WATSON
Planning Director

Mike is a member of both the Chartered Institute of Architectural Technologists and the Chartered Institute of Building and has had overall responsibility for the design of all the group's major projects since joining the group in 1997. His previous experience spanned regional architectural practices and local authority architectural departments before he became technical manager of Rialto Homes (now part of Fairview Homes) in 1979.

DON O'SULLIVAN
Chief Executive Officer

Don is a chartered civil engineer and joined Galliard in 2001. With 10 years of major UK contracting experience preceding his Galliard career, he initially worked in the construction part of the business, he was appointed managing director in 2012 and subsequently to the position of CEO. Don represents the business on external industry bodies and serves as a board director of Barretstown - part of the global charity the Serious Fun Childrens' Network.

JONATHAN MORGAN
Director of Investment & Developments

Jonathan, a property valuation and law MA graduate, joined Galliard in 2005 to strengthen the group's property investment team. Jonathan has amassed a wealth of experience in this field and has a key role in sourcing, appraising and negotiating the group's site acquisitions whilst also procuring finance for all group projects.

DAVID CONWAY
Executive Director

David has worked at Galliard since it commenced trading. He leads our overseas sales and marketing division and has been organising our regular Far East sales events for the past two decades. Here he has launched over 100 developments to the market and sold well in excess of 5,000 apartments.

GARY CONWAY
Executive Director

Gary has been working within the property sector and beyond for over twenty five years. A graduate in Law from Leeds University in the mid-1990s he worked initially in marketing and site acquisition for the group. During this time he also co-founded and ran a very successful and market leading insurance services company. This valuable experience in cost-per-response and direct marketing, coupled with his diverse property experience, made Gary the ideal choice to head up the marketing team for the Galliard group.

RICHARD CONWAY
Executive Director

Richard spent a number of years working in the London estate agency market before joining Galliard in the mid-1990s working in a team taking projects from acquisition all the way through to market. His all-round market and development knowledge has cemented his place as an invaluable member of the acquisitions team and a valued contributor towards many of the other disciplines within Galliard's ambit. Richard's understanding of property investment, trading and the management of real estate portfolios has also been recognised in his appointment as a director of Life At Ltd, the group's residential management agency.

PAUL HUBERMAN
Executive Director

With over 30 years' experience in the property and finance sector. Paul was previously finance director at quoted property companies Grantchester Holdings plc and Asda Property Holdings plc and managed pubs group Regent Inns plc. Paul has extensive experience as a non-executive director in the real estate sector, including Town Centre Securities plc, a leading quoted UK property investment and development company, GRIT Real Estate Income Group Ltd, a UK quoted property investment company operating in carefully selected African countries and at a privately-owned property group. Paul was a non-executive director at JCRA Group Ltd, the independent advisers on interest rate risk management, debt finance and foreign exchange exposure. Paul is also a director of Life At Ltd, the group's residential management agency.

Non-executive directors

PAUL WHITE MBE
Independent non-executive director

A fellow of the Royal Institution of Chartered Surveyors and a member of the Investment Property Forum, Paul brings 51 years of UK real estate experience to Galliard. Paul joined UK real estate fund managers, Frogmore, in 1995 as managing director, and currently serves as executive chairman of the company. Over the past 21 years, Paul has been responsible for setting Frogmore's vision and successfully delivered its sustained performance. He spearheaded the raise of close to £1 billion in equity capital globally across three closed-end funds, and has been involved in the origination, underwriting and financing of over £7 billion in transactions at Frogmore. Paul is a strong supporter of the Willow Foundation, a charity for seriously ill young adults, and in 2016, he was awarded the MBE for his services to charity and, in particular, the Willow Foundation.

LUKE JOHNSON
Independent non-executive director

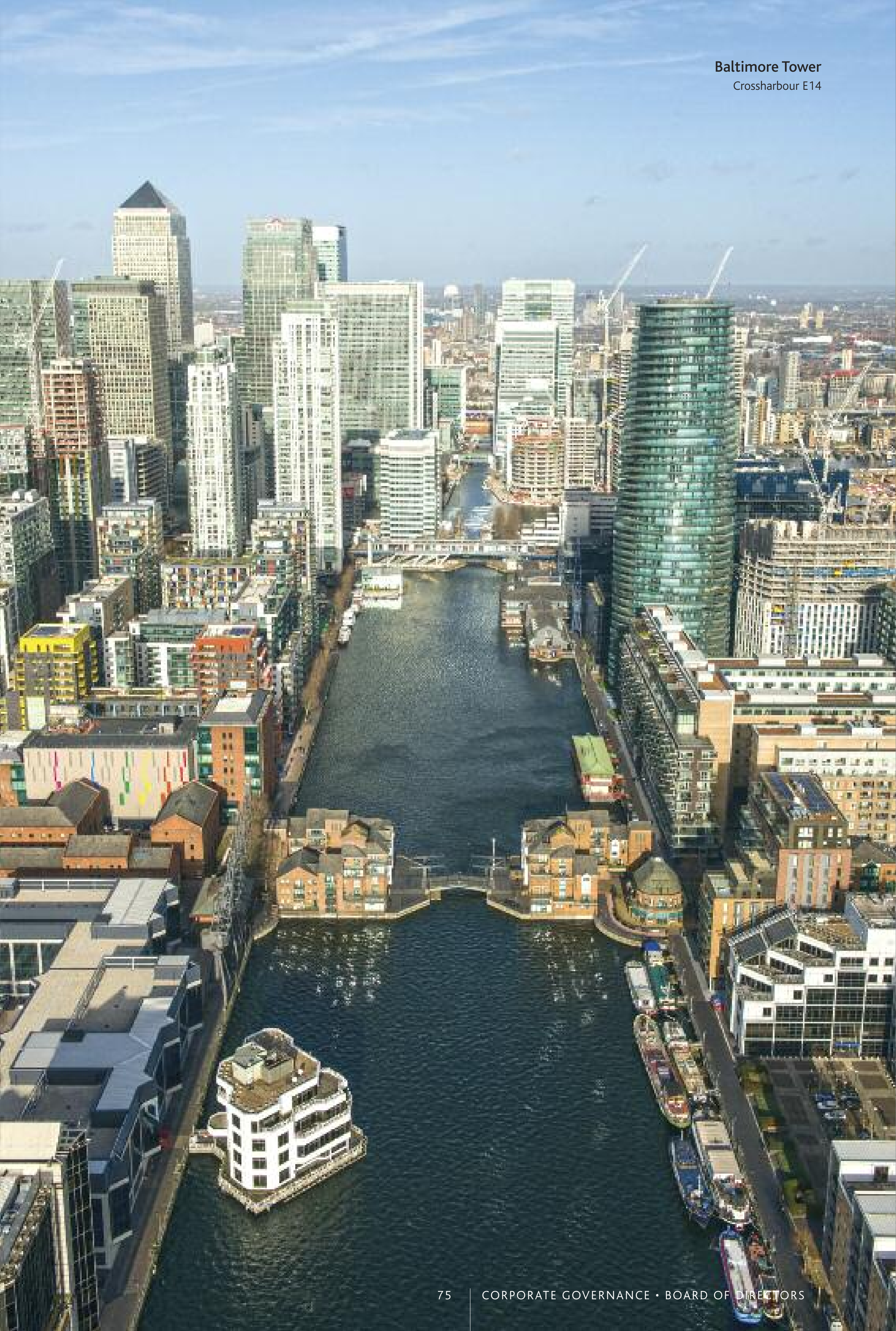
A leading figure in private equity and the restaurant industry, Luke is the pioneer behind several instantly recognisable high-street brands including PizzaExpress, The Ivy, and Strada. During his time as the chairman of Channel 4 Television (2004 – 2010) the organisation enjoyed record ratings and revenues. Luke is the chairman of Risk Capital Partners, a private equity firm he cofounded in 2001, as well as chairman and part owner of Gail's bakeries, Neilson Active Holidays and Patisserie Holdings PLC. He also serves on the board of Brompton Bicycles and is chairman of the Gaucho restaurant business. As well as being the chairman of the Institute of Cancer Research and the Almeida Theatre, Luke writes weekly for The Sunday Times.

C K CHING
Non-executive director

Mr Ching Chiat Kwong is the executive chairman and CEO of the Oxley Group. He is responsible for the overall performance, as well as for the formulation of corporate strategies and the future direction of the group. Under his leadership, the Oxley Group completed the then largest initial public offering on the Catalist of the Singapore Exchange in 2010. Prior to establishing the Oxley Group, Mr Ching has invested in, developed, and successfully launched numerous residential property projects in various parts of Singapore. Mr Ching graduated with a Bachelor of Arts degree and a Bachelor of Social Sciences (Hons) degree from the National University of Singapore.

S C LOW
Non-executive director

Mr Low See Ching was appointed as deputy CEO and executive director of the Oxley Group in 2014. He is responsible for business development, as well as supporting the CEO in the formulation of corporate strategies and future direction of the Oxley Group. Prior to this appointment, Mr Low was the executive director and CEO of Hafary Holdings Limited. He was responsible for the overall management, operations and charting of Hafary's corporate and strategic direction, including sales, marketing and procurement strategies. Mr Low graduated with a Bachelor of Accountancy degree from the Nanyang Technological University, Singapore.



Baltimore Tower
Crossharbour E14

SENIOR MANAGEMENT TEAM

ALLAN PORTER
Finance Director and Company Secretary

Allan qualified as a chartered accountant in 1980 and spent ten years in the profession before joining a major quoted company where he progressed onto the main board. There followed a period of management consultancy before Allan joined Galliard in 1995 firstly as a consultant and latterly as finance director and company secretary.

DAVID GALMAN
Sales Director

David joined Galliard at its start in 1992 and has been selling real estate for over 35 years. He believes in knowing his product, knowing his market and knowing his customers and has built up an impressive portfolio of repeat buyers over the years.

AMANDA DIJK
Group Financial Controller

Amanda is a chartered accountant by training having received an LLB in law from Cardiff University. Her career has seen her work in practice followed by a period of time conducting Sarbanes-Oxley audits before taking up a position at the Old Vic theatre. Amanda joined Galliard in 2016 as group financial controller after 9 years as director of finance at London City Airport, playing a part in the successful sale of the airport for c£2bn.

