Galliford Try

A progressive business

Galliford Try
Annual Report and
Financial Statements
2020

Strategic report

Governance

Financial information

Cover photo: Dami Alli, Graduate Quantity Surveyor, Building London & South East Commercial.

Key developments in the year

- Successful transition to a well-capitalised, UK-focused construction group following the strategic disposal of the housebuilding divisions.
- Rapid and effective response to Covid-19 to protect the health and wellbeing of our people and supply chain, and enable our business to continue to operate safely and sustainably.

Financial performance

	Pre-exceptional[1]		Statutory	
Revenue	£1,089.6m	-22%	£1,121.6m	-20%
Continuing (loss) before tax	£(59.7)m	-247%	£(34.6)m	+46%
Net cash[2]	£197.2m	+£253.8m	£197.2m	+£253.8m
Continuing loss per share	(47.7)p	-346%	(29.4)p	+34%

Operational performance[3]

Order book (2019: £2.9bn)	£3.2bn
Accident Frequency Rate (2019: 0.10)	0.07

Alternative performance measures

The financial statements in this report include the financial performance of the Linden Homes and Partnerships & Regeneration divisions, which are presented as discontinued operations per IFRS 5 as a result of their disposal on 3 January 2020. The 'continuing basis' shown above excludes these businesses unless stated otherwise.

1 Pre-exceptional measures exclude exceptional items as described in the Financial review on page 40 and in note 4. All future references to pre-exceptional data and ratios are consistent with this definition.

2 Net cash is cash and cash equivalents less current and non-current borrowings (note 22).

3 Excludes discontinued housebuilding operations.

Two alternative performance measures have been removed since last year as they are no longer relevant to the Group following the disposal of the housebuilding divisions during the year. These were 'Group revenue', which included the share of joint ventures' revenue and which was primarily relevant only to the housebuilding divisions and 'Group return on net assets', which provided a measure of the profit returns generated by the Group's invested capital, and was again primarily relevant to the Partnerships & Regeneration business.

More information on the Group's alternative performance measures can be found in note 38 to the financial statements on page 135.

People are key to success in the UK construction industry – and our network of regional businesses allows us to build successful **local** relationships with clients and suppliers **nationally**.

To make the most of that network, you need to be **well financed**, with a balance sheet that makes you a reliable, attractive partner.

You must have a **clear strategy** with strong positions in your chosen sectors, robust commercial controls and rigorous **risk management**. You have to be agile and react quickly and decisively when needed, as demonstrated in our response to Covid-19.

To truly stand out as a construction business, there is a crucial underpinning factor – **a progressive culture**, focused on long-term performance and **value creation** for all stakeholders.

Bill Hocking
Chief Executive

Our business at a glance
One of the UK's leading construction groups

Our divisions

Our core capabilities are delivered through our **Building** and **Infrastructure** divisions:

Building

works with private and public sector clients, in particular in health, education and defence.

Operating review p20

Infrastructure

carries out civil engineering projects, specialising in the highways and environment sectors.

Operating review p22

PPP Investments

delivers major building and infrastructure projects through public-private partnerships and co-development opportunities, generating work for the wider Group in the process.

Operating review p23

Facilities Management (FM)

predominantly provides services for buildings which Galliford Try has constructed and invested in.

How we do it

Our purpose

To improve people's lives through building the facilities and infrastructure that communities need. In doing so, we provide opportunities for our people to learn, grow and progress, work with our supply chain to promote the very best practices and care for the environment.

Our values

We achieve our purpose by holding true to:

Excellence

Striving to deliver the best.

Passion

Committed and enthusiastic in all that we do.

Integrity

Demonstrating strong ethical standards with openness and honesty.

Collaboration

Dedicated to working together to achieve results.

We do this by delivering excellence for our clients and the community, being passionate about our role in providing vital services, putting integrity at the heart of our business and collaborating with our clients, supply chain and stakeholders.

Our vision

To be a people-orientated, progressive business, driven by our values to deliver lasting change for our stakeholders and communities.

Where we do it

We operate nationally through nine regions in Building, and UK-wide coverage in Infrastructure.

Areas of Building operations

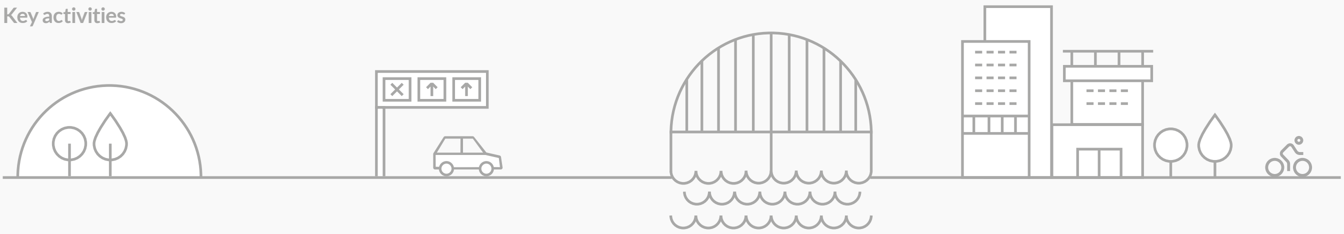
1. Morrison Construction Highland
2. Morrison Construction North East
3. Morrison Construction Central
4. Building North East & Yorkshire
5. Building North West
6. Building West Midlands & South West
7. Building East Midlands
8. Building London & South East Commercial
9. Building Southern (public sector)

Our business model

Our business model is designed to deliver our purpose and to create both financial and non-financial value that benefits all our stakeholders

What we do

Key activities



Promote a strong culture

We promote the culture, values and behaviours we want to see in Galliford Try to our people, and underpin this through high standards of corporate governance.

Collaborate with our supply chain

A large portion of our business is delivered through our supply chain, so building successful long-term relationships is vital. Our 'Advantage through Alignment' scheme increases engagement with leading supply chain members, giving them insight into our pipeline of work and allowing them to benefit from our training programmes and practices.

Deliver excellence

We look to complete projects to the highest standards and are recognised for the quality of our delivery. We increasingly use technology and Modern Methods of Construction, such as off-site construction and Building Information Modelling to deliver superior buildings. We also continue to invest in improving our digital technologies and systems.

Build strong client and community relationships

We seek clients who value a collaborative approach and aim to become their long-term partners, in particular by securing a place on major frameworks. We also endeavour to develop strong community relationships, recognising that a successful business needs to be welcomed by the communities surrounding its projects.

Who we work with

Government investment in our markets[1]

£14bn
Education
Primary and secondary education

£4.6bn
Defence
To optimise military sites

£7bn
Health
Capital budget

£28.8bn
Highways
National Roads Fund

£15bn
Environment
New and improved water and waste water services, flooding and droughts

We primarily work with public sector and regulated organisations, as well as major private sector companies.

Our approach to collaborating with our clients has been accredited to ISO 44001 and our Delivering Excellence framework helps us to achieve high levels of client satisfaction.

1 For sources, see page 14.

How we make money

High-quality revenue

We enter into different types of contracts with clients. These include fixed-price, cost plus (where we recover all our costs plus an agreed profit margin), target cost (where we and the client share gains or losses against the target cost), frameworks (where clients allocate individual projects to us, as one of their pre-qualified contractors) and long-term private finance contracts.

Our preference is to operate on frameworks and in two-stage tender processes that are not purely price dependent. We carefully select the work we take on, emphasising quality rather than volume and ensuring each project contains sufficient allowances for risk, margin and inflation. We do not undertake major infrastructure projects on a fixed-price, all-risk basis.

Robust commercial control and rigorous risk management

We make a profit by managing risk at every stage of the project, as described on pages 29 to 34. We have robust review and approval controls for bids and contracts and use a risk-based heat map tool to support contract selection and bid approval.

In addition to construction projects, we earn revenue and profit from our PPP Investments and Facilities Management businesses. These offer lower-risk annuity type income and margin accretion.

Good capital management

Our business is typically cash generative, as we receive regular payments from clients as projects progress.

The Group does not require significant investment in fixed assets or working capital and we therefore only use a modest amount of cash for ongoing investment in the business and for investing in PPP projects. This leaves funds to pay an appropriate level of dividend, while maintaining our balance sheet strength.

What sets us apart

We stand out in a competitive market for our innovative and values-driven approach.

- Through our progressive nature and commitment to delivering excellence, we constantly pursue new and better ways of working – embracing new technologies, construction methods and management tools that help us lead the sector.
- We pride ourselves on the relationships we build across our operations and are firmly committed to doing the right thing, creating greater social value through what we do.
- We don't take our position for granted. We continue with our strategy to retain and enhance what's good about our business and improve where we can to deliver for our stakeholders.

Our key resources and relationships

	Our impact		
People Our success comes from our people. We therefore need to retain and attract the right talent for our business and create an inclusive environment in which they are enabled to thrive. People and culture p24 and Health and safety p27	We place the highest priority on protecting our people's health, safety and wellbeing. We commit to supporting our people personally and professionally, and at every level, so they achieve their potential. We offer a fast-paced, exciting environment that guides, challenges and develops them.	**2,944** people employed across the Group at the year end	**4,647** training days delivered to staff in the year
Clients We carefully choose the sectors we want to work in and the clients we partner with. Operating review p18	As a trusted partner to our clients, we deliver high-quality buildings and infrastructure that form the fabric of our society, while also helping our clients to achieve their sustainability objectives.	**72%** net promoter score	**70%** repeat business
Supply chain Our supply chain predominantly consists of subcontractors, who operate on our sites, and suppliers, who provide materials. We select and manage our subcontractors and some materials suppliers at a local level and procure key commodities centrally. Supply chain p38	Through our supply chain we support jobs and local economies and enable our suppliers and subcontractors to grow their businesses alongside ours. Our Advantage through Alignment programme provides a programme of support, training and education to key supply chain members to engender collaborative, mutually-beneficial relationships.	**Gold** status from the Supply Chain Sustainability School	**Member** of Prompt Payment Code
Communities Our positive impact on communities is significant, both through the way we work and the legacy we leave in the form of buildings, infrastructure and other assets. Social and community matters p39	In addition to the jobs and economic activity we generate in our communities, we deliver buildings and infrastructure that benefit the people living in and around them, whether by providing schools, offices, roads, environmental improvements or recreational facilities. We believe in maximising the positive impact of our operations through active engagement with the local community and assessing and addressing our impacts in relation to them.	**41.1** Considerate Constructors Scheme score	**£195,000+** charitable donations
Natural resources Our building processes use natural resources, including land, materials and energy. Environment and climate change p36	We aim to optimise our use of natural resources and reduce our associated environmental impact, recognising that environmental protection and climate change are among the greatest challenges we face.	**95%** waste diverted from landfill	**30%** reduction in carbon emissions from calendar years 2018 to 2019
Financial resources We maintain a robust balance sheet to give clients, our supply chain and shareholders reassurance that we are a financially sustainable business. Financial review p40 Managing our stakeholder relationships p43	Carefully managing our financial resources helps to ensure that shareholders typically benefit from rising earnings and dividends, while ensuring we remain soundly financed.	**£141m** average month end cash since the disposal of housebuilding divisions	

Our investment proposition is driven by a progressive culture

National presence

Our national presence and local relationships are a key strength

- We have established regional offices and consistently apply our strategy across the UK. We are on numerous major public sector and regulated frameworks, and have strong relationships with local clients and suppliers.

Key frameworks

- Department for Education's school building framework (six lots).
- ProCure22 Department of Health and Social Care Framework.
- Crown Commercial Service Capital Works Framework.
- Defence Infrastructure Organisation Capital Works Framework.
- hub North Scotland, hub South East Scotland, hub South West Scotland and hub West Scotland.
- Highways England Delivery Integration Partnership.
- AMP7 – Yorkshire Water, Southern Water and Thames Water.

Operating review p18

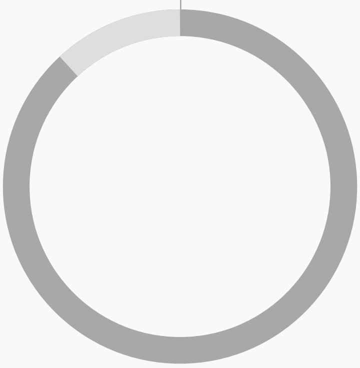
Finance

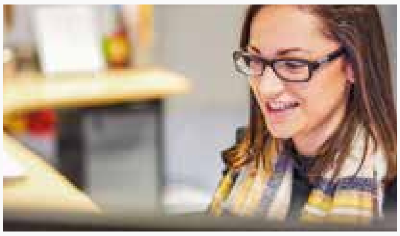
Robust, flexible balance sheet and economic model

- Galliford Try has a significant net cash position, no pension scheme liabilities and no competition for capital inside a diversified group. The way we operate gives us high visibility of future revenues.

90%

of 2021 revenues already secured





Commercial 'health checks' provide an independent assessment of reported project performance and forecast outturn

Financial review p40

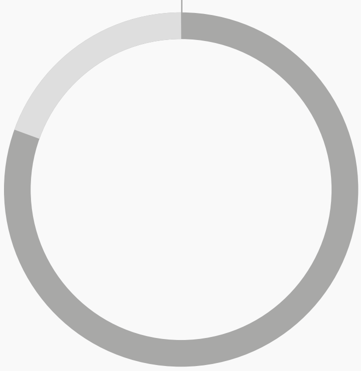
Focus

Strong position in a growing market

- We have a highly disciplined approach and only operate in sectors where we have core and proven strengths. This allows us to work with long-term clients and benefit from major, long-term public sector, infrastructure and regulatory spending.

70%

of new work won in FY20 is with repeat clients



The Government's investment in the UK's social and economic infrastructure is a fundamental driver of demand for our services

Market review p14

Culture

Values-driven, people-orientated and progressive

- We are committed to doing the right thing for all our stakeholders. In particular, our people are valued and motivated, and we appreciate the benefits brought by diversity of background and thought. We embrace change, invest in new technology and employ sustainable practices to deliver lasting, positive change for communities across the UK.

People and culture p24

Chairman's statement

A transformational year

Galliford Try has been through a transformational period, which gives us a focused and financially sound construction group, with a strong order book of lower-risk contracts at appropriate margins.

This was a significant year in the history of Galliford Try, as we completed the strategic disposal of the Group's housebuilding divisions at the start of 2020. Linden Homes and Partnerships & Regeneration were successful and profitable businesses but, over time, it was evident they lacked a clear strategic fit with Construction.

We therefore took the decision to separate them from Construction and satisfactorily worked with the acquiror, Vistry Group plc (formerly Bovis Homes), over several months to achieve that objective.

In doing so, we unlocked considerable value trapped within the businesses.

The new Group started well as an independent business, as it benefited from the operational review we completed in early 2019 and our work to finalise challenging legacy contracts, in particular the Aberdeen Western Peripheral Route. Crucially, we ensured that the transaction resulted in a substantial capital injection and left us with no debt or pension liabilities. At the year end, we therefore had net cash of £197.2m and average month end cash of £141m since the disposal of the housebuilding divisions. This is an important advantage for us, in a sector where there have been high-profile corporate failures in recent years.

Despite this promising start, the Covid-19 outbreak led to us operating below normal productivity for a number of weeks. We were required to close our sites in Scotland for a period and while most of our sites in England remained open, we took an early decision to risk assess our sites and modify or curtail our activities where necessary. The Group worked closely with Government and industry bodies, clients and other authorities to ensure we could work safely and productively and I want to thank our people for their resourcefulness and dedication during these exceptional times. While the nature of our business means that work has been delayed rather than lost, Covid-19 has had a significant impact on our financial performance in the year to 30 June 2020, including reduced revenue and increased project costs. For more information on our rapid response to the pandemic, see the Q&A on page 11.

Dividends

After the sale of the housebuilding divisions, we adopted a target of paying a dividend that was three times covered by underlying earnings, provided it was also at least covered by free cash flow in the period, given the importance of maintaining our strong capital base. However, in response to Covid-19, we thought it prudent to cancel the payment of the interim and final dividends to preserve cash. We plan to resume dividends as we return to profitability.

Management and the Board

We have an experienced Executive Board under Bill Hocking, who previously led our Construction business and became Chief Executive of the Group on 3 January 2020. Bill replaced Graham Prothero, who departed with the sale of our housebuilding divisions. I want to thank Graham for his contribution during his seven years on the Board. The seamless transition from Graham to Bill again demonstrated the quality of our succession planning at plc and Executive Board level, following the internal appointments of Graham and our Finance Director, Andrew Duxbury, in the previous year. We now need to refresh our succession plans and make sure they are appropriate for the new Group.

On 6 July 2020 we announced that Jeremy Townsend will be stepping down from the Board this year. I would like to thank him for his valued contribution.

The Board was otherwise unchanged during the year. With one business rather than three, our governance approach is more focused and the Board has adapted well to remote meetings during the pandemic. We may continue to hold some meetings remotely in future, enabling us to spend more time seeing the business in action when we do meet in person. Our strengthened internal audit and risk departments have focused on how remote working challenges our governance and assurance, and we are confident we are in a strong position.

People and culture

A hallmark of Bill's leadership is his passion for people and culture. We see Galliford Try as a people-orientated, progressive business, driven by strong values (page 3), which help to determine our strategic direction and ensure we are all working to common goals.

Prior to the onset of Covid-19, the Board had put a lot of work into testing the Group's culture, whether by visiting sites, inviting people to join us at Board meetings or in less formal settings. Culture remains high on our list of priorities and we will continue to work with the Executive Board to find new ways of monitoring and understanding it, recognising that creating the conditions where a good culture can exist is an ongoing process.

Two-way communication is central to a robust culture and the Board is benefiting from Terry Miller's role as our designated Non-executive Director with responsibility for engaging with the workforce as chair of the Employee Forum. She is also helping to shape our approach to stakeholder engagement through chairing our Stakeholder Steering Committee. However, I remain very keen that all of the Board continue to have direct exposure to our people.

Looking ahead

Galliford Try has been through a transformational period, which gives us a focused and financially sound construction group, with a strong order book of lower-risk contracts at appropriate margins. The management team is committed and enthused by the opportunities ahead. Notwithstanding the uncertainties raised by Covid-19, we are confident this positions us for success in the coming years.

Peter Ventress
Chairman

Q&A with the Executive Directors

A progressive culture in action

Q&A

Chief Executive Bill Hocking and Finance Director Andrew Duxbury answer key questions about our performance, response to Covid-19 and the direction of travel for our business.

Q

What is your view of the Group's financial performance this year?

Bill: This was a very unusual year for us. In the first half of the year, our results were affected by legal costs and final account settlements on legacy work. After we disposed of the housebuilding divisions at the start of 2020, we were really encouraged by the Group's performance. The benefits of last year's restructuring were coming through and we won a number of significant projects. Then Covid-19 took hold in March and that had a major effect on our operations and our financial performance in the last quarter of the year.

Andrew: Covid-19 reduced our on-site activity and we've incurred extra costs to introduce safe working practices. Inevitably, this reduced our revenue and operating profit in the year. It also had some impact on our cash generation, which we mitigated by revisiting variable costs and discretionary spend, so we only had a modestly lower cash balance at the year end.

Q

Are you on track to achieve profitability?

Bill: Yes. At the half year results we were excited about the strategy and nothing has changed. We nurture long-term relationships with clients and take on contracts where we have the experience and expertise to deliver them effectively. We're still putting a lot of effort into improving our operations and processes.

We have an order book of £3.2bn that fully reflects the type of company we want to be, in terms of size, the clients we contract with, the terms and conditions of those contracts and their cash and risk profiles. So, our ambitions remain the same. Covid-19 means we may just take a little longer to get there.

Andrew: The legacy contracts that held us back are substantially finished on site. We still have to finalise the commercial outcomes on some of those, but the issues are now behind us. Coupled with the quality of our order book, that means the expected underlying trend in our margins is up.

We can also take a different approach to our PPP Investments business. Previously we sold our investments to fund housebuilding. Now we can hold investments when we want to, which will earn us a low-risk annuity type income. Similarly, our FM business is small but it's growing. Both of these businesses give us higher margins at a lower risk than contracting and are areas in which we will seek to use our strong balance sheet to leverage controlled growth.

Q

Covid-19 disrupted the construction industry. How have you responded?

Bill: We took prompt and decisive action to ensure the health, safety and wellbeing of our people and all those on our sites in the earliest days of the pandemic. We risk assessed every one of our sites and modified or curtailed activities to ensure that no work was undertaken if we were unable to fully comply with the hygiene and social distancing guidelines or if our people could not work safely, and we strictly followed the Construction Leadership Council's guidelines. In line with Government advice, non-essential Scottish sites closed from mid-March until June.

Doing less work on-site meant we had to place around one third of our staff on furlough leave. To protect jobs, our most senior people and highest paid staff took pay reductions and we made a commitment to top-up all employees on furlough leave to 100% of their basic pay during March and April. Thereafter, we paid 90% of basic annual salary for lower earners and 80% for higher earners on furlough leave.

We were also quick to implement remote working. Some time ahead of the lockdown, we took pre-emptive steps and placed our back-office finance function at home to test our systems and make sure we could still pay our supply chain and our people. We did the same with our IT support team. Then a week before lockdown, we asked everyone who could work remotely to do so.

Our investment in smart and agile working paid huge dividends, working exactly as it should and accelerating its acceptance across the business as a productive and efficient way to work.

Q

How has the pandemic affected your clients?

Bill: We've liaised closely with our clients and they've been supportive. So far, the pandemic hasn't significantly slowed their procurement and we've been able to sign new work. Those contracts factor in the additional costs of social distancing and Covid-19 secure working measures, such as staggered or double shifts and a lot more welfare space. We're now more or less back to pre-Covid-19 productivity. To drive this further, we've set up a Project Efficiency Task Force made up of our regional operational leaders. They're identifying the very best practices on our sites and across the industry and embedding them in our business.

Q

Many businesses in the supply chain are under financial pressure because of the pandemic. How are you supporting them?

Andrew: We'd already improved our payment procedures this year and were readmitted to the Prompt Payment Code in December 2019, which is very important to us. Our payment performance improved again in the six months to 30 June 2020.

The concern for the industry is that smaller companies in the supply chain may fail.

We're working very closely with our supply chain, making sure we pay them promptly and talking to smaller companies about how we can support them, for example using our Advantage through Alignment programme, and by sharing knowledge with them. That will minimise the risk of failure but only if the whole industry provides similar support.

The Government also has an important role in continuing to support our sector, for example through the Cabinet Office Procurement Policy Note which provides guidance on payment by public bodies during the outbreak.

Q

How do you think Covid-19 will affect your markets?

Bill: Government policy supported our strategy before the pandemic, such as the levelling up agenda for the North and Midlands, decarbonisation through Modern Methods of Construction, the National Roads Fund and environmental improvements such as flood defences (page 14). All of that work still needs doing. Post Covid-19, we believe the Government will use construction as a stimulus as it is one of the fastest ways of boosting the economy.

Work in the regulated sector needs to continue regardless, as those companies have to implement their regulatory business plans. In the commercial sector, the demand for private rented housing will remain but sectors such as offices and aviation, where we have less exposure, may be affected.

Andrew: Construction is about 6% of GDP but few sectors have the ability to provide such large numbers of highly skilled, well-paid jobs across a vast supply chain. That's recognised in the UK's Industrial Strategy and was also shown by the Government's decision to class construction employees as key workers during the lockdown. Investment in construction also means investment in the country's assets. That'll have long-term benefits for productivity, which has stagnated in the UK since the financial crisis.

Q

What were the strategic highlights of the year?

Bill: The successful disposal of the housebuilding divisions was key. That's really set us up for a bright future as a well-capitalised UK construction business.

We will continue to update our strategy to benefit our business in line with events – such as holding investments and increasing our co-development activities – but fundamentally it's unchanged. We're focused on key markets and clients where we can sensibly execute work and make a profit. Some of our wins this year, such as our place on 11 lots for the new Crown Commercial Services Framework, are testament to our strengths and our track record in our chosen sectors.

We've also continued to work hard in the areas that underpin our strategy and we're making good progress. We won BIM Constructor of the Year, which recognised the way we've integrated this technology into our business to improve project delivery. Our focus on our culture and people has also been key and that's reflected in awards such as our Leaders in Diversity accreditation and our recognition as a Top Graduate Employer and Top Apprentice Employer.

Andrew: We're continuing our journey of sharpening the way we operate, having focused a lot of attention on bidding, risk management and the quality of our order book. That means making sure we have shorter reporting lines and real clarity of reporting throughout the business, as well as simplifying processes and controls that were relevant for three businesses but cumbersome for one. With many people remote working, we're also keeping a close eye on our control framework to ensure it's still operating effectively.

Q

You talk a lot about people and culture. Why is that so important to you?

Bill: Construction is all about people, which is why the skills, expertise and culture you nurture as an organisation are so important. I believe that if you create a culture and working environment where everyone feels valued as an individual, and is motivated to give their best, you will succeed in your ambitions. That's why we put such a focus on being a people-orientated, progressive and values-driven business. A major part of that is to genuinely prioritise inclusivity, knowing that it facilitates the diversity of thought, innovative approaches and experiences that create stronger, better balanced teams. Ultimately that enriches our culture and enhances our offering for our stakeholders.

Our senior leadership team has set that example, and live those values, so that our teams, policies and the way we recruit and induct people embody the company we aspire to be. Our people, at all levels, have responded to that approach. The challenge for most big companies is to get everyone on the same wavelength and when I meet our teams around the country, I'm always struck by how many are absolutely aligned to our message and understand what we are trying to achieve through it. This was clearly demonstrated in the way our people responded to the challenges posed by the pandemic, which I am very proud of and thankful for.

Q

Innovation can differentiate the Group from other companies. How are you improving the Group's ability to innovate?

Bill: We're an innovative business already. Our people love solving problems and Covid-19 has really shown how we can come up with new ideas. What we've been less good at in the past is identifying a new idea as innovation, so we capture and reuse it. Our Project Efficiency Task Force now leads our digital, innovation and technical work and marries them all together. This will give more momentum to our innovation and how we capture and leverage it.

Q

How are you responding to the key sustainability issues facing Galliford Try?

Bill: We're already doing a lot of work across Environmental, Social and Governance (ESG) areas whether it's through our inclusive environment, engaging with communities, supporting the supply chain, including environmental considerations in our design standards and construction practices or employing off-site construction techniques to reduce carbon emissions.

This was recognised in our inclusion in the FTSE4Good Index for the sixth consecutive year (page 35) but I still want us to do better as climate change and environmental protection are one of the biggest challenges for the whole industry.

Q

What is the outlook for the business?

Andrew: The work we've done over the last year or so has positioned us exactly where we want to be in a post-Covid world. We're in the right sectors with the right clients, with a high-quality order book, a strong balance sheet and plenty of liquidity. We'll continue to focus on growing the bottom line rather than the top line, to drive sustainable returns.

Bill: Our priority is to ensure we bounce back from Covid-19 and the prospects for that are good. Our order book is strong and, although there's still a fair amount of uncertainty due to Covid-19, we have visibility of future revenues and we're working hard to increase productivity to complete current projects on time and to budget. We've got an excellent team, a strong foundation and we'll continue to work efficiently within the new on-site constraints, so I'm bullish about the future.

Covid-19 response – risk management in action

The Covid-19 pandemic has had an impact on most of our principal risk themes. These risk combinations and the fast-moving nature of the crisis have presented an unprecedented challenge which has required risk assessments and mitigation responses to be developed on a daily and, at times, hourly basis.

Our response has been agile, evolving as the situation has changed and fully in compliance with Government guidelines. The key elements of our response are summarised below.

Governance and co-ordination

The response to Covid-19 has required strong leadership and decision-making in a rapidly evolving set of circumstances. This has been achieved from the very earliest days of the crisis including:

- Our response being led by the Chief Executive and the Executive Board.
- Daily Executive Board meetings and twice-weekly meetings with the Senior Leadership Team.
- Effective engagement and co-ordination with Government, industry groups and with our peer group.
- Clear and transparent communications to our clients, staff and stakeholders.
- A best practice website providing guidance and examples of how to implement the revised Site Operating Procedures.

Protecting our people and public health

Our number one priority has been to protect the health and safety of our staff, subcontractors and the communities in which we operate. Key actions to achieve this include:

- Monitoring and adhering to Government guidance throughout the crisis and reinforcing Government advice on hygiene, self-isolation and social distancing.
- Performing thorough site risk assessments and only operating where it is possible to observe the operating procedures and guidance issued by the Construction Leadership Council.
- Procuring additional PPE and hygiene/cleaning products to enable sites to operate safely.

Maintaining business operations

It has been important to maintain the office-based activities and services that support the operations of our site-based teams. We have achieved this by deploying a range of business continuity responses, including:

- Leveraging our investment in IT and cloud-based applications to facilitate a seamless transition to remote working, including extensive use of video-conferencing.
- Anticipating social distancing restrictions in advance of their introduction.
- Assessing the potential risks associated with home-working and modified business processes and implementing additional monitoring controls.
- Where appropriate, safely, securely and temporarily closing site and office facilities.

Ensuring financial viability

One of the key areas of focus has been to ensure that the temporary disruption to our operations does not have a long-term impact on the financial health of the business. Key actions that we have taken to protect the financial viability of the business include:

- Maximising the value of work that is certified and paid by our clients and ensuring that we continue to keep cash flowing to our subcontractors and suppliers.
- Modelling the potential cashflow impact of site closures under different scenarios.
- Utilising the financial support available through the Coronavirus Job Retention Scheme.
- Applying temporary salary reductions of between 15% to 25% for our most senior employees.
- Cancelling payment of the dividend.
- Identifying and deferring/cancelling discretionary expenditure.
- Reviewing client contracts to identify and address potential contractual risk exposures and/or protections.

Communications

Throughout the period, we have kept our staff and other stakeholders informed of the actions we are taking through timely and detailed communications, including:

- Regular email and mobile text communication to our staff to keep them updated on the latest guidance and the steps we are taking to maintain operations throughout the crisis.
- A mobile app to facilitate rapid communication of information to staff.
- Regular engagement with our clients and supply chain to assess the risks and feasibility of maintaining site operations.
- Updates to the market on operational impacts of Covid-19 to the business.

Market review

Driven by long-term demand in our markets

The majority of the Group's revenue derives from public sector and regulated clients. The Government's investment in the UK's social and economic infrastructure is therefore a fundamental driver of demand for our services. Activity in the private sector is more closely linked to the UK's economic cycle. Constraints on the labour supply are another important factor in our market and the availability of labour may be affected by the UK's immigration policy once the transition period for the departure from the EU ends.