DAVID HIRSCHFIELD
Legal Director

David joined Galliard Homes in 2014 as legal director and leads all transactions from a legal and structural perspective. David was recently awarded the rising star award at the European Counsel Awards 2016 for in-house lawyers. Having obtained a history degree from the University of Birmingham and University of California, Los Angeles, David went on to study law at the College of Law, London. David trained and qualified as a corporate real estate lawyer at leading international magic circle firm Linklaters LLP before moving to Nabarro LLP.

JOHN AUGUST
Projects Director

An architect by training, John has spent the majority of his working life in architectural practice, ultimately as a partner for 12 years. In a long and distinguished career John has worked on many landmark planning projects such as the Brent Cross Shopping Centre, the Brighton Conference Centre and the Labour Party Headquarters in London.

ROBIN HAWKINS
Managing Director of Galliard Construction

During his 40 years in the industry Robin has accumulated a wealth of experience in a diverse range of building contracts. A civil engineer by training he has worked on the construction of power stations, bridges, hospitals, universities, schools, student accommodation and luxury hotels as well as major residential projects. Robin has been with Galliard for 15 years and has helped to develop a dedicated and loyal team within Galliard Construction where he currently serves as managing director.

MICHAEL J WATSON
Architectural & Technical Director

Michael Watson joined Galliard Homes in 2005. Prior to this he had been involved with the delivery of Galliard projects since 1998. Michael has led a variety of major projects from inception to completion, encompassing both new build and refurbishment. He has extensive experience of working on bespoke residential buildings, particularly brownfield sites within the London area. He is skilled in the organisation and co-ordination of project teams, is highly versatile and enjoys the challenges of handling large projects on constrained sites with complex design and logistical issues.

DARREN MAGUIRE
Construction Director

With over 29 years' experience Darren has overseen a diverse portfolio of projects in Ireland, UK and the United States, ranging from large scale high rise residential developments, luxury hotels and bank headquarters to shopping and commercial centres. Prior to joining Galliard in 2014 Darren managed the construction activities for a number of leading contractors and private developers.

VICTORIA ANTHONY
Human Resources Director

A fellow of the Chartered Institute of Personnel and Development and Institute of Recruitment Professionals, and Specialist Paralegal practitioner with over 19 years in the profession, Victoria has worked across a range of different sectors for organisations including British Steel, Parker Hannifin, Nissan Motor Company, The Guardian Newspaper and Land Securities before joining Galliard in 2014. Passionate about improving the performance and capabilities of both people and organisations, Victoria has extensive experience of leading teams through business transformation and change management projects and is committed to working in partnership with both businesses and community stakeholders to drive forward education and employability initiatives.

The board as a whole is responsible for the long-term success of the group. It sets the group's strategic aims and ensures that the necessary resources are in place to meet its objectives. It comprises both executive and non-executive directors ensuring external input, facilitating a balanced overview of issues and preventing any individual from dominating the board's decision making.

The roles are clearly defined with executive directors managing the business on a day to day basis and the non-executive directors providing an appropriate level of independent and constructive scrutiny, challenge and support.

Other responsibilities of the board are the monitoring and assessment of the risk profile of the group, reviewing performance, ensuring adequate funding, and communicating with the shareholders. The board oversees the senior management team which has responsibility for the day-to-day operation of the business and the development of operational strategy.

The directors recognise the importance of establishing protocols to evaluate the effectiveness of internal controls, review the financial statements before submission to the board, monitor the appointment and remuneration of the auditors and assess the nature, scope and results of the audit. These responsibilities are being overseen by Paul Huberman who also monitors the objectivity and independence of the group's auditors. Generally, the auditors' non-audit services are restricted to taxation advice and compliance. Any proposed additional work is considered on an ad hoc basis.

Independence and balance

In selecting directors the group looks for individuals who provide business experience, strong personal skills and independence of thought and perspective to complement the existing board and to better enable it to discharge its duties and responsibilities effectively. The non-executive directors have a sound understanding of the group's operations and affairs, enabling them to properly evaluate information and responses provided by management. They continue to provide an objective challenge to management by being prepared to constructively question assumptions and provide alternative perspectives in the interest of our business.

Internal controls

The board has overall responsibility for the group's internal control systems. It should be recognised that any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The board confirms that it has carried out a review of the effectiveness of the group's internal controls as operated during the year. The board places reliance on the internal controls operated by associated undertakings and the obligations upon their boards relating to the effectiveness of their systems.

Processes to assess and manage the business risks are reviewed and enhanced as necessary. The objective is to enable our operational teams to achieve their objectives without being hindered by circumstances that could have been reasonably foreseen whilst, at the same time, not adversely constricting them with unnecessary bureaucracy. The group continues to review its internal control systems to ensure compliance with best practice whilst also having regard to its size and the resources available. In this context, the board has concluded that the introduction of a dedicated internal audit function is not appropriate at this stage.

The principal elements of the systems, which are designed to recognise the specific requirements of our group, include:

- An organisational structure with defined levels of responsibility and delegation of authority, which is subject to the overall group control procedures;
- Review of significant risks;
- Quarterly reporting of results that are compared to budget and revised forecasts;
- Detailed monthly progress report on ongoing developments.
- Regular meetings of the various business operations to review the current and forecast performance of each business; and
- Central control over key areas such as financial reporting, insurance and funding facilities.

The following section contains the remaining matters on which the directors are required to report each year which do not appear elsewhere in this report.

Disclosure of information

So far as each of the directors is aware, there is no relevant audit information (that is, information needed by the group's auditor in connection with preparing its report) of which the group's auditor is not aware.

Each director has taken all reasonable steps that they ought to have taken in accordance with their duty as a director to make themselves aware of any relevant audit information and to ensure that the group's auditor is aware of that information.

Donations

Donations to charities during the year amounted to £2,617,000 (2017: £438,000 (2016 - £438,000). The group made no political donations during the year (2017 - £nil).

Events subsequent to the reporting date

There were no material events subsequent to the reporting date that have a bearing on the understanding of the financial statements for the year to 31 March 2018.

Share capital

Details of the company's issued share capital are shown in Note 23 to the financial statements on page 113. There have been no movements in the company's issued share capital during the year.

The company has a single class of share capital which is divided into ordinary shares of 0.01 pence each. All issued shares are in registered form and are fully paid.

Going concern

The financial statements have been prepared on the basis that the company and group continues to be a going concern, as set out in Note 1 to the financial statements on page 94.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that BDO LLP be re-appointed as auditors of the company will be put to the Annual General Meeting.

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

Development projects are funded on an individual basis from two main sources. In general, equity funding for any given project is spread across two or more joint venture partners thus reducing the group's exposure in the event of unforeseen problems. Debt funding is project specific and, whenever possible, ring-fenced within the corporate vehicle used to undertake the development. Cash flow forecasts are prepared, maintained and monitored on a regular basis to ensure that adequate funding is always available to fulfil the group's commitments.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

The financial statements that follow are extracted from the group and company audited accounts.

Baltimore Tower
Penthouse Terrace, Crossharbour E14

Independent auditor's report to the members of Galliard Group Limited

Opinion

We have audited the financial statements of Galliard Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2018, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and company balance sheets, the Consolidated and company statement of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared are consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Thomas Edward Goodworth (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
United Kingdom

Date 27 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Trinity Square
Hounslow TW3

Consolidated income statement

for the year ended 31 March 2018

	Note	2018 £'000	2018 £'000	2017 £'000	*Restated 2017 £'000
Turnover	3		**295,962**		450,988
Cost of sales			(263,322)		(345,884)
Gross profit			**32,640**		105,104
Overheads			(17,157)		(12,914)
Other operating income	6		27,223		25,895
Other operating expenses	7		(17,951)		(24,026)
Profit from the sale of fixed assets			6,071		-
Gains from fair value changes in investment properties	13		3,967		6,675
Group operating profit			**34,793**		100,734
Share of profit/(loss) in:					
- joint ventures	14	46,462		40,498	
- associates	14	(321)		(2,806)	
			46,141		37,692
Interest receivable and similar income	9		2,976		1,132
Interest payable and similar charges	10		(40,429)		(26,647)
Joint developers' share of losses			3,066		1,074
Profit on ordinary activities before taxation and exceptional charges			**46,547**		113,985
Exceptional interest charges	10		-		(38,662)
Profit on ordinary activities before taxation			**46,547**		75,323
Tax on profit on ordinary activities	11		(3,276)		(8,067)
Profit for the financial year			**43,271**		67,256

All amounts relate to continuing operations.

* Turnover and cost of sales have been restated to include the group's share of income from joint ventures and associates (see note 1.1 for details). The consolidated income statement has also been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details). Other operating income and Administrative expenses have been represented as gross income, related costs and overheads (see note 1.3 for details).

The notes on pages 94-118 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2018

	Note	2018 £'000	*Restated 2017 £'000
Profit for the financial year		43,271	67,256
Revaluation surplus of owner occupied properties	13	712	272
Deferred tax in respect of items of other comprehensive income		(121)	(46)
Other comprehensive income for the year		591	226
Total comprehensive income for the year		43,862	67,482
Profit for the financial year attributable to:			
Owners of the parent company		35,590	62,209
Non-controlling interest		7,681	5,047
		43,271	67,256
Total comprehensive income attributable to:			
Owners of the parent company		36,181	62,435
Non-controlling interest		7,681	5,047
		43,862	67,482

* The consolidated statement of comprehensive income has been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

The notes on pages 94-118 form part of these financial statements.

Consolidated balance sheet

as at 31 March 2018

	Note	2018 £'000	2018 £'000	2017 £'000	*Restated 2017 £'000
Fixed assets					
Intangible assets – negative goodwill	12		(7,805)		(20,560)
Intangible assets – website	12		-		115
Tangible assets	13		31,144		42,334
Investments	14		143,682		160,758
Current assets					
Investments	15	1,806		404	
Stocks	16	348,686		205,095	
Debtors	17	163,482		171,069	
Cash at bank and in hand		60,126		22,598	
		574,100		399,166	
Creditors: amounts falling due within one year	18	(382,568)		(299,350)	
Net current assets			191,532		99,816
Total assets less current liabilities			358,553		282,463
Creditors due in more than one year	19		(61,831)		(44,354)
Provisions for liabilities	21		(44,416)		(29,253)
Net assets			252,306		208,856
Capital and reserves					
Called up share capital	23		4		4
Revaluation reserve			13,057		10,895
Share premium account			49,999		49,999
Warrant reserve	25		3,750		-
Profit and loss account			172,768		142,911
Equity attributable to owners of the parent company			239,578		203,809
Non-controlling interest			12,728		5,047
Shareholders' funds			252,306		208,856

* The consolidated balance sheet at 31 March 2017 has been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

The financial statements were approved by the Board and authorised for issue on 27 September 2018.

D O'Sullivan
Director

The notes on pages 94-118 form part of these financial statements.

Company balance sheet

as at 31 March 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Investments	14		113,345		113,345
Current assets					
Debtors	17	185,892		3,696	
Cash at bank and in hand		121		49	
		186,013		3,745	
Creditors: amounts falling due within one year	18	(44,111)		(52,223)	
Net current assets/(liabilities)			141,902		(48,478)
Total assets less current liabilities			255,247		64,867
Net assets			255,247		64,867
Capital and reserves					
Called up share capital	23		4		4
Share premium account			49,999		49,999
Merger reserve			2,425		5,403
Warrent reserve	25		3,750		-
Profit and loss account			199,069		9,461
Shareholders' funds			255,247		64,867

As permitted by the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit after taxation for the year amounted to £190,792,866 (2017 - loss of £2,564,439).

The financial statements were approved by the board and authorised for issue on 27 September 2018.

D O'Sullivan
Director

Company Registration No: 07947946

The notes on pages 94-118 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2018

	Share capital £'000	Revaluation reserve £'000	Share premium account £'000	Warrant reserve £'000	Profit and loss account £'000	Equity attributable to the owners of the parent company £'000	Non-controlling interest £'000	Total £'000
Balance at 1 April 2017*	4	10,895	49,999	-	142,911	203,809	5,047	208,856
Profit for the financial year	-	-	-	-	35,590	35,590	7,681	43,271
Revaluation surplus of owner occupied properties	-	712	-	-	-	712	-	712
Deferred tax in respect of items of other comprehensive income	-	(121)	-	-	-	(121)	-	(121)
Other comprehensive income for the year	-	591	-	-	-	591	-	591
Total comprehensive income for the year	-	591	-	-	35,590	36,181	7,681	43,862
Transfer to revaluation reserve	-	1,571	-	-	(1,571)	-	-	-
Capital distributions	-	-	-	-	(2,512)	(2,512)	-	(2,512)
Dividends paid	-	-	-	-	(1,650)	(1,650)	-	(1,650)
Total contributions by and distributions to owners	-	1,571	-	-	(5,733)	(4,162)	-	(4,162)
Warrant issued (note 25)	-	-	-	3,750	-	3,750	-	3,750
Other reserve movements	-	-	-	3,750	-	3,750	-	3,750
Balance at 31 March 2018	4	13,057	49,999	3,750	172,768	239,578	12,728	252,306
Balance as at 1 April 2016	4	3,994	49,999	-	88,877	142,874	-	142,874
Profit for the financial year*	-	-	-	-	62,209	62,209	5,047	67,256
Revaluation surplus of owner occupied properties	-	272	-	-	-	272	-	272
Deferred tax in respect of items of other comprehensive income	-	(46)	-	-	-	(46)	-	(46)
Other comprehensive income for the year*	-	226	-	-	-	226	-	226
Total comprehensive income for the year*	-	226	-	-	62,209	62,435	5,047	67,482
Transfer to revaluation reserve	-	6,675	-	-	(6,675)	-	-	-
Dividends paid	-	-	-	-	(1,500)	(1,500)	-	(1,500)
Total contributions by and distributions to owners	-	6,675	-	-	(8,175)	(1,500)	-	(1,500)
Balance at 31 March 2017*	4	10,895	49,999	-	142,911	203,809	5,047	208,856

* Balances at 31 March 2017 have been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

The notes on pages 94-118 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 March 2018

	Share capital	Share premium account	Merger reserve	Warrant reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	4	49,999	5,403	-	9,461	64,867
Comprehensive income for the year	-	-	-	-	190,792	190,792
Total comprehensive income for the year	-	-	-	-	190,792	190,792
Contributions by and distributions to owners						
Merger reserve release	-	-	(2,978)	-	2,978	-
Capital distributions	-	-	-	-	(2,512)	(2,512)
Dividends paid	-	-	-	-	(1,650)	(1,650)
Total contributions by and distributions to owners	-	-	(2,978)	-	(1,184)	(4,162)
Warrant issued (note 25)	-	-	-	3,750	-	3,750
Other reserve movements	-	-	-	3,750	-	3,750
Balance at 31 March 2018	4	49,999	2,425	3,750	199,069	255,247
Balance as at 1 April 2016	4	49,995	9,824	-	9,105	68,932
Contributions by and distributions to owners						
Merger reserve release	-	-	(4,421)	-	4,421	-
Dividends paid	-	-	-	-	(1,500)	(1,500)
Total contributions by and distributions to owners	-	-	(4,421)	-	2,921	(1,500)
Balance at 31 March 2017	4	49,999	5,403	-	9,461	64,867

The notes on pages 94-118 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2018

	Note	2018 £'000	*Restated 2017 £'000
Cash flows from operating activities			
Profit for the financial year		43,271	67,256
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets and goodwill		(8,909)	(7,612)
Share of profit for the year of equity accounted investments	14	(46,141)	(37,692)
Net fair value (gains) recognised in profit or loss		(3,967)	(6,675)
Net interest payable		37,453	64,204
Taxation charge	11	3,276	8,067
Decrease/(increase) in trade and other debtors		20,063	(60,507)
(Increase)/decrease in stocks		(126,279)	67,630
Increase/(decrease) in trade and other creditors		51,066	(24,421)
Increase/(decrease) in provisions		3,458	(2,242)
Profit on disposal		(6,071)	(28)
Cash from operations		(32,780)	67,980
Interest paid		(8,258)	(12,402)
Taxation paid		(15,833)	(8,245)
Net cash (used in)/generated from operating activities		(56,871)	47,333
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		24,385	-
Purchases of intangible assets		(19)	(115)
Purchases of tangible fixed assets		(867)	(2,822)
Interest received		2,494	204
Distributions received on fixed and current assets investments		70,821	21,303
Purchase of subsidiary undertakings		(16,336)	(100)
Net cash acquired with subsidiary undertaking		1,976	5
Capital repayments from fixed and current investments		22,226	42,235
Investment in fixed asset investments		(41,351)	(28,293)
Purchase of current asset investments		(1,016)	(154)
Net cash generated from investing activities		62,313	32,263
Cash flows from financing activities			
Equity dividends paid		(858)	(780)
Bank loans drawn		93,931	-
Bank loans repaid		(65,211)	(83,430)
Net funds to joint developers		(440)	(16,822)
Net cash generated from/(used in) financing activities		27,422	(101,032)
Net increase/(decrease) in cash and cash equivalents		32,864	(21,436)
Cash and cash equivalents at beginning of the year		16,611	38,047
Cash and cash equivalents at end of the year		49,475	16,611
Cash and cash equivalents comprise:			
Cash at bank and in hand		60,126	22,598
Bank overdrafts		(10,651)	(5,987)
		49,475	16,611

* Balances at 31 March 2017 have been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

The notes on pages 94-118 form part of these financial statements.

for the year ended 31 March 2018

1 Accounting policies

Galliard Group Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on page 124 and the nature of the group's operations are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial reporting Standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investment properties, owner occupied properties held as fixed assets, and the modification to a fair value basis of certain financial obligations as specified in the accounting policies below.

The financial statements are presented in sterling (£), which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies. Judgements and estimates made by directors can be found in Note 2.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as the equivalent disclosure has been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on the basis that the company and group continues to be a going concern.

The group's continued operation is dependent upon the availability of external finance. At 31 March 2018 the group had bank debt with a value of £78.4m payable within twelve months.

Since the year-end £4.3m of the total debt above has been repaid either partially or in full out of post year-end sales proceeds. The remaining £74.1m is expected to be paid from sales proceeds in the next 12 months. The group has developments with a gross development value of £212.5m which are expected to complete in the next 12 months, of which £198.1m of property has already been sold off-plan. Since the year-end a further £12.0m of loans are to become due for repayment within the next 12 months.

In determining the appropriate basis of preparation of the financial statements the directors are required to consider whether the group can continue in operational existence for the foreseeable future. As part of this analysis the directors have considered the availability of future development finance to enable the completion of existing and future developments. Further consideration has been given to the group's cash flow forecasts. The directors are encouraged by the level of debt reduction since the year-end and remain confident that the level of debt due within twelve months from the date of signing these accounts will be further reduced by future sales. Based on the excellent track record of the group; level of free cash in the group; level of development pre-sales; and continued support of the group to date by its bankers, the directors remain confident that it will be able to refinance any remaining debt that falls due for renewal during the going concern period.

The company's financial statements have been prepared on a going concern basis. The preferences shares will not be recalled for a period of twelve months unless the group is in a position to repay them and such repayment would not impact on the group's liquidity.

1 Accounting policies (continued)

Basis of consolidation

The group financial statements consolidate the financial statements of Galliard Group Limited and all its subsidiary undertakings drawn up to 31 March each year. No profit and loss account is presented for the parent company as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities. In subsidiary undertakings where non-equity parties are entitled to a share of profit on a development, their share of profit or loss is treated as a future transfer of resources and fair valued, using management forecasts and appropriate internal rate of return percentages.

Joint ventures and associates

An entity is treated as a joint venture where the group holds a long-term interest and shares joint control under a contractual arrangement. An entity is treated as an associate where the group has significant influence whereby it has the power to participate in operating and financial policy decisions.

In the consolidated accounts, interests in joint ventures and associated undertakings are accounted for using the equity method of accounting. An equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect share of profit or loss, other comprehensive income and equity. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in joint ventures and associates are shown as the group's share of net assets, including any unamortised premium paid on acquisition.