Investment in social and economic infrastructure

The UK needs to invest substantial sums in the infrastructure that underpins the economy and key public services. This investment is being driven by powerful long-term trends. These include:

- A growing and ageing population. The UK's population has increased steadily in recent years, reaching 66.4 million in 2018 (source: ONS). This trend requires increased investment in both education and healthcare. In September 2019, the Government announced a £14bn increase in the schools budget to 2022/23, providing more scope for investment in school buildings. Meanwhile, the NHS has a capital budget of around £7bn (source: gov.uk).
- Ageing or inadequate infrastructure. Much of the UK's infrastructure is ageing and no longer fit for purpose in a modern economy. Examples of the investment expected include the National Roads Fund, which ringfences receipts from vehicle excise duty and will see £28.8bn spent on the road network in England between 2020 and 2025. The Ministry of Defence also intends to spend £4.6bn over the next few years to optimise military sites. The Government's levelling up agenda, through which it intends to invest in the Midlands and North of England to improve economic performance, also plays to our strengths.
- Climate change. Mitigating the impacts of climate change will require investment in areas such as water services, addressing drought challenges and flood protection. Planned environmental spending is estimated at £15bn in the coming five years (source: Ofwat).

In June 2020, the Prime Minister announced a "New Deal" which puts jobs and infrastructure at the centre of the Government's economic growth strategy (source gov.uk).

Our response

The strategic review we carried out in April 2019 focused our business on key sectors that are set to benefit from these trends, such as education, defence and health within Building, and Highways and Environment within Infrastructure. These sectors are each headed up by sector leads, enabling us to hone our approach in each area.

UK building budget[1]

Education:

£14bn

For primary and secondary education

Defence:

£4.6bn

To optimise military sites

Health:

£7bn

As part of the capital budget

UK infrastructure budget

Highways:

£28.8bn

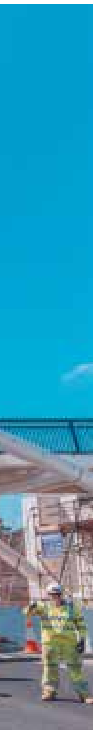
Spend through the National Roads Fund

Environment[2]:

£15bn

For new and improved services, flooding, droughts

1 Source: gov.uk
2 Source: Ofwat.



Economic conditions affect demand

In the commercial sector, levels of construction are affected by the economic cycle and by business confidence.

While it is currently uncertain how long and deep the Covid-19 related economic downturn will be, it is clear that the pandemic is having a significant impact on certain subsectors and we expect reduced activity in the near-term in areas such as offices, hotels, leisure and student residential. Conversely, we expect projects for private rented accommodation to continue, given the UK's pressing need for new housing.

Our response

We remain open to carefully selected projects with blue-chip commercial clients, which meet our criteria in relation to risk and margins. In addition, we continue to look at co-development opportunities in markets such as the private rented sector, using the capabilities of our PPP Investments business.

Constraints on the labour supply

Skilled and experienced people are in demand across the industry. London and the South East are particularly reliant on EU nationals to meet this demand.

The UK's proposed post-Brexit immigration regime has the potential to limit the labour supply.

Our response

We develop long-term relationships with key subcontractors to ensure that we remain a priority customer. We seek relationships that deliver mutual benefits by offering access to training such as our award-winning behavioural safety programme. We aim to provide key subcontractors with greater visibility of our pipeline of projects.

Initiatives such as agile working and our focus on wellbeing make Galliford Try a more attractive employer and will help us to attract more diverse applicants for roles, broadening the pool of potential recruits we can choose from. Our investment in training and development ensures we have the skills we need across the Group.

Beyond that, we ensure we actively promote our industry to school and college leavers, graduates and experienced people.

Our strategy
Delivering long-term value

Our strategy

Our three-part strategy – **Retain**, **Improve**, **Deliver** – is set out below. Underpinning this strategy is our commitment to operating sustainably, by balancing financial performance with our obligations to all stakeholders, so we create long-term value.

Retain

our solid platform for sustainable growth

We intend to build on our strengths, including our skilled people, health and safety record, national coverage with local delivery, excellent position on frameworks, and focus on the public and regulated sectors.

Progress in the year

- Disposed of the housebuilding divisions to create a focused construction group with a strong balance sheet.
- Won positions on significant frameworks in the public and regulated sectors.
- Continued to focus on improving our strong health and safety record.
- Rapidly responded to Covid-19 by introducing mitigation measures to protect everyone on our sites.

Improve

our operations to drive margin progression

To support our margin progression, we will continue to: develop capabilities in FM, Investments and co-development alongside our core activities; improve our risk management; attract, retain and develop a diverse workforce; further enhance our investment in digital technologies, systems and communication tools; and further align the supply chain with our operations.

Progress in the year

- Continued to focus rigorously on risk management to ensure we only take on appropriate work.
- Continued to invest in our people, enhance inclusion and diversity, recruit new talent and ensure we have strong succession planning.
- Continued to invest in our digital technology.
- Worked closely with the supply chain, in particular to support smaller companies during Covid-19.

Deliver

strong, predictable cash flows and margin improvement

Ensuring we only bid for high-quality work with appropriate margins, while continuing to improve the way we work, will enhance our margins. This, in turn, will help us to deliver consistent and growing cash flows.

Progress in the year

- Completed legacy contracts on site, positioning the business for margin growth.
- Strong order book of newer work, which supports our margin ambitions and has appropriate cash and risk profiles.

Key performance indicators[1]

Revenue[2] £m

£1,089.6m
Actual 2020

£1,402.9m
Actual 2019

Target

The Group's revenue target is £1.2bn–£1.5bn per annum in normalised operational conditions.

Definition

Revenue earned by the Group, less any exceptional revenue in the year.

Performance

The Group's revenue prior to the onset of Covid-19 reduced in line with expectations, following the 2019 strategic review. Covid-19 reduced revenue due to site closures and lower output.

Operating margin[2] %

(5.7)%
Actual 2020

(1.2)%
Actual 2019

Target

We are targeting a minimum divisional margin of 2% across Building and Infrastructure by 2022 and a Group-wide margin of 2%, in the medium term, after allowing for PPP and central costs.

Definition

Profit or loss from operations (stated before exceptional items, net finance income, amortisation, tax and share of joint ventures' interest and tax) as a percentage of pre-exceptional revenue.[3]

Performance

The Group's operating margin, after deducting the net loss in central costs and PPP Investments, was (5.7)%.

(Loss)/profit before tax[2] £m

£(59.7)m
Actual 2020

£(17.2)m
Actual 2019

Definition

Profit before tax excluding exceptional items.

Performance

The Group made a pre-exceptional loss before tax of £(59.7)m for the year, reflecting the impact of Covid-19 and legal and final settlement costs in relation to legacy contracts.

Cash £m

£197.2m
Actual 2020

£(56.6)m
Actual 2019 net debt

Target

We are targeting monthly average cash and being cash generative in the medium-term.

Definition

Average month end cash.

Performance

Since disposal of the housebuilding divisions on 3 January 2020, the Group's average month end cash was £141m.

Accident Frequency Rate

0.07
Actual 2020

0.10
Actual 2019

Definition

Reportable RIDDOR accidents per 100,000 hours worked.

Performance

We reduced our Accident Frequency Rate (AFR) from 0.10 last financial year to 0.07.

See Health and Safety p27

1 'Gearing' and 'return on net assets' have been removed as key performance indicators this year, following the disposal of the housebuilding divisions during the year. All the Group's debt facilities were repaid and cancelled when the disposal was completed and therefore the Group no longer has any debt (and therefore gearing). 'Return on net assets' provided a measure of the profit returns generated by the Group's invested capital and was primarily relevant only for the Partnerships & Regeneration business.

2 Pre-exceptional.

3 All future references to profit or loss from operations data and ratios are consistent with this definition.

Reducing costs and build times through Optimum Schools

Our Optimum Schools concept continues to evolve as we combine innovations in technology, process and construction methods to deliver solutions for the schools of the future.

With ever-increasing demographic pressure pushing the need for new schools and the Government re-committed to the replacement of the dilapidated parts of the school estate, proactive, cost-effective approaches to education building are required.

Since its initial introduction in 2012, Optimum Schools has been a significant part of Galliford Try's education offering, utilising a 'kit-of-parts' approach that assists standardisation, reducing cost and programme time, while maintaining a design process that allows for bespoke solutions for each site and situation.

Recent examples include the Kingsteignton Primary School in Devon, where the project team achieved a 14-week programme saving thanks to a repeatable design that enabled the use of Modern Methods of Construction.

14 weeks
saved in programme terms for the Kingsteignton Primary School project in Devon.

A well-capitalised standalone construction business

As described in the Q&A with the Executive Directors on pages 11 to 13, this has been a period of significant change, with the successful strategic disposal of the Group's housebuilding divisions transforming Galliford Try into a well-capitalised, UK construction-focused business.

Our new structure allowed the Group to respond quickly and decisively to the Covid-19 pandemic, with health and safety remaining our top priority. Prior investment in smart and agile working facilitated a seamless transition to remote and efficient working practices for those able to work from home. The majority of our construction sites in England continued operations under strict safety guidance throughout the Covid-19 lockdown. However, all non-essential sites in Scotland were closed in accordance with Scottish Government requirements from mid-March to late June. Production across the UK normalised around July.

As expected, the combination of site closures and reduced productivity significantly reduced revenue in the final quarter of the financial year. Along with the cost of implementing our new operating procedures and lengthened site programmes, this contributed to a reduction in gross margin in the year.

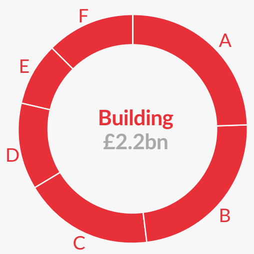
In line with strategy, we continued to maintain a strong pipeline of work in our chosen sectors, with excellent positions on several key frameworks in the public and regulated sectors. Throughout the Covid-19 pandemic, we have been encouraged by the demand in our sectors and look to further enhance this position through the continued disciplined approach to project selection and rigorous risk management.

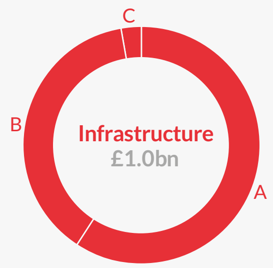
Order book

The total work won during the year of £1.4bn contributed to an order book at 30 June 2020 of £3.2bn (2019: £2.9bn). Of this, 68% was in the public sector (2019: 79%), 13% was in regulated industries (2019: 5%) and 19% was in the private sector (2019: 16%). The business has secured 90% of planned revenue for the 2021 financial year. Frameworks generate a high level of repeat business for us and they provided 90% of our year end order book (2019: 79%). The average contract size in Building's order book was less than £20m.

Of Building's order book of £2.2bn at 30 June 2020, around 80% was provided by the four largest sectors, with 25% in Education, 23% in Defence and Custodial, 18% in Facilities Management and 12% in Health. In Infrastructure, around 60% of the order book is provided by Highways, with the remainder mainly in Environment.

Strong visibility of workload





		£m
A	Education	531
B	Defence & Custodial	504
C	Facilities Management	395
D	Health	263
E	Other public sector	195
F	Commercial	264

		£m
A	Highways	598
B	Environment	384
C	Other civil engineering	28

Our relationships with our clients are built on transparency, honesty and, above all, our values of Excellence, Passion, Integrity and Collaboration. We look to achieve exceptional standards of service and satisfaction through continual monitoring, assessment and refinement of our delivery processes.

Ensuring client satisfaction

Our relationships with our clients are built on transparency, honesty and, above all, our values of Excellence, Passion, Integrity and Collaboration. We look to achieve exceptional standards of service and satisfaction through continual monitoring, assessment and refinement of our delivery processes. We also work collaboratively to become our clients' long-term partners and have been accredited with ISO 44001 for our approach to collaboration.

The quality of our work is ensured through regular internal audits conducted by our dedicated quality managers, as well as external audits of our ISO 9001 certified management system. Our Delivering Excellence framework additionally helps us to achieve high levels of client satisfaction.

Client satisfaction is independently assessed by a third party on a project by project basis and we use a dedicated software platform to internally analyse the data and develop improvement plans. In 2020, we scored eight out of ten in our client feedback surveys (2019: eight) and achieved a high net promoter score of 72 (2019: 78).

Client satisfaction is linked to quality and we have created a new Assurance Director role, covering both safety and quality. We are also increasing the use of technology to record and track site inspections, ensuring each element of a project is completed to the required high standards.

A framework is a multi-year agreement between clients and contractors that enables contractors to pre-qualify for upcoming contracts by establishing governing terms for projects that may be awarded during the life of the agreement.

90%
of our work is in frameworks

Our key framework positions

We form long-term partnerships with our clients, aligning their needs on a project-to-project basis with their long-term ambitions and requirements, and are consequently a valued partner on many key frameworks. A framework can generate tens or hundreds of millions of pounds of work for us, over its duration.

- Department for Education's school building framework (six lots).
- LHC Schools and Community Buildings Framework.
- Crown Commercial Service (CCS) Capital Works Framework.
- Ministry of Justice Strategic Alliance Framework (multiple lots).
- Defence Infrastructure Organisation Capital Works Framework.
- ProCure22 Department of Health and Social Care Framework.
- hub North Scotland, hub South East Scotland, hub South West Scotland and hub West Scotland.
- London Construction Programme.
- Manchester City Council Highways and Infrastructure Framework.
- NEUPC Universities Framework.
- Scottish Procurement Alliance.
- Southern Construction Framework.
- North West Construction Hub.
- YORbuild/YORcivil.
- University of Strathclyde.
- Procure Partnerships.
- Highways England Delivery Integration Partnership.
- Manchester Airports Group Capital Delivery Framework.
- Gatwick Airport's Capital Delivery Framework.
- AMP7 – Yorkshire Water, Southern Water and Thames Water.
- Scottish Water.
- North East Procurement Organisation.
- Smart Motorways Programme.
- Midlands Highways Alliance.
- Network Rail Control Period 5.

Operating review

Building

Performance

	Pre-exceptional 2020	Pre-exceptional 2019	Post-exceptional 2020	Post-exceptional 2019
Revenue (£m)	719.9	858.3	719.9	858.3
(Loss) from operations (£m)	(51.9)	(9.5)	(53.9)	(10.4)
Operating profit margin (%)	(7.2)	(1.1)	(7.5)	(1.2)
Order book (£m)	2,152	2,045	2,152	2,045

Building operates through nine regional business units, serving a range of public and private sector clients across the UK, with a focus on the education, defence and health sectors, where we have core and proven strengths. Building retains a substantial presence in Scotland, operating as Morrison Construction.

Building generated revenue of £719.9m (2019: £858.3m), which equates to 66% of the Group's pre-exceptional revenue. The pre-exceptional loss from operations[1] was £51.9m (2019: £9.5m), resulting in a (7.2)% margin (2019: (1.1)%). The profit reduction reflects the impact of the Covid-19 outbreak and the settlement of final accounts on legacy contracts, with current projects delivering an encouraging performance.

During the year, Building won contracts and positions on frameworks worth over £1,021m. This included securing a place on 13 lots across the UK for the Crown Commercial Services Construction Works and Associated Services major framework. The framework is available to all public sector organisations to procure construction services and has a total value of approximately £20bn.

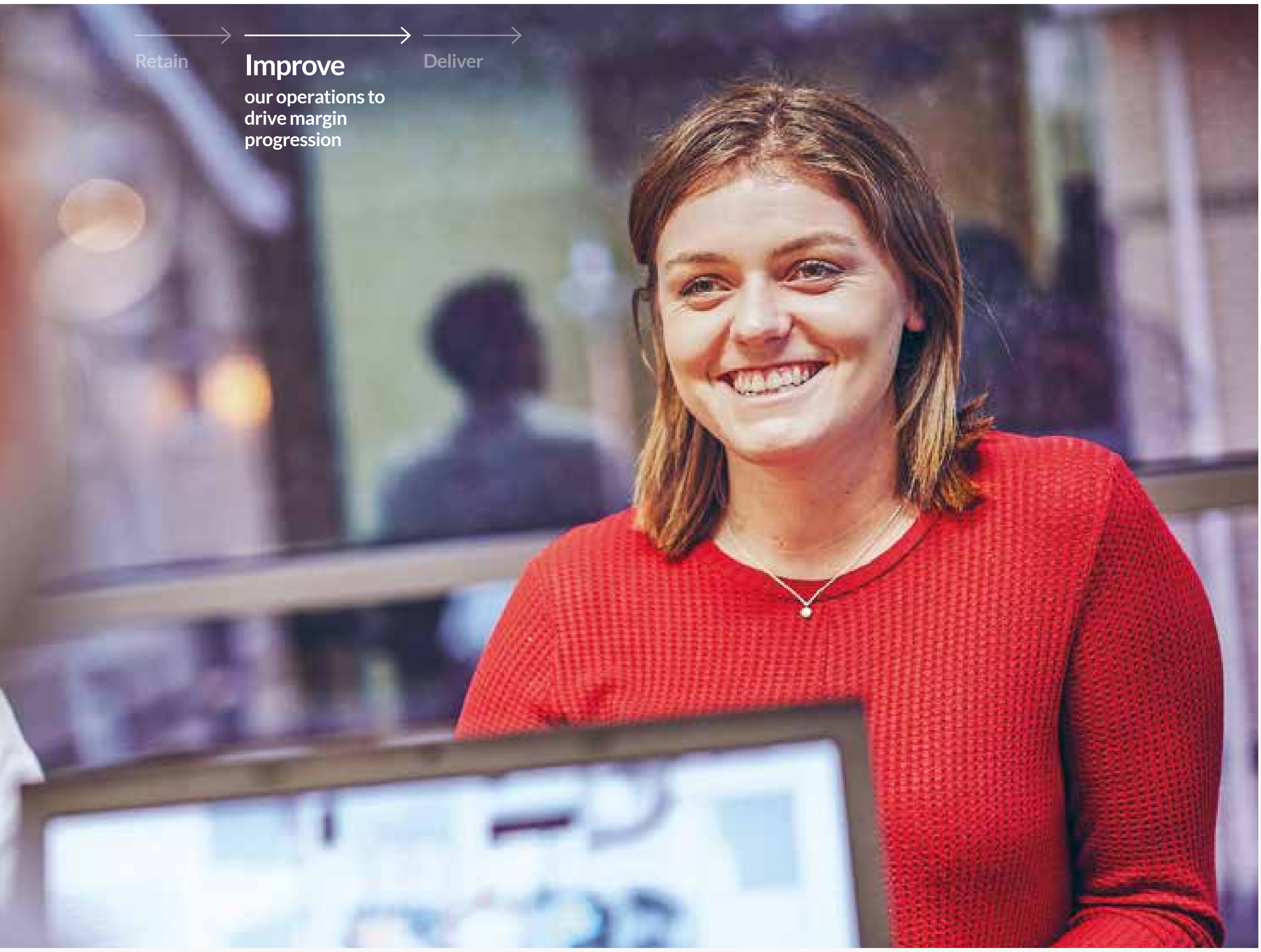
Other notable contracts secured during the year included framework contracts with the University of Glasgow and the University of Birmingham; contracts for Castlebrae High School in Scotland, a new education campus in Hexham for Northumberland County Council, The Exchange for the University of Birmingham; and a contract to build a new women's prison in Scotland. The division also won a contract for the 1-4 Marble Arch mixed-use development and two mixed-use residential schemes for an urban development specialist, both in London.

Our FM business continued to complement our work in Building.

£1,021m
Contracts won and positions on frameworks

£20bn
Construction Works and Associated Services major framework value

1 Defined as profit or loss from operations stated before exceptional items, net finance income, amortisation, tax and share of joint ventures' interest and tax.



Embracing innovation

We take a 'best in class' approach to innovation, maximising the expertise of our Technical teams across our divisions under the leadership of our Technical Services Director. This enables a 'best in class' approach to our digital agenda; by embracing technological advances we are safely and efficiently delivering quality assured projects for our clients.

Our whole team approach to BIM (Building Information Modelling) is an example of our success, including how we have assimilated it into our processes to focus fully on project delivery outcomes.

Our approach was recognised at the BIM Awards, which celebrate the innovators of digital construction and those who are redefining the construction industry, with the coveted title of BIM Constructor of the Year in 2019.

Building a sustainable future means we need to adapt continuously to new and emerging challenges, improving and embedding our learning and innovation using the same drive we've shown in our response to Covid-19.

Sean Blackmore
Technical Services Director

Operating review

Infrastructure

Performance

	Pre-exceptional 2020	Pre-exceptional 2019	Post-exceptional 2020	Post-exceptional 2019
Revenue (£m)	357.1	527.0	389.1	524.2
(Loss)/profit from operations (£m)	(1.8)	(5.5)	25.5	(51.0)
Operating profit margin (%)	(0.5)	(1.0)	6.6	(9.7)
Order book (£m)	1,010	825	1,010	825

The Infrastructure business carries out civil engineering projects across the UK, focused on Highways and Environment (incorporating our activities in water, wastewater and flood alleviation).

Infrastructure's pre-exceptional revenue was £357.1m (2019: £527.0m), which equates to 33% of the Group's pre-exceptional revenue. The pre-exceptional loss from operations was £1.8m (2019: £5.5m), resulting in a (0.5)% margin (2019: (1.0)%). There is an improvement in pre-exceptional profit despite the effect of final account settlements, and the impact of Covid-19. Statutory profit included exceptional income of £28.0m on settlement of AWPR.

Infrastructure won contracts and positions on frameworks worth over £377m during the year. These included the Highways business being appointed to two schemes by Highways England, under the new Regional Delivery Partnerships Framework. The larger of these schemes is a series of five projects to upgrade the A47. The other major scheme is to upgrade the A303 in Somerset. Highways was also appointed to the YORcivil major works framework, which enables northern local authorities to procure maintenance and construction and has a total value of £2bn.

The Environment business was appointed to AMP7 frameworks for Southern Water, Yorkshire Water and Thames Water. The appointment by Southern Water is for two of its design and build frameworks, with Galliford Try's share of the business expected to be worth approximately £240m. Environment also expects to secure around £100m of work over the five years of Yorkshire Water's framework.

£135m

Overall value to upgrade the A303 in Somerset

£100m

Expected work from Yorkshire Water's framework over the five years

A pioneering partnership for the driverless revolution

Our ability to innovate has been recognised by Highways England, who have awarded our Highways business and Loughborough University funding to conduct pioneering research that will advance our knowledge of how driverless vehicles can be safely introduced to the UK's Strategic Road Network (SRN).

The decision came as a result of a national competition in which the partnership won the 'Innovation' category.

This research is necessary because it is not yet known how the existing road infrastructure will accommodate Connected and Autonomous Vehicles (CAVs), which have developed at a fast pace. The CAVIAR (Connected and Autonomous Vehicles Infrastructure Appraisal Readiness) project will directly address this challenge.

Using advanced technology, CAVIAR will investigate how CAVs operate in a range of challenging scenarios and examine how the SRN will need to evolve to enable their safe and efficient operation within a complex highway environment.

PPP Investments

Performance

	2020	2019
Revenue (£m)	8.2	17.0
(Loss)/profit from operations (£m)	(0.5)	4.5
Net interest income	2.9	1.8
Directors' valuation (£m)	40.7	41.6

PPP Investments delivers major building and infrastructure projects through public private partnerships. The business leads bid consortia and arranges finance, making equity investments and managing construction through to operations.

During the year, we invested £6.6m in equity in three schemes in Scotland, and sold three non-core investments that generated a profit on disposal of £0.6m (2019: £6.9m). At the year end, the directors' valuation of our PPP portfolio was £40.7m (2019: £41.6m), which is the fair value included in the balance sheet (using a 9% discount rate). The valuation compared with a value invested of £34.9m (2019: £34.9m).

With the reduction in traditional PPP/PFI bidding opportunities, PPP Investments has continued to move its focus towards co-development projects and at the year end it was preferred bidder on two PRS (Private Rented Sector) schemes with a gross development value of £117m.

£6.6m

Invested in three equity schemes in Scotland

"The objective of the project is to evaluate roadway readiness for CAVs with the aim of accelerating their successful deployment. The research has the potential to influence the industry, not only nationally but globally too, as we prepare for the CAV revolution."

Jon de Souza
Research & Development Manager, Galliford Try

People and culture

Success comes from our people

Key Performance Indicators[1]

2,944

employees across our business at the year end (2019: 3,399)

4,647

training days delivered (2019: 8,536)

1.5

average training days per employee (2019: 2.5)

240

graduates, apprentices or trainees (2019: 299)

12.8%

churn rate (2019: 11.5%)

1 Excludes discontinued housebuilding operations.

We look to employ people who are passionate about their work and support them to do their best every day.

Policies and management

Our policies encourage behaving with integrity, honesty and fairness.

Our Resourcing Policy sets out how we recruit people with the right values, behaviours, skills and experience. It is underpinned by both our Leadership Framework, which outlines what leadership looks like to us and the capabilities that it comprises, and our Code of Conduct, which defines the behaviours we expect and our ethical standards.

We encourage difference and promote inclusivity, believing that diversity of thought, approaches and experiences enrich our culture, as set out in our Equality, Diversity and Inclusion Policy.

We make all of our people aware of our policies on joining, within contracts of employment, inductions and new starter packs, and make the policies available through our Business Management System (BMS) and intranet. Any new or materially updated policies are communicated through news management cascades as well as all-staff communications, including training, where necessary. We also mandate training on key themes such as diversity, discrimination, GDPR, anti-bribery and cyber security.

As well as internal reporting, we also have an independent whistleblowing facility, which allows individuals to report concerns anonymously.

Performance[1]

The employee churn rate is a key performance indicator for the Group and shows the proportion of our employees who voluntarily leave during the year. It was 12.8% for 2020, compared with 11.5% in 2019.

We delivered a total of 4,647 training days during the year (2019: 8,536), equivalent to 1.5 days per employee (2019: 2.5). This decrease can be attributed to a focus on core courses, less demand for longer courses from employees, a decline in booking of training due to the Covid-19 outbreak, and increased availability of 'unrecorded' or informal online training and webinars through the professional institutions that employees can access, both through Galliford Try membership and otherwise.

Initiatives

Inclusion and diversity

Creating an environment in which everyone feels valued as an individual and is motivated to give their best results in stronger, better-balanced teams. We believe that having an inclusive culture is key, since inclusivity leads to diversity. Diversity for us means valuing difference and reaping the benefits of alternative viewpoints, ways of thinking, experiences and backgrounds. Our investment in agile working has supported our ability to be flexible for those who have a requirement or preference to work from home, whether for family/care reasons or because of a disability, so we can recruit from a more diverse pool of candidates.

Gender balance

Our gender diversity is shown in the table to the right. We aim for gender balance at all levels across the Group, recognising that it will take ongoing work to achieve this. However it is encouraging that the gender mix in our business generally has been more balanced in our incoming talent pool in the graduate population in recent years.

	Gender[1]		Ethnicity[2]		
	Female	Male	BME	White	Unknown
Senior Grades[3]	8%	92%	1.4%	75.5%	23.1%
Total Group	24.2%	75.8%	5.6%	64.0%	30.4%

1 Gender and ethnicity figures are based on employee numbers at year end.
2 Black and Minority Ethnic (BME).
3 Senior grades are defined as job grades A–D which encompasses senior managers and directors, excluding Board directors.

Attracting more women to our business and industry

We use a number of methods to ensure we attract diverse talent and our gender-focused activities can be seen below:

	Objective	Progress made	Future
Recruitment	Review and update our policies.	Reviewed all policies through a diversity lens. Our family-friendly policies are published on our website to enable greater transparency as a potential employer and through recruitment.	Continue to review and update as required.
	Review our approach to early careers recruitment.	Changed our approach to ensure a more inclusive focus (less emphasis on traditional technical skills and remodelled assessment centre).	Focused recruitment from outside of the traditional 'engineering degrees'.
	Shortlist female candidates for all senior management positions.	Targeting female candidates is a requirement for all senior positions.	Continue to increase the conversion of candidates to offers.
	Corporate induction.	Inclusion session for all new employees added to our inductions.	Refinement of session and reinforce importance of our Diversity & Discrimination training modules.
	Develop a women returners programme.	Proposal developed.	Targeting implementation and promotion in 2020/21.
Retention	Establish a women's forum/network.	Established and held first event.	Further network events planned in 2020/21.
	Promote flexible working and increased promotion of career breaks.	Promotion of our Agile Working programme.	Refresh and further update our Agile Working programme.
	Family-friendly policies.	Part of wider encouragement of flexible/agile working.	Review of our maternity and adoption leave policies.
Progression	Monitor pipeline of talent.	Development plans for all females in talent pools.	Introduction of mentoring/reverse mentoring programme for females in talent pools.
	Implement inclusive development programmes.	Senior females attending specific external personal development programmes eg School for CEOs Runway programme.	Inclusive recruitment project to be launched, building on our values-based recruitment workshops.

8%
of our workforce is made up of graduates, trainees and apprentices

We continue to bring new talent into the Group as apprentices, graduates and trainees. Each of these routes is important to us and we want to be an organisation where everyone has an equal chance of success, no matter how they joined us.

1. Our annual Graduate Welcome event is designed to give new starters an opportunity to hear about our business directly from the Chief Executive to understand what values and behaviours we seek and to empower them to shape their career with us.

2. Our approach to technology and agile working has long played a key role in attracting talent.

Attracting more women to Galliford Try requires us to be more proactive in explaining our strengths as an employer. We are therefore sponsoring a Women in Construction event, with our Chief Executive as keynote speaker.

Succession planning
Each business unit is responsible for its own succession planning. We then aggregate those plans, giving us good visibility of our key talent across the Group. The Nomination Committee and Executive Board review our succession plans on a regular cycle.

Recruitment
We continue to bring new talent into the Group including apprentices, graduates and trainees. Each of these routes is important to us and we want to be an organisation where everyone has an equal chance of success. We are currently trialling a virtual assessment centre, which will assist recruitment during the Covid-19 pandemic.

Learning and development
Having finalised the career pathways within our learning and development framework last year, we launched phase two this year by adding the key skills required to be successful in a particular role. Our people can now see how they need to develop themselves in order to support their progression. This is complemented by a wide range of training modules, accessible through the GT Academy, our online portal of content to aid personal and professional development. As a result of the pandemic, we are also delivering more training remotely.

Performance management
The shift to agile working is placing ever-greater emphasis on our managers having strong performance management skills, recognising that we must empower our people to deliver and hold them to account for their output, rather than focus on presenteeism. We have therefore developed a toolkit to help line managers have conversations about performance, as well as providing tools, hints and tips through the GT Academy.

Embedding culture
Embedding and reinforcing our culture is a continuous process. We have regular communications about our Code of Conduct and our values. The Code and our values are also a key part of our corporate induction process, which is led by a member of the Executive Board and explains what our values mean and how to live by them.

For more on the importance of our culture, see the Q&A with the Executive directors p11

Our values

Excellence
Striving to deliver the best.

Passion
Committed and enthusiastic in all that we do.

Integrity
Demonstrating strong ethical standards with openness and honesty.

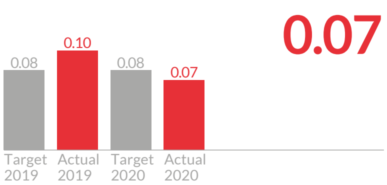
Collaboration
Dedicated to working together to achieve results.

Embedding and reinforcing our culture is a continuous process. We have regular communications and refresher programmes around our Code of Conduct and our values.

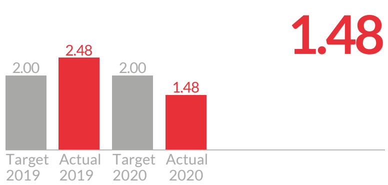
Health and safety

We are committed to effectively managing all aspects of health, safety and welfare

Accident Frequency Rate[1]
(RIDDORs per 100,000 hours worked)



Accident Incident Rate[1]
(RIDDORs per 1,000 people)



Key Performance Indicators

16
reportable RIDDOR accidents[1]
(2019: 29)

61,143
safe behaviour discussions
(2019: 74,234)

663
director safety tours
(2019: 1,112)

0
prohibition or improvement notices received[1]
(2019: 1)

Our objective is to create and maintain an environment where care for our people and those who work with us is our top priority. Our approach is delivered through our award-winning and industry-leading behavioural safety programme, Challenging Beliefs, Affecting Behaviour. Our focus on wellbeing remains high and has never been more important than during the current period.

Policies and management

The Group's Health and Safety Policy establishes our commitment to effectively managing all aspects of health and safety, and to taking all reasonably practicable measures to continually improve. The policy determines the roles and responsibilities of the Executive Board, divisional Boards and business unit management in delivering health and safety. It also expresses the Group's commitment to ensuring that our people's behaviour is consistent with an improving safety culture.

In addition to the legally required policies, we have an Employee Wellbeing Policy, which recognises that our duty of care extends to our people's physical and mental health. We ensure our policies are widely communicated, through inductions for new employees, internal training sessions, site noticeboards and via our intranet.

The Group's Health, Safety & Environment Director manages a team of Health, Safety and Sustainability (HS&S) advisors and Regional HS&S advisors, with each business unit assigned a Lead HS&S advisor to provide appropriate guidance. These advisors visit sites regularly to ensure compliance with policies and procedures, and produce a Site Safety and Environmental Report, which is communicated to appropriate levels in the business. A Health, Safety and Sustainability Action Plan sets out high level objectives for each business.

Statistics and any trends in non-compliance are reported to business unit and divisional Board meetings each month. Further assurance is provided by audits against the requirements for OHSAS 18001 and 14001, the standards for Occupational Health, Safety and Environmental Management.

1 Excludes discontinued housebuilding operations.

Initiatives

In the earliest days of the Covid-19 pandemic, we took prompt, decisive action to ensure the health, safety and wellbeing of our people and all those on our sites. We risk assessed every one of our construction sites and modified or curtailed activities to ensure that no work was undertaken if we were unable to fully comply with the hygiene and social distancing guidelines or if our people could not safely work. We simultaneously upheld the principles of our Challenging Beliefs, Affecting Behaviour programme and ensured that activities were only undertaken with suitably qualified personnel, the right planning, equipment and supervision.

As well as following Government advice and adhering to the industry's Site Operating Procedures, we consulted a specialist occupational health advisor to work with our leadership and site teams to provide educational sessions about the virus and develop and promote a Hazard Mitigation Process designed to prevent the introduction of the virus into our sites and offices and minimise its potential impact to everyone's health. A dedicated internal website was created to provide advice to our teams, as well as a series of resources including presentations, videos, posters and leaflets.

Performance[1]

We were pleased to successfully reduce our Accident Frequency Rate (AFR) from 0.10 last financial year to 0.07, which also exceeded our target of 0.08. Several of our business units successfully achieved an AFR of zero, which is particularly commendable, and we secured eight awards from RoSPA (The Royal Society for the Prevention of Accidents), which includes an Order of Distinction for our Building London business's 18th consecutive Gold Award.

There was a reduction in the number of Safe Behaviour Discussions and director tours during the onset of the Covid-19 pandemic when the strictest securing measures were in place on site.

Areas of focus for 2020/2021

- A new health and safety strategy driven by lead indicators.
- Safety in design and buildability.
- Improving our performance across buried services.
- Making our systems leaner and further integrating health, safety and environment into other business processes.
- Improving our internal database to allow for increased ability to manage performance.
- Transitioning from OHSAS 18001 to OHSAS 45001.

We have a duty to provide our workers with the best possible protection against hazards. What we're trying to do is create a movement for change in the sector.

The team on site really appreciate putting their hearing protection on and still being able to hear their environment. When you ally this with the ability to constantly monitor their exposure, the benefits of this approach are really apparent.

Mark Bridges
Health and Safety Manager for
Galliford Try Highways

Active hearing protection

Noise-induced hearing loss is a commonly reported occupational health problem among road workers. To help protect our people, our Highways business introduced active hearing protection on all its sites.

A highways site can present constant danger to operatives from moving vehicles. It is therefore vital for Highways operatives to be constantly aware of ambient noise, while also protecting themselves. Highways has adopted active ear defenders, which use a best-in-class 'hear-through' technology. Unlike standard passive ear defenders, this solution allows the wearer to continue to hear environmental sound such as from vehicles, vastly improving the safety of workers.

These smart headsets also monitor and map noise exposure, displaying it via a cloud-based software platform, allowing the business to analyse in real-time each worker's noise exposure across a site.

Risk management

Managing risk in a dynamic environment

The ability to identify, assess and manage risks and uncertainties is an integral element of our management processes, with clear links to the conception and execution of the strategy. During the past year, this ability has been critical to enabling the Group to navigate through a period of significant change in the context of a highly dynamic external risk environment.

The disposal of the housebuilding divisions created operational risks in the short term, particularly in relation to the separation of shared processes and systems. Of greater significance, the Group's business model is now entirely focused on construction contracting and therefore our risk profile has changed as a result.

Externally, the first half of the year saw activity in both the construction and housebuilding sectors constrained by the high degree of political uncertainty in relation to the timing and nature of the UK's withdrawal from the EU and the General Election. Since March, most of the business as usual risks have been overshadowed by the impacts of the Covid-19 pandemic.

In this highly dynamic risk environment, the Board has carried out regular reviews of the principal risks and uncertainties, together with the key mitigations in place. The most significant risks are presented on pages 32 to 33.

The Group's business model is now entirely focused on construction and therefore our risk profile has changed.

A changing risk profile

The disposal of the housebuilding divisions and the focus on construction means that the risk profile of the Group has changed. While most of the risk themes remain, the way in which those themes manifest in our risk exposure has changed. In the following areas, our risk exposure is considered to be reduced:

- Exposure to the risks associated with the cyclical nature of the housing market including changes in mortgage availability, interest rates and consumer spending.
- Exposure to sudden and significant changes in Government policy in relation to the housing sector such as the National Planning Policy Framework or Help to Buy.
- The regulatory and cyber security risks associated with handling the personal data of retail customers are significantly reduced in an increasingly regulated area.
- Exposure to the potential reputational risks associated with feedback arising from retail customers.
- Managing the rapid expansion of the Partnerships business is no longer relevant.
- The Group's balance sheet no longer has any debt or associated financial covenants.

However, our focus on construction also means that a number of risks have increased, principally:

- Market risk is more concentrated, and we are more reliant on continued Government investment in public infrastructure in our chosen markets.
- Construction margins are significantly lower than housebuilding margins and therefore overall Group performance could be materially impacted by a small number of loss-making projects.
- Cash is more exposed to unexpected variances from forecast, and we are no longer able to mitigate this risk through deferring land acquisitions or the sale of land assets.

Enhancements to our risk management process

The corporate transaction has provided the opportunity to review and refresh all aspects of our risk management process and tailor our approach to reflect the revised organisation structures and refocused activities of the Group. Accordingly, the key changes to our risk management process include:

- Refreshing the membership of the Executive Risk Committee to reflect the organisation structure of the Group, with the Building, Infrastructure and Investments businesses now each having representation.
- Reviewing and updating the articulation of our risk universe, reflecting our changing risk profile and to facilitate a more transparent view of risks from the bottom-up and top-down.
- Introducing an enhanced risk and opportunity register to record and track project level risks and opportunities throughout the lifecycle of the project.

Our risk management process

The Group's risk management and governance structure is designed to facilitate both a bottom-up and top-down view of principal and emerging risks and is summarised in the diagram below.

Audit Committee

- Responsible for keeping under review the adequacy and effectiveness of the Group's risk management processes and systems of internal control.
- Responsible for reviewing and approving statements included in the Annual Report concerning internal controls, risk management and the Viability Statement.

Risk and Internal Audit

- Facilitates the identification, reporting and management of risk throughout the governance structure.
- Provides a risk update, including the updated Group principal risks to the Executive Board and the plc Board at least three times a year.

plc Board

- Has overall responsibility for setting the risk appetite of the business and maintaining oversight of the Group's processes for identifying, assessing, managing and reporting on principal risks.
- Reviews the Group principal and emerging risks three times a year.

Executive Board

- Responsible for implementing the strategy and risk appetite set by the Board and ensuring that appropriate risk management and internal control procedures are embedded in our day-to-day operations.
- Reviews the Group principal and emerging risks at least three times a year.

Executive Risk Committee

- Chaired by the General Counsel & Company Secretary and comprises the Finance Director, Director of Risk and Assurance and a representative from each of the Buildings, Infrastructure and Specialist business divisions.
- Meets three times a year to review and update the Group principal and emerging risks, based on the risks reported up from the business units, and to consider any emerging risks that may have an impact on the Group in the longer term.

Business unit Boards

- Maintain a business unit risk register that records the key risks applicable to that business, key mitigations and further actions required to manage the risk.
- Risk registers are reviewed twice a year, with one of the reviews facilitated by the Group Risk and Internal Audit team.

Project teams

- Create a project Risk and Opportunity Register at the bid stage and maintain throughout the lifecycle of the project.
- Review the risk and opportunities at key checkpoints and as part of the monthly contract review meetings.

Our principal risks

We have reviewed our principal risks to reflect the disposal of the housebuilding divisions and to align them with the construction focus of the Group. A detailed analysis of the principal risks that have the greatest potential to have a material impact on the development, performance, position or future prospects of the Group is presented on pages 32 to 33. This includes an assessment of the impact of Covid-19 on each principal risk. A summary of the other principal risks including our key mitigations and the metrics we use to monitor the risk is presented on page 34.

Market

Opportunity pipeline (R)
- Insufficient pipeline of opportunities in our target markets.

Project selection
- We take on the wrong projects, at the wrong price, or on the wrong terms.

Work winning
- Failure to win work within our target markets and clients.

Project delivery

Safety
- Failure to maintain high standards of health and safety performance.

Margin erosion (R)
- We fail to deliver project margins in line with tender and/or forecasts.

Quality
- Failure to deliver high-quality, defect-free buildings and infrastructure to our clients.

Resources

Cash management (R)
- We are unable to maintain sufficient net cash reserves to finance business operations.

Supply chain and joint arrangement partners (R)
- We are unable to secure subcontractors and joint venture partners with the quality, capacity and financial resilience that we need.

People
- We do not have sufficient staff with the skills and experience that we require.

Operations

Cyber security
- Loss of data from or loss of access to business critical IT infrastructure and applications.

Sustainability
- We fail to keep pace with the sustainability expectations of our key stakeholder groups.

Regulatory compliance
- We have a high profile breach of applicable laws or regulations.

Key: (R) Risk in focus – see p32-33.

Principal risks

Opportunity pipeline

Risk description
Insufficient pipeline of opportunities in our target markets.

Risk appetite
We only pursue opportunities within our chosen markets where we have the experience, knowledge and supply chains to deliver effectively. We aim to secure a forward order book that provides a high degree of certainty of current year plus following year revenue.

Potential causes
- A significant and sustained reduction in Government investment in building and infrastructure projects.
- Delays to and/or reduced levels of private sector investment due to macro-economic conditions.

Emerging risks
- Public and/or private sector clients pursue alternative procurement strategies and move away from the traditional tier one contractor model.

Mitigations
- We manage the potential impact of an economic downturn by building a strong order book.
- We concentrate on sectors and clients with long-term growth and profitability potential.
- We focus on securing positions on key procurement frameworks and repeat business with key clients.
- We have appointed sector leads to manage activity in each of our core areas.

Key risk indicators
- Percentage of planned revenue secured.
- Percentage of pipeline in frameworks.
- Order book by client type.
- Percentage of repeat business with existing clients.

Movement in the year
Prior to the outbreak of Covid-19, the general market and opportunity outlook appeared to be improving. The UK Government's commitment to a large-scale programme of infrastructure investment was signalled in the General Election campaign and reiterated in the March budget. Following the General Election in December 2019, we had also started to see confidence return in the commercial sector, including demand in London and the Private Rented Sector.

The longer-term impact of the Covid-19 pandemic on our opportunity pipeline is still uncertain. Given the scale of the fiscal intervention from the Government, we believe that infrastructure investment will be used to stimulate economic recovery. It is possible that investment in commercial sectors that have been particularly affected by Covid-19 will either be delayed or cancelled.

Margin erosion

Risk description
We fail to deliver project margins in line with tender and/or forecasts.

Risk appetite
We carefully assess the risk and profit of each project and aim to secure and deliver profitable projects with margins in line with our strategic targets. We require our project forecasts to be reliable and provide a realistic and transparent view of project performance.

Potential causes
- Programme delays and cost escalation.
- Poor control of client and subcontractor variations and claims processes.
- Contractual notices not given as per contract requirements.
- Poor record-keeping and document management.
- Poor design quality and/or co-ordination.
- An imbalance between supply and demand for materials and subcontractors results in higher than expected prices.
- Unrealistic estimates, including cost to complete, inflation estimates, outcomes of disputes, final value included in project forecasts.

Emerging risks
- Increasing regularity and severity of extreme weather may delay programmes and increase costs.
- Failure to innovate quickly enough or make the right strategic decisions in relation to the investment in and adoption of Modern Methods of Construction.
- Procurement, methodology, resourcing and programming changes as a consequence of unforeseen events and circumstances (such as Covid-19).

Mitigations
- Robust review and approval of contractual terms, pre-contract to ensure we do not sign up to contracts with onerous terms.
- Margin thresholds employed.
- Monthly cross-disciplinary contract review meetings on all projects.
- Project level controls and management oversight of project forecasts has been strengthened and visibility of risks and exposures has improved.
- Standardised formats (value cost analysis and cost and value reconciliation) for monitoring and reporting project performance and forecasts.
- Comprehensive commercial training.
- A programme of commercial 'health checks' to provide an independent assessment of the project team's reported project performance and forecast outturn.

Key risk indicators
- Forecast project margins.

Movement in the year
Construction margins are significantly lower than housebuilding margins and therefore overall Group performance is now more exposed to margin erosion on a single project.

Failure to adhere strictly to contract administration requirements and issues in relation to the quality and co-ordination of design continue to be typical causes of margin erosion.

The disruption to normal operations resulting from Covid-19 has necessitated a reassessment of forecast margins on all projects. This discipline will be maintained as the longer-term impacts of the new ways of working become clearer.

Risks trend key: increasing decreasing no movement

Supply chain and joint arrangement partners

Risk description
We are unable to secure subcontractors and joint venture partners with the quality, capacity and financial resilience that we need.

Risk appetite
We build strong relationships with our supply chain and joint venture partners. We have national coverage with local delivery which provides us with good quality relationships all over the UK.

We predominantly work with subcontractors and joint venture partners who are financially resilient and who share our values in relation to safety and quality, and who are aligned to our ways of working.

Potential causes
- Lack of capacity in the supply chain due to high levels of activity in the construction sector.
- Lack of geographical coverage.
- Subcontractor insolvency.
- Failure to comply with fair payment practices.

Emerging risks
- Potential shortage of skilled workers in key trades as a result of the end of freedom of movement with the EU.
- Insufficient numbers of UK nationals entering the construction industry to address the potential skills shortages.
- Failures due to recessionary factors and/or consequence of disruption arising from Covid-19.

Mitigations
- We develop long-term relationships with key suppliers and subcontractors to ensure that we remain a priority customer when resources and materials are in short supply.
- The Group's Advantage through Alignment programme facilitates greater engagement with our key supply chain members and provides them with greater visibility of our pipeline of projects.
- We are committed to meeting the requirements of the Prompt Payment Code.
- We use a credit tracker on the Dun and Bradstreet portal to monitor subcontractor financial strength.

Key risk indicators
- Prompt Payment Code performance statistics.
- Material and trade shortages.

Movement in the year
Prior to the outbreak of Covid-19, construction activity was rebounding strongly from the Brexit uncertainty that had been holding back activity in 2019. The Government's commitment to infrastructure investment and a general increase in construction activity could have led to a lack of capacity in the supply chain and potentially material shortages. Both of these supply chain risks could also be exacerbated by the still unknown impact of Brexit on the availability of skilled workers and the future trading relationship with the EU.

As a result of Covid-19 and the sudden and significant reduction in construction activity, there is an increased risk of subcontractor insolvency, especially as activity levels increase again. To reduce this risk, we have sought to keep cash flowing through the supply chain by continuing to pay our subcontractors and suppliers on time. The current situation also increases the risk of insolvency of a joint venture partner. Their financial stability is monitored closely to identify any early warning signs.

Maintaining the supply of materials, especially those sourced indirectly by subcontractors from builders' merchants, was one of the most acute challenges during the pandemic. We continually review the measures we can take to improve the resilience of our materials supply chain.

Cash management

Risk description
We are unable to maintain sufficient net cash to finance business operations.

Risk appetite
We have the expertise and structure to maintain a strong net cash position and to have a high degree of visibility of cash flow.

Potential causes
- Loss-making projects.
- Inability to produce accurate cash forecasts.
- Significant amounts of cash locked up in WIP and claims against clients.
- Insolvency of a key client.

Emerging risks
- Potential reform of the law and practices in relation to retentions.
- Increased use of project bank accounts and/or increased scrutiny on our payment practices.

Mitigations
- Each business unit reviews its cash forecast weekly and monthly, and the Group prepares a detailed daily cash book forecast for the following eight-week period to highlight any risk of intra-month fluctuations.
- These forecasts are reviewed at business unit, division and Group level.

Key risk indicators
- Average month end cash.

Movement in the year
The disposal of the housebuilding divisions means that the balance sheet no longer has debt or associated covenants.

However, it has also removed a key lever (the timing and value of land acquisitions and disposals) available to manage cash. Therefore, our cash position is more exposed to unexpected variances from forecast in the construction business.

Cash management has been a critical area of management focus throughout the Covid-19 pandemic. Interventions have included maximising the value our clients will certify and pay, chasing down retentions and postponing or cancelling discretionary expenditure.

We also introduced more detailed and regular monitoring controls, including divisional and Finance Director review and approval of all supplier payments proposed by business units, as a temporary measure during the onset of the Covid-19 pandemic.

Risk management
continued

Risk	Risk description	Key mitigations	Key risk indicators
Project selection	We take on the wrong projects, at the wrong price, or on the wrong terms.	We have robust review and approval controls for bids and contracts including a risk-based heat map tool to ensure that project selection is aligned to our risk appetite.	Project margins.
Work winning	Failure to win work within our target markets and clients.	We have a centralised, dedicated pre-construction team, focused on securing our place on the most strategically important construction procurement frameworks.	Total value of order book. % of current year's revenue target already secured.
Safety	Failure to maintain high standards of health and safety performance.	We have operational controls in place, including an H&S site risk assessment for every site, which are monitored through a regular audit process. Both the 'Golden Rules' and the award-winning Challenging Beliefs, Affecting Behaviour safety programme help drive a strong safety culture.	Accident Frequency Rate. RIDDORs in past 12 months. Director safety tours.
Quality	Failure to deliver high quality, defect-free buildings and infrastructure to our clients.	Quality control is embedded within the Business Management System policies and procedures, with compliance monitored through a programme of internal audits. We select competent designers and subcontractors to work with and use specialist consultants at key review stages.	Average ageing of retentions. Average net promoter score.
People	We do not have a sufficient amount of staff with the skills and experience that we require.	We undertake regular reviews of remuneration and benefits packages to ensure we remain competitive. We operate graduate and trainee programmes to develop our own pipeline of talent.	Number of vacancies. Voluntary churn rate %.
Regulatory compliance	We have a high-profile breach of applicable laws or regulations.	The Group has comprehensive policies and guidance at every level including the Group's Code of Conduct, mandatory e-learning for all employees, regular legal updates and briefings, six-monthly compliance declarations, and conflicts of interest registers and authorisations.	Number of external enforcement cases.
Sustainability	We fail to keep pace with the sustainability expectations of our key stakeholder groups.	We have a Stakeholder Steering Committee to engage with and help us understand the priorities of our key stakeholder groups. We carry out regular engagement with analysts and investors to understand the evolving ESG expectations of the investor community.	Carbon dioxide emissions. Waste per £100,000 of revenue.
Cyber security	Loss of data from or loss of access to business critical IT infrastructure and applications.	Tools to protect and monitor our networks and data such as scanning of email attachments to detect and intercept malware.	Number of user accounts breached. Number of successful malware infections.

Viability Statement

As required by provision 31 of the 2018 UK Corporate Governance Code, the Board has assessed the prospects and financial viability of the Group, taking account of the Group's current position and the potential impact of the principal risks to the Group's ability to deliver its business plan. The assessment has been made using a period of three years, which aligns with our normal business planning period and provides reasonable visibility of future revenue from the existing order book. Following the sale of the housebuilding divisions and the recapitalisation of the business, the Group no longer has any debt facilities and associated covenants, therefore viability has been assessed in terms of the headroom against available cash reserves.

The base case for the cash flow projections modelled in our assessment of viability is the budget for the three years from 1 July 2020 which incorporates appropriate contingencies against plausible day-to-day downside risks, primarily the Group's principal risks as disclosed previously. The base case shows average month end net cash growing in line with earnings and assumes that the Group continues to operate without debt facilities. Against this base case, we have stress-tested the forecasts and modelled the impact on cash flow and liquidity of a number of downside scenarios related to our principal risks, including the impact of Covid-19 as well as a combined downside scenario that includes a number of these sensitivities occurring together.

The most significant risks considered in relation to the viability assessment are reductions in the opportunity pipeline, lack of new work winning (albeit the Group is protected by its place on a number of public and regulated sector frameworks), margin erosion, poor project delivery and performance and cash management. The scenarios modelled included reductions in volumes leading to a fall in monthly revenue of up to 25%, delays of up to six months in the recovery of outstanding amounts such as retentions and a general deterioration in working capital performance. We have also specifically modelled the impact of further local and national lockdowns as a result of Covid-19.

As part of the viability assessment, the Board also considered the mitigations and interventions available to manage the impact of one or more of the downside scenarios occurring but has not assumed any potential future assistance from the UK Government such as a new Coronavirus Job Retention Scheme or deferrals to tax payment dates. The base case already includes significant cash contingencies and the Board has considered further mitigating actions that are available to it.

Based on the results of this analysis, the Board has concluded it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of its assessment.

Operating sustainably
Sustainability is central to our strategy

We recognise that being sustainable makes us more efficient, helps us to win work, engages our employees and benefits communities and the environment.

We therefore look to operate sustainably, balancing our financial performance with our obligations to all our stakeholders to create long-term value.

Retain
Existing platform for sustainable growth

Improve
Operations to drive margin progression

Deliver
Strong, predictable cash flows and margin improvement

Our approach to sustainability

The Group takes a strategic approach to sustainability, guided by our Sustainability & Social Value Policy. Overall responsibility for sustainability and the policy rests with the Executive Board, which discharges this responsibility through divisional leadership.

We set clearly defined objectives and targets that address the sustainability risks and opportunities facing our business and stakeholders, and then take appropriate steps to mitigate negative impacts and enhance positive impacts. We manage our impacts in relation to six fundamental areas: our people and health and safety, which are described on pages 24 to 28, and environment and climate change, communities, clients and supply chain.

Our policies and processes are contained within our BMS, a mandatory platform which defines our approach to all key operations and sets out the standards we must adhere to. Use of the BMS ensures consistency, governance and control and effective risk management by mitigating issues at source.

Our performance

Our overall performance as a responsible business is reflected in our membership of the FTSE4Good Index, an exclusive investor index consisting only of companies that effectively manage their environmental, social and governance risks. We were independently assessed to have achieved a score of 3.3 out of 5 (2019: 3.2), firmly securing a place in the top third of the index, and scoring well above the heavy construction sector average of 1.5. We achieved the top rating possible for corporate governance and anti-corruption, as well as scoring highly on environmental supply chain and community matters.

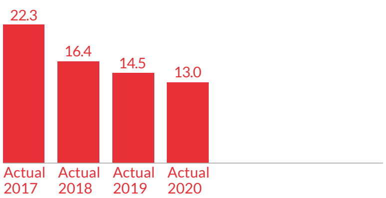
We continue to have Gold status from the Supply Chain Sustainability School.

Environment and climate change	p36
Supply chain and human rights	p38
Social and community matters	p39

People and culture p24
Health and safety p27

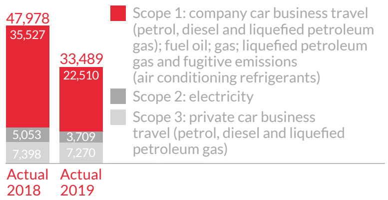
Waste per £100,000 revenue
(tonnes of construction and demolition waste)

13.0



Carbon dioxide equivalent emissions
(tonnes)[2,3]

33,489



Key Performance Indicators[1]

684

employees completed environmental training (2019: 622)

0

environmental prosecutions or fixed penalties (2019: 0)

95%

of waste diverted from landfill (2019: 95%)

Environment and climate change

Environmental protection and climate change are among the greatest challenges we face, both as a society and as a business. We have a key part to play through minimising the environmental impact and carbon footprint of our operations to ensure the long-term sustainability of the buildings, infrastructure and services we provide.

Policies and management

Our Environmental Policy sets out our commitment to integrating the assessment, management and control of environmental issues into the management of our business. This is complemented by our Energy Policy, which recognises the impact of energy use on climate change and commits us to effectively and efficiently managing our energy use. Our Biodiversity Policy obligates us to protect and, where appropriate, enhance biodiversity during our construction activities. Our Responsible Sourcing Policy requires us to consider our preferred suppliers' environmental impacts, among other issues.

Our policies require us to play our part in minimising the amount of construction, demolition and excavation waste going to landfill by designing out and reducing waste, reusing materials wherever possible, recycling more, and increasing the use of recycled and recovered materials.

We identify, manage and mitigate our environmental impacts from project to business level through our ISO 14001 certified management system, supported by our HS&S department. We make our people aware of our environmental standards and policies that are integrated into our BMS through extensive training, our intranet and by promoting our Code of Conduct, 'Doing the right thing', to all our employees.

1 Excludes discontinued housebuilding operations.

2 Carbon dioxide equivalent emissions are reported by calendar year and since 2014 have been externally verified to ISO 14064-1. Emissions cover all those arising from our fleet, gas and electricity in all offices and sites and all other fuel used directly (for example diesel on site) (including our share of emissions from joint ventures).

3 Emissions associated with the use of 'private cars' have been removed from Scope 1 and are now included as Scope 3 to reflect industry best practice and compliance with ISO 14064-1.

Compliance with our environmental standards and policies is assessed through the same process as for health and safety, which is described on page 27. We also monitor environmental performance improvement using key indicators (for example carbon and waste), which are regularly reviewed and reported. All environmental incidents are fully investigated and reported by our HS&S department to ensure any appropriate lessons are learned to prevent further recurrences.

Carbon and energy performance, initiatives and SECR reporting

Galliford Try has voluntarily reported greenhouse gas emissions and environmental performance since 2009. The data included below and to the left covers the new reporting requirements detailed in the Streamlined Energy & Carbon Reporting 'SECR' Regulations. As we have historically reported our carbon and energy data in calendar years, the following section represents our carbon and energy performance for Galliford Try for the calendar year 2019. It therefore includes the disposed housebuilding divisions (waste data is reported for the financial year and excludes performance of the disposed divisions):

Tonnes of CO_2e	2019	2018
Emissions from combustion of gas (Scope 1)	**3,388**	4,265
Emissions from combustion of fuel for transport purposes (Scope 1)	**2,476**	3,026
Emissions from purchased electricity (Scope 2; location-based)	**3,709**	5,053
Emissions from business travel in employee-owned vehicles (Scope 3)	**7,270**	7,398

We are pleased to report a reduction in our Scope 1, 2 and 3 carbon emissions from an intensity of 1.54 tonnes of carbon dioxide equivalent emissions per £100,000 of revenue in 2018 to 1.22 tonnes of carbon dioxide equivalent emissions per £100,000 of revenue in 2019, which reflects the work we have undertaken to become more energy efficient and our commitment to reduce our climate change impact. Overall, we have reduced our carbon dioxide equivalent emissions by 20% since 2015 ie from 42,223 carbon dioxide equivalent emissions tonnes in 2015 to 33,490 in 2019.

Our reported emissions are solely related to our UK activities.

We are also encouraged that data for our standalone construction and Group operations excluding the disposed of housebuilding divisions shows a similar trend, with our intensity ratio falling from 2.05 in 2018 to 1.40 in 2019.