Interests in joint arrangements, where there are jointly controlled operations or jointly controlled assets, are accounted for by taking account of either the share of assets and liabilities, or, in the case of a jointly controlled operation, by the recognition of the assets controlled and liabilities incurred.

Investments in joint developments where the property is held on trust by a nominee company are accounted for as joint controlled operations, accordingly the company accounts for its own assets, liabilities and cash flows measured according to the terms of the agreement governing the arrangement.

Any premium on acquisition is dealt with under the goodwill policy.

Turnover

Turnover comprises amounts receivable from the sales of developed units and contract work undertaken on developments from which the company derives a profit participation.

Turnover is recognised as the fair value of consideration received or receivable on transfer of the significant risks and rewards of ownership to the buyer. This is usually at the point of legal completion of developed units. Turnover is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The stage of completion is calculated by comparing costs incurred mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

1 Accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of subsidiary, joint venture and associate undertakings is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Negative goodwill up to the fair value of non-monetary assets acquired is recognised in the profit and loss account in the periods in which the non-monetary assets are recovered whether through depreciation or sale. Any negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised in the profit and loss account in the periods expected to benefit.

Intangible assets other than goodwill

Intangible assets recognised separately from goodwill comprises capitalised website development costs initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses, with amortisation commencing once the asset is ready for use.

The carrying value of the intangible asset is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. During the year the intangible asset was impaired in full due to lower than expected performance of the website.

Investment properties

In accordance with FRS 102 investment properties are carried at fair value. No depreciation is provided. Changes in fair value are initially recognised in the profit and loss account, and thereafter transferred to the revaluation reserve, except in those instances where there is a permanent diminution in value, in which case recognition remains within profit and loss.

Relevant portions of mixed use properties are separately classified between investment properties and owner occupied properties within tangible fixed assets. The apportionment of mixed use properties has been based on an assessment of current market value of the relevant properties as assessed by the directors.

Tangible fixed assets

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of fixed assets

Depreciation is provided on the cost of tangible fixed assets in equal annual instalments over the estimated useful lives of the assets. Depreciation rates are as follows:

Fixtures and equipment - 2 to 5 years per annum straight line.

Motor vehicles - 4 years per annum straight line.

Depreciation has not been provided on freehold or owner occupied land and buildings as it is considered to be immaterial.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1 Accounting policies (continued)

Investments

Investments held as fixed assets by the company are stated at cost less any provision for impairment. The investments are assessed for impairment at each reporting date and any impairment losses or reversal of impairment losses are recognised immediately in profit or loss.

Investments in subsidiaries are measured at cost less any provision for impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any consideration paid.

Other current asset investments are stated at the lower of cost and estimated net realisable value.

Capital interests in joint ventures represent amounts loaned to joint ventures together with amounts appropriated in respect of profits and losses on developments.

Stocks

Stocks represent property acquired for development together with work in progress on those properties. These assets are included at the lower of cost and net realisable value. Cost for this purpose comprises the purchase cost of land and buildings and development expenditure.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Profit on sales of developed properties is taken on receipt of sales proceeds at legal completion. Costs attributable to each sale comprise an appropriate proportion of the total costs of the development.

Financial assets, liabilities, instruments and costs

Financial assets, other than investments and derivatives, are initially measured at transaction price and subsequently held at cost, less any impairment. Short term trade creditors are measured at the transaction price. Other financial liabilities, including loans, are measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Financial liabilities and equity are classified according to the substance of the instruments' contractual obligation, rather than its legal form.

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Operating leases - lessee

The group leases premises under operating leases from non-related parties. Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term. The benefits of lease incentives received or given on entering into new leases are spread over the lease term. The lease term is defined as the non-cancellable period for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Operating leases - lessor

Leases of investment properties and development stock where the group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the group in negotiating and arranging operating leases are recognised as an expense in profit or loss as incurred.

1 Accounting policies (continued)

Taxation

The tax expense for the period comprises current and deferred tax.

Current tax

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

Pension Costs

Contributions to the stakeholder scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Reserves

The group and company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Share premium account includes the premium on issue of equity shares, net of any issue costs.
- Revaluation reserve represents fair value adjustments relating to investment properties and owner occupied property classified as property, plant and equipment.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.
- Merger reserve represents the premium on acquisition of subsidiary companies using own shares.
- Warrant reserve represents amounts received on account pending exercise of a warrant to subscribe for additional shares in the company (see note 25).

for the year ended 31 March 2018

1.1 Change in accounting policy

The company has applied a change in accounting policy regarding transactions between investors and equity accounted joint ventures and associates in the group's consolidated financial statements. FRS 102 paragraph 14.8(e) states that the investor shall eliminate unrealised profits and losses resulting from transactions with joint ventures and associates to the extent of the investor's interest in the joint venture or associate. Prior to the change in accounting policy, the group eliminated unrealised profits and losses resulting from transactions with joint ventures and associates by eliminating the group's share of turnover and related cost of sales. Under the new accounting policy the group eliminates only the group's share of the unrealised profit margin or loss resulting from transactions with joint ventures and associates from turnover and its investment in the joint venture or associate. It is the directors' view that the change in accounting policy better reflects the gross revenue generated from the provision of services to entities outside of the consolidated group and the cost of providing those services.

Prior to 1 April 2017 there were no unrealised profits or losses resulting from transactions with joint ventures or associates. The change in accounting policy has therefore had no impact on equity.

Impact on consolidated income statement

	31 March 2017 £'000
Turnover	55,735
Cost of sales	(55,735)
Income tax expense	-
Net impact on profit for the year	-
Attributable to:	
Equity holders of the parent	-
Non-controlling interests	-
Impact on gross profit margin	(2.9%)

The change in accounting policy did not have an impact on net assets, total comprehensive income or the group's operating, investing or financing cash flows in the comparative period.

1.2 Correction of an error

On 24 October 2016 the group purchased the remaining 50% interest in GHL (Strand) Ltd, an equity accounted joint venture entity. At the time of the transaction and at the time the financial statements for the year ending 31 March 2017 were prepared it was assumed that although legal ownership of the shares had transferred there was no change in control or beneficial ownership of the joint venture entity. However, through subsequent clarification of the terms of the transaction it has been determined that the group had sole control over the entity GHL (Strand) Ltd and the entity should have been consolidated from the date the group obtained control on 24 October 2016.

The error has been corrected by a restatement of each of the affected financial statement line items for the year ending 31 March 2017 as follows:

Impact on equity (increase/(decrease) in equity)

	31 March 2017 £'000
Investments	(3,516)
Trade debtors	269
Other debtors	15,095
Cash	44
Total assets	11,892
Loans and overdrafts	(20)
Trade creditors	(13)
Corporation tax	(133)
Accruals and deferred income	(10,413)
Total liabilities	(10,579)
Net impact on equity	1,313

Impact on consolidated income statement

	31 March 2017 £'000
Turnover	3,340
Cost of sales	(1,116)
Overheads	(4)
Other operating income	(4)
Share of profit from joint ventures	(162)
Interest payable on other loans	(741)
Net impact on profit for the year	1,313
Attributable to:	
Equity holders of the parent	1,313
Non-controlling interests	-
Impact on gross profit margin	0.4%

The correction did not have an impact on equity at 1 April 2016.

for the year ended 31 March 2018

1.2 Correction of an error (continued)

Impact on consolidated cash flow statement

	31 March 2017 £'000
Cash flows from operating activities	
Profit for the financial year	1,313
Adjustments for:	
Share of profit for the year of equity accounted investments	162
Net interest payable	741
Increase in trade and other debtors	(8,615)
Increase in trade and other creditors	6,456
Cash from operations	57
Purchase of subsidiary undertakings	(100)
Net cash acquired with subsidiary undertaking	5
Investment in fixed asset investments	100
Net cash generated from investing activities	5
Bank loans repaid	(38)
Net cash used in financing activities	(38)
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	24
Cash and cash equivalents comprise:	
Cash at bank and in hand	44
Bank overdrafts	(20)
	24

1.3 Correction of presentation

The consolidated income statement has been corrected to present other operating income gross of other operating expenses. Furthermore, other operating expenses and overheads are now presented as separate line items on the face of the consolidated income statement.

Impact on consolidated income statement

	31 March 2017 £'000
Cost of sales	10,984
Other operating income:	
- Net rental income	(4,587)
- Development management fees	4,603
- Rental income	7,310
- Income from hotel and leisure operations	2,289
- Fees and commissions	(1,871)
- Commissions	2,545
- Property management services	625
- Forfeited deposits	18
- Other	(6,771)
- Investment income and other	4,079
Administrative expenses	17,712
Other operating expenses:	
- Rental expenses	(5,576)
- Property management services	(434)
- Hotel and leisure operations	(8,410)
- Impairment of related party and other debtors	(9,606)
Overheads	(12,910)
Net impact on profit for the year	-
Attributable to:	
Equity holders of the parent	-
Non-controlling interests	-
Impact on gross profit margin	2.8%

The correction of presentation did not have an impact on net assets, total comprehensive income or the group's operating, investing or financing cash flows in the current or comparative period.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas where assumptions and estimates are significant to the financial statements are:

Revenue recognition (note 3)

In order to determine the profit and loss that the group is able to recognise on its construction contracts in a specific period, the group has to allocate total costs of the construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation, as does the assessment of a development's valuation.

Carrying value of inventories (note 16)

In applying the group's accounting policy for the valuation of inventories the directors are required to assess the expected selling price and costs to sell each of the units that constitute the group's work in progress. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of property.

Whilst the directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be significant.

Investment properties (note 13)

Investment properties are valued annually at fair value. Fair value is ascertained through review of a number of factors and information flows, including market knowledge, recent market movements, recent sales of similar properties, historical experience, rent levels and flows of cash for the respective investment property. There is an inevitable degree of judgement involved and value can be only reliably tested ultimately in the market itself.

Given the property market knowledge and expertise of the directors and within the group, no third party valuation has been considered necessary.

Investments (note 14)

Investments held as fixed assets by the company are stated at cost less any provision for impairment. Directors have assessed the recoverability of investments made and economic benefit of the investments based on market conditions, economic forecasts and cashflow estimates.

Provisions (note 21)

The group makes assumptions to determine the timing and its best estimate of the quantum of its construction and other liabilities for which provisions are held. Factors used in the assumptions and estimates include period to completion, costs to completion, and assumptions used in deriving internal rates of return for each construction project. The group also makes assumptions to assess the economic viability of certain contracts held, which includes assumptions on future market conditions and revenue streams. The nature of provisions made as at the year end are analysed and described in note 21.

3 Turnover

All turnover derives from UK operations

	Group 2018 £'000	*Restated Group 2017 £'000
Turnover comprises:		
Amount from contracted construction work	223,425	221,709
Amount from the sale of residential property	72,537	229,279
Total	295,962	450,988

4 Employees

	Group 2018 £'000	Group 2017 £'000
Staff costs consist of:		
Wages and salaries	28,917	26,519
Social security costs	3,333	3,014
Other pension costs	429	413
Total	32,679	29,946

	Number	Number
The average number of employees, including directors during the year was:		
Construction	267	238
Sales	50	47
Administration	250	257
Total	567	542

The group operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £429,000 (2017 - £413,000).

5 Directors' emoluments

	2018 £'000	2017 £'000
Directors' remuneration consists of:		
Remuneration for qualifying services	4,392	3,391
Company pension contributions to defined contribution schemes	36	45
Total	4,428	3,436
Pension contributions accrue in respect of 7 directors.		
Highest paid director:		
Salary and other taxable benefits	1,486	1,669
Company pension contributions to defined contribution schemes	9	20
Total	1,495	1,689

* Turnover and cost of sales have been restated to include the group's share of income from joint ventures and associates (see note 1.1 for details). The consolidated income statement has also been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

for the year ended 31 March 2018

6 Other operating income

	Group 2018 £'000	*Restated Group 2017 £'000
Development management fees	7,752	4,603
Rental income	7,568	7,310
Income from hotel and leisure operations	5,686	6,216
Commissions	2,059	2,545
Property management services	1,301	625
Forfeited deposits	658	521
Investment and other income	2,199	4,075
Total	**27,223**	25,895

7 Other operating expenses

	Group 2018 £'000	*Restated Group 2017 £'000
Rental expenses	4,217	5,576
Hotel and leisure operations	5,877	8,410
Property management services	804	434
Impairment of related party and other debtors	3,595	9,606
Onerous lease provision	3,458	-
Total	**17,951**	24,026

8 Group operating profit

	2018 £'000	2017 £'000
This has been arrived at after charging:		
Depreciation - owned assets	535	1,194
Operating lease expense	1,379	1,122
Principal auditor's remuneration		
Audit (Company £20,600, 2017 - £20,000)	455	423
Audit of associated companies	15	15
Taxation compliance and advisory services	154	604
Release of negative goodwill	(11,728)	(12,250)
Impairments of tangible assets	-	3,444
Impairment of intangible assets - website	134	-
Impairment of fixed asset investments	2,150	-

* The consolidated income statement has also been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details). Other operating income and administrative expenses have been restated to show gross income, related costs and overheads rather than a net figure (see note 1.3 for details).

9 Interest receivable and similar income

	Group 2018 £'000	Group 2017 £'000
Bank interest	**949**	342
Other interest	**2,027**	790
Total	**2,976**	1,132

10 Interest payable and similar charges

	Group 2018 £'000	*Restated Group 2017 £'000
Bank loans	**5,825**	14,507
Other loans	**4,121**	1,427
Amortisation of issue costs	**1,712**	3,315
Preference dividend	**2,150**	2,150
Exceptional interest	**-**	38,662
Fair value change in financial liabilities	**26,621**	5,248
Total	**40,429**	65,309

During 2017 there was a one-off interest charge of £38.7m. As a consequence of the group reorganisation in 2012 accounting standards required that the debt of one subsidiary be consolidated in the financial statements at a figure considerably below its book value as its associated development was worth significantly less than the loan at that time. Following completion of the development, through careful management, the group was able to realise a greatly enhanced value. As a result the adjustment that was made in 2012 was reversed causing a one-off finance charge on consolidation.

* Certain income and expenses for the period ending 31 March 2017 have been restated to include the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details). Other operating income and administrative expenses have also been restated to show gross income, related costs and overheads rather than a net figure (see note 1.3 for details).

for the year ended 31 March 2018

11 Tax on profit from ordinary activities

	Group 2018 £'000	*Restated Group 2017 £'000
Corporation tax payable on profits for the year	**3,858**	16,173
Adjustment in respect of prior year	**(225)**	2,760
Current tax charge for the year	**3,633**	18,933
Current year deferred tax credit	**(357)**	(10,866)
	3,276	8,067
Tax reconciliation:		
Profit on ordinary activities before taxation	**46,547**	75,323
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**8,844**	15,065
Effects of:		
Expenses not deductible for tax purposes	**1,883**	998
Non-taxable income	**-**	(49)
Adjustments to tax charge in respect of prior years	**(225)**	2,760
Share of joint venture profits	**(4,810)**	(3,560)
Non taxable write back of negative goodwill	**(2,423)**	(2,450)
Different tax rates on deferred tax	**(31)**	(1,558)
Unrecognised deferred tax	**13**	(105)
Indexation on chargeable gains	**(85)**	(917)
Other movements	**110**	(2,117)
Total tax charge for the year	**3,276**	8,067

The deferred tax charge relating to items recognised in other comprehensive income is a charge of £121,000 (2017: £46,000).

12 Intangible assets

Negative goodwill	Group 2018 £'000	Group 2017 £'000
Cost		
At 1 April 2017	**(20,560)**	(32,810)
Realised in profit and loss account	**12,755**	12,250
At 31 March 2018	**(7,805)**	(20,560)

Website	Group 2018 £'000	Group 2017 £'000
Cost		
At 1 April 2017	**115**	-
Additions	**19**	115
Impairment	**134**	-
At 31 March 2018	**-**	115

* Certain income and expenses for the period ending 31 March 2017 have been restated to include the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details). Other operating income and administrative expenses have also been restated to show gross income, related costs and overheads rather than a net figure (see note 1.3 for details).

13 Tangible fixed assets

Group	Property £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2017	41,639	2,266	527	44,432
Additions	499	215	153	867
Transfers from other assets	1,187	2,149	206	3,542
Revaluation	4,679	-	-	4,679
Disposals	(18,242)	(48)	(128)	(18,418)
At 31 March 2018	**29,762**	**4,582**	**758**	**35,102**
Depreciation				
At 1 April 2017	-	1,836	262	2,098
Transfers from other assets	-	1,296	133	1,429
Charge for the year	-	392	143	535
Disposals	-	(8)	(96)	(104)
At 31 March 2018	**-**	**3,516**	**442**	**8,958**
Net book value				
At 31 March 2018	**29,762**	**1,066**	**316**	**31,144**
At 31 March 2017	41,639	430	265	42,334

Property	Investment property £'000	Owner occupied property £'000	Long leasehold property £'000	Total £'000
Cost or valuation				
At 1 April 2017	38,266	2,873	500	41,639
Additions	499	-	-	499
Transfers from other assets	1,187	-	-	1,187
Transfer to owner occupied	(584)	584	-	-
Revaluation	3,967	712	-	4,679
Disposals	(18,242)	-	-	(18,242)
At 31 March 2018	**25,093**	**4,169**	**500**	**29,762**
Net book value				
At 31 March 2018	**25,093**	**4,169**	**500**	**29,762**
At 31 March 2017	38,266	2,873	500	41,639

Transfers from other assets comprises certain property and other assets reclassified from stock to fixed assets.

Valuation

The group's investment properties were valued by the directors as at 31 March 2018. In their opinion, the fair market value was £29,262,000 (2017 £41,139,000) as compared to a historical cost of £14,046,000 (2017 - £28,342,274).

for the year ended 31 March 2018

14 Investments

Fixed asset investments

Group	Joint ventures £'000	Associated undertakings £'000	Other fixed asset investments £'000	Total £'000
Cost or valuation				
At 1 April 2017 Restated*	104,879	44,596	3,278	152,753
Additions	24,605	15,578	1,168	41,351
Return of investment funding	(22,226)	-	-	(22,226)
Transfer to subsidiary	(376)	-	-	(376)
Reclassified from/(to) other assets	621	(3,184)	-	(2,563)
Impairments	(977)	(1,162)	(11)	(2,150)
Fair value loss realised through profit or loss	(20,934)	-	-	(20,934)
At 31 March 2018	**85,592**	**55,828**	**4,435**	**145,855**
Share of retained profits				
At 1 April 2017 Restated*	11,666	(3,661)	-	8,005
Total comprehensive income for the year	46,462	(321)	-	46,141
Amounts distributed	(70,821)	-	-	(70,821)
Transfer to subsidiary	(6,432)	-	-	(6,432)
Fair value loss realised through profit or loss	20,934	-	-	20,934
At 31 March 2018	**1,809**	**(3,982)**	-	**(2,173)**
Net book value				
At 31 March 2018	**87,401**	**51,846**	**4,435**	**143,682**
At 31 March 2017 Restated*	116,545	40,935	3,278	160,758

Other investments are not listed and are held at cost less impairment as fair value cannot be reliably determined.

Certain receivables from joint ventures have been reclassified from debtors and aggregated with investments in the joint ventures (£621,000). Items reclassified from investments in associated undertakings principally comprises a trading balance reclassified to receivables (£3,184,000).

Fixed asset investments

Company	Subsidiary undertakings £'000	Joint ventures £'000	Total £'000
Cost			
At 1 April 2017 and 31 March 2018	**88,978**	**24,367**	**113,345**

A complete list of the company's subsidiary undertakings can be found in note 31 at the end of this report.

The company is also a party to a large number of joint developments where the property is held on trust by a nominee company. These developments are accounted for as jointly controlled operations, accordingly the company accounts for its own assets, liabilities and cash flows measured according to the terms of the agreement covering the arrangement.