Methodology

Carbon dioxide equivalent emissions (tCO_2e) are calculated using the methodology in ISO 14064-1 and the UK Government GHG Conversion Factors and Methodology for Company Reporting 2019, which are also subject to external verification. Emissions cover all those arising from our fleet, gas and electricity in all offices and sites and all other fuel used directly (for example diesel on site) (including our share of emissions from joint ventures). Where data is obtained in litres used and distance travelled, these conversion factors have been used to convert to kW.

Annual energy usage

Our total energy use, calculated from DEFRA 2019 conversion factors, for all our UK activities related to our scope 1, 2 and 3 activities was 141,163,384 KWh, which is a 24% reduction in our total energy use in 2018 (186,835,090 KWh). Excluding the disposed housebuilding divisions, our total energy use mirrored the same trend at 78,714,616 KWh in 2019, which is a 38% reduction in total energy use for the same operations in 2018 (126,098,453 KWh).

Energy efficiency measures undertaken

The two main areas that contribute to our use of energy are from business travel and fuel use on our construction sites (associated with cabin and plant usage) that accounts for 79% of our total carbon footprint ie 29% from business travel and 50% from on-site fuel usage. Consequently, our energy efficiency initiatives have focused on these areas and have included:

- Improving the efficiency of our vehicle fleet ie our average carbon dioxide emissions have been reduced from 133g/km in 2011 to 97g/km in 2019.
- Introducing plug-in hybrid and electric vehicles to our fleet that has resulted in over 20% of the fleet in 2019 being either hybrid or all electric.
- Introducing Agile and Smart Working Policies that allow alternative options for travel to offices and sites using online communication technologies such as Microsoft Teams as well as all our offices having video conference facilities.
- Promoting the use of hybrid generators for temporary power on our construction sites, which improves energy efficiency compared to conventional diesel only powered units.
- Providing all our offices with electricity from renewable sources.

Waste performance

In the financial year to 30 June 2020, the continuing Galliford Try business reduced waste per £100,000 of revenue to 13.0 tonnes, compared to 14.5 tonnes in the previous financial year. For the same periods, we maintained a good level of waste diverted from landfill at 95%.

Areas of focus for 2020/21

We continue to seek innovative and proactive ways to improve our environmental performance across all our activities. Building upon the provision of renewable energy sources for office electricity that we reported last year, we are now seeking to extend this to our construction sites to further reduce our carbon footprint and our climate change impact. Additionally, based upon the results of an energy audit successfully completed during 2019 to comply with the Energy Saving Opportunity Scheme, we are looking at further opportunities to reduce our use of energy for example through the use of energy efficient construction site accommodation and further promoting the use of hybrid generators for temporary power.

We will also continue to support community initiatives that are geared towards environmental performance improvement, for example, the National Community Wood Recycling Project, Community RePaint Scheme and the 'BIG Challenge' that enhances local biodiversity.

We have also committed to improving our internal environmental training processes through the development and delivery of a bespoke one-day environmental training course which will supplement an internal project to integrate our HS&E management processes into our BMS.

Supply chain

Delivering projects to achieve our customers' requirements and achieving targets for improving the performance of our business on many social, environmental and economic performance indicators is only possible if we work with organisations that share our commitment and have good relationships.

Collaboration and delivering mutual benefits form the basis of our approach, which establishes and maintains long-term trading relationships with key subcontractors, suppliers and manufacturers.

Management and compliance

Our supply chain predominantly consists of subcontractors, who operate on our sites, and suppliers, who provide materials. We select and manage our subcontractors at a local level to maximise local economic impact, but in accordance with robust procedures to minimise risk to our projects. This approach is coupled with the central procurement of key commodities to benefit from strategic supplier partnerships and economies of scale.

We engage with our supply chain using a range of methods such as Meet the Buyer events, meetings and workshops and actively engage with members to promote our principles and practices.

Performance

We continue to retain Gold status from the Supply Chain Sustainability School. We have worked with the school to deliver to our supply chain more than 3,400 hours of CPD training and over 1,000 e-learning modules, with more than 100 individuals attending workshops.

Human rights

As a construction business operating in the UK, the key human rights risk associated with our business is modern slavery and human trafficking. The main areas that could be affected are our directly-hired employees, agency workers working on our behalf, subcontractor operatives, and our supply chain.

Policies and management

Our Code of Conduct sets out our commitment to upholding human rights and to taking steps to prevent slavery and human trafficking. Our annually reviewed Modern Slavery Statement sets out the procedures we employ to mitigate these risks. Our Responsible Sourcing Policy also requires our preferred suppliers to have policies and procedures that protect employee rights, diversity and equality along with payment of the living wage.

We verify our employees have the right to work in the UK and make them aware of their rights and entitlements.

We aim to engage only with agency workers on a preferred supplier list, who ensure their workers have the right to work in the UK, who do not charge workers a work-finding fee and have procedures to minimise the risk of recruiting forced or compulsory labour.

Our on-boarding procedures for subcontractors are compliant with PAS 91 and we also ask additional questions that cover our Responsible Sourcing, Modern Slavery and Environmental policies with an aim to ensure we work with subcontractors who share our values.

Our supplier and manufacturing supply chain partners are subject to similar rigorous vetting processes which also encompass Responsible Sourcing, Modern Slavery and Environmental policies.

Our whistleblowing procedure encourages any employee or third party to confidentially raise a concern and these are always investigated.

Performance

We are not aware of any human rights issues in our own business or the supply chain.

Delivering Advantage through Alignment for our subcontractors

Advantage through Alignment is an initiative designed to increase both engagement and involvement with our supply chain.

The five pillars of the scheme are based on increasing communication between all parties, giving the supply chain better visibility of our pipeline of work, providing greater insight into Galliford Try's operations and implementing 360 degree reviews and an improved feedback process. The ongoing dialogue also allows us to gain a better understanding of the requirements of our key supply chain members and their drivers.

Anti-bribery and corruption

Policy and management

Our Corruption and Fraud Prevention Policy and Guidelines make clear our zero tolerance approach to bribery, corruption and fraud of all kinds. They describe the obligations for all our people to meet the expected standards of conduct and to report any suspected policy breaches.

Our approach to anti-bribery, corruption and to gifts and entertainment is also explained in our Code of Conduct, which is distributed to all of our people and the supply chain. Every six months, management across the Group is required to sign a declaration to the Chief Executive that the people they are responsible for are aware of the policy and the Code of Conduct, comply with their contents, and that any issues have been reported.

Every three years, all employees must complete an online course regarding the Bribery Act, which is also a topic covered in employee inductions. Any employees not completing mandatory courses are escalated to the Executive Board.

We require any suspicious activity to be reported either through the advertised whistleblowing line or to our Legal department. We subject our internal control systems and procedures to regular audits to provide assurance that they are effective in countering bribery and corruption.

Performance

No material issues were reported or identified through our audits. We achieved the top rating possible in the FTSE4Good Index for anti-corruption.

Social and community matters

We recognise that our business can have both positive and negative impacts on society as a whole and the communities around our sites. We look to manage our impacts to maximise the overall value we create.

Policies and management

Our Sustainability & Social Value Policy sets out our commitment to assessing sustainability risks and opportunities, and taking appropriate steps to mitigate negative impacts and enhance positive impacts. Our Code of Conduct also explains our approach to being a good neighbour and the requirement to treat all our stakeholders with respect, courtesy and consideration.

The business has a range of mechanisms for identifying and managing community impacts. These include sustainability steering groups, sustainability route maps, planning (for example covering community benefits and social value), and dedicated roles covering areas such as corporate responsibility and community liaison.

We also take part in the Considerate Constructors Scheme (CCS), which assesses sites on criteria including being considerate of local neighbourhoods and the public.

Performance[1]

The Group achieved an average CCS score of 41.1 (2019: 40.5), which continues to exceed the industry average of 37.1 (2019: 36.5). We donated over £195,000 in time, materials and money to charitable causes (2019: £142,198) and we were pleased to mark 21 years of supporting CRASH, which assists homelessness and hospice charities with construction-related projects.

We also contribute to communities by spending a significant portion of our revenue with subcontractors, most of which are local small and medium-sized enterprises.

Initiatives

There are a number of initiatives under way across the Group to engage with our communities. Examples include improving employment prospects for young people through our training schemes and community volunteering, with each employee entitled to take two days of paid leave each year. In total, our people took 1,043 days to volunteer during the year.

£195,000+[1]
donated to charitable causes

41.1[1]
score in the Considerate Constructors scheme

1,043[1]
volunteering days taken by employees

Non-financial information statement and non-financial key performance indicators

The information required to be included in our non-financial information statement, under sections 414CA and 414CB of the Companies Act 2006, can be found in the following places in the Strategic report:

Business model	p4
Employees	p24
Principal risks	p32
Environmental matters	p36
Human rights	p38
Social matters	p39
Anti-bribery and corruption	p39

1 Excludes discontinued housebuilding operations.

Financial review

Confident for the future

Our core business was performing well ahead of the Covid-19 outbreak and we can see the benefits of our strict risk management and people-focused values coming through.

Andrew Duxbury
Finance Director

Group financial performance – continuing operations

£1,089.6m
Pre-exceptional revenue
(2019: £1,402.9m)

£59.7m
Pre-exceptional loss before tax
(2019: £17.2m)

£34.6m
Loss before tax
(2019: £64.5m)

£197.2m
Net cash
(2019: net debt of £56.6m)

£40.7m
PPP portfolio
(2019: £41.6m)

The disposal of the housebuilding divisions completed on 3 January 2020. This review focuses primarily on the performance and financial position of the continuing business. Information on the transaction and the performance of the discontinued businesses can be found on page 107.

As with the significant majority of companies globally, we have been impacted by the Covid-19 pandemic, with the site closures in Scotland and the adapted site operations in England affecting our financial performance this year. That said, our core business was performing well ahead of the Covid-19 outbreak and we can see the benefits of our strict risk management and people-focused values coming through.

Revenue

The continuing Group's pre-exceptional revenue for the year was £1,089.6m (2019: £1,402.9m), with the reduction reflecting the refocusing of the business, following the April 2019 strategic review, and the impact of Covid-19, which closed our Scottish business and reduced output in England during the last four months of the year. Of the total, Building contributed pre-exceptional revenue of £719.9m (2019: £858.3m), down 16%, while Infrastructure recorded revenue of £357.1m, down 32% from £527.0m in 2019. PPP Investments' revenue was £8.2m (2019: £17.0m).

Loss from operations

The Group's loss from operations (stated before exceptional items, finance costs, amortisation, tax and share of joint ventures' interest and tax), was £62.4m (2019: £16.9m). Building and Infrastructure incurred pre-exceptional losses from operations of £51.9m and £1.8m respectively (2019: £9.5m and £5.5m respectively). These performances were adversely impacted by Covid-19 and associated project delays, contract settlements and legal costs. In particular, Covid-19 reduced gross profit due to the impact of lower revenue, lower site productivity and the cost of implementing the new operating procedures. There was an £8.7m net loss in Central Costs and PPP Investments (2019: £1.9m).

After exceptional items of £25.1m (see below), the Group's net loss from operations was £37.3m (2019: £64.2m), with Building incurring a loss of £53.9m (2019: £10.4m) and Infrastructure recording a profit of £25.5m (2019: loss of £51.0m).

Net interest income

Net interest income of £4.8m was greater than the comparable income of £2.0m in 2019, due to greater interest receivable from PPP sub-debt investments.

Profit/(loss) before tax

The pre-exceptional loss before tax for the year was £59.7m (2019: £17.2m). Pre-exceptional loss or profit before income tax is an alternative performance measure and a key metric we use to monitor our performance. The table below reconciles it to statutory profit before income tax.

	2020 £m	2019 £m
Pre-exceptional loss before income tax	(59.7)	(17.2)
Exceptional income/(charge)	25.1	(47.3)
Loss before income tax	(34.6)	(64.5)

We use other alternative financial performance indicators to monitor our performance. These are included throughout this report, alongside standard measures, and are designed to be useful to investors by providing a balanced view of our operations. An explanation of these measures and reconciliations to the corresponding statutory measures are included in note 38.

Exceptional items

Exceptional items in the year totalled a net gain of £25.1m (2019: net charge of £47.3m). The exceptional gain in 2020 was made up of the:

- **impact of legacy contracts:** £28.0m; and
- **restructuring costs:** £(2.9)m.

Following the settlement of the AWPR final account, the Group received a cash payment of £32m in 2020. The settlement brings to a conclusion a complex and challenging project and avoids a lengthy, distracting, uncertain and expensive litigation process.

After discussion with the Corporate Reporting Review Team of the Financial Reporting Council, we have treated the write-down of the previously recorded AWPR recoverable asset as an opening balance sheet adjustment at 30 June 2018, on the basis that it could not be demonstrated that it was highly probable that there would not be a significant reversal of revenue in the future in respect of the value to be recovered and therefore the asset should not have been recognised. This results in the settlement payment being recognised as exceptional income in the year to 30 June 2020, net of final cost estimates of £4.0m. Another adverse adjudication award of £9.4m has also been treated as an opening balance sheet adjustment at 30 June 2018, as the Group considers that the loss should have been previously accrued under IAS 11. The prior year adjustments are explained in more detail in notes 1 and 40.

Following the disposal of the housebuilding operations in January 2020 and the impact of the Covid-19 pandemic during 2020, the Group completed a restructuring exercise during the summer to reflect the revised size and structure of the business and the central support resources required, resulting in £2.9m of redundancy costs.

Exceptional items in 2019 of £47.3m included £41.8m in respect of two legacy contracts (AWPR and Queensferry Crossing), £4.6m of restructuring costs and £0.9m of pension costs. Further details of exceptional items are set out in note 4 to the financial statements.

Taxation

The pre-exceptional taxation credit of £6.8m reflects an estimated effective tax rate of 11.4% (2019: 31.4%) for the year, lower than the standard UK rate of corporation tax due to a number of prior year adjustments. We anticipate that the effective tax rate will revert towards the standard UK rate of corporate tax for the foreseeable future.

Our tax strategy is available from our website at www.gallifordtry.co.uk. In summary, we look to comply with both the letter and spirit of relevant regulations and to pay our fair share of tax.

Earnings/loss per share

The Group recorded a pre-exceptional loss per share for the year of 47.7p (2019: 10.7p). After exceptional items, the loss per share was 29.4p (2019: 44.7p).

Dividends

On 12 March 2020, the Board declared an interim dividend of 1.0p per share, which was scheduled to be paid to shareholders on 17 April 2020. However, following the outbreak of Covid-19, the Board considered it prudent to cancel the interim dividend payment in order to preserve liquidity during a period of significant uncertainty.

We plan to resume dividends as we return to profitability.

At 30 June 2020, the Company had distributable reserves of £100.0m.

Cash and investments

As discussed below, following the disposal of the housebuilding divisions the Group has no debt and had a pro forma cash balance of £225m as at 31 December 2019. At 30 June 2020, we had a cash balance of £197.2m, partly reflecting reduced activity in the final quarter of the year due to Covid-19. The average month-end cash balance in the period since the transaction completed was £141m, which is in line with the expectations we set at the start of the year.

At 30 June 2020, the Group had a PPP portfolio of £40.7m (2019: £41.6m), valued using a 9% discount rate.

Working capital and equity

The Group has modest working capital requirements. At 30 June 2020, total working capital employed was £(211.3)m (30 June 2019 restated: £452.8m). The comparative balances for 2019 include the disposed housebuilding divisions, distorting the year on year comparisons.

The main elements of working capital include trade receivables and payables, contract assets and liabilities and accruals. Trade balances have reduced with a continued focus on cash collections from customers and in supporting our supply chain. Contract balances have reduced following the settlement of a number of final accounts including AWPR. Accruals include traditional subcontractor, purchase ledger and overhead cost accruals and have reduced, reflecting the smaller business.

Total equity at the year end was £120.5m (30 June 2019: £679.3m) following the disposal of the housebuilding divisions.

As previously disclosed, the Group provided services in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Our work on these contracts formally ceased on their termination in August 2018. Costs were significantly impacted by client-driven scope changes and the Group has submitted claims and variations to the value of £95m in respect of these costs (2019: £54m). The Group has taken extensive legal advice on our entitlement and we have been successful in two adjudications supporting the validity of the Group's position. Taking into account the requirements of IFRS 15, the Group had constrained the revenue recognised in prior periods to the extent that it was highly probable not to result in a significant reversal in the future. At 30 June 2020 the Group has updated its assessed recoverability in accordance with IFRS 15 and expected credit loss provision in accordance with IFRS 9, both of which assessments are unchanged in the year.

Prompt Payment Code

In July 2019, the Group was suspended from the Prompt Payment Code for not paying at least 90% of invoices within 60 days. We are committed to pursuing a collaborative and open approach with all our supply chain and therefore instigated changes to our procedures and processes, to ensure we could again be recognised as a signatory to the Code as soon as possible. We were therefore pleased that our membership of the Code was restored in December 2019. Our prompt payment performance improved again in the six month period to 30 June 2020.

Disposal of the housebuilding divisions

At the General Meeting of Galliford Try plc, held on 29 November 2019, the shareholders approved the implementation of the scheme of arrangement, the proposed company restructuring and the disposal of the housebuilding divisions, Linden Homes and Partnership & Regeneration. On 2 January 2020, we announced that the scheme of arrangement had become effective.

On 3 January 2020, the Group completed the disposal of the housebuilding divisions. We received consideration in the form of cash proceeds of £300m, the transfer of the £100m 10-year sterling private placement notes to the acquiror, Vistry Group plc, and a further working capital adjustment as stipulated by the Sale and Purchase Agreement (note 9). In addition, the Group's shareholders received 0.57406 shares in Vistry Group plc for every 1.0 share held in Galliford Try plc.

With effect from 8:00 a.m. on 3 January 2020, 111,053,489 Galliford Try Holdings plc shares with a nominal value of 50p each, representing the Group's entire issued share capital, were admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange, with a corresponding cancellation of all shares of Galliford Try plc. The shares were issued to existing Galliford Try plc shareholders on a 1 to 1 basis.

The basis of preparation of the Group's consolidated financial statements following this disposal is detailed in note 1 and the financial impact of the disposals on the income statement and balance sheet is detailed in note 9 (Discontinued operations).

At completion of the transaction, Vistry Group plc assumed our rights and obligations under two pension schemes, the Galliford Try Final Salary Pension Scheme and the Galliford Try (Holdings) Limited Pension & Assurance Scheme. The schemes had combined membership of approximately 2,059 individuals and combined assets of approximately £254.0m. This leaves the continuing Group with no defined benefit pension schemes to fund.

Performance of the discontinued operations

The performance of the discontinued operations during the period of the Group's ownership is summarised below.

Linden Homes

	2020 £m	2019 £m
Adjusted revenue*	**333.8**	820.4
Profit from operations	**50.1**	160.5

Profit from operations in the period of £50.1m resulted in an operating profit margin of 15.0%. Adjusted revenue* of £333.8m was generated from 1,293 completions. The average number of outlets during the period was 82.

Partnerships & Regeneration

	2020 £m	2019 £m
Adjusted revenue*	**370.0**	623.2
Profit from operations	**18.7**	34.8

Partnerships & Regeneration's adjusted revenue* during the period was £370.0m, with an operating margin of 5.0%.

The trading performance of the discontinued operations is detailed in note 9.

* Adjusted revenue includes share of JV revenue and excludes part-exchange revenue.

Debt

At 30 June 2019, the Group had net debt of £56.6m and total debt facilities of £550m, including a £100m 10-year private placement. As noted above, the Group received cash proceeds of £300m plus a further working capital adjustment, enabling it to repay and cancel its £450m bank facilities on 3 January 2020, while the private placement notes transferred to Vistry Group plc as part of the transaction. As a result, at 30 June 2020 the Group had no debt or borrowing facilities and a cash balance of £197.2m.

Pension schemes

At completion of the transaction, Vistry Group plc assumed our rights and obligations under two pension schemes, the Galliford Try Final Salary Pension Scheme and the Galliford Try (Holdings) Limited Pension & Assurance Scheme. The schemes had combined membership of approximately 2,059 individuals and combined assets of approximately £254.0m. We retained the Galliford Try Special Scheme, which currently has only five members and is in the process of being wound up. The Group therefore has no defined benefit pension liabilities with the liabilities having been bought out last year.

Further information

Further information on the transaction can be found in notes 1 and 9 to the financial statements, on pages 93 and 107.

Contingent liabilities

The directors ensure that contingent liabilities are appropriately assessed, documented and monitored. More information can be found in note 35.

Going concern and viability statement

The Group's going concern statement, together with further related information, can be found in the Directors' report on page 77.

The Group's viability statement can be found on p34

Critical accounting policies and assumptions

The Group's principal accounting policies are set out in note 1 to the financial statements, together with a description of the key estimates and judgments affecting the application of those policies and amounts reported in the financial statements.

On 1 July 2019, the Group transitioned from IAS 17 Leases to IFRS 16 Leases. This required all assets previously classified as operating leases to be capitalised, alongside an associated liability equal to the present value of the lease commitment. The operating lease rental expense charged to operating profit was replaced by an amortisation charge for the 'right of use' assets recognised in operating profit and an interest charge on the lease liabilities was recognised in the licence costs.

We adopted the modified retrospective approach, which does not require us to restate comparative years. On adoption of IFRS 16, the Group recognised a £1.0m reduction in reserves, represented primarily by £42.1m of additional right of use assets offset by £43.5m of corresponding lease liabilities. Of this, £25.5m of right of use assets and £25.6m of lease liabilities related to the continuing businesses, with the remainder relating to the discontinued operations. More information can be found in notes 1 and 39.

Managing our stakeholder relationships
s172 statement

Section 172(1) of the Companies Act 2006 imposes a general duty on every company director to act, in good faith, in the way they consider would be most likely to promote the success of the company for the benefit of its shareholders, while taking into account how the Group's activities and Board decisions will affect its stakeholders. This statement explains how the Board complies with its obligations under s172.

We recognise the importance of our stakeholders' views and actively engage with them, proactively considering their interests in the decisions we make. The ability to carry out our operations and therefore our long-term success is contingent on our ability to be:

- A great employer for our people and supply chain.
- A collaborative partner for our clients.
- A considerate neighbour for the communities we work in.
- A performing business for our investors.

We recognise the importance of our stakeholders' views and actively engage with them, proactively considering their interests in the decisions we make.

Employees

We employ 2,944 people, who we rely on to deliver our activities.

Key employee priorities

- Commitment to their health, safety and wellbeing.
- A compelling company vision.
- A culture of fair treatment, respect and integrity.
- Opportunities to develop professionally and personally.
- Attractive and fair rewards and benefits.
- Job security driven by Group performance.

How we engage

We use the following mechanisms to outline our approach to employee priorities and gather feedback on our interactions:

- Face-to-face engagement through our Employee Forum, which is chaired by our Senior Independent Director; staff inductions with members of our Executive Board present; CEO roadshow; our annual Graduate Welcome event, director site and office visits; Performance Development Reviews/one-to-ones, toolbox talks and town halls.
- Emails from our CEO, video content from the Group and CEO, video calls, general email bulletins, our employee magazine, intranet, text messages and social platforms such as Yammer.
- Indirect engagement such as through papers to our Board detailing key data relating to our people including health and safety KPIs, employee churn levels, engagement indicators such as sickness leave, and training.
- Independent support such as access to our Employee Assistance Programme and whistleblowing hotline.
- Encouraging and analysing independent employee feedback via employee surveys or via sites such as Glassdoor and JobCrowd.

Clients

Satisfied clients are essential for a sustainable and profitable business.

Key client priorities

- Ability to deliver, and financial stability.
- Health, safety and wellbeing.
- Cost, value, quality and service.
- Collaborative approach.
- Achieving environmental and sustainability targets.

How we engage

We use the following mechanisms to outline our approach to client priorities and gather feedback on our interactions:

- Direct engagement through face-to-face, video or telephone client meetings; high-quality bid submissions, contract negotiation and management; client satisfaction surveys; site tours; business development activities such as attendance at exhibitions and Meet the Buyer events.
- Indirect engagement such as project reports, marketing materials, an up-to-date website, press coverage and engaging in social media.
- Project performance feedback.

Supply chain

We rely on suppliers to deliver our construction projects.

Key supply chain priorities

- Health, safety and wellbeing.
- Pipeline of work.
- Fair treatment and prompt payment.
- Access to resources.
- Collaborative relationships.

How we engage

We use the following mechanisms to outline our approach to supply chain priorities and gather feedback on our interactions:

- Direct engagement through Meet the Buyer events; workshops; face-to-face, video or telephone meetings; contract negotiation and management and toolbox talks.
- Creating mutually-beneficial relationships through our Advantage through Alignment programme.
- Indirect engagement such as via trade associations, project reports, an up-to-date website, press coverage, engaging in social media and involvement in the Considerate Constructors Scheme.

Shareholders

We must act in the interests of our shareholders to maintain the capital needed to fund our activities.

Treating shareholders fairly

The Group's shares are owned by a wide range of institutional and individual shareholders, with no shareholder having a majority holding or significant influence over the Group. As a result, no situations arise in which any shareholders can be treated differently, ensuring fair treatment for all. The Group responds to all shareholder requests.

Key shareholder priorities

- Strategy and progress.
- Financial performance and trading.
- Dividend policy.
- Market trends and impact of Government policy.
- Corporate governance.
- Reputation and culture.
- Remuneration and share schemes.
- Risks to the business.
- Succession planning.
- ESG matters.

How we engage

We use the following mechanisms to outline our approach to shareholder priorities and gather feedback on our interactions:

- Direct engagement through investor roadshows; face-to-face, video or telephone communications; Capital Markets Days, results presentations and webcasts; analyst briefings; AGMs; our Annual Report; consultations and Regulatory News Service announcements.
- Indirect engagement such as an up-to-date website, press coverage, engaging in social media, trading updates; corporate and financial videos and contributions to investor decision-making resources.

Communities

We construct buildings and infrastructure in communities and must meet the needs of local groups so we are welcomed and can carry out our work.

Key community priorities

- Disruption to local services/environment.
- Contribution to local economy (local labour) and supporting local causes.
- High-quality buildings and infrastructure.
- Environmental concerns.

How we engage

- Direct engagement such as through our membership of the Considerate Constructors Scheme, local newsletters, town hall meetings and exhibitions, school and college visits, site tours, Open Doors and local community engagement plans.
- Indirect engagement such as an up-to-date website, press coverage and engaging in social media.

> As a dedicated Partner of the Considerate Constructors Scheme, we strive to continuously improve the image of the industry, focusing on the key areas of safety, community, environment, workforce and appearance.

How the Board engages with our stakeholders

The Directors gather stakeholder views through both direct and indirect engagement.

The Board, and in particular the Chief Executive and Finance Director, lead our shareholder engagement activities, as described in the shareholder relations section on page 56. The Board also engages directly with employees through the Employee Forum, which is chaired by our Senior Independent Director, Terry Miller. The Forum's role and the Forum's meetings in the year are discussed on page 46.

The Board also established a Stakeholder Steering Committee in 2019. This is a Board-level Committee, chaired by Terry Miller, whose purpose is to review and oversee the Group's relationships with its key stakeholders, identify ways to create two-way communication between stakeholders and the Board and ensure their views are considered in Board discussions and decisions. The Committee met twice during the year, as discussed on page 46.

Standards of business conduct

The Board is acutely aware of the need to maintain high standards of business conduct. The Group has a strong ethical culture, underpinned by our values, policies and our Code of Conduct, all of which are endorsed by the Board. The Code of Conduct sets out the ethical standards everyone in Galliford Try must adhere to and provides a framework to ensure we always behave in a way that reflects our values. The Group also has specific policies and procedures to prevent bribery and corruption, as described on page 39.

Environmental impact

Information on the Group's environmental impact can be found on pages 36 and 37.

Stakeholder interests and key Board decisions

Two critical decisions were made by the Board during the year. These related to the disposal of the housebuilding divisions and business continuity planning in response to Covid-19. The section below seeks to explain these strategic decisions and how the interests of our stakeholders were taken into account.

Strategic priorities p16

Disposal of our housebuilding divisions

Overview

As we reported in our 2019 Annual Report, the Board decided to engage with Bovis Homes Group plc (now Vistry Group plc) regarding a potential combination of Vistry Group plc and our Linden and Partnerships housebuilding divisions. The Board felt that there was a compelling strategic rationale for the transaction which could lead to significant creation of shareholder value and generate operational synergies and procurement savings for the remaining Group.

The Board carefully took into account the following factors in making the decision to proceed with the transaction:

- The valuation of the housebuilding divisions and the working capital requirements for the remaining Group to continue as a stand-alone construction business.
- The completion of due diligence.
- The funding mechanism and structure for the transaction.
- Strategic options available to the Group should the transaction proceed.
- Cost and procurement synergies.
- The timetable for completion.
- Shareholder approval.

The likely long-term consequences of the decision

The Board considered the likely long-term consequences of the transaction for the remaining construction business in relation to the following:

- The impact of the transaction on shareholders.
- The financial effects of the transaction on the remaining Group and how the proceeds of the transaction would be used to finance ongoing working capital requirements.
- The future profitability of the Group.

Having considered the above factors, the Board concluded that the transaction would allow the remaining construction operations to be a well-capitalised business. Together with a strong and flexible balance sheet, a positive average Group net cash position and strong pipeline of work and high-quality order book, the remaining Group would be able to deliver long-term sustainable value for all of our stakeholders.

Stakeholder engagement

During the course of the transaction, the Board carried out extensive stakeholder engagement including:

- Staff briefings, regular communications and the opportunity to have their questions answered.
- Publication of documents relating to the sale including a prospectus, circular, explanatory statements and announcement.
- Regular communication to key clients and suppliers keeping them briefed on developments.

Business continuity planning in response to the Covid-19 pandemic

Overview

The Covid-19 pandemic created major challenges for the construction industry, resulting in new Government guidelines being imposed at short notice to deal with the national health crisis. Due to the uncertain environment, and the likely impacts that Covid-19 would have on our business and our stakeholders, the Board responded and took immediate actions to mitigate the effects on our business and stakeholders and allow business as usual activities to continue for as long as it was safe and practical to do so.

The likely long-term consequences of the decision

The following factors were taken into account:

- The health and safety of our employees, clients, subcontractors, suppliers, and the general public.
- Changing Government guidelines.
- Sites that would need to be closed while Government maintained restrictions.
- The impact on profitability and cash-flow given the reduced activity.