* Certain balances at 31 March 2017 have been restated to include the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

15 Current asset investments

	Group £'000	Company £'000
At 1 April 2017	**404**	-
Additions	**1,016**	-
Repayments	**(134)**	-
Fair value realised in profit or loss	**520**	-
At 31 March 2018	**1,806**	-

16 Stocks

	Group 2018 £'000	Group 2017 £'000
Development properties held in work in progress	**348,686**	205,085
Building materials held in stock	-	10
Total	**348,686**	205,095

Stock recognised in cost of sales during the year as an expense was £61,466,949 (2017: £124,042,000).

Impairment losses of £565,000 (2017 - reversals of £891,000) were recognised in cost of sales against stock during the year due to market conditions.

17 Debtors

	Group 2018 £'000	*Restated Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade debtors	**23,679**	40,255	-	-
Amounts owed by subsidiaries	-	-	**177,033**	2,719
Amounts owed by related companies	**48,512**	54,266	-	-
Amounts due in respect of joint developments	**21,042**	7,171	-	-
Prepayments and accrued income	**16,407**	24,306	-	-
Other debtors	**53,842**	45,071	**8,859**	977
Total	**163,482**	171,069	**185,892**	3,696

All amounts shown under debtors fall due for payment within one year.

* Certain balances at 31 March 2017 have been restated to include the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

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18 Creditors: amounts falling due within one year

	Group 2018 £'000	*Restated Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Loans and overdrafts	**78,423**	58,119	**-**	-
Trade creditors	**23,209**	25,290	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**-**	623
Amounts owed to related companies	**29,838**	25,945	**-**	-
Amounts due in respect of joint developments	**34,793**	20,317	**-**	-
Corporation tax	**4,572**	16,650	**-**	-
Other tax and social security	**4,352**	1,429	**-**	-
Other creditors	**84,951**	45,175	**924**	8,600
Deferred tax (note 22)	**4,538**	4,895	**-**	-
Accruals and deferred income	**74,892**	58,530	**187**	-
Preference shares	**43,000**	43,000	**43,000**	43,000
Total	**382,568**	299,350	**44,111**	52,223

Loans and overdrafts are secured against the group's interests in development and trading properties. The group has a large number of loans, the terms of which vary. Disclosure of the interest rates would result in disclosure that the directors consider to be of excessive length.

All interest rates paid are based on LIBOR or the Base Rate plus a margin.

Preference shares

On 2 April 2012, £43,000,000 5% Cumulative Preference Shares were issued to finance part of the acquisition of Galliard Holdings Limited.

The preference shares are redeemable at the option of the registered holder.

Included within notes 18 and 20 are the following amounts for both group and company in respect of nominal value and accrued dividend to 31 March.

	2018 £'000	2017 £'000
Creditors falling due within one year		
Nominal value	**43,000**	43,000
Accrued dividend	**-**	8,600
Total	**43,000**	51,600

The nominal value represents the fair value of the preference shares.

* Certain balances at 31 March 2017 have been restated to include the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

19 Creditors: amounts falling due after more than one year

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Bank and other loans	**61,831**	44,354	**-**	-
Bank, other loans and preferences shares due:				
In one year or less, or on demand	**121,423**	101,119	**43,000**	43,000
Between one and two years	**37,190**	41,586	**-**	-
Between two and five years	**24,227**	2,241	**-**	-
Over five years	**414**	527	**-**	-
Total	**61,831**	44,354	**-**	-

Bank loans are shown net of issue costs of £1,874,042 (2017 - £1,136,882). Issue costs are charged over the terms of the loans at a constant rate on the carrying amount as an approximation of the effective interest rate.

20 Financial instruments

The group's and company's financial instruments may be analysed as follows:

	Group 2018 £'000	*Restated Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Financial assets				
Financial assets measured at amortised cost	**205,718**	171,956	**186,013**	3,745
Financial liabilities				
Financial liabilities measured at amortised cost	**394,549**	301,915	**43,924**	52,223

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise convertible preference shares, bank loans and overdrafts, trade creditors, other creditors, accruals and amounts owed to related companies and subsidiary undertakings.

Information regarding the group's exposure to and management of credit risk, liquidity risk and market risk is included in the Strategic report.

* Certain balances at 31 March 2017 have been restated to include the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

for the year ended 31 March 2018

21 Provisions for liabilities

	Group 2018 £'000	Group 2017 £'000
Provisions for liabilities and charges comprises:		
Provisions for joint developer obligations	**35,158**	23,453
Other provisions	**9,258**	5,800
	44,416	29,253
Movement in provisions:		
At 1 April 2017	**29,253**	31,495
Provisions created	**21,211**	5,568
Provisions utilised	**(2,700)**	(7,179)
Provisions released	**(3,348)**	(631)
At 31 March 2018	**44,416**	29,253

Provisions for joint developer obligations primarily comprise a best estimate of contractual commitments to distribute profits to joint developers post completion. The obligations are expected to be incurred in the ordinary course of business based on historic experience but are uncertain in respect of timing and quantum.

Other provisions include onerous leases on group properties and legal costs relating to the disposal of an interest in an overseas venture. Payments relating to the onerous lease are expected to continue until April 2032. The timing of settlement of the legal costs provided is uncertain.

22 Deferred taxation

The deferred tax liability is as follows:

	Group 2018 £'000	Group 2017 £'000
Business combinations	**2,993**	4,122
Property revaluations	**1,902**	1,185
Unrealised intra-group profits	**(223)**	(223)
Other timing differences	**(134)**	(189)
	4,538	4,895

23 Called up share capital

	2018 £'000	2017 £'000
Authorised		
37,500,000 ordinary shares of £0.0001 each (2017: 37,500,000)	4	4
	4	4
Called up, allotted and fully paid		
37,500,000 ordinary shares of £0.0001 each	4	4
	4	4

All shares rank pari passu in all respects.

24 Dividends

	2018 £'000	2017 £'000
Ordinary shares		
Dividend of 4.4 pence per share (2017 – 4.0 pence per share)	**1,650**	1,500
At 31 March 2018	**1,650**	1,500

On 15 December 2017 a dividend of 4.4 pence per share was paid to the holders of the ordinary shares in the company.

25 Warrant reserve

	2018 £'000	2017 £'000
Warrant isssued	**3,750**	-
At 31 March 2018	**3,750**	-

Under the terms of an agreement between Galliard and CH Capital A Holdings LLC ("Cain International") to enter into a joint venture arrangement for future redevelopment opportunities, a warrant to subscribe for additional shares representing 10% of the enlarged share capital of Galliard Group Ltd was issued to Cain International on 1 December 2014. Following the issue of additional ordinary shares to Oxley Bright Pte Limited in July 2015 the period within which this warrant could be exercised and the number of shares exercisable were both amended. On 30 March 2018 in return for an immediate payment of £3.75 million on account of the total subscription price, a further extension to the expiry date was granted. Currently the warrant must be exercised on or before 30 September 2019 and entitles Cain International to subscribe for 4,166,667 ordinary shares in the company at a total consideration of £25,000,000. The £3.75 million received on account has been credited to a warrant reserve pending exercise of the warrant or expiry of the exercise period whichever occurs sooner.

26 Lease obligations

As lessee

The group's minimum operating lease payments are as follows:

	Group 2018 £'000	Group 2017 £'000
Operating leases which expire:		
Not later than 1 year	**1,209**	1,121
Later than 1 year and not later than 5 years	**3,636**	4,329
Later than 5 years	**13,583**	10,869
Total	**18,428**	16,319

The company had no commitments under non-cancellable operating leases as at the balance sheet date.

26 Lease obligations (continued)

As lessor

The group leases out the investment properties under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

	Group 2018 £'000	Group 2017 £'000
Not later than 1 year	**2,563**	975
Later than 1 year and not later than 5 years	**6,981**	3,795
Later than 5 years	**5,370**	5,467
Total	**14,914**	10,237

The company had no amounts receivable under non-cancellable operating leases as at the balance sheet date.

27 Capital commitments

There were no capital commitments at the year end (2017 - £nil).

28 Guarantees

The group and the company have given guarantees of varying levels to several of the bankers in their joint venture companies. The total of these guarantees was as follows:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
	80,049	65,335	**51,315**	31,445

29 Related party transactions

The group had outstanding balances during the year with the following companies that are controlled by Mr S S Conway. The balances do not carry interest, nor are there any formal terms of repayment.

	2018 £'000	2017 £'000
Details of the outstanding balances are:		
Lancelot Management Limited	**191**	191
Real Estate Investment & Trading Limited	**680**	876
	871	1,067

Amounts due in respect of properties owned by Mr S S Conway totalling £204,000 (2017 - £204,000) and Mr R M Conway totalling £nil (2017 - £391,666) related to refurbishment works.

During the year the group received a loan from Plotplan Ltd of £2,171,000 to assist the acquisition of a development site. Interest is charged on the loan at 15% per annum and the loan is repayable on demand.

29 Related party transactions (continued)

The following loan balances were due from directors of the group as at 31 March 2018:

	At 1 April 2017 £	Movement in year £	At 31 March 2018 £	Highest sum outstanding during year £
Mr S S Conway	1,015,941	(3,258,424)	(2,242,483)	(2,242,483)
Mr D O'Sullivan	440,112	12,799	452,911	452,911
Mr D E Conway	422,656	(247,246)	175,410	422,656
Mr R E Conway	140,085	25,747	165,832	165,832

During the year the company paid £792,000 (2017 - £720,000) in dividends to directors who are also shareholders.

During the year the directors claimed a total of £27,557 (2017 - £21,389) in company related expenses.

No amounts are paid to any director other than those disclosed elsewhere in the report.

An amount of £955,769 (2017 - £955,769) was provided against the investment in Osbourne House as the amount is likely to be irrecoverable.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration is respect of these individuals is £4,428,000 (2017 - £3,436,000).

Joint venture and associated companies

The following transactions took place between the group and its joint venture and associated companies during the year:

	Group 2018 £'000	*Restated Group 2017 £'000
Net sales of goods and services	**74,859**	93,029
Net recharges of goods and services	**20**	-
	74,879	93,029

A total amount of £147,444,000 (2017 - £155,896,000) was due from joint ventures and associated undertakings. The amounts are included in the consolidated balance sheet.

30 Ultimate parent company

In the opinion of the directors there is no ultimate controlling party.

* Certain balances at 31 March 2017 have been restated to include the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

31 Subsidiary undertakings, associates and joint ventures

Subsidiary undertakings	% Held	
581 & 581B Kenton Lane Limited	100%	*
Acorn & GH (RF) Limited	50%	*
Arches Southall Limited	100%	*
Axelcover Limited	100%	*
Baltimore Wharf SLP	50%	*
Baltimore Wharf Ground Rent Limited	50%	*
Baltimore Wharf GP Limited	50%	*
Bestzone Limited	100%	*
Bonfire Hill Development Company Limited	100%	*
Bourne Court Properties Limited	100%	*
Britannia Sports and Leisure Partnership Limited	100%	*
Carlton House Developments Limited	100%	*
Calverley Court Limited (Jersey)	50%	*
Chiltern Court Properties Limited	100%	*
Choicetime Limited	50%	*
Cygnet Street Developments Limited	100%	*
Diverse (S&L) No.3 Limited (Jersey)	100%	*
Dunford Court Management Limited	100%	*
Erinlink Limited	100%	*
Fieldfind Limited	100%	*
Fontpress Limited	100%	*
Freshplant Limited	100%	*
G.E.P.C. Limited	100%	*
Galliard (Cheltenham) Limited	100%	*
Galliard (Southwark) Limited	100%	*
Galliard Construction Limited	100%	*
Galliard Homes Limited	100%	*
Galliard Holdings Limited	100%	#
Galliard Hotels Limited	100%	*
Galliard Resorts Limited	100%	*
Galliard Trading Limited	100%	*
GHL (BPC) Limited	100%	*
GHL (BPC 2) Limited	100%	*
GHL (Bristol) Limited	100%	*
GHL (Buckle Street) Limited	100%	*
GHL (Chigwell) Limited	100%	*
GHL (Hendon Hall) Limited	100%	*
GHL (Kilmorie) Limited	100%	*
GHL (Merrick Road) Limited	100%	*
GHL (Lisburn NI) Limited	100%	*
GHL (Liverpool Road) Limited	100%	*
GHL (Moxon St) Limited	100%	*
GHL (Museum St) Limited	100%	*
GHL (Plot 105) Limited	100%	*
GHL (Stanley Place) Limited	50%	*
GHL (Strand) Limited	100%	*
GHL (Summerstown) Limited	100%	*
GHL (WIE) Limited	100%	*
Gladstone Court Developments Limited	100%	*
Goldenmill Limited	99%	*
Goodmayes 40 Limited	100%	*
Harley House (Marylebone) Limited	100%	*
Harley House Developments Limited	100%	*
Harley House Investments Limited	100%	*
Heartpride Limited	33%	*
Heatpoint Limited	50%	*
Highfield House (Southampton) Management Limited	100%	*
Honiton Developments Limited	100%	*
Iconshield Limited	100%	*
Innerdeal Limited	100%	*
Ironstore Limited	100%	*
Jewelside Limited	100%	*
Kewdeal Limited	67%	*
Kilmorie Investments LLP	100%	*
Kilmorie Properties Limited	100%	*
Limetown Limited	49%	*
Lionpride Limited	33%	*
Lionstar Limited	100%	*
Lodgeshine Limited	100%	*
Ludgate Broadway Limited	100%	*
Liftzone Limited	100%	*
Metrosold Limited	100%	*
Millharbour Developments Limited	100%	*
NCQ Developments Limited	100%	*
Neasden Developments Limited	100%	*
Neptune Point Developments Limited	100%	*
Netcircle Limited	100%	*
Netlink Limited	100%	*
New Lydenburg Street Development Limited	100%	*
Nileford Limited	100%	*
Norlington Road Developments Limited	100%	*
Ovingdean Hall College Limited	60%	*
Polofind Limited	33%	*
Property Management Matters Limited	80%	*
Quickdrop Limited	100%	*
Red Lion Court Developments Limited	100%	*
Reflex Bridging Limited	100%	*
Retallack Construction Limited	100%	*
Retallack Holiday Lettings Limited	100%	*
Retallack Owners Management Company Limited	100%	*
Retallack Property Developments Limited	100%	*
Retallack Surfpods Limited	100%	*
Ripemanor Limited	100%	*
Risedale Properties Limited	50%	*
Rosebery House Developments Limited	100%	*
Shenley Developments Limited	100%	*
Solution Business Space Limited	50%	*
South City Court Limited	100%	*
St Edwards Court (Romford) Limited	100%	*
Swingdeal Limited	100%	*
Tallack Road Developments Limited	100%	*
Targetplace Limited	100%	*
Thames Farm Developments Limited	100%	*
The Property Club Holdings Limited	100%	#
Thorney Leys Developments Limited	100%	*
Vinelodge Limited	100%	*
Vitalcharm Limited	100%	*
Wapping Riverside Limited	100%	*
Western Spirit Glade Limited	100%	*
Western Spirit Limited	33%	*
Windora Limited	99%	*
Workout Limited	100%	*
Yalecove Limited	100%	*
Yasfind Limited	100%	*
Zerodown Limited	100%	*
Zesthouse Limited	100%	*

Joint Ventures	% Held	
AG Investream Trinity Square LP	50%	*
Ailsa Wharf Developments Limited	17%	*
Hope house (Bath) Limited	50%	*
New Road (Crouch End) Limited	50%	*
RST GH Limited	50%	*
Acorn (Trinity Square) Limited	33%	*
Belsize Park Developments	100%	*
Bluecroft Riverdale LLP	60%	*
Boleyn Phoenix Limited	50%	*
Brentwood Developments Limited	50%	*
Brooks Laundry LLP	50%	*
Caxton Works Developments Limited	50%	*
Dalton Properties Limited	60%	*
Derby Terrace Limited	100%	*
Drayton Park Developments Limited	50%	*
Finchley Road (Smiths) Limited	50%	*
FGA Developments Limited	50%	*
Findmark Limited	67%	*
Friars Developments Limited	100%	*
Galliard Developments Limited	50%	#
GHL (Carlow) Limited	33%	*
GHL (Crescent Lane) Limited	50%	*
GHL (Eagle Wharf Rd) Limited	20%	*
GHL (Hackney Wick) Limited	100%	*
GHL (Portobello Road) Limited	50%	*
GHL Chiltern Street Limited	60%	*
Goodmayes 19 Limited	50%	*
GRA Acquisition Limited	50%	*
Kelsworth Limited	33%	*
Leagrave Developments Limited	50%	*
Lastzone Limited	100%	*
Life At Limited	50%	*
M Street Ipswich LLP	50%	*
Markhome Limited	50%	*
McGrath Bros. Waste Control (Hackney) Limited	100%	*
Merton Acquisitions Limited	50%	*
Millharbour LLP	100%	*
Millharbour 2 LLP	100%	*
Millharbour Village Limited	50%	*
Northwood Street Limited	50%	*
One Lusty Glaze Limited	25%	*
Pentire Pavilions Limited	50%	*
Pershore Street Limited	25%	*
Ricksave Limited	100%	*
Ridgeton Limited	67%	*
Roamquest Limited	50%	*
Romney House Developments Limited	50%	*
Signature Resorts (UK) Limited	71%	*
Signature Resorts Limited	100%	*
Soho Loop Limited	50%	*
Stamford Hounslow Limited	30%	*
Stratford High Street Ventures Limited	50%	*
Summerhill Birmingham Limited	50%	*
Stratford High Street Limited	50%	*
The Cut Developments Limited	50%	*
Vasthouse Limited	30%	*

Associates		
Chester Real Estate Limited	50%	*
Driftpoint Limited	40%	*
Galliard Estates Limited	50%	*
Outridge Limited	50%	*
Yolkstone Limited	25%	*
The Stage Shoreditch LLP	16%	*
South Audley Street LLP	50%	*
CH Galliard (Courchevel PW) LLP	50%	*
37-41 Mortimer Street LLP	16%	*

directly held
* indirectly held

All subsidiary undertakings, associates and joint ventures are incorporated in the UK, unless otherwise stated.

31 Subsidiary undertakings, associates and joint ventures (continued)

All subsidiary undertakings, associates and joint ventures are registered at 3rd floor, Sterling House, Langston Road, Loughton, IG10 3TS with the exception of the following:

Calverley Court Limited	28-30 The Parade, St Helier, Jersey, Channel Islands, JE1 1EQ
Darkjet Limited	Lynton House, 7-12 Tavistock Square, London, WC1H 9BQ
Diverse (S&L) No.3 Limited	3rd Floor, One The Esplanade, St Helier, Jersey, JE2 3QA
Giantview Limited	Dockmaster's House, 1 Hertsmere Road, London, E14 8JJ
Hollybase Limited	Dockmaster's House, 1 Hertsmere Road, London, E14 8JJ
Stamford Hounslow Limited	3rd Floor, Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB
Life At limited	Regina House, 124 Finchley Road, London, NW3 5JS
Pentire Pavilions Limited	Bridge House, 4 Borough High Street, London, SE1 9QR
Romney House Developments Limited	11-15 Wigmore Street, London, W1A 2JZ
AG Investream Trinity Square LP	23 Savile Row, London, W1S 2ET
Ailsa Wharf Developments Limited	119 High Street, Loughton, IG10 4LT
Hope House (Bath) Limited	Bridge House 4 Borough High Street, London, SE1 9QR
New Road (Crouch End) Limited	Bridge House 4 Borough High Street, London, SE1 9QR
RST GH Limited	Bridge House 4 Borough High Street, London, SE1 9QR
The Cut Developments Limited	Bridge House 4 Borough High Street, London, SE1 9QR
Acorn (Trinity Square) Limited	Bridge House 4 Borough High Street, London, SE1 9QR
Drayton Park Developments Limited	11-15 Wigmore Street, London, WIA 2JZ
GHL (Eagle Wharf Road) Limited	28 Manchester Street, London, W1U 7LF
Markhome Limited	50 Lancaster Road, Enfield, Middlesex, EN2 0BY
One Lusty Glaze Limited	Bridge House, 4 Borough High Street, London, SE1 9QR
37-41 Mortimer Street LLP	33 Davies Street, London, W1K 4LR
Vasthouse Limited	28 Manchester Street, London, W1U 7LF

Look through results (unaudited)

for the year ended 31 March 2018

The following note is for information purposes only and does not form part of the audited accounts. It presents the group results on a "look through" basis by reversing the equity accounting adjustments, removing non-controlling interests and including the group's share of associate and joint venture interests on a line by line basis. The directors consider this non-GAAP presentation to be a meaningful measure of the group's results.