The Board's response

To address the issues, business continuity planning was immediately put into place. The Executive Board held daily and ad hoc remote meetings during the early phase of the pandemic. Our Chief Executive attended regular briefings with the Construction Leadership Council and sector peers to agree the approach to be taken to guarantee the safety of employees, clients, subcontractors, and the general public. The actions taken were:

- Rigorous risk assessments were undertaken on all construction sites and our risk assessment process was published on our website.
- The temporary closure of some of our construction sites, while others that could remain open would comply fully with the Site Operating Procedures issued by the Construction Leadership Council.
- Use of various measures announced by the Government in response to the pandemic (page 13).

Stakeholder engagement

- An unscheduled trading update in March 2020.
- Revised health and safety and guidance issued to sites and offices remaining open.
- Enhancement of IT to support homeworking during the pandemic.
- Regular staff briefings and communications from the Chief Executive were issued via email and other channels for site operatives.
- Supporting our suppliers and NHS to increase capacity to meet challenges.

An engaged and proactive Board

Believing in our purpose, upholding our values and delivering our strategy with strong governance will ensure the long-term sustainability of our business.

Peter Ventress
Chairman

Corporate governance

High standards of corporate governance are integral to the delivery of our strategy.

On behalf of the Board, I am pleased to present the Group's Corporate Governance report. The 2018 UK Corporate Governance Code (the Code) was the standard against which we were required to measure ourselves. As we reported in our 2019 Annual Report, we commenced extensive preparatory work last year to ensure full compliance with the new Code requirements and I am delighted to report that the Group has fulfilled its obligations with respect to the Code (see pages 52 to 54 for details).

In this report we explain our governance related processes and procedures, to ensure we comply with applicable laws and regulations. We are committed to upholding the highest standards of corporate governance and have always endeavoured to meet the requirements of new legislation ahead of their formal application. Additionally, we recognise the need to balance our financial performance with our obligations to all our stakeholders, so we can create value over the long term. The Board's duties under section 172 of the Companies Act 2006 relating to how the workforce and other stakeholders have been engaged and influence the Board's decision-making are outlined on pages 43 to 45.

Culture, values and purpose

The Board is responsible for the company's culture and for defining and setting the company's values and standards. The culture of the business is driven by a vision to be a people-orientated, progressive business, and deliver lasting change for our stakeholders and the communities we work in. Underpinning our culture of being a people-first business are strong values, clear policies and our Code of Conduct, entitled Doing the right thing. We embed our culture through:

- Comprehensive inductions for staff.
- Our extensive training programmes.
- Our bespoke Code of Conduct, Doing the right thing.
- Our operational supporting Business Management System.

See People and culture on **p24** to **p26**

Governance developments

Throughout the year, the Board received regular governance briefings and updates from the General Counsel & Company Secretary covering key legal and regulatory changes introduced during the year. As noted in our 2019 Annual Report, we had considered how best to implement the new requirements of the Code and identified key actions that were required to enhance our governance. Actions that we have taken in the year to address the Code and best practice can be summarised as follows:

Employee voice and stakeholder engagement

We established an Employee Forum to strengthen the voice of our employees at Board level and throughout the Group. Through the Employee Forum, the Board assesses and monitors the company's culture and ensures that the views of employees are taken into account. In addition, our Stakeholder Steering Committee reviews and oversees relationships with the business's key stakeholders, collating stakeholder views and reporting these views to the Board. The Board is fully committed to ensuring that we continue to meet our obligations under section 172 of the Companies Act 2006 to promote the success of the company for the benefit of shareholders as a whole but also with regard to the interests of all of our stakeholders. The early introduction of both the Employee Forum and the Stakeholder Steering Committee in 2019 demonstrates our commitment to listening to and involving our employees and to take into account the interests of our stakeholders when making Board decisions.

The Employee Forum met in October 2019, at a time when the company was transacting the disposal of the Group's housebuilding divisions, and also at the beginning of the Covid-19 pandemic in March 2020. The Forum meetings are chaired by the Senior Independent Non-executive Director and discussions included updates on business strategy and developments, business continuity in response to the Covid-19 pandemic, health and safety matters, staff communications, training and pensions. There have been some excellent initiatives proposed by the Forum representatives, which has been encouraging, and we will progress these in the coming year.

See more on the Forum and employee engagement on **p43**

The Stakeholder Steering Committee also met twice during the year, in September 2019 and May 2020. The completion of the sale of the Group's housebuilding divisions in January 2020 necessitated the need to reconstitute the membership of the committee and recalibrate our stakeholder engagement matrix. The Committee membership includes representatives from Building, Infrastructure and support services, the Director of Health, Safety and Environment and the Sustainability Manager. The Committee's work to date has focussed on reviewing our approach to engaging with our key stakeholders and identifying suitable key performance indicators to monitor the effectiveness of our engagement.

See Managing our stakeholders relationships **p43** to **p45**

Gender pay report

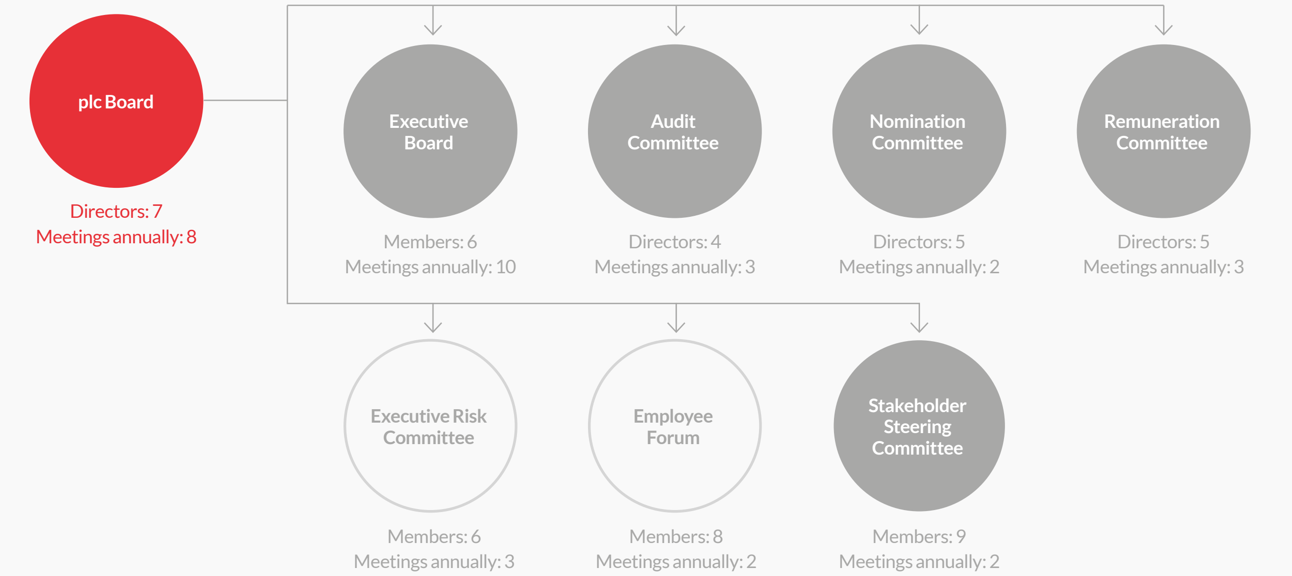
In March 2020, the Group published its third Gender pay report. We are pleased to report that our gender mean and median pay gaps have both reduced from 31.7% to 29.3% and from 34.5% to 31.4%, respectively, and that our efforts in the past 12 months to address the gender pay gap have produced promising results. However, we acknowledge that real change will take time and we remain committed to addressing under-representation of women in the construction industry by raising awareness of our industry and the opportunities that are available. As in 2018, there was a slight increase in the number of women represented in the higher two pay quartiles within the Group. We continue to participate in the Women in Construction Summit and our continued efforts to attract graduates and apprentices has enabled us to once again be named a 'Top Graduate Employer' and 'Top Apprentice Employer' in TheJobCrowd's league table.

Environment, social and governance responsibility

Our overall performance as a responsible business is reflected by our continued membership of the FTSE4Good Index, an exclusive investor index consisting only of companies that effectively manage their

Group governance structure

As at 30 June 2020



environmental, social and governance risks. In 2020 we were independently assessed to have achieved a score of 3.3 out of 5, placing the Group in the top third of the index, and well above the heavy construction sector average of 1.5. We are pleased to have achieved the top rating possible for corporate governance and anti-corruption, as well as scoring highly on environmental supply chain and community matters.

Inclusion and diversity

Diversity and inclusivity have continued to be key items on the overall UK governance agenda and feature prominently in the Code. The Nomination Committee and Board remain committed to increase the levels of diversity, including gender and ethnicity, at both Board and senior management levels. During the year, we increased our female representation on the Executive Board further, demonstrating our commitment to develop our talent and increase our gender diversity at senior leadership level. We recognise that diversity of thought, approaches and experiences enrich our culture, so we continually strive to create an environment which is inclusive.

Succession planning

During the year, the Nomination Committee oversaw the appointment of Bill Hocking as Chief Executive, following the departure of Graham Prothero on completion of the sale of the housebuilding divisions to Vistry Group plc. Executive succession remains a key priority for the Board this year and our succession and development plans are being refreshed to make sure they are appropriate for the new Group.

See Nomination Committee report p57

Remuneration Policy

The Remuneration Committee applied the current Remuneration Policy in determining the remuneration package offered to the new Chief Executive in January 2020. In addition, the Remuneration Committee has actively engaged with shareholders to discuss our proposed new Remuneration Policy. We hope the feedback they provided can be shown in our reporting and they continue to fully support our proposals outlined in our 2020 Remuneration Policy.

See Directors' Remuneration Policy Report p63 to p69

Board and leadership changes

This was a year of significant change for the Group. On 3 January 2020, Bill Hocking, formerly Chief Executive of Galliford Try's Construction & Investments business, was appointed Chief Executive, replacing Graham Prothero who stepped down from the position following the successful disposal of the Group's housebuilding divisions. In July, Jeremy Townsend advised the Board that he would be stepping down from the Board later this year. Accordingly, he will not be standing for re-election at the AGM.

The Executive Board was also strengthened with the appointments of Ian Jubb as Managing Director of Building; Vikki Skene as HR Director; and Mark Baxter as Managing Director of Investments and Specialist Services. Ian, Vikki and Mark were all previously members of the Construction Board, providing continuity and in-depth business knowledge as well as considerable industry experience. I am particularly pleased that with these appointments, we have increased the diversity of our Executive Board and added a range of skills and experience from leaders who actively promote our values and strongly advocate our people-orientated approach.

On behalf of the Board, I thank Graham for his contribution to the Group and successful disposal of the housing divisions, and Jeremy for his valuable contributions as a director and excellent chairmanship of the Audit Committee in overseeing a time of significant change for the company, and wish them well for the future.

See Nomination Committee report p57

Board performance evaluation

The Code requires that a formal and rigorous annual evaluation is carried out to ensure that the Board, its Committees and each Director performs effectively. As we reported in our 2019 Annual Report, an externally facilitated evaluation was undertaken by Independent Audit Limited in April 2019 and therefore, the annual evaluation for 2020 was internally-facilitated. The outcome of the evaluation was positive and full details of the evaluation methodology and its outcome are set out on page 55. In addition, an update on the external performance evaluation carried out in April 2019 can also be found on page 55.

Annual General Meeting

Following the enactment of the Corporate Insolvency and Governance Act 2020 on 26 June 2020 in response to the Covid-19 pandemic, companies are allowed to hold meetings flexibly and, for a limited period, suspend the right of the generality of members to attend shareholder meetings.

The company intends to hold its AGM on Friday 13 November 2020 at its registered office at Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL. To safeguard the health and wellbeing of the Group's shareholders, as well as its directors, officers and employees, it is expected that attendance in person at the AGM will be limited to satisfy the requirements of a quorum. The AGM will end immediately following the formal business required and shareholders can be assured that no business will be considered other than the resolutions proposed to the AGM.

Further information on arrangements for the AGM and voting instructions will be set out fully in the Notice of AGM and Form of Proxy.

On behalf of the Board

Peter Ventress
Chairman

Directors and Executive Board

Our Board and Leadership

Our Board

Peter Ventress
Chairman

Bill Hocking
Chief Executive

Andrew Duxbury
Finance Director

Terry Miller
Senior Independent Non-executive Director

Gavin Slark
Non-executive Director

Jeremy Townsend
Non-executive Director

Marisa Cassoni
Non-executive Director

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- E Executive Board
- Denotes Chair of respective Committee

Executive Board

Kevin Corbett CEng MICE MIStructE
General Counsel & Company Secretary

Vikki Skene
HR Director

Ian Jubb
Managing Director, Building

Mark Baxter
Managing Director, Investments and Specialist Services

Board composition

Balance of Non-executive and Executive directors

Non-executive	5
Executive	2

Diversity

Male	5
Female	2

Length of appointment

0-2 years	3
2-5 years	1
5-10 years	3

As at 30 June 2020

Our Board

Peter Ventress
Chairman

Appointment date: Peter Ventress joined the Board of Galliford Try on 30 April 2015 and was appointed Chairman on 11 November 2016.

Skills and experience: Peter has significant experience of chairing boards and of being a Non-executive Director of both public and private companies. He brings a wealth of commercial, financial and high-level management experience, including being former Chief Executive Officer of European textile service business Berendsen plc from 2010 to 2016. He has also held several senior Executive roles, including International President of Staples Inc and Chief Executive Officer of Corporate Express N.V. In 2008, he was appointed head of all Staples' activities outside the United States and Canada. Peter was formerly a Non-executive Director of Softcat plc, Premier Farnell plc and Staples Solutions BV.

External appointments: Peter is Chairman of Bunzl plc, the FTSE100 specialist international distribution and services group. He assumed the role of Chairman at the conclusion of Bunzl plc's Annual General Meeting in April 2020. He is also a Non-executive Director of Signature Aviation plc.

Andrew Duxbury
Finance Director

Appointment date: Andrew Duxbury joined the Board of Galliford Try on 26 March 2019 as Finance Director.

Skills and experience: Andrew is a chartered accountant and a Fellow of the Institute of Chartered Accountants in England and Wales with extensive knowledge of the operating environment in construction. He has operational responsibility for managing the Group's finances and oversees the Risk and Assurance, Finance, Tax and Treasury, IT and Shared Service Centre functions. He joined Galliford Try in March 2012 as Group Financial Controller and from 2016, held a number of operational finance roles, including Finance Director of Linden Homes. Prior to joining Galliford Try, Andrew worked for PwC.

Gavin Slark
Non-executive Director

Appointment date: Gavin Slark was appointed to the Board of Galliford Try on 13 May 2015.

Skills and experience: Gavin has strong leadership skills and commercial experience gained in his various Executive level roles. He is Chief Executive Officer of Grafton Group plc and was Group Chief Executive of BSS Group plc, a leading UK distributor to specialist trades including the plumbing, heating and construction sectors.

External appointments: Since July 2011, Gavin has been Chief Executive Officer of Grafton Group plc, a publicly quoted distributor of building materials operating in the merchanting, DIY retailing and mortar manufacturing markets in the UK, Ireland and Belgium.

Marisa Cassoni
Non-executive Director

Appointment date: Marisa Cassoni was appointed to the Board of Galliford Try on 1 September 2018.

Skills and experience: Marisa is a chartered accountant with more than 40 years' experience as a finance professional. She has strong leadership and commercial experience gained through her various Executive and non-executive roles. Her early career was initially in audit but she progressed into advisory services including corporate finance, investigations and restructuring across a variety of industries and jurisdictions.

Marisa's previous Executive roles include Group Finance Director of the John Lewis Partnership, Royal Mail Group, Britannic Assurance Group and Prudential UK Group. Marisa has over 20 years' experience as an Executive Board member and was recently a Non-executive Director of Skipton Building Society and Ei Group plc.

External appointments: Marisa is currently a Non-executive Director of AO World plc, a leading European online electrical retailer.

Bill Hocking
Chief Executive

Appointment date: Bill Hocking was appointed as Chief Executive of Galliford Try on 3 January 2020 following the sale of the Group's housing divisions.

Skills and experience: Bill is a civil engineer with more than 30 years of experience in the construction industry. He has full day-to-day responsibility for delivering the Group's strategy having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders. He was Chief Executive of Construction & Investments from 1 August 2016, having joined Galliford Try as Managing Director of Construction in September 2015. He joined the Group from Skanska UK plc, where he held the position of Executive Vice President on the Executive Management Team of Skanska UK from 2008, having initially joined that company in 1990.

Terry Miller
Senior Independent Non-executive Director

Appointment date: Terry Miller was appointed to the Board on 1 February 2014.

Skills and experience: Terry brings strong commercial experience to the Board, gained at a senior level in both the public and private sector. Terry was a Trustee of the Invictus Games Foundation and previously General Counsel for the London Organising Committee of the Olympic and Paralympic Games (LOCOG). Her LOCOG role included experience of major construction projects in overseeing negotiation of all overlay construction contracts for the London 2012 Olympic and Paralympic Games. Prior to her LOCOG appointment, Terry was International General Counsel for Goldman Sachs, having spent 17 years with Goldman Sachs based in London.

External appointments: Terry is a Non-executive Director of Goldman Sachs International and Goldman Sachs International Bank, part of the global Goldman Sachs Group of investment banking and financial services businesses. She is also a Non-executive Director of insurance company Rothesay Life Plc.

Jeremy Townsend
Non-executive Director

Appointment date: Jeremy Townsend was appointed to the Board of Galliford Try on 1 September 2017.

Skills and experience: Jeremy has extensive experience in audit and corporate finance gained in various senior and Executive roles at Ernst & Young LLP, J Sainsbury plc and Mitchells & Butlers plc. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

External appointments: Jeremy was the Chief Financial Officer of Rentokil Initial plc for 10 years until his retirement on 14 August 2020. He is a Non-executive Director of PZ Cussons plc, a leading consumer products group, and Wm Morrison Supermarkets plc.

Executive Board

Kevin Corbett CEng MICE MIStructE
General Counsel & Company Secretary

Appointment date: Kevin Corbett joined the Executive Board on 1 February 2012 and was appointed General Counsel & Company Secretary of Galliford Try on 1 March 2012.

Skills and experience: Kevin is a solicitor and chartered civil and structural engineer. He was previously Chief Counsel Global for AECOM. Kevin has significant corporate law, insurance, finance, governance, strategy and extensive UK and overseas experience. He chairs the Executive Risk Committee and has responsibility for the management of Legal, Secretariat, Communications and Property functions.

Vikki Skene
HR Director

Appointment date: Vikki joined the Executive Board on 3 January 2020.

Skills and experience: Vikki is an experienced senior HR Leader, with more than 20 years' experience in both Construction and HR and was previously UK Employee Relations Director at Balfour Beatty, where she held a number of senior HR roles. She joined the Group in June 2016 as HR Director of the Construction & Investments division.

Ian Jubb
Managing Director, Building

Appointment date: Ian was appointed to the Executive Board on 3 January 2020.

Skills and experience: Ian has more than 37 years' experience in the industry, with the last 20 years including senior positions with Miller Construction and Taylor Woodrow. He joined the Group as Managing Director for the North and Scotland Building division on the acquisition of Miller Construction in July 2014, subsequently taking responsibility for all Building Operations in May 2019.

Mark Baxter
Managing Director, Investments and Specialist Services

Appointment date: Mark was appointed to the Executive Board on 3 January 2020.

Skills and experience: Mark has a wealth of industry and PPP experience, gained through a number of senior roles spanning more than 20 years. He joined the Group in February 2014 from Miller Construction, taking on the responsibility for the Group's Investments division. In March 2018, Mark additionally took on responsibility for the FM division and, in 2019, the specialist businesses Rock & Alluvium and Oak Dry Lining. In his career to date, he has held a number of senior roles including Director for all PPP activities at Miller Construction.

The role of the Board and its Committees

As at 30 June 2020, the Board comprised the Chairman, four independent Non-executive Directors, the Chief Executive and the Finance Director. Biographical summaries for each of the directors as at 30 June 2020, their respective responsibilities and their external directorships are set out on pages 48 and 49.

The Board's role is to promote the long-term sustainable success of the company and it is the key decision-making forum for all strategic matters of the Group. The Chairman is responsible for leading the Board, setting the purpose, direction and values of the Group and ensuring the highest standards of corporate governance are adhered to. In addition, the Chairman facilitates constructive Board relations and the effective contribution of all Non-executive Directors and ensures that directors receive accurate, timely and clear information. The role of the Non-executive Directors is to offer advice and guidance to the Executive directors, and when required, constructively challenge the Executive directors and Group senior management on performance or strategy related matters. The Chief Executive has responsibility for the day-to-day leadership and management of the business, within the authority limits delegated by the Board.

The roles and responsibilities of the Non-executive Directors are specified in their letters of appointment. The letters of appointment are available for inspection on request at the Group's registered office and will be available immediately prior to and during the 2020 AGM. Additionally, the roles of the Chairman, Chief Executive and Senior Independent Director can be found on our website at https://www.gallifordtry.co.uk/about/governance-and-policies/.

In line with the Code, and with the exception of Jeremy Townsend, all other directors will stand for re-election at the 2020 AGM. The performance of the directors continues to be effective, and commitment to their respective roles is clearly demonstrated.

To ensure compliance with regulatory requirements, the Board delegates certain matters to its Committees, which are required to consider these in accordance with their terms of reference. The terms of reference for each Board Committee are available on our website.

Delegated authorities

The Board continues to operate an established framework of delegated financial, commercial and operational matters to management, which is reviewed annually. A summary of the matters reserved for the Board and the matters delegated to management is set out in the table below.

Matters reserved for the Board	Matters delegated to management
Group values and standards	Operational management of Group
Group strategy, business plans and annual budgets	Implementation of Group policies
Acquisitions, disposals and contracts over a prescribed value	Allocation of Group resources
Material joint arrangements	Contracts up to a prescribed value
Approval of Group policies	Management succession planning
Material changes to Group share capital	Risk management
Group borrowing facilities	
Approval of circulars and financial reports	

Board attendance

The Board had eight scheduled meetings during the year. All Board meetings were led by the Chairman with the General Counsel & Company Secretary in attendance. Additional Board meetings are convened as and when necessary for approving transactions and other matters that may require approval in between scheduled Board meetings. The Board Committee meetings are scheduled around the regular Board meetings. Additionally, and in line with the Code, the Chairman and the Senior Independent Non-executive Director held an annual meeting without the Executive directors present. The number of scheduled meetings attended by each director is summarised in the table below.

2019/20 Board and Committee meetings attendance table

Number of meetings (attended/scheduled)	Board	Audit Committee	Nomination Committee	Remuneration Committee
Peter Ventress Chairman	8/8	by invitation	2/2	7/7
Bill Hocking[1] Chief Executive	3/8	by invitation	by invitation	by invitation
Andrew Duxbury Finance Director	8/8	by invitation	n/a	n/a
Terry Miller Senior Independent Non-executive Director	8/8	3/3	2/2	7/7
Gavin Slark Non-executive Director	7/8	2/3	2/2	7/7
Jeremy Townsend Non-executive Director	8/8	3/3	2/2	6/7
Marisa Cassoni Non-executive Director	8/8	3/3	2/2	7/7
Kevin Corbett General Counsel & Company Secretary	8/8	3/3	2/2	7/7
Graham Prothero[2] Former Chief Executive	5/8	by invitation	by invitation	by invitation

1 Bill Hocking became Chief Executive on 3 January 2020 and attended all Board meetings after his appointment.
2 Graham Prothero stepped down from his role as Chief Executive and from the Board on 3 January 2020.

Board activities during the year

The Board receives regular and timely information on the financial performance of the businesses, together with reports on health, safety, environment and sustainability, strategy, and operational reviews. In addition, at each Board meeting, a report from the company's corporate broker, Peel Hunt, regarding the market sector, the relative performance of the company's share price, movements by the top 20 shareholders and relevant comments by market analysts, along with any shareholder feedback, is provided to ensure that the Board has a full understanding of the views of major shareholders.

The Board receives regular presentations from the businesses on operational matters, assisting Board members to stay up-to-date with specific operational matters and sector-relevant issues, and receives updates from advisors on pertinent matters as and when required. Board members are encouraged to undertake their own continuing professional development.

In addition, the annual Board meeting programme typically provides for regular visits to operational sites, which are considered useful and informative and allow the Board to meet with site management. From March to June 2020, Board meetings have been held in a virtual format.

Key areas of activity that were considered by the Board during the year are summarised below:

2019

July
- **Site visit** to the Project Apple site in Birmingham.
- **Presentation** – Construction & Investments.
- **Presentation** – 2019/20 Group budget.
- Vistry Group plc transaction update.
- Board evaluation review.
- Insurance renewal.
- 2019 Annual Report.

September
- Full year results.
- 2019 Annual Report.
- Annual corporate governance review.
- Review of internal controls and risk management.
- 2019 Notice of AGM.

October
- Housebuilding transaction update.
- Investor relations.
- Construction & Investments business structure planning.
- Stakeholder Steering Committee report.
- Governance update.

November
- **Presentation** – Health, safety, environment & sustainability review.
- Housebuilding transaction update.
- AGM.
- Project updates.

December
- **Presentation** – Risk Committee report and Group risk register.
- Project updates.
- Investor relations reports.
- Governance update.
- Corporate logo, stationery and share certificates.
- Interim financial statements.

2020

March
- **Presentation** – IT.
- Half-year results.
- Interim dividend.
- Project updates.
- Gender pay report.
- Board evaluation 2019/20 timetable.
- Code of Conduct.

April
- Covid-19 updates.
- Employee Forum.
- Risk Committee Report.
- Governance update.

May
- Covid-19 updates.
- SAYE 2020.
- Board evaluation 2019/20 results.
- 2020 Annual Report.

How we comply with the 2018 UK Corporate Governance Code

Throughout the year, the Board has applied the Principles and complied with all the Provisions of the 2018 UK Corporate Governance Code as set out below:

Principle	How we apply the Principle	Further information
1. Board leadership and company purpose		
A. The Board's role A successful company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	The Board is collectively responsible for the long-term success of the company, including its relationships and engagement with all shareholders, and operates via a formal schedule of matters reserved for its decision.	See page 50 for further information and list of matters reserved for the Board.
B. Setting purpose, values and strategy The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	The schedule of matters reserved for the Board provide that the Board is responsible for establishing the values and strategy of the company. In addition, the establishment of the Employee Forum chaired by Terry Miller, Senior Independent Non-executive Director, is a key element in the Board's oversight of culture. Our Code of Conduct also defines the behaviours we expect of our people and the ethical standards we adhere to. The Code of Conduct was updated during the year and is reviewed and endorsed by the Board.	See our People and culture section on pages 24 to 26 for further information.
C. Risk management The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The annual budget was agreed by the Board at the July 2019 meeting. In addition, the Group has mature risk management and governance processes in place to identify, report and manage risk. The Executive Risk Committee provides regular reports to the Board.	See pages 29 to 31 for further information on the governance structure and identification of our principal and emerging risks.
D. Stakeholder engagement In order for the company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	As we reported in our 2019 Annual Report, the Stakeholder Steering Committee is chaired by Terry Miller, Senior Independent Non-executive Director. The Committee was established to review and oversee relationships with the business's key stakeholders, including collating stakeholder views and reporting these to the Board.	See pages 43 to 45 for further information on our stakeholders and Stakeholder Steering Committee.
E. Workforce policies The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	The Code of Conduct 'Doing the right thing' sets out our organisational policies, procedures and defines behaviours. The Code was updated during the year. In addition, there are Group policies that define our approach to managing health, safety, environmental and social matters affecting our employees. These are published on our website and described in our Annual Report. In addition, there is also an independent and anonymous Whistleblowing procedure allowing any employee or third party to confidentially raise any concerns.	See our People and culture section on pages 24 to 26 for further information.
2. Division of Responsibilities		
F. Chair leadership The Chair leads the Board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive board relations and the effective contribution of all Non-executive Directors, and ensures that directors receive accurate, timely and clear information.	The Chairman, in conjunction with the General Counsel & Company Secretary, ensures that quality information is provided to the Board in advance of each Board meeting. The performance of the Chairman is monitored through the annual Board evaluation process and through a separate annual meeting of the Non-executive Directors led by the Senior Independent Non-executive Director without the Chairman present.	See our Governance section on page 50 for further information.

G. Balance of the Board The Board should include an appropriate combination of Executive and non-executive (and in particular, independent Non-executive) Directors, such that no one individual or small group of individuals dominates the Board's decision-making. There should be a clear division of responsibilities between the leadership of the Board and the Executive leadership of the company's business.	As explained on page 50 the Board comprises the Chairman (who was independent on appointment), Chief Executive, Finance Director and four other independent NEDs. The roles of the Chairman and Chief Executive are separate with distinct accountabilities set out in their role profiles. The Chief Executive is responsible for the day-to-day leadership and management of the business through defined delegated authority limits. The NEDs provide an independent view on the running of our business, governance and boardroom best practice. They oversee and constructively challenge management in its implementation of strategy and performance of the Group.	See the role of Board and its Committees section on page 50 for further information.
H. NED's role and time commitment Non-executive Directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	The annual Board evaluation process assesses the performance and effectiveness of directors and their commitment to meet their board responsibilities. In addition, prior to taking up an NED position, the Board considers whether the NED has sufficient time to devote to their role with the Group and in light of any changes to a NED's external commitments during the year.	See the section on Board Evaluation on page 55 for further information.
I. The Company Secretary The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	All directors have access to the advice and services of the General Counsel & Company Secretary. The General Counsel & Company Secretary ensures that the Board receive papers of a high quality in a timely manner. He advises the Board on all governance matters, including compliance with the Code. He works with the Chairman and Committee chairs to ensure that the right matters are escalated to the Board and Committees at the appropriate time and that sufficient time is devoted to strategic matters. He arranges Directors' induction and Board evaluation exercises and supports succession planning and recruitment of new NEDs.	
3. Composition, succession and evaluation		
J. Board appointments Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for Board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	There are regular succession reviews at Nomination Committee, Executive and business level. A key priority for the Board in 2020 is to review succession plans in the context of the structure of the business following the disposal of the housebuilding divisions.	
K. Skills, experience and knowledge The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	The Nomination Committee and annual NED meeting regularly review the balance, composition and structure of the Board, as well as the length of service of each Board member and recommends the re-appointment of the NEDs and any extensions to their term.	
L. Board evaluations Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	In line with the requirement of the Code, the Board has continued to conduct an annual evaluation of the performance of the Board and Committees and each individual Director. An externally-facilitated Board evaluation is undertaken every three years. The most recent external evaluation was undertaken in April 2019, and an update on the outcomes can be found on page 55. This year, the Board undertook an internally-facilitated Board evaluation and further information can also be found on page 55.	

4. Audit, risk and internal control		
M. Financial reporting integrity The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Board delegates detailed oversight of the Group's system of internal controls to the Audit Committee, to ensure the integrity of the Group's full year and half year results and the Annual Report and Accounts. On the recommendation of the Audit Committee, the Board reviewed and approved the 2020 half year and full year results and the 2020 Annual Report. In addition, the Board evaluation process confirmed that the Group's system of internal controls had operated effectively during the year.	
N. Fair, balanced and understandable assessment The Board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Audit Committee reviewed the 2020 Annual Report and Accounts in September 2020 and was satisfied that it presents a fair, balanced and understandable assessment of the Group's position and prospects. The Audit Committee reported its findings to the Board.	Please see the Financial Review section on pages 40 to 42 for further information.
O. Risk management and internal control framework The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	Both the Executive Risk Committee and Audit Committee monitor the Group's risk management and internal control systems on behalf of the Board on a continuous basis. The Executive Risk Committee (chaired by the General Counsel & Company Secretary) reviews the Group's principal risks and recommends any changes to risk appetite to the Board. The Group Risk Register is reviewed regularly by the Board.	Please see the section on Principal risks on pages 31 to 34.
5. Remuneration		
P. Supporting strategy and long-term sustainable success Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.	The Remuneration Committee proposes the Group's remuneration policy to the Board for approval and the Directors' remuneration report is put to an advisory vote at the AGM, in line with statutory requirements. In accordance with section 439A of the Companies Act 2006, a new Remuneration Policy will be put to a binding vote at the 2020 AGM.	Please see the Remuneration Committee Report on pages 61 to 76.
Q. Remuneration Policy A formal and transparent procedure for developing policy on Executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	In accordance with its terms of reference, the Remuneration Committee has undertaken a review of the Remuneration Policy and recommended a revised Remuneration Policy to the Board for approval at the 2020 AGM. Under the Remuneration Committee's terms of reference, the remuneration of Non-executive Directors shall be a matter for the Chairman and the Executive members of the Board. No Director, committee attendee, Executive, senior manager or other person can be involved in any discussion or decision as to their own remuneration.	The Remuneration Policy can be found on pages 65 to 69 within the Remuneration Report. The terms of reference for the Remuneration Committee can be found on our website at https://www.gallifordtry.co.uk/about/governance-and-policies/.
R. Independence of remuneration outcome decisions Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The Remuneration Committee comprises solely of independent NEDs. The Committee takes advice from external remuneration consultants and ensures that remuneration for Board and senior management is suitably structured so as to attract, retain and motivate Executives, and to link reward to corporate and individual performance and all relevant internal and external factors.	

Board evaluation: 2019 update and 2020 performance evaluation

As we reported in our 2019 Annual Report, the 2019 Board externally-facilitated evaluation found that the Board and its Committees were operating effectively. The findings were presented to the May 2019 Board meeting and actions were agreed by the Board to address the recommendations of the evaluation. The table summarises the substantive recommendations made and actions undertaken during the financial year to address them.

2019 Board evaluation recommendations	Actions taken during the year
Executive succession planning	The Board appointed Bill Hocking as Chief Executive following the successful completion of the sale of the housebuilding divisions in January 2020. Succession plans are continuing to be reviewed in the context of the new structure of the business.
Workforce engagement	The Board received regular reports including from the Employee Forum chair on key issues and recommendations raised at these meetings.
Board papers	The structure of Board papers has been kept under review and improved during the year.
Specialist advisors	The Board received regular presentations and advice from advisors, including in relation to the disposal of the housebuilding divisions in January 2020.

Board effectiveness review

In line with the Code, the Board reviews its own effectiveness and that of its Committees on an annual basis, with an externally facilitated review at least every third year. The 2020 Board evaluation was internally-facilitated by the Chairman in conjunction with the General Counsel & Company Secretary. The Board evaluation exercise was conducted between March and May 2020.

A detailed and comprehensive questionnaire was securely sent online to each individual Director to complete and return. Questions were reviewed to ensure their continued relevance with additional relevant questions added. Each Director was asked to complete online questionnaires specific to their Board and Committee responsibilities; the completed questionnaires were then collated and the responses were reviewed by the Chairman and the General Counsel & Company Secretary. In line with best practice, performance evaluation of individual Directors is conducted by the Chairman on an annual basis. The Chairman holds one-to-one meetings with each Board member and the General Counsel & Company Secretary to discuss their performance, contribution, commitment and training and development needs. The Senior Independent Non-executive Director holds a session annually with all Board members and the General Counsel & Company Secretary, except the Chairman, to discuss the performance of the Chairman. The Senior Independent Non-executive Director then meets with the Chairman to provide feedback.

The findings of the evaluation exercise were presented to the Board in May 2020. Overall, the evaluation confirmed that the Board and its Committees are operating effectively. The Board is pleased that the Board and Committee evaluation results were strong, given the challenges faced by the Group in the year. Additionally, the Board has identified the following areas in which it would like to make improvements:

- Succession plans to be regularly reviewed and included as part of business management meetings.
- Regular updates on inclusion and diversity and people initiatives from HR to the Nomination Committee/Board.
- Summary reports of new commercial audits to be provided to the Audit Committee.
- A sustainability session to be added to the Group's annual strategy away day.

Inclusion and diversity

As at 30 June 2020, women held 29% of Board positions, which was unchanged from the previous year.

Strategies to improve diversity at all levels in the workforce have continued to build on the work undertaken in 2019, to ensure each business has the right culture, procedures and policies in place. The Company has continued to sponsor the Women in Construction summit and raise awareness of the construction industry, to promote the opportunities that are available through various events such as colleges, universities and in industry. In addition, a variety of inclusive initiatives, such as gender-neutral recruitment, supporting diversity programmes and the promotion of agile working are used to make the Group more attractive to a wider group of employees.

Further diversity disclosures can be found in the People and culture section on p25

Executive Board report

Membership of the Executive Board is detailed on page 49.

The Chief Executive is responsible for the effective leadership of the senior Executive management and chairs the Executive Board which, in addition to the Chief Executive, consists of the Finance Director, the General Counsel & Company Secretary, the Managing Directors of Building and Investments and Specialist Services and the HR Director. The Executive Board is responsible for the operational management of the Group under terms of reference delegated by the Board, which include responsibility for making recommendations to the Board on all items included in the formal schedule of matters reserved for Board authorisation. The Executive Board receives and considers regular performance and operational reports and presentations from business management. The Assistant Company Secretary acts as Secretary to the Executive Board and the minutes of Executive Board meetings are included in the Board packs.

The Executive Board meets at least ten times a year and additional meetings are convened when necessary to consider and authorise specific operational or project matters. The Executive Board focuses on long-term strategic issues and matters of Group-wide policy, with health, safety and sustainability and business ethics as the first agenda items at every meeting, highlighting the importance of such matters to the Group.

Governance review
continued

Governance policies

The Group continues to operate a suite of governance and risk management policies, procedures and training programmes, all of which address obligations arising under relevant legislation. The Group Corporate Manual, which summarises the policies, procedures and authority matrices by which the central functions and businesses operate, was updated and refreshed during the financial year.

Reporting, risk, internal audit and controls

The Governance review, commencing on page 50, details the specific actions undertaken by the Group during the financial year, including those with a risk management focus. The Board's approach to risk and internal audit, including its systems in relation to the preparation of consolidated accounts, and the material controls of the Group's established internal control framework, are disclosed in the Risk management section on pages 29 to 34.

A separate programme of 12 internal audits was also completed across the Group's operations, and progress checks were completed against previous recommendations.

Compliance statement

The Group remains compliant with the Financial Conduct Authority's Listing Rule 9.8.6 and Disclosure Guidance and Transparency Rule 7.2.1. Related information can be found in the Directors' report on pages 77 to 79.

Additionally, the Group has complied with sections 414CA and 414CB as well as 414C of the Companies Act 2006. Relevant information can be found throughout the Strategic report and Governance section of this Annual Report. The summary table on page 39 in the Strategic report highlights where non-financial information can be found within this Annual Report.

Shareholder relations

The Chief Executive and Finance Director, continued to meet with existing and prospective institutional shareholders throughout the year. The Board as a whole continues to engage actively with institutional shareholders, in line with the Financial Reporting Council's UK Stewardship Code, on key matters of relevance to the Group and its operations, such as governance, strategy or remuneration, or more general market themes. Specific reports regarding shareholder views are provided to the Board for analysis and discussion. Separately, the Chairman, Senior Independent Non-executive Director and other Non-executive Directors are available to attend meetings with shareholders and address any significant concerns that shareholders may have.

The Company's AGM, held in November each year, continues to be a popular means for private shareholders to receive updates on Group performance, and provides an opportunity to put questions to the Board and for the Board to listen to shareholder suggestions and concerns. All directors of the company attended the 2019 AGM. Arrangements for the meeting, including notice period and voting arrangements, followed the requirements of the Code and related best practice.

As a consequence of the Covid-19 pandemic, and as explained in the Chairman's review on page 47, it is expected that attendance at this year's AGM will be limited to satisfy the requirements of a quorum. Arrangements for the meeting and voting instructions will be set out fully in the Notice of AGM and Form of Proxy.

Using technology to engage virtually and effectively with investors

We look to build long-term, strong relationships with our investor base and have maintained good quality meetings with both new and existing investors, despite the challenges that Covid-19 has raised to delivering our investor relations programme in 2020.

The 2020 half year results announcement and presentation to analysts and investors on 12 March 2020 was one of the last face-to-face meetings that was held prior to the UK entering lockdown. Consequently, we quickly adapted our half year results roadshow to a virtual format, using videoconferencing technology such as Microsoft Teams and Zoom. Andrew Duxbury, Finance Director, and our investor relations team also attended a virtual conference hosted by Goldman Sachs, a leading global investment banking, securities and investment management firm, in May 2020.

Following its success, our investor relations programme for the remainder of the year will be in a virtual format and will include the 2020 full year results roadshow, conferences and other investor engagement events. Looking forward, we will consider how the use of technology can continue to support our investor relations programme in line with best practice, expanding our reach to investors who we had not previously thought it was possible to engage with in an effective manner, due to distance and the cost of travel, both monetary and environmentally.

Nomination Committee report

> The Committee has overseen the succession to the role of Chief Executive and consequential Executive Board changes, following the successful completion of the disposal of the housebuilding divisions in January 2020.
>
> **Peter Ventress**
> Nomination Committee Chair

I am pleased to report on the Committee's activities during the financial year.

During 2019 and the first part of 2020, the Committee oversaw a number of significant changes to the Board. Graham Prothero stood down as Chief Executive and from the Board. On behalf of the Board I thank Graham for his contribution to the Group and the corporate transaction and wish him well in his new role. Bill Hocking, who was previously Chief Executive of Construction & Investments was appointed as Chief Executive on 3 January 2020. Bill brings management continuity and a wealth of construction industry experience to the role and we are confident that Bill and the highly experienced senior management team supporting him will deliver on the Group's strategy.

Composition and remit

Membership of the Committee is detailed on page 48. The General Counsel & Company Secretary acts as Secretary to the Committee.

Following the publication of the 2018 UK Corporate Governance Code (2018 Code), the Committee has reviewed the terms of reference and updated them to ensure that they are in line with the new Code. The terms of reference of the Committee can be found on the Group's website (www.gallifordtry.co.uk) and have not been significantly changed from the previous year.

The principal authorities delegated to the Committee by the Board are:

- Reviewing the size, structure and composition of the Board.
- Evaluating the balance of skills, knowledge, diversity and experience of the Board, including the impact of new appointments.
- Overseeing and recommending the recruitment of any new directors.
- Ensuring appointments are appropriately made against objective criteria.
- Keeping the leadership and succession requirements of the Group under active review.

The principal tasks of the Committee during the financial year have been to oversee the succession to the role of Chief Executive, changes to the Executive management team as a consequence of the corporate transaction and to continue the development, monitoring and oversight of succession planning processes and the further implementation of a range of inclusive and diversity-supporting initiatives. Following the successful completion of the sale of the housebuilding divisions, the Committee will focus on refreshing the succession planning process for the continuing business with the particular aim of identifying those in line for future promotion and to ensure retention and development of talent.

At the financial year end, the Committee comprised a majority of independent Non-executive Directors, complying with provision 17 of the 2018 Code. During the financial year, the Committee prioritised the calendar of key activities and areas of focus as set out below.

Calendar of 2019/20 Committee activities and areas of focus

October 2019	• Chief Executive position. • Executive Board remuneration.
May 2020	• Succession planning. • Non-executive Directors appointment review and Committee membership. • Terms of reference review and approval.

Board appointments

Appointments to the Board are subject to formal, rigorous and transparent procedures. The Committee oversees and advises the Board on the identification, assessment and selection of candidates for appointment to the Board. An external consultant, Russell Reynolds Associates, which has no other connection to the Company, was engaged to undertake benchmarking to inform the views of the Committee and the Board on appointments in the year.

Review of the composition of the Board

The Board Evaluation process this year also assessed whether the composition of the Board and mix of skills, experience, knowledge and diversity of opinion remains suitable in the context of the new structure of the Group. Further details on how the Board Evaluation process was conducted and its outcomes can be found on page 55.

Inclusion and diversity

The Committee is committed to embedding inclusion and diversity at Board and Executive level and generally throughout the Group. The gender balance of those in senior grades is reported in the People and culture section on page 25.

Activities include a range of initiatives with direct participation from management to help address its gender pay gap, action plans to increase inclusivity and diversity, and access to agile working arrangements to ensure that the Group provides and offers a flexible culture, environment and working practices to suit everybody's needs. The appointment of the HR Director to the Executive Board is a strong example of our commitment to further developing our talent and increasing our gender diversity at senior leadership level. The Committee is committed to continuing to retain and attract the best candidates and ensuring the full development of all its employees across the Group.

For further information on our approach to gender diversity, please see our People and culture section on pages 24 and 25. While we continue to make progress, we recognise that we have more to do to fulfil our overall diversity ambitions and we will work towards achieving further progress in this area.

Peter Ventress
Nomination Committee Chair

Audit Committee report

The Committee continued to monitor and review the implementation of new accounting standards, the integrity of the financial statements, the principal risks for the Group following the sale of the housebuilding divisions and the effectiveness of risk management and internal controls.

Jeremy Townsend
Audit Committee Chair

On behalf of the Board, I am pleased to present the report of the Audit Committee, summarising the work that has been carried out in 2020.

The Committee comprises independent Non-executive Directors. Additional details on the Committee's members can be found on pages 48 and 49. The Chairman of the Board, Chief Executive and Finance Director attend Committee meetings by invitation, together with the Director of Risk and Assurance and the Director of Group Finance. The General Counsel & Company Secretary, or his delegate, acts as Secretary to the Committee.

A key requirement of Provision 24 of the 2018 UK Corporate Governance Code and the FRC's guidance on Audit Committees is that each committee member should have sufficient knowledge, training and expertise to contribute effectively to the work of the Committee. As Committee Chair, I have extensive experience in my previous roles as Chief Financial Officer of Rentokil Initial plc, Finance Director at Mitchells & Butlers plc and in various finance roles at J Sainsbury plc, of financial reporting preparation and compliance for public companies and of dealing with internal and external auditors. I am also a Non-executive Director of PZ Cussons plc and became Chair of its Audit & Risk Committee on 31 May 2020, and I was also appointed as a Non-executive Director of Wm Morrison Supermarkets plc on 6 July 2020. Marisa Cassoni has wide experience in numerous roles, which include Group Finance Director of the John Lewis Partnership, Royal Mail Group, Britannic Assurance Group and Prudential UK Group. She also has experience of being a Non-executive Director with Skipton Building Society, AO World plc and Ei Group plc. Terry Miller has wide-ranging commercial experience, including construction experience from overseeing the negotiation of the construction contracts as General Counsel for the London 2012 Olympic and Paralympic Games. She also has extensive experience as a Non-executive Director and currently serves as a Non-executive Director with two Goldman Sachs group companies and a regulated insurance company. Gavin Slark is currently Chief Executive Officer of Grafton Group plc, an independent company operating in the merchanting, DIY retailing and mortar manufacturing markets in Britain, Ireland and Belgium. He was previously Group Chief Executive of BSS Group plc, a leading UK distributor to specialist trades including the plumbing, heating and construction sectors. The Board is satisfied that, as a whole, the Committee has competence relevant to the sector in which the Group operates.

The Committee has continued to monitor and review developments in corporate governance, the integrity of the financial statements and the adequacy and effectiveness of the risk management and internal control framework of the Group. In addition, the Committee oversaw the successful transition of external auditor from PwC to BDO LLP, following their appointment as auditor at the 2019 Annual General Meeting.

Aside from the reduction in revenue and profitability following the sale of the housebuilding divisions, the continuing Group's financial performance during the year was severely impacted by the effects of the Covid-19 pandemic on the industry and economy. Further information can be found in the Financial Review on pages 40 to 42. The Committee considers that the 2020 Annual Report and financial statements are fair, balanced and understandable in terms of the form and content of the strategic, governance and financial information presented therein.

Remit and activities

The Committee meets at least three times a year, this number being deemed appropriate to the Committee's role and responsibilities. The Committee's delegated authorities and calendar of prioritised work have not changed substantially from those disclosed in previous years. The terms of reference of the Committee are available on the Group's website (www.gallifordtry.co.uk). The key responsibilities of the Committee are: delegated responsibility from the Board for financial reporting; monitoring external audit, internal audit, risk and controls; and reviewing instances of whistleblowing and the Group's procedures for detecting fraud.

The authorities and calendar of work remain in line with the requirements of the Code. The table below summarises the key activities during the financial year. The Committee also continues to meet with internal and external audit teams, without Executive management, in order to discuss any matters which the auditor may wish to raise in confidence.

Calendar of 2019/20 Committee activities and areas of focus

September 2019	Committee review of 2018/19 full year results, including external auditor presentation, going concern review and approval of 'fair, balanced and understandable' process. Summary of impact of IFRS 16 Leases. Risk, internal audit and whistleblowing reports. Review of UK Corporate Governance Code.
March 2020	Committee review of 2019/20 half year results, including external auditor presentation, conclusion of discussions with the FRC on the 2018 annual report, going concern review and approval of 'fair, balanced and understandable' process. Risk, internal audit and whistleblowing reports.
May 2020	Review and approval of Internal Audit Plan 2020/21. Internal Audit Code of Practice 2020. Approval of external audit plan. Anti-money laundering update. Risk, internal audit and whistleblowing reports. Review of terms of reference and Non-Audit fee policy.

Risk and internal audit

The Committee reviews and approves the scope of work of the Risk and Internal Audit team on an annual basis, including assessing the adequacy of the team's resources.

During the financial year, the Risk and Internal Audit team focused on delivering its agreed calendar of audit reviews under its rolling three-year internal audit plan and on providing commercial and risk management support across the Group at the request of the Committee, the Executive Board and senior management.

The risks of the Group are reviewed by the Executive Risk Committee, which reports to the Executive Board and the plc Board. Following the disposal of the housebuilding divisions, the Group has reconsidered its principal risks and uncertainties. The principal risks and uncertainties and risk profile which may have a material impact on the Group's performance in the second half of the financial year were refreshed to align them more closely with the construction contracting nature of the Group. The principal risks remain primarily the same as those outlined in the Group's annual report and financial statements for the year ended 30 June 2019, other than risks related to growth in the Partnerships & Regeneration business and exposure to the residential housing market which are no longer relevant.

In addition, the Committee has continued to review procedures in place to identify emerging risks. More information about the Group's principal risks, its process of identifying and managing emerging risks, its long-term viability and its risk management systems can be found in the Risk management section on pages 29 to 34.

Non-audit services

Policies and review mechanisms governing the provision of material non-audit services, and safeguarding the objectivity and independence of the external auditor, remained in force throughout the financial year. The policy specifies: the types of non-audit services for which the use of the external auditor is pre-approved (ie approval has been given in advance as a matter of policy); the services for which specific approval from the Committee is required before the auditor is contracted; and the services from which the external auditor is excluded. In respect of pre-approved services, a financial threshold is in place, applicable to individual and aggregated services in any year. Furthermore, should the total value of non-audit service engagements exceed a defined percentage of the total Group audit fee for the previous financial year, the Committee shall consider and give specific prior approval for any subsequent non-audit service engagements.

In September 2019, the Committee approved fees totalling £1.5m to appoint PwC to the role of Reporting Accountant, to provide services to audit/validate the extracts of Group financial information that are required for the various public documents as well as review and opine on the working capital forecasts and Financial Position and Prospects statements required by the transaction sponsors acting on the disposal of the housebuilding divisions in January 2020.

As reported in the 2019 Annual Report, the Audit Committee recommended the appointment of BDO LLP as the Group's auditors following a successful tender audit. At the AGM held on 12 November 2019, shareholders appointed BDO LLP ("BDO") as the Group's auditors. As indicated in note 7 to the financial statements, following their appointment in November 2019 the incumbent external auditor, BDO, did not provide any non-audit related advice or services covering general corporate matters during the year.

Each year, the Committee assesses the independence and effectiveness of the external audit process, which includes discussing feedback from the members of the Committee and key senior management within the Group and from regulatory sources.

Internal control framework

The day-to-day management of our principal risks is supported by an internal control framework which is embedded in our management and operational processes. The most significant elements of the Group's internal control framework include the following:

Organisational structure: each business unit is led by a managing director and management team providing a clear hierarchy and accountabilities.

Code of Conduct: the Group promotes a culture of acting ethically and with demonstrable integrity. Group standards are set out in our 'Doing the Right Thing' Code of Conduct which has been updated and reissued during 2020. It is supported by specific training modules in key areas and its key themes and importance are communicated to new starters as part of their induction.

Contractual review and commitments: the Group has clearly defined policies and procedures for entering into contractual commitments which apply across its business units and operations and are enforced through the Group's legal authorities matrix. The legal authorities matrix was subject to review during the year following the disposal of the housebuilding divisions in January 2020.

Operational activity: site operations are performed in line with established business management systems and processes that incorporate all operational activities, including health, safety and environmental procedures, regular performance monitoring, quality management and external accountability to stakeholders.

Financial planning framework: a detailed annual budget is prepared for each financial year, which is approved by the Board.

Operational and financial reporting: an exacting profit and cash reporting and forecasting regime is in place across the Group. As well as the emphasis placed on cash flow, income and balance sheet reporting, health, safety and environmental matters are prioritised within monthly operational reports.

Internal Audit: the Risk and Internal Audit team develops and delivers an annual programme of internal audits, which includes business unit key control reviews, contract and developments commercial audits, audits of Group processes and reviews of significant change programmes.

Assurance provided by non-audit functions: a number of other Group functions provide assurance in areas including, but not limited to, health, safety and environment, legal contract reviews and compliance, and construction industry regulation.

Significant issues and other accounting judgements

The Committee reviewed the integrity of the Group's financial statements and all formal announcements relating to the Group's financial performance. This included an assessment of each critical accounting policy, as set out in note 1 to the financial statements, as well as review and debate on the following areas of significance:

Contract revenue and provisions: in conjunction with the annual audit, the Committee reviewed key judgments in respect of revenue recognition and contract provisions, in relation to certain significant long-term construction contracts. This specifically included consideration, in the context of IFRS 9 and IFRS 15, of the accounting and disclosure in relation to the Aberdeen Western Peripheral Route and three terminated contracts (see Financial review on page 41 and note 40 to the financial statements).

Future IFRS developments: during the year, the Committee continued to review the implementation of new accounting standards with respect to their impact on the Group's results and financial statements. This included IFRS 16 Leases, for which an impact assessment and implementation project was completed and presented. The Committee also considered, reviewed and approved the Group's proposed internal accounting policy to reflect the requirements of the new standard, which was adopted by the Group on 1 July 2019. Further details on the impact of the adoption of IFRS 16 can be found in notes 1 and 39.

Going concern and viability: the Committee assessed the available bank facilities (in September 2019) and the associated covenants and sensitivities and since the disposal of the housebuilding divisions, forecast Group cash liquidity. The Committee also considered other commercial and economic risks to the Group's going concern status and longer-term viability, and reported to the Board on its findings.

Goodwill impairment review: during the year, the Committee considered the judgments made in relation to the valuation methodology adopted by management and the model inputs used, as well as the sensitivities used by management and the related disclosures.

Financial Reporting Council review of 2018 financial statements: the Group's 30 June 2018 financial statements were subject to a review by the FRC's Corporate Reporting Review team. As reported in our half year statement for the six months ended 31 December 2019 and on page 41 of this Annual Report, this resulted in a number of prior year adjustments being made to the 30 June 2018 net assets, as a result of revisiting the application of the new IFRS 15 accounting standard and its predecessor, IAS 11. The Group has treated the write-down of the previously recorded AWPR recoverable asset as an opening balance sheet adjustment at 30 June 2018, on the basis it could not be demonstrated that it was highly probable that there would not be a significant reversal of revenue in the future in respect of the value to be recovered and therefore the asset should not have been recognised; this results in the settlement payment being recognised as exceptional income in the year to 30 June 2020. Another adverse adjudication award of £9m has also been treated as an opening balance sheet adjustment at 30 June 2018, as the Group considers that the loss should have been previously accrued under IAS 11. Full details are included in note 40 to the financial statements. The Committee has also reviewed additional improvements to the Group's disclosures that arose in our discussions with the FRC.

The Company recognises that the FRC's review was based on a review of its annual report and accounts for the year ended 30 June 2018 and did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC's review provides no assurance that the Company's annual report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. The FRC's letters are written on the basis that it (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

Significant transactions: the Committee has given particular consideration to the accounting for and presentation of individually significant transactions, and areas where alternative performance measures are required to ensure that the financial statements give a fair, balanced and understandable view of the Group's performance, and that statutory measures are equally clear and prominent. Reconciliations of alternative performance measures to their statutory equivalent measures are detailed in note 38 to the financial statements. In the year ended 30 June 2020, the Committee considered the disposal of the housebuilding divisions to Vistry Group plc.

Committee membership

After having served as a Non-executive Director since September 2017, I have decided to step down from the Board later this year and will not be standing for re-election as a director at the AGM. I have thoroughly enjoyed my time on the Board at Galliford Try, and I wish colleagues and the Group well in its future prospects.

Jeremy Townsend
Audit Committee Chair

Remuneration Committee report

> The Remuneration Committee has reviewed the Group's current Remuneration Policy and developed a new Policy to be proposed to shareholders at the 2020 AGM.
>
> **Marisa Cassoni**
> Remuneration Committee Chair

Committee Chair's annual statement

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 June 2020. The Report is divided into three parts: this Annual Statement; a detailed Directors' Remuneration Policy Report that sets out the proposed 2020 Policy and associated changes (2020 Policy); and an Annual Report on Remuneration, which sets out how the 2020 Policy will be applied over the year ending 30 June 2021 and how the current Policy was applied during the current year.

Following the publication of the 2018 Corporate Governance Code in July 2018 (the 2018 Code), the Committee has applied the recommendations in the 2018 Code insofar as they relate to remuneration. During the year, we focused on embedding the Code Principles into our existing processes, to ensure that the Committee considers all relevant matters when discharging its responsibilities.

The Group's financial performance during the year was severely impacted by the effects of the Covid-19 pandemic on the industry and economy. The Committee's decisions relating to these matters are set out in the relevant sections of this report.

Board changes

Following the disposal of the Group's housebuilding divisions, Graham Prothero, Chief Executive, left the business on 3 January 2020. Graham was succeeded by Bill Hocking, who was formerly the Chief Executive of the Group's Construction & Investments business. Reflecting these changes and the corporate transaction, the Committee considered both the leaver arrangements for Graham Prothero and the new remuneration arrangements for Bill Hocking in the context of, and in compliance with, our current Directors' Remuneration Policy. Our decisions in each of these areas are detailed in the relevant sections on pages 71 and 73.

Remuneration Policy review

The principal work of the Committee this year has been considering remuneration matters arising from the disposal of the Group's housebuilding operations and the review of the Group's existing Remuneration Policy and formulation of the 2020 Policy, in consultation with major shareholders. The Committee considers the existing policy, updated in accordance with best practice, and structure comprising base salary, pension, benefits, annual bonus and Long Term Incentive Plan (LTIP) remains appropriate.

A summary of the key changes proposed under the 2020 Policy are detailed in the Directors' Remuneration Policy report on pages 63 to 69. Shareholders will be invited to vote on the 2020 Policy, a copy of which is set out on pages 65 to 69, at the Group's AGM on 13 November 2020.

Most of the changes are limited in scope and/or have been introduced to align to developments in best practice. In the LTIP, although earnings per share (EPS) growth remains a clear strategic objective, the Committee concluded as part of its review that it would be appropriate to supplement this metric with an additional financial measure linked to cash – a key element of the future success of the Group – please see page 63.

Application of Remuneration Policy in 2019/20

For 2019/20, there were no changes to the current Remuneration Policy (Policy).

The key elements of how the Policy was applied in the current financial year are set out below:

Base salaries: as a consequence of the Covid-19 pandemic, the 2020/21 salary review, which is usually undertaken in July each year has been deferred to April 2021. Also as a consequence of the pandemic, from 1 May 2020, the Group implemented a temporary 25% salary and fee reduction for all Board Directors and Executive Board members. Normal salaries and fees were reinstated from 1 July 2020.

The Committee continues to monitor and review pay and conditions across the Group and in line with the external market.

Annual Bonus Plan (ABP): the structure of the 2019/20 annual bonus was originally aligned with the 2018/19 scheme with regards to performance measures and weightings, and with stretching targets set around the Group's budget for the year. Following the disposal of the housebuilding divisions in January 2020, the Committee used its discretion to adjust the performance metrics and targets for the second half of the 2019/20 financial year to reflect the new structure of the business, as follows:

- The landbank element (12.5% weighting) was removed entirely from the annual bonus, with the weighting reallocated to the Group cash management element for the period from January to June.
- The pre-exceptional half year Group profit before tax and Group cash management targets to 31 December 2019 remained as originally set and represented 10% and 12.5% of the total bonus for the year respectively.
- The pre-exceptional full year Group profit before tax targets were reduced to reflect the original budget for the disposed businesses for the second half of the year.
- Group cash management targets for the second half year to 30 June 2020 (25% of total bonus) were reset based on the new forecast but retained the same principles as had originally applied (ie 50% of monthly bonus achieved at budget and up to 100% at a 10% stretch, with achievement computed on a straight line basis between target and maximum), earned up to 3% each month from January to May and up to 10% for June.