	Equity accounting basis £'000	Equity accounting adjustment £'000	Joint ventures £'000	Associated undertakings £'000	Non-controlling interests £'000	Look-through basis £'000
Consolidated income statement 2018						
Turnover	**295,962**	**(28,762)**	**222,846**	**-**	**(29,722)**	**460,324**
- Construction	*223,425*	*(28,762)*	*-*	*-*	*-*	*194,663*
- Developments	*72,537*	*-*	*222,846*	*-*	*(29,722)*	*265,661*
Cost of sales	**(263,322)**	**31,010**	**(158,599)**	**-**	**17,680**	**(373,231)**
- Construction	*(207,368)*	*28,762*	*-*	*-*	*-*	*(178,606)*
- Developments	*(55,954)*	*2,248*	*(158,599)*	*-*	*17,680*	*(194,625)*
Gross profit	**32,640**	**2,248**	**64,247**	**-**	**(12,042)**	**87,093**
- Construction	*16,057*	*-*	*-*	*-*	*-*	*16,057*
- Developments	*16,583*	*2,248*	*64,247*	*-*	*(12,042)*	*71,036*
Overheads	(17,157)	-	(2,824)	-	617	(19,364)
Other operating income	27,223	(2,248)	14,948	418	(1,376)	38,965
Other operating expenses	(17,951)	-	(6,151)	(764)	2,376	(22,490)
Profit from the sale of fixed assets	6,071	-	358	-	(1,359)	5,070
Gains from fair value changes in investment properties	3,967	-	(4,935)	-	(260)	(1,228)
Group Operating profit	**34,793**	**-**	**65,643**	**(346)**	**(12,044)**	**88,046**
Share of profit/(loss) in:						
Joint ventures	46,462	(46,462)	-	-	-	-
Associates	(321)	321	-	-	-	-
	46,141	**(46,141)**	**-**	**-**	**-**	**-**
Interest receivable and similar income	2,976	(1,125)	660	690	(46)	3,155
Interest payable and similar charges	(40,429)	1,125	(15,271)	(655)	765	(54,465)
Joint developers' share of losses	3,066	-	865	-	-	3,931
Profit on ordinary activities before taxation	**46,547**	**(46,141)**	**51,897**	**(311)**	**(11,325)**	**40,667**
Tax on profit on ordinary activities	(3,276)	-	(5,435)	(10)	3,644	(5,077)
Profit for the financial year	**43,271**	**(46,141)**	**46,462**	**(321)**	**(7,681)**	**35,590**
Non-controlling interests	(7,681)	-	-	-	7,681	-
Profit for the financial year attributable to owners of the parent	**35,590**	**(46,141)**	**46,462**	**(321)**	**-**	**35,590**

	Equity accounting basis	Joint ventures	Look-through basis
Gross profit margin	**11.0%**	**28.8%**	**18.9%**
- Construction	*7.2%*	*0.0%*	*8.2%*
- Developments	*22.9%*	*28.8%*	*26.7%*
Operating margin	**11.8%**	**29.5%**	**19.1%**

Look through results (unaudited)

	Equity accounting basis £'000	Equity accounting adjustment £'000	Joint ventures £'000	Associated undertakings £'000	Non-controlling interests £'000	Look-through basis £'000
Consolidated income statement 2017 Restated*						
Turnover	**450,988**	**(54,967)**	**235,717**	**-**	**(39,190)**	**592,548**
- Construction	*221,709*	*(54,967)*	*-*	*-*	*-*	*166,742*
- Developments	*229,279*	*-*	*235,717*	*-*	*(39,190)*	*425,806*
Cost of sales	**(345,884)**	**54,967**	**(169,051)**	**-**	**26,541**	**(433,427)**
- Construction	*(201,747)*	*54,967*	*-*	*-*	*-*	*(146,780)*
- Developments	*(144,137)*	*1,277*	*(169,051)*	*-*	*26,541*	*(285,370)*
Gross profit	**105,104**	**-**	**66,666**	**-**	**(12,649)**	**159,121**
- Construction	*19,962*	*-*	*-*	*-*	*-*	*19,962*
- Developments	*85,142*	*1,277*	*66,666*	*-*	*(12,649)*	*140,436*
Overheads	(12,914)	-	(4,809)	-	29	(17,694)
Other operating income	25,895	(1,277)	8,894	254	132	33,898
Other operating expenses	(24,026)	-	(3,240)	(1,654)	3,930	(24,990)
Profit from the sale of fixed assets	-	-	-	-	-	-
Gains from fair value changes in investment properties	6,675	-	738	-	(107)	7,306
Group Operating profit	**100,734**	**-**	**68,249**	**(1,400)**	**(8,665)**	**158,918**
Share of profit/(loss) in:						
Joint ventures	40,498	(40,498)	-	-	-	-
Associates	(2,806)	2,806	-	-	-	-
	37,692	**(37,692)**	**-**	**-**	**-**	**-**
Interest receivable and similar income	1,132	-	856	221	(267)	1,942
Interest payable and similar charges	(26,647)	-	(22,216)	(1,347)	1,949	(48,261)
Joint developers' share of losses	1,074	-	1,012	(280)	-	1,806
Profit on ordinary activities before extraordinary item and taxation	**75,323**	**(37,692)**	**47,901**	**(2,806)**	**(6,983)**	**75,743**
Exceptional interest charges	(38,662)	-	-	-	-	(38,662)
Tax on profit on ordinary activities	(8,067)	-	(7,403)	-	1,936	(13,534)
Profit for the financial year	**67,256**	**(37,692)**	**40,498**	**(2,806)**	**(5,047)**	**62,209**
Non-controlling interests	(5,047)	-	-	-	5,047	-
Profit for the financial year attributable to owners of the parent	**62,209**	**(37,692)**	**40,498**	**(2,806)**	**-**	**62,209**
Gross profit margin	**23.3%**		**28.3%**			**26.9%**
- Construction	*9.0%*		*0.0%*			*12.0%*
- Developments	*37.1%*		*28.3%*			*33.0%*
Operating margin	**22.3%**		**29.0%**			**26.8%**

* Turnover and cost of sales have been restated to include the group's share of income from joint ventures and associates (see note 1.1 for details). The consolidated income statement has also been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details). Certain other operating income and administrative expenses have been represented as gross income, related costs and overheads (see note 1.3 for details).

Look through results (unaudited)

Consolidated net assets 2018	Equity accounting basis £'000	Equity accounting adjustment £'000	Joint ventures £'000	Associated undertakings £'000	Non-controlling interests £'000	Look-through basis £'000
Intangible assets - negative goodwill	(7,805)	-	-	-	-	(7,805)
Intangible assets - positive goodwill	-	-	125	9,146	-	9,271
Tangible fixed assets	31,144	-	7,654	40,473	(13)	79,258
Fixed asset investments	143,682	(139,247)	14,796	243	-	19,474
	167,021	**(139,247)**	**22,575**	**49,862**	**(13)**	**100,198**
Current asset investments	1,806	-	3,581	-	-	5,387
Stocks	348,686	-	275,336	24,444	(7,862)	640,604
Debtors	163,482	-	29,556	(570)	(18,076)	174,392
Cash at bank and in hand	60,126	-	29,221	12,414	(4,398)	97,363
	574,100	**-**	**337,694**	**36,288**	**(30,336)**	**917,746**
Creditors: amounts falling due within one year	**(382,568)**	**-**	**(174,228)**	**(25,453)**	**16,917**	**(565,332)**
Net current assets	191,532	-	163,466	10,835	(13,419)	352,414
Total assets less current liabilities	358,553	(139,247)	186,041	60,697	(13,432)	452,612
Creditors due in more than one year	(61,831)	-	(86,590)	(8,851)	704	(156,568)
Provisions for liabilities	(44,416)	-	(12,050)	-	-	(56,466)
Net assets	**252,306**	**(139,247)**	**87,401**	**51,846**	**(12,728)**	**239,578**
Non-controlling interests	(12,728)	-	-	-	12,728	-
Equity attributable to owners of the parent	**239,578**	**(139,247)**	**87,401**	**51,846**	**-**	**239,578**

2017 Restated*	£'000	£'000	£'000	£'000	£'000	£'000
Intangible assets - negative goodwill	(20,560)	-	-	1	-	(20,559)
Intangible assets - website	115	-	-	-	-	115
Tangible fixed assets	42,334	-	20,678	34,006	(6,100)	90,918
Fixed asset investments	160,758	(157,480)	-	-	-	3,278
	182,647	**(157,480)**	**20,678**	**34,007**	**(6,100)**	**73,752**
Current asset investments	404	-	5,819	-	-	6,223
Stocks	205,095	-	304,924	20,607	(10,118)	520,508
Debtors	171,069	-	65,040	11,997	(10,100)	238,006
Cash at bank and in hand	22,598	-	32,937	1,337	(257)	56,615
	399,166	**-**	**408,720**	**33,941**	**(20,475)**	**821,352**
Creditors: amounts falling due within one year	**(299,350)**	**5,219**	**(242,199)**	**(16,279)**	**20,537**	**(532,072)**
Net current assets	99,816	5,219	166,521	17,662	62	289,280
Total assets less current liabilities	282,463	(152,261)	187,199	51,669	(6,038)	363,032
Creditors due in more than one year	(44,354)	-	(75,873)	(10,734)	991	(129,970)
Provisions for liabilities	(29,253)	-	-	-	-	(29,253)
Net assets	**208,856**	**(152,261)**	**111,326**	**40,935**	**(5,047)**	**203,809**
Non-controlling interests	(5,047)	-	-	-	5,047	-
Equity attributable to owners of the parent	**203,809**	**(152,261)**	**111,326**	**40,935**	**-**	**203,809**

* The consolidated balance sheet at 31 March 2017 has been restated to reflect the consolidation of GHL (Strand) Ltd from 24 October 2016 (see note 1.2 for details).

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