The changes were designed such that the targets should have been no more or less difficult than those set prior to the disposal.

Additionally, the Committee resolved that in order to incentivise the successful completion of the disposal of the Group's housebuilding divisions, and to reflect the focus of a significant part of his duties for the year, Andrew Duxbury's annual bonus for 2019/20 would be based 50% on the successful completion of the disposal, with the remaining 50% adjudicated in proportion to the revised annual bonus structure as detailed above. This approach is within the scope of the approved Remuneration Policy. In making the award in respect of the disposal, the Committee had regard to Andrew's wider contribution and the underlying performance of the Group.

A detailed analysis of performance targets and the wider factors taken into account by the Committee in determining ABP payments for the circa 1,800 participants is included on page 72. Taking all factors into consideration, the Committee determined that outcomes of 36.7% and 68.3% of maximum to Bill Hocking and Andrew Duxbury were appropriate taking into account Group performance, their contributions to this, the corporate transaction and consistency with the rewards delivered to the wider workforce.

LTIP: as part of the corporate transaction, updated rules for the continuing Group with respect to the LTIP were put in place and were approved by shareholders at a general meeting held on 29 November 2019. Following the announcement of the half year results to 31 December 2019, the Committee granted awards under the LTIP for 2019 – 2022 of 150% of salary to each of Bill Hocking and Andrew Duxbury, as well as other senior leaders. These awards were made within the current approved Remuneration Policy and, reflecting the new structure of the business, were based entirely on underlying EPS in respect of a performance period comprising three consecutive financial years of the Group commencing in the year ended 30 June 2019. Further details of the awards and performance targets applying are included on page 73.

In addition, the Committee approved the vesting of 16.5% of the LTIP awards originally granted to Executives in September 2016 following the pre-exceptional reported profit before tax (PBT) of £155.5m and cumulative notional EPS over the performance period of 419.9p.

The approval took place on 30 September 2019 and again on 16 November 2019, in relation to former Chief Executive Graham Prothero.

Committee activities during 2020

The Committee met seven times during the year and there were a number of ad hoc meetings to consider the remuneration matters in connection with the disposal of the housebuilding divisions. The key activities during the year are summarised below:

July 2019	• Salary review outcome. • LTIP 2016 performance measures to 30 June 2019. • Proposal of performance metrics for LTIP 2019 Grant of Awards (subsequently deferred, as a consequence of the corporate transaction). • Update on 2018/19 annual bonus forecast, performance and proposal of 2018/19 annual bonus scheme. • Long Term Bonus Plan 2019 proposal (subsequently deferred, as a consequence of the corporate transaction). • Consideration of 2019 Directors' Remuneration Report disclosures.
September 2019	• Vesting of 2016 LTIP award. • Payment and award review of Long Term Bonus Plan. • Review of 2018/19 annual bonus performance to 30 June 2019. • Approval of the 2019 Directors' Remuneration Report.
October 2019	• Remuneration considerations. • Management incentives. • Long Term Bonus Plan grant 2019-22.
November 2019	• Corporate transaction matters. • Incentive arrangements for the continuing Group.
December 2019	• Corporate transaction matters. • New Chief Executive remuneration. • Award incentive schemes for the remainder of the financial year from January to June 2020.
January 2020	• Incentive plan targets January to June 2020. • Updated LTIP rules for the continuing Group.
May 2020	• Remuneration and corporate governance developments. • Update on 2020 AGM season. • Remuneration Policy Review. • Group and senior management remuneration report. • Annual Bonus Scheme performance for the financial year 2019/20. • Long Term Bonus Plan scheme proposals 2020-2023. • Review of Terms of Reference. • Review of Employee Share Trust shareholdings.

Marisa Cassoni
Remuneration Committee Chair

Directors' Remuneration Policy report

This report sets out the new Remuneration Policy that will be proposed to shareholders at the 2020 AGM, describing the framework within which the Group remunerates its directors. The main objectives of the Group's Remuneration Policy are to:

- Ensure that remuneration packages are appropriately positioned and structured to promote the long-term success of the Group, taking into account pay and conditions across the Group.
- Engender a performance culture, which will position Galliford Try as an employer of choice and deliver shareholder value.
- Deliver a significant proportion of total Executive pay through performance-related remuneration and in shares.
- Position performance-related elements of remuneration so that these are capable of appropriately rewarding the delivery of outstanding results and peer sector outperformance.
- Ensure that failure is not rewarded. Both the current and proposed New Policy are shaped by environmental, social and governance factors, which help to determine the design of incentive structures to encourage responsible behaviour. Furthermore, recognising that even well-designed incentives cannot cater for all eventualities, should any unforeseen issues arise that would make any payments unjustifiable, the Committee can use its discretion to address such outcomes by scaling back payments. Any use of such discretion would be fully disclosed in the Annual report on remuneration.

The Committee operates clawback provisions within both the ABP and LTIP, which facilitate the retrieval of payments made to Directors and Executive management in circumstances of error, material misstatement, misconduct, and for awards from 2020/21, in respect of reputational damage or corporate failure as a result of poor risk management.

As part of the Policy review, the Committee consulted with our largest shareholders and proxy voting agencies. Strategy, culture and pay philosophy across the Group, best practice and governance developments were all taken into account when formulating the proposed changes to the current Policy. A summary of the key changes to the Policy are included in the table below.

Proposed changes to the current Policy

Element	Summary of current Policy	Proposed change
Annual Bonus Plan	Current bonus opportunity is 150% of base salary for the Chief Executive and 100% for other directors. Pro-rating applies as appropriate for intra-year joiners. The Committee, may at its discretion, adjust bonus outcomes if it considers the payout is inconsistent with the Group's underlying performance during the year. The Committee operates recovery and withholding provisions which facilitate the retrieval of payments made to Directors and Executive management in circumstances of error, financial misstatement or misconduct.	A maximum bonus opportunity of 120% of salary for the Chief Executive, and 100% for other Executive directors. No more than half of the maximum opportunity is earned for target performance. Bonus outcomes are subject to overall Committee discretion taking into account factors including safety, environmental, social and governance (ESG) and the underlying performance of the Group. The change from a formulaic safety adjustor to Committee discretion allows greater flexibility to take into account actual circumstances. In line with best practice, recovery provisions may apply in the event of error, material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management. Any bonus payment may be 'clawed back' within a period of three years after the payment date should: i. The Company discover that there was a material misstatement of the financial results or an error in the calculation of any performance condition, which resulted in excess annual bonus being received by the employee. ii. The Company become aware of any material wrongdoing on the part of an employee that would have entitled the Company to terminate the employment summarily. In these scenarios, the Committee shall be entitled to recover the balance of the overpayment from future bonus payments, unvested share awards (if any), or if all of these possibilities have been exhausted, by cash payment from the employee via deduction(s) from their salary or via bank transfer/cheque from ex-employees. Both scenarios shall repay the sum on demand. The application and extent of the claw back provision shall operate at the sole discretion of the Committee.
Long Term Incentive Plan (LTIP)	Performance measures chosen to provide alignment with medium term objectives and selected annually; any material change would be subject to shareholder consultation. The Committee may, at its discretion, adjust LTIP vesting outcomes if it considers the payout is inconsistent with the Group's underlying performance during the performance period. The LTIP provides clawback and malus powers to the Committee, which can facilitate the retrieval of payments made to Directors and Executive management in circumstances of error, financial misstatement or misconduct.	The LTIP performance metrics for FY21 comprise 75% based on earnings per share and 25% based on a cash performance metric, based on average month end cash as a percentage of revenue. Vesting of awards is subject to overall Committee discretion, taking into account factors including safety, ESG and the underlying performance of the Group. In line with best practice, recovery provisions may apply in the event of error, material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management.

Element	Summary of current Policy	Proposed change
Pension	The Chief Executive and Finance Director receive age-related pension contributions of 8% and 6% of salary, in line with the rates offered across the employee population.	In line with 2018 Code recommendations, any new Executive Director hire would receive a pension contribution in line with the wider workforce.
Shareholding guidelines	The current share retention policy requires Executive directors to build and maintain a shareholding equivalent in value to at least 200% of basic salary.	The required minimum level of share ownership will be maintained at 200% of salary. However on leaving the Group, Executive directors are required to retain the lesser of their in-post shareholding guideline and their actual shareholding on departure for two years. This requirement applies only to share awards granted to Executive directors following the 2020 AGM.

How the 2020 Policy aligns with the 2018 UK Corporate Governance Code

The 2018 Code sets out principles against which the Committee should determine the Policy for Executives, as follows:

Principle	Committee approach
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Committee has operated a consistent approach which is well understood internally and by investors. Consultation with shareholders on the revisions to the Policy has been undertaken.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Committee has taken measures to ensure pay arrangements are balanced, simple in their design with a small number of relevant performance measures, and clearly linked to strategy.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Incentive targets have been set which the Committee believes are stretching and achievable within the risk appetite set by the Board. Under the proposed Policy revisions, the Committee has discretion to override formulaic incentive outcomes if they do not accurately or fairly reflect the underlying performance of the Group. The proposed extension to the incentive scheme recovery provisions to include reputational damage or corporate failure arising from poor risk management ensures that malus and clawback provisions are considered to be sufficiently wide-ranging.
Predictability The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The Committee maintains clear annual caps on incentive opportunities and has used its discretion where necessary.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	The Committee ensures performance metrics continue to be clearly aligned with the Group's strategy each year, maintaining an appropriate balance between base pay, short- and long-term incentive opportunities.
Alignment to culture Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	Bonus and incentive schemes are reviewed by the Committee to ensure consistency with the Group's purpose, values and strategy.

Proposed New Policy

The current Policy was subject to a binding shareholder vote at the 2017 AGM of Galliford Try plc and was approved by 99.84% of shareholders who voted. The three-year life of that Policy will expire at the 2020 AGM and we are required to seek binding shareholder approval for a new Policy.

The proposed new Policy is detailed in the table below:

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
Salary To provide a competitive and appropriate level of basic fixed pay, sufficient to attract, motivate and retain Executive directors of high calibre, able to develop and execute the Group's strategy.	Normally reviewed annually, with any changes typically taking effect from 1 July. The Committee has decided that the annual salary review normally undertaken in July each year will be deferred to April 2021, and held every April thereafter. The Committee sets salaries at competitive rates, taking into consideration pay and employment conditions across the Group, the economic environment, the responsibilities and accountabilities of each role, the experience of each individual, his or her marketability and the Group's key dependencies on the individual. Reference is also made to salary levels among relevant construction peers and other companies of broadly similar size and complexity. The Committee reserves the right to reduce salary levels (and has done so in the past) if the circumstances warrant it.	When reviewing salaries, both Group and individual performance are considered. While there is no prescribed maximum, the Committee's policy on salary increases for Executive directors is for increases to be broadly in line with the average across the workforce, unless there is a promotion or material change in role or business circumstances in which case increases may be higher. Salaries for the year ahead are set out in the Annual Report on Remuneration.
Benefits To provide cost-effective and market-competitive benefits.	Benefits provided to Executive directors may include entitlements to a Group car or cash equivalent allowance, private medical and permanent health insurance, and life assurance. The benefits provided may be subject to minor amendment from time to time by the Committee. Where a Director is asked to relocate, relocation (or related) allowances may be provided. Executives may also be reimbursed for any reasonable expenses (and any income tax payable thereon) incurred in performance of their duties. Directors may become eligible for any new benefits introduced for the wider workforce on comparable terms.	The cost of benefit provision varies from year to year, depending on the cost to the Group, and there is no prescribed maximum limit. Benefit costs are monitored and controlled to ensure that they remain appropriate and represent a small element of total remuneration costs.
Pension To provide a contribution towards retirement.	The Executive directors may each receive contributions to a money purchase pension scheme or salary supplement in lieu of Group pension contributions (or a combination of both).	The rate offered of 8% for the Chief Executive and 6% (increasing to 8% at age 50) for the Finance Director is in line with that offered across the employee population. Any new Executive Director would also receive a pension contribution in line with the wider workforce.

Directors' Remuneration Policy report
continued

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
Annual Bonus Scheme Rewards the achievement of stretching annual goals that support the Group's annual and strategic objectives. Compulsory deferral of part of the bonus into shares provides alignment with shareholders.	Executive directors and selected senior management, subject to invitation and approval by the Committee, may participate in the Annual Bonus Plan. For Executive directors, two thirds of any bonus earned in excess of 50% of salary is required to be deferred into restricted shares. Although beneficially held by the participants, the restricted shares are legally retained by the trustee of the Galliford Try Employee Share Trust (EST) for three years, and are subject to forfeiture provisions, unless otherwise agreed by the Committee. Subject to continued employment, the restricted shares are legally transferred to participants on the third anniversary of allocation. The Committee operates recovery and withholding provisions within the Annual Bonus Plan, which facilitate the retrieval of payments made to Directors and Executive management in circumstances of error, material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management. Any bonus payment may be 'clawed back' within a period of three years after the payment date should; i. The Company discover that there was a material misstatement of the financial results or an error in the calculation of any performance condition, which resulted in excess annual bonus being received by the employee. ii. The Company become aware of any material wrongdoing on the part of an employee that would have entitled the Company to terminate the employment summarily. In these scenarios, the Committee shall be entitled to recover the balance of the overpayment from future bonus payments, unvested share awards (if any), or if all of these possibilities have been exhausted, by cash payment from the employee via deduction(s) from their salary or via bank transfer/cheque from ex-employees. Both scenarios shall repay the sum on demand. The application and extent of the claw back provision shall operate at the sole discretion of the Committee.	The maximum opportunity is 120% of salary for the Chief Executive and 100% of salary for other Executive directors. No more than half of the maximum opportunity is earned for target performance. For financial elements, bonuses start to be earned from 0% of salary for achieving threshold performance. Dependent on achieving specified financial (no less than 50% of the bonus) and strategic or non-financial targets. The Committee may, at its discretion, acting fairly and reasonably, adjust bonus outcomes if it considers the payout is inconsistent with the Group's underlying performance during the year, taking into account factors including safety and ESG. For the avoidance of doubt, this can be to zero and bonuses may not exceed the maximum levels detailed above. Any use of such discretion, if to the benefit of the Executive management, will be detailed in the Annual report on remuneration.
Long Term Incentive Plan (LTIP) Rewards the achievement of sustained long-term financial and operational performance and is therefore aligned with the delivery of value to shareholders. Facilitates share ownership to provide further alignment with shareholders. Making of annual awards aids retention.	Executive directors may be granted awards under the rules of the LTIP approved by shareholders on 29 November 2019 and adopted by the Group in January 2020. The LTIP provides for awards of free shares in the form of nil or nominal cost options or conditional awards, which vest dependent on the achievement of performance conditions and continued service. Any share awards that vest (after allowing for the sale to cover any tax liabilities) are subject to a two-year holding period during which time they cannot be sold (unless exceptional circumstances apply). The LTIP provides clawback and malus powers to the Committee, which can facilitate the retrieval of payments made to Directors and Executive management in circumstances of error, material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management. Dividends may accrue on LTIP awards over the vesting and holding periods and, subject to the discretion of the Committee, be paid out either as cash or shares on vesting, in respect of the number of shares that have vested.	Performance metrics for FY21 comprise 75% based on earnings per share and 25% on a cash performance metric based on average month end cash as a percentage of revenue. The Committee may vary the measures and targets that are included in the plan and the weightings between them from year to year. Any material changes to the choice of measures would be subject to consultation with the Group's major shareholders. The Committee may, at its discretion, acting fairly and reasonably, adjust LTIP vesting outcomes if it considers the payout is inconsistent with the Group's underlying performance over the performance period, taking into account factors including safety and ESG. For the avoidance of doubt, this can be to zero and vesting may not exceed the maximum levels detailed below. Any use of such discretion, if to the benefit of the Executive management, will be detailed in the Annual report on remuneration. Under the LTIP rules, the maximum value that may be granted in any financial year to any individual is 150% of salary. Up to 25% of the relevant part of the award may vest for achieving threshold performance.

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
All-employee schemes To encourage employee share participation.	The Group may from time to time operate tax-approved share plans (such as an approved Save As You Earn scheme for the benefit of all staff) for which Executive directors could be eligible on the same terms as other staff.	The schemes are subject to the limits set by HM Revenue & Customs (HMRC) and may be further limited at the Committee's discretion.
Shareholding guidelines To ensure the interests of the Executive directors are aligned to those of shareholders.	The Group's share retention policy requires Executive directors to build and maintain a shareholding equivalent in value to at least 200% of basic salary. Executive directors are required to retain a minimum of half the after tax number of vested share awards (deferred bonus and LTIP) until the guideline is met. On leaving the Group, Executive directors are required to retain the lesser of their in-post shareholding guideline and their actual shareholding on departure for two years. This requirement applies to share awards granted to Executive directors following the 2020 AGM. The Committee will assess the guideline annually and take into account vesting levels and personal circumstances when assessing progress against the guideline.	Not applicable.
Non-executive fees To provide a competitive and appropriate level of fees sufficient to attract, motivate and retain a Chairman and Non-executive Directors of high calibre.	The Chairman is paid a single fixed fee. The remaining Non-executive Directors are paid a basic fee. Non-executives chairing a Board Committee and the Senior Independent Director are paid an additional fee to reflect their extra responsibilities. The level of these fees is reviewed periodically by the Committee and Chief Executive for the Chairman, and by the Chairman and Executive directors for the Non-executive Directors. Fees are set taking into consideration market levels in comparably sized FTSE companies and relevant sector peers, the time commitment and responsibilities of the role and the experience and expertise required. Non-executive Directors, including the Chairman, are entitled to reimbursement of business expenses reasonably incurred in performing their duties (and any personal tax that may become payable). Non-executive Directors cannot participate in any of the Group's annual bonus or share plans and are not eligible for any pension entitlements from the Group. The Chairman is eligible to participate in the Group's medical assurance plan.	The Committee and the Executive directors are guided by the general pay increase for the broader employee population, but on occasions may need to recognise, for example, changes in responsibility or time commitments. Current fee levels are disclosed on page 76.

Notes to the policy table

Performance measure selection and approach to target setting

Measures used under the ABP and LTIP are reviewed annually to reflect the Group's main short- and long-term objectives and reflect both financial and non-financial priorities, as appropriate.

Targets applying to the ABP and LTIP are also reviewed annually, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.

Discretions retained by the Committee in operating incentive plans

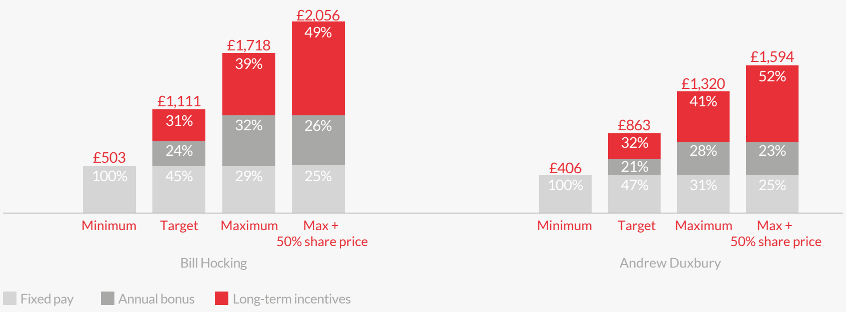
The Committee may make minor amendments to the Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval.

The Committee will operate the ABP and LTIP according to their respective rules, the Policy set out above and in accordance with the Listing Rules and HMRC rules where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans, subject to any limitations set out in the rules of the applicable plan or, in the case of Executive directors, in the Policy set out above. These include (but are not limited to) the following:

- Who participates in the plans.
- The timing of grant of an award and/or a payment.
- The size of an award and/or a payment.
- The choice of (and adjustment of) performance measures, weightings and targets for each incentive plan, in accordance with the Policy set out above and the rules of each plan.
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction.
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules.
- Adjustments required in certain circumstances (eg rights issues, corporate restructuring, on a change of control and special dividends).

Any use of the above discretions would, where relevant, be explained in the Annual report on remuneration and may, as appropriate, be the subject of consultation with the Group's major shareholders.

Illustration of application of Remuneration Policy
Remuneration (£000s)



Executive Director remuneration scenarios

The individualised potential Executive reward charts set out above have been prepared using the following assumptions:

- For minimum remuneration: only fixed salary, benefits and pensions payments have been included.
- For on-target remuneration: fixed salary, benefits and pension plus 50% payout of the ABP and 50% of the LTIP (face value) awards have been included.
- For maximum remuneration: fixed salary, benefits and pension plus full payout under the ABP and full vesting of the LTIP (face value) awards have been included.
- For maximum plus share price growth: same values as the maximum scenario plus a 50% increase in the value of the LTIP (face value) awards have been included.

Salary levels are based on those applying on 1 July 2020, excluding the temporary reductions applied as a consequence of Covid-19. The value of taxable benefits is estimated based on the cost of supplying those benefits (as disclosed) for the year ended 30 June 2020. Executive directors can participate in all employee share schemes on the same basis as other employees but, for simplicity, the value that may be received from participating in these schemes has been excluded.

Policy on recruitment

In cases where the Group recruits a new Executive Director, the Committee will align the new Executive's remuneration with the approved Remuneration Policy. In arriving at a value for individual remuneration, the Committee will take into account the skills and experience of the candidate, the market rate for a candidate of that experience and the importance of securing the preferred candidate.

The Committee also has the discretion to meet certain other incidental expenses (for example, relocation costs and travel and subsistence payments) to secure recruitment of preferred candidates. Further details of the Recruitment Policy are set out in the table below.

Element	General policy	Specifics
Salary	At a level required to attract the most appropriate candidate.	Discretion to pay lower base salary with incremental increases (potentially above the average increase across the Group), as the new appointee becomes established in the role.
Pension and benefits	In line with the policy for existing Executive directors.	In line with the proposed new Policy, pension contribution rates are aligned with those offered across our employee population. Relocation expenses or allowance, legal fees and other costs relating to recruitment may be paid as appropriate.
ABP	In line with existing schemes.	Where a director is appointed part way through a financial year, different performance measures could be introduced to reflect the change in role and responsibilities. The annual bonus limit will be 120% of base salary for a Chief Executive and 100% for other directors. Pro-rating applies as appropriate for intra-year joiners. Where an individual is appointed to the Board, different performance measures to those for continuing directors may be set for the period of time remaining in that performance year.
LTIP	In line with Group policies and LTIP rules.	An award of up to 150% of salary may be made in accordance with the Remuneration Policy table. An award may be made in the year of joining or can be delayed until the following year. Targets would normally be the same as for awards to other directors.
Other share awards	The Committee may make an incentive award to replace deferred pay forfeited by an Executive leaving a previous employer.	Awards would, where possible, be consistent with the awards forfeited in terms of structure, value, vesting periods and performance conditions.

The Committee reserves the right to award additional remuneration in excess of the Remuneration Policy at appointment, exclusively to replace lost rewards or benefits. In determining the appropriate form and amount of any such award, the Committee will consider various factors, including the type and quantum of award, the length of performance period, and the performance and vesting conditions attached to each forfeited incentive award. The maximum payment (which may be in addition to the normal variable remuneration) should be no more than the Committee considers is required to provide reasonable compensation to the incoming director. The Committee may make use of the flexibility provided in both the Listing Rules and the approved Remuneration Policy, to make awards outside the existing parameters of the LTIP.

For internal promotions to Executive Director positions, the Committee's policy is for legacy awards or incentives to be capable of vesting on their original terms (which may involve participation in schemes that operate exclusively for below Board employees) or, at the discretion of the Committee, they may be amended to bring them into line with the policy for Executive directors.

For a new Non-executive Chairman or Non-executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy.

Directors' service contracts and policy for payments to departing Executive directors

The service contracts and letters of appointment for the Board directors serving as at 30 June 2020 are detailed below:

	Contract date[1]	Notice period[2,3] (months)
Non-executive Directors		
Peter Ventress	3 January 2020	6
Terry Miller	3 January 2020	6
Gavin Slark	3 January 2020	6
Jeremy Townsend	3 January 2020	6
Marisa Cassoni	3 January 2020	6
Executive directors		
Bill Hocking	3 January 2020	12
Andrew Duxbury	3 January 2020	12

1 New letters of appointment were prepared and conditional on the listing of the Company's securities on the London Stock Exchange on 3 January 2020. Dates shown are the Directors' contract as an Executive or Non-executive Director of the Group. Executive directors have a rolling notice period as stated. Non-executive appointments are reviewed after a period of three years and their appointments are subject to a rolling notice period as stated. With the exception of Jeremy Townsend, all other Directors will stand for re-election at the 2020 AGM.

2 There are no contractual provisions requiring payments to directors on loss of office or termination, other than payment of notice periods. The Committee may seek to mitigate such payments where appropriate.

3 Subject to the recommendation of the Nomination Committee, the Group's practice is to agree notice periods of no more than six months for Non-executive Directors and no more than 12 months for Executive directors.

Executive directors' service contracts are available at the Group's registered office and will be available for inspection at the 2020 AGM.

For Executive directors, at the Group's discretion, a sum equivalent to 12 months' salary and benefits may be paid in lieu of notice. The contracts include mitigation provisions to pay any such lump sum in monthly instalments, subject to offset against earnings elsewhere. This will also be the case for any future appointments.

An Executive director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract.

The Group may suspend Executive directors or put them on a period of gardening leave during which they will be entitled to salary, benefits and pension.

For 'good leavers', bonuses may be payable pro rata for the proportion of the financial year worked at the discretion of the Committee. Depending upon the circumstances, the Committee may consider additional payments in respect of an unfair dismissal award, outplacement support and assistance with legal fees.

Any share-based entitlements granted to an Executive Director under the Group's share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment. However, 'good leaver' status can be applied at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure).

For 'good leavers', LTIP awards may vest at the normal time (other than by exception) to the extent that the performance conditions have been satisfied. The level of vested awards will be reduced pro rata, based on the period of time after the grant date and ending on the date of cessation of employment relative to the three-year performance period, unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case. Deferred bonus shares of 'good leavers' vest on cessation of employment.

The overriding principle will be to honour contractual remuneration entitlements and determine on an equitable basis the appropriate treatment of deferred and performance-related elements of remuneration, taking into account the circumstances. Failure will not be rewarded.

External directorships

The Board ensures that any additional external appointments are only undertaken if time and commitments allow and with the prior written approval of the Board. Only upon approval are Executive directors permitted to accept external appointments as Non-executive Directors and retain any associated fees.

Shareholder consultation

The Committee actively consults with relevant institutional shareholders regarding, and in advance of, substantial changes to the Remuneration Policy, where appropriate, or individual Executive director salary packages. The most recent consultation took place in June 2020 in connection with the proposed New Policy.

Wider workforce remuneration and how the views of employees have been taken into account

The Committee takes due account of remuneration structures elsewhere in the Group when setting pay for the Executive directors. Consideration is given to the overall salary increase budget and the incentive structures that operate across the Group, taking into account available market sector data obtained through benchmarking pay and benefits data, Government policies and advice from the Executive management team. The wider total package on offer remains competitive at all levels. However, the Committee is mindful of the feedback from key stakeholders across the Group that improvements could be made to the visibility and flexibility of some of the wider benefits offered to staff.

In relation to the new Policy, the Committee took wider workforce remuneration policies and practices into consideration. Subject to shareholder approval at the 2020 AGM, management will apply the New Policy and review the Group's overall remuneration policies and incentive arrangements for the wider management team, to ensure that they are aligned to the Company's long-term strategy.

In addition, the Board engages with employees through the Employee Forum. The purpose of the Employee Forum is to:

- Provide a voice for employees and enable better engagement with the workforce.
- Strengthen the internal communication process, providing information exchange and representation of employee groups and their views.
- Act as a representative body for communication with and feedback from employees about enhancements and changes that may affect their employment.
- Seek suggestions and ideas from employees and provide feedback on developments and proposals.
- Champion change and support good governance.

The Employee Forum is chaired by Terry Miller, Senior Independent Non-executive Director. Further information on the work of the Employee Forum can be found on page 46 of the Chairman's review.

Annual report on remuneration

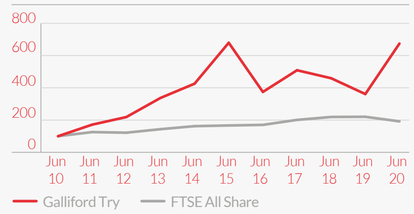
Performance graph

The graph shows the total shareholder return for Galliford Try shares over the last 10 financial years. It shows the value to 30 June 2020 of £100 invested in Galliford Try on 30 June 2010, compared with the value of £100 invested in the FTSE All-Share Index, this being a broad-market index of which the Company has been a constituent over the full period shown.

The FTSE 250 Index line shown in previous reports has been dropped this year, as Galliford Try is no longer a constituent of this index.

The closing mid-market quotation for the company's shares on 30 June 2020 was £1.18. The high and low during the year were £1.90 and £0.56 respectively.

Total Shareholder Return
Value (£) (rebased)



The total gross remuneration of the Chief Executive and the percentage achieved of the maximum ABP and LTIP awards are shown in the table below for the last 10 financial years.

	Year ended 30 June										
	2011	2012	2013	2014	2015[1]	2016		2017	2018	2019[2]	2020[3]
						Chairman	Chief Executive				
Total remuneration (£000)	2,559	2,468	4,114	3,212	2,811	1,262	1,461	1,043	1,448	824	**660**
Annual bonus (% of maximum)	94%	88%	94%	97%	79%	74%	74%	46.3%	86.5%	57.0%	**36.7%**
LTIP (% of maximum)	75%	93%	87%	63%	63%	47%	–	16.5%	36.6%	16.5%	–

1 Peter Truscott was appointed Chief Executive on 1 October 2015. His predecessor, Greg Fitzgerald, was Chief Executive until 21 October 2014, and Executive Chairman until 31 December 2015. Peter Truscott stepped down as Chief Executive and from the Board on 26 March 2019.

2 Graham Prothero was appointed Chief Executive on 26 March 2019, succeeding Peter Truscott who stepped down from the Board with effect from the same date. He stepped down from the Board following the successful completion of the sale of the housebuilding divisions to Vistry Group plc on 3 January 2020.

3 Bill Hocking was appointed Chief Executive on 3 January 2020.

Directors' remuneration and single-figure annual remuneration (audited)

The remuneration of the directors serving during the financial year under the current Remuneration Policy, together with 2019 comparative figures, was as follows:

	Salary and fees £000		Annual bonus £000		Taxable benefits[2] £000		Pensions[3] £000		LTIP £000		Sharesave £000		Total fixed remuneration £000		Total variable remuneration £000		Total remuneration £000	
	2020[5]	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019[4]	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Executive directors																		
Bill Hocking[1]	**205**	–	**98**	–	**5**	–	**18**	–	–	–	–	–	**228**	–	**98**	–	**326**	–
Andrew Duxbury[6]	**350**	94	**250**	53	**19**	5	**21**	6	–	–	–	–	**390**	105	**250**	53	**640**	158
Non-executive Directors																		
Terry Miller	**54**	54	–	–	–	–	–	–	–	–	–	–	**54**	54	–	–	**54**	54
Gavin Slark	**42**	42	–	–	–	–	–	–	–	–	–	–	**42**	42	–	–	**42**	42
Jeremy Townsend	**50**	50	–	–	–	–	–	–	–	–	–	–	**50**	50	–	–	**50**	50
Peter Ventress	**193**	195	–	–	**1**	1	–	–	–	–	–	–	**194**	196	–	–	**194**	196
Marisa Cassoni	**53**	35	–	–	–	–	–	–	–	–	–	–	**53**	35	–	–	**53**	35
Former directors																		
Graham Prothero[7]	**285**	445	–	294	**9**	19	**41**	82	–	39	–	–	**335**	546	–	333	**335**	879

1 Salary and fees received by Bill Hocking relate to the period from appointment as Chief Executive on 3 January 2020.

2 Includes the value of benefits such as car allowance and medical insurance. Taxable benefits received by Bill Hocking in the financial year relate to the period from appointment as Chief Executive on 3 January 2020.

3 This is a salary supplement paid to the directors in lieu of direct pension contributions. In the case of Bill Hocking, this relates to the period from appointment as Chief Executive on 3 January 2020.

4 LTIP figures reported in 2019 and the corresponding single figure for that year were based on an estimated share price. These have now been updated with the actual share price as at the date of vesting of £7.03.

5 In the context of Covid-19, from 1 May 2020, the Group implemented a temporary 25% salary and fee reduction for all Board directors. Normal salaries and fees were reinstated from 1 July 2020.

6 Andrew Duxbury's annual bonus for 2019/20 is based 50% on the successful completion of the sale of the housebuilding divisions, with the remaining 50% adjudicated in proportion to the revised annual bonus structure as detailed on page 71.

7 Graham Prothero stepped down from the Board on 3 January 2020. Salary, taxable benefits and pension disclosed above reflects his time in the role of Chief Executive. Details of his leaving arrangements are set out on page 73.

Remuneration arrangements for Directors promoted during 2020

Following his promotion to the role of Chief Executive on 3 January 2020, the Committee determined that Bill Hocking would receive a remuneration package which is appropriately positioned against the market. Accordingly, Bill's base salary was set to £450,000 per annum and will be subject to periodic review. He continues to participate in the ABP. However, his maximum annual bonus opportunity was increased from 100% to 120% of salary, which is lower than the figure for his predecessor. In addition, Bill's 2019/20 annual bonus was pro-rated based on time served in the two roles during the year. The Committee had agreed that the Group contribution pension rate would be 8% of salary, in line with those offered across the employee population.

The Committee believes that the existing Chief Executive's remuneration package is appropriately positioned against the market.

2020 Annual bonus outcome (audited)

As detailed in the Chair's Statement on page 61, the structure of the 2019/20 annual bonus was originally aligned with the 2018/19 scheme with regards to performance measures and weightings, and with stretching targets set around the Group's budget for the year.

Following the disposal of the housebuilding divisions in January 2020, the Committee used its discretion to adjust the performance metrics and targets for the second half of the 2019/20 financial year to reflect the new structure of the business, as follows:

- The landbank element (12.5% weighting) was removed entirely from the annual bonus, with the weighting reallocated to the Group cash management element for the period January-June;
- The pre-exceptional half year Group profit before tax and Group cash management targets to 31 December 2019 remained as originally set and represented 10% and 12.5% of the total bonus for the year respectively;
- The pre-exceptional full year Group profit before tax targets were adjusted to reflect the original budget for the disposed businesses for the second half of the year; and
- Group cash management targets for the second half year to 30 June 2020 (25% of total bonus) were reset based on the new post-transaction forecast but retained the same principles as had originally applied (i.e. 50% of monthly bonus achieved at budget and up to 100% at a 10% stretch, with achievement computed on a straight line basis between target and maximum), earned up to 3% each month January to May and up to 10% for June.

The changes were designed such that the targets should have been no more or less difficult than those set prior to the disposal.

Finally, the Committee resolved that in order to incentivise the successful completion of the disposal of the Group's housebuilding divisions, and to reflect the focus of a significant part of his duties for the year, Andrew Duxbury's annual bonus for 2019/20 would be based 50% on the successful completion of the disposal, with the remaining 50% adjudicated in proportion to the revised annual bonus structure as detailed above and below. This approach is within the scope of the approved Remuneration Policy. In making the award in respect of the disposal, the Committee had regard to Andrew's wider contribution and the underlying performance of the Group.

The revised weightings and performance targets are shown in the table below:

		Performance target				
Measure	Weighting	Threshold (% of maximum bonus)	On-target (% of maximum bonus)	Maximum (% of maximum bonus)	Actual performance	Payout % of bonus maximum
Group targets (pre-disposals)						
Pre-exceptional full year Group profit before tax	40.0%	£161.5m (0%)	£170m (20%)	£178.5m (40%)	n/a	n/a
Pre-exceptional half year Group profit before tax	10.0%	£60.2m (0%)	£63.4m (5%)	£66.5m (10%)	n/a	n/a
Group cash management[1]	25.0%	(12.5%)	(12.5%)	(25%)	n/a	n/a
Landbank[2]	12.5%	10,750 units (12.5%)	10,750 units (12.5%)	10,750 units (12.5%)	n/a	n/a
Construction order book	12.5%	83.0% secured (0%)	85.0% secured (6.2%)	87.0% secured (12.5%)	n/a	n/a
Adjusted targets following disposals						
Pre-exceptional full year Group profit before tax[3]	40.0%	£40.6m (0%)	£42.8m (20%)	£44.9m (40%)	£(59.7)m	0.0%
Pre-exceptional half year Group profit before tax	10.0%	£60.2m (0%)	£63.4m (5%)	£66.5m (10%)	£(5.6)m	0.0%
Group cash management (July-Dec)[4]	12.5%	(6.2%)	(6.2%)	(12.5%)	8.1%	8.1%
Group cash management (Jan-Jun)[4]	25.0%	(12.5%)	(12.5%)	(25.0%)	16.1%	16.1%
Construction order book	12.5%	83.0% secured (0%)	85.0% secured (6.2%)	87.0% secured (12.5%)	90.0% secured	12.5%
Total payout (% of maximum bonus)	**100.0%**	**18.7%**	**50.0%**	**100.0%**		**36.7%**

1 Cash management related to month-end net cash/debt figures in accordance with a predetermined net cash/debt budget schedule. The weighting represented 12.5% for the performance from 1 June 2019 to 31 December 2019 and 12.5% for the performance from 1 January 2020 to 30 June 2020.

2 As explained on page 61, and following the disposal of the housebuilding divisions in January 2020, the landbank element performance measure was removed entirely from the annual bonus with the weighting reallocated to the Group cash management element for January to June 2020.

3 The pre-exceptional full year Group continuing operations profit before tax targets were reduced, reflecting the removal of the original budget for the disposed housebuilding divisions for the second half of the year.

4 Adjusted cash management targets consisted of the original targets for the first half of the year (as described in note 1) and adjusted targets for the second half of the year which were rebased on the new forecast following the disposal of the housebuilding divisions, but using the same principles (i.e. 50% of monthly bonus achieved at budget and up to 100% at a 10% stretch with achievement computed on a straight-line basis between target and maximum), earned up to 3% each month (January-May) and up to 10% for June.

5 As previously approved by the Committee, Andrew Duxbury's annual bonus for 2019/20 was based 50% on the successful completion of the disposal of the housebuilding divisions, with the remaining 50% adjudicated in proportion to the adjusted annual bonus structure as detailed in the table above. This approach is within the scope of the approved Remuneration Policy.

The Committee gave significant consideration as to how the ABP should be treated. In particular it took into account the following factors:

- Management and the wider workforce has done an exceptional job of keeping sites open and safe to the highest extent possible and thereby positioning the Group for long-term success.
- Notwithstanding the severe disruption caused by Covid-19, the business performed well on its cash management – this being a particularly important consideration in a time of economic disruption.
- The Group has continued to win profitable new work/order book in an uncertain and challenging environment and this will underpin the Group's continued success over the next 12-18 months.
- The disposal of the housebuilding divisions in January was well-executed and value-enhancing for shareholders.

Taking all the above into account, the Committee determined that a bonus should be paid to circa 1,800 ABP participants in respect of the cash management and order book elements and Executive directors have been treated no better than other plan participants.

Specifically, the Committee determined that the bonus level produced by the scorecard (36.7%) in respect of the cash management and order book element is an appropriate reward given overall performance. This treatment is consistent with that applied for the other circa 1,800 participants.

A formulaic health and safety bonus deductor was also considered, based on a health and safety matrix in force across the entire Group that could reduce bonus by specified percentages relating to the number of accidents, incidents and other reportable events. Non-financial targets for Executive directors are also appropriately linked to the overall Group's RIDDOR accident frequency rate (AFR) performance during the financial year. As set out in last year's Annual Report, the Committee reserved the right to adjust the 2020 bonus outcomes. In reviewing the Group's health and safety performance against the matrix, the Committee took these factors into consideration and decided that the Group targets were met. The Group's AFR for 2019/20 is 0.07 against a target of 0.08. In addition, several business units achieved an AFR of zero during the year.

The Committee determined that, in respect of the year to 30 June 2020, the resulting annual bonus awards were as follows:

	On-target bonus (% of salary)	Maximum bonus (% of salary)	Actual bonus payable for 2019/20 (£000)	Cash (£000)	Shares (£000)
Bill Hocking[1]	36.7%	120/100	98	98	–
Andrew Duxbury	68.3%	100	250	205	45

1. Bonuses awarded to Bill Hocking were pro-rated based on time served in two roles during the year. Bill's annual bonus was pro-rated at 36.7% when in post as Chief Executive (at 120% maximum) and at 0% when in post as Chief Executive of the Construction & Investments division (at 100% maximum).

Two-thirds of the bonus earned in excess of the 50% of salary threshold is required to be deferred into restricted shares. Although beneficially held by the participants, the allocated restricted shares are legally retained by the Employee Share Trust for a period of three years, and are subject to forfeiture provisions, unless otherwise agreed by the Committee. Subject to continued employment, the restricted shares are legally transferred to participants on the third anniversary of allocation.

Incentive awards made prior to Board appointment

In his previous role, i.e. prior to his appointment as an Executive Director, Bill Hocking was granted an incentive award for the successful completion of the disposal of the Group's housebuilding divisions on 3 January 2020 along with certain other senior Executives below Main Board level. Subject to conditions, a payment of £181,587 will therefore be made in December 2020 and this will be included in the single-figure annual remuneration table in the 2021 Annual Report.

LTIP awards vesting

The Committee approved the vesting of 16.5% of the LTIP awards originally granted to Executives in September 2016, following the pre-exceptional reported profit before tax (PBT) at 30 June 2019 of £155.5m and cumulative notional EPS over the performance period of 419.9p. The approval took place on 30 September 2019 and again on 16 November 2019, in relation to former Chief Executive Graham Prothero.

As a result of the corporate transaction, awards granted in September 2017 and September 2018 had vested early under the 2016 LTIP rules. Financial performance fell below the level required to achieve the threshold targets and accordingly, awards vested at 0% and therefore lapsed.

Directors' share plan interests (audited)

Outstanding awards held by Directors are detailed in the table below.

Director	Plan	Date	Share price at grant	Number of awards outstanding at 1 July 2019	Granted	Vested	Lapsed	Number of awards outstanding at 30 June 2020	Value of awards vested during financial year £000	Actual or anticipated vesting date
Bill Hocking	2016 LTIP[1,2]	16.11.16	£12.88	27,997	–	4,619	23,378	–	31	30.09.19
	2016 LTIP[1,2,3]	22.09.17	£13.56	36,966	–	–	36,966	–	–	17.12.19
	2016 LTIP[1,2,3]	20.09.18	£10.73	49,291	–	–	49,291	–	–	17.12.19
	New LTIP[4]	13.03.20	£1.1554	–	584,213	–	–	584,213	–	13.03.23
	ABP[5]	20.09.18	£10.99	5,898	–	5,898	–	–	49	18.12.19
Andrew Duxbury	2016 LTIP[1,2,3]	20.09.18	£10.73	27,260		–	27,260	–	–	17.12.19
	New LTIP[4]	13.03.20	£1.1554	–	474,705	–	–	474,705	–	13.03.23
	Sharesave[6]	01.11.16	£9.357	445	–	–	445	–	–	01.01.20
	Sharesave[6]	02.11.17	£9.276	740	–	–	740	–	–	01.01.21
	Sharesave[6]	23.10.18	£8.23	188	–	–	188	–	–	01.01.22

1 Each LTIP award is a provisional allocation of a number of shares which is equal in value to 100% of the individual's basic salary as at the date of grant, with up to 150% of the number of the base award able to vest at the stretch performance level. The number of shares shown in the table above represents the base award.
2 Awards are based on a maximum percentage of salary. The number of shares shown in the table represent the maximum number of shares ie 150% of salary.
3 The awards granted to Bill Hocking and Andrew Duxbury relate to their former roles as Chief Executive of Construction & Investments and Finance Director of Linden Homes. The awards vested at 0% and therefore lapsed under the LTIP rules.
4 Awards were made under the new LTIP rules approved by shareholders at the General Meeting of Galliford Try plc on 29 November 2019 and prior to the scheme of arrangement being effective on 2 January 2020. Awards are subject to performance conditions over a three-year period as described below.
5 As a consequence of the corporate transaction, all in-flight restricted shares vested early in accordance with the rules of the Annual Bonus Plan.
6 The options over ordinary shares granted to Andrew Duxbury under the Sharesave Plan lapsed in accordance with the rules of the Sharesave Plan following the closure of the savings contracts relating to those options.

Awards granted during the year (audited)

On 13 March 2020, the following conditional LTIP awards were made to Bill Hocking and Andrew Duxbury.

Director	Date of grant	Number of shares awarded	Basis of award	Share price used to determine level of award[1] £	Face value £
Bill Hocking[1]	13 March 2020	584,213	150% of base salary	£1.1554	674,999
Andrew Duxbury[1]	13 March 2020	474,705	150% of base salary	£1.1554	548,474

1 The share price used for awards made on 13 March 2020 was the closing mid-market price of the share price of the Company on the day prior to the award.

The performance conditions attached to these awards and awards made in March 2020 are as follows:

Date of grant	Performance conditions
March 2020	Vesting based on underlying EPS performance over the three years to 30 June 2022. Vesting of up to two-thirds of the award is based on underlying EPS. 25% will vest for 13.0p, increasing to 100% vesting on a straight-line basis if 16.5p is achieved. Any shares which vest will be subject to a two-year post vesting holding period in accordance with the existing Remuneration Policy.

Directors' share interests (audited)

As at 30 June 2020, the Directors held the following beneficial, legal and unvested ABP interests in the Group's ordinary share capital.

	Legally owned[1]				Total	% of salary held under share ownership guidelines[2]
Measure	30.6.20	30.6.19	LTIP (unvested)	Deferred bonus awards (unvested)	30.6.20	
Executive directors						
Bill Hocking	119,778	–	584,213	–	703,991	31%
Andrew Duxbury	2,939	2,939	474,705	–	477,644	1%
Non-executive Directors						
Terry Miller	2,066	2,066	–	–	2,066	n/a
Gavin Slark	1,600	1,600	–	–	1,600	n/a
Jeremy Townsend	3,333	3,333	–	–	3,333	n/a
Marisa Cassoni	–	–	–	–	–	n/a
Peter Ventress	14,098	14,098	–	–	14,098	n/a
Former directors						
Graham Prothero[3]	84,418	70,288	–	–	84,418	n/a

1 Either held by the individual or connected persons.
2 Under the current Remuneration Policy, the share ownership guideline for Executive directors is 200% of base salary. The shareholding policy is set out on page 59 of the 2017 Annual Report and Financial Statements. Bill Hocking and Andrew Duxbury were appointed as Chief Executive and Finance Director on 3 January 2020 and 26 March 2019, respectively, and are still building up to the guideline level.
3 The shareholdings of Graham Prothero are based on the number of shares held at the time of leaving the Group.

There were no changes in the directors' interests from 30 June 2020 to the date of this Annual Report.

Payments for loss of office (audited)

As explained on page 47, Graham Prothero left the Group with effect from 3 January 2020 following the successful completion of the sale of the housebuilding divisions to Vistry Group plc. Under the terms of his exit arrangements, he continued to receive his salary and contractual benefits up to the date of his departure and release of 15,821 deferred restricted shares as part of his annual bonus awards in 2017, 2018 and 2019.

Payment of his pro-rata 2019/20 bonus (if any) for the period up to 31 December 2019 is subject to the finalising of the corporate transaction closing adjustment.

As a result of the corporate transaction, his LTIP awards granted in September 2017 and September 2018 vested early. Financial performance fell below the level required to achieve the threshold targets and accordingly, awards vested at 0% and therefore lapsed. There were no payments for loss of office.

Percentage change in remuneration of Chief Executive and across workforce for 2019/20

% change	Average across workforce[2]	Chief Executive[1]
Salary	5.22%	(10.03)%
Bonus	(42.82)%[3]	(20.78)%
Benefits	13.62%[4]	(38.69)%

1 The figures have been calculated by: (a) combining (i) the salary, fees and benefits paid to Graham Prothero for the period between 1 July 2019 and 3 January 2020; and (ii) salary and fees, pro-rated bonus and benefits paid to Bill Hocking for the period between 3 January 2020 and 30 June 2020; and then (b) comparing these aggregate figures against figures for the prior year to 30 June 2019.
2 The comparator group chosen were employees of the continuing Group on fixed monthly salaries and excludes the housebuilding divisions which were sold in January 2020.
3 Based on comparison of average aggregate bonus awards divided by average numbers of staff.
4 Based on comparison of cost to the Group of benefits for the tax years ended in April 2019 and April 2020.

Percentage change in remuneration of Executive directors and Non-executive Directors

In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report Regulations) 2019 (applying to financial years commencing on or after 10 June 2019), a comparison of the annual percentage change of each directors' remuneration to the average remuneration of the Company's employees must also be made and calculated on a full time equivalent basis (FTE). As required, we have displayed this analysis in the table below and will build this information to display a five-year history.

	Salary change[1]	Benefits change[2]	Bonus change
Executive directors			
Bill Hocking[3]	n/a	n/a	n/a
Andrew Duxbury[4]	273%	226%	369%
Non-executive Directors			
Peter Ventress	(1.3)%	n/a	n/a
Terry Miller	(1.3)%	n/a	n/a
Gavin Slark	(1.3)%	n/a	n/a
Jeremy Townsend	(1.2)%	n/a	n/a
Marisa Cassoni[5]	49.3%	n/a	n/a
Former directors			
Graham Prothero[6]	(35.9)%	(53.6)%	(100)%
P50 median employee	(1.2)%	0.6%	–

1 As a consequence of Covid-19 pandemic, the Board agreed a temporary salary/fee reduction of 25% of base salary/fee from 1 May 2020. Salaries and fees were reinstated to normal levels with effect from 1 July 2020.
2 Benefits received include pension contributions (or cash equivalent), company car (or equivalent cash allowance), and private medical insurance. Executive directors and senior management, subject to invitation and approval by the Committee, may participate in the Annual Bonus Plan and Long Term Incentive Plan (LTIP).
3 Bill Hocking was appointed as Chief Executive on 3 January 2020, and therefore, no comparison has been made for the prior financial year.
4 Andrew Duxbury was appointed as Finance Director on 26 March 2019. As such, the percentage increase numbers shown above compare his salary, benefits, and bonus for the full financial year ended 30 June 2020 against a three-month period in the prior financial year (i.e. 26 March 2019 to 30 June 2019). The percentage increase numbers are therefore misleadingly high. If a comparison is made against a full prior financial year and Andrew Duxbury had been employed as a director for the full year, the percentage changes for Andrew Duxbury's salary, benefits and bonus (including elements of bonus awards earned in his former role as Finance Director of Linden Homes) would be (1.3)% for salary, 3% for benefits and 59% for bonus.
5 Marisa Cassoni received a fee supplement following her appointment as Chair of the Remuneration Committee in February 2019. Salary and fees received in the prior financial year relate to the period from appointment on 1 September 2018.
6 Graham Prothero stepped down from the Board on 3 January 2020.

In calculating the average change per employee, the Committee has elected to compare the total remuneration of the P50 median employee (median) from this year (2019-20) to that used last year. The Committee looks to ensure that the wider total package on offer to employees remains competitive at all levels.

Relative importance of spend on pay

	2018/19	**2019/20**[1]	% change
Total overall spend on pay (£m)	217.9	**188.8**	(13.35)%
Dividends (£m)[2]	64.4	–	(100)%
Share buyback (£m)	–	–	–
Pre-exceptional Group corporation tax credit (£m)	5.4	**6.8**	25.9%
Pre-exceptional effective tax rate (%)	31.4	**11.4**	(20.0) ppts

1 Pre-exceptional Group profit before tax has not been used as a comparator in the table above for this financial year. The financial results for the continuing Group can be found in the Financial Review on pages 40 to 42.
2 The dividend amounts used for the comparison in the table above are the amounts declared in respect of each accounting period presented.

The equivalent total overall spend on pay in 2020 is disclosed in note 5 to the financial statements. The total overall spend on pay equates to average remuneration per staff member of £61,100 per annum as at 30 June 2020 (2019: £61,500).

CEO pay ratios

The Companies (Miscellaneous Reporting) Regulations 2018 require UK listed companies with an average of 250 or more UK employees in a given year to disclose the ratio of their CEO's pay to the median, lower quartile and upper quartile pay of their UK employees from 2019. The Regulations apply to financial years beginning or after 1 January 2019.

Our CEO pay ratios have been calculated using Option B (gender pay data) as the methodology to perform this exercise. We believe this to be a clear methodology involving fewer adjustments to calculate full-time equivalent earnings. In calculating the CEO data, and consistent with the approach taken for the calculation made in the 2019 Annual Report, an annualised figure was used and pro-rated to account for the change of CEO in January 2020.

Year	Method	CEO single figure[1,2]	All UK employees	Lower quartile	Median	Upper quartile
2019/20	Option B	£660,587	Ratio	24:1	15:1	9:1
			Total pay	£27,407	£43,165	£74,351
			Salary	£25,500	£35,429	£61,057

1 Bill Hocking was appointed as Chief Executive on 3 January 2020, replacing Graham Prothero who stepped down from his role and from the Board on the same date. The single figure illustrated above is the aggregated sum of remuneration paid to Graham Prothero and Bill Hocking in respect of their times in the role of Chief Executive.
2 As disclosed on page 72, Bill Hocking's annual bonus was pro-rated at 36.7% of 120% maximum (when in post as Chief Executive) and at 0% of 100% maximum (when in post as Chief Executive of the Construction & Investments division). Taxable benefits and pension contributions have also been pro-rated from January 2020 to the end of the financial year.

The components of employee remuneration used to calculate each of the pay ratios in the table above were salaries, bonus, taxable benefits and pension contributions. As required, we will build this analysis over a ten-year reporting period.

As a comparison, we have considered the ratio if Bill Hocking had been employed for the full year and had received an annual bonus of 36.7% of salary (120% bonus opportunity), benefits totalling £13,147 and pension contribution of 8% of salary. This would lead to a total single figure of £678,397 and the following pay ratios:

Year	Lower quartile	Median	Upper quartile
2019/20	25:1	16:1	9:1

A high proportion of the Chief Executive's total reward is performance related and therefore, variable pay outcomes may fluctuate from year to year. The Committee is comfortable that the resulting calculations are representative of pay levels at the respective quartiles and that the applicable relativities are appropriate given the profile of the workforce.

Composition of Remuneration Committee and attendance

Membership of the Committee is detailed on page 48. Aside from the Chair, Marisa Cassoni, the other members were Terry Miller, Gavin Slark, Jeremy Townsend and Peter Ventress. The General Counsel & Company Secretary acts as Secretary to the Committee. The Chief Executive has a standing invitation to attend all Committee meetings, although each meeting commences with the Non-executive Directors meeting without Executive management present. No director, or the General Counsel & Company Secretary, is present when his or her own remuneration is being considered.

The Committee is governed by formal terms of reference agreed by the Board and is composed solely of Non-executive Directors, each of whom the Board considers to be independent. The latest terms of reference are available on the Group's website (www.gallifordtry.co.uk).

Remuneration advice and advisors

The Committee is informed of key developments and best practice in the field of remuneration and regularly obtains advice from independent external consultants, when required, on individual remuneration packages and on Executive remuneration practices in general. Mercer Limited (Mercer) is the Committee's remuneration consultant, following its appointment in March 2019. Fees paid to Mercer during the financial year were £79,907 (2019: £23,000).

Mercer Limited does not provide any other services to the Group, although Mercer is part of Marsh & McLennan Companies, a subsidiary of which Marsh JLT Specialty Limited, provides insurance broking services to the Group. The Committee is satisfied that these services do not impinge on the independence of Mercer. Furthermore, Mercer is a signatory to the Remuneration Consultants' Code of Conduct, which requires that its advice be objective and impartial.

The General Counsel & Company Secretary also advises the Committee as necessary and, where appropriate, makes arrangements for the Committee to receive independent legal advice at the request of the Chair.

Annual report on remuneration
continued

Employee Share Trust and dilution

The Employee Share Trust (EST) is the primary mechanism by which shares required to satisfy the Executive incentive plans are provided. During the financial year, the EST purchased 53,617 shares from participants of the LTIP and the ABP at an average price of £7.18, which resulted in a balance held at 30 June 2020 of 221,603 shares.

The Group provided net additional funds to the EST during the financial year of £366,169, by extending the existing EST loan facility. The number of new shares purchased in the market during the year was nil.

Following the completion of the sale of the housebuilding divisions to Vistry Group plc in January 2020, the EST received one new share in Galliford Try Holdings plc for every share held in Galliford Try plc and 0.57406 shares in Vistry Group plc for every share held in Galliford Try plc. During the year, the Trust sold 84,792 Vistry Group plc shares for £1.1m cash, which is available to purchase new Galliford Try shares in the market to satisfy future awards that may vest under the Executive share schemes.

During the financial year, 20,872 new shares were issued arising from share scheme-related activities under the SAYE share option scheme. As at 30 June 2020, the total number of shares outstanding under the SAYE share option scheme was nil. The Group has complied with the dilution guidelines of the Investment Association.

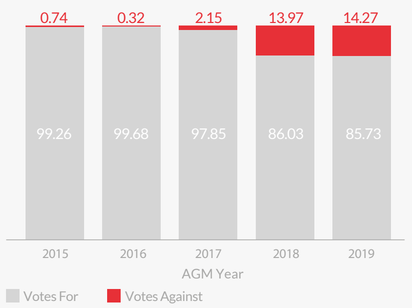
Applying the guidelines, the Group has 10% headroom against 'the 10% in 10 years' rule and on the basis that the Group's practice is that all awards granted pursuant to discretionary plans are satisfied using shares purchased in the market, 5% headroom against the '5% in 10 years' rule for discretionary plans.

Shareholder voting on the Directors' Remuneration Report

The Committee takes account of annualised shareholder voting trends in connection with the Directors' Remuneration Report votes. Votes cast in support of the annual advisory resolution to approve the Directors' Remuneration Report during the last five AGMs are included in the chart below. In 2019, 14% of the votes cast were against the Directors' Remuneration Report. The proportion of votes withheld were 1,168,305 shares.

The current Policy was approved by 99.8% of shareholders at the 2017 AGM. A resolution in respect of the 2020 Remuneration Policy will be proposed at the 2020 AGM.

Votes cast
(%)



Forward-looking implementation of Policy

Base salaries

As a consequence of the Covid-19 pandemic, the 2020/21 salary review, which is normally undertaken in July, has been deferred until April 2021. Also as a consequence of the pandemic, from 1 May 2020, the Board agreed a temporary salary/fee reduction of 25% of base salary/fee. Salaries and fees were reinstated to normal levels with effect from 1 July 2020.

ABP

The Committee has decided that, for the financial year to 30 June 2021, the existing bonus structure remains appropriately aligned to corporate strategy. It will therefore remain in its current form, with an opportunity of 120% of salary for the Chief Executive, and 100% for other Executive directors.

Bonus outcomes will be subject to overall Committee discretion taking into account factors including safety, ESG and the underlying performance of the Group.

LTIP

Any award will be within the current approved Remuneration Policy and based on performance metrics comprising of 75% based on earnings per share and 25% on a cash performance metric, based on average month end cash as a percentage of revenue. Relevant details will be included in next year's Directors' Remuneration Report and, in respect of the LTIP grant, in the market announcement at the time of any grant during the 2020/21 financial year.

Chairman and Non-executive fees

The fee level for Peter Ventress as Chairman for 2019/20 was £201,100 per annum. As a consequence of the Covid-19 pandemic, his fee was temporarily reduced by 25% to £150,825 with effect from 1 May to 30 June 2020. Peter Ventress received no benefits in connection with his position, other than membership of the Group's medical insurance plan.

The standard Non-executive fee was £43,600 per annum throughout the financial year. From 1 May 2020 to 30 June 2020, the fee was temporarily reduced by 25% to £32,700. The fee supplement for the Chairs of the Board Committees and for the Senior Independent Non-executive Director also decreased by 25% from £8,200 to £6,150 and from £4,350 to £3,262 respectively, also from 1 May 2020 to 30 June 2020.

Salaries and fees were reinstated to normal levels with effect from 1 July 2020.

Companies and Groups (Accounts and Reports) Regulations (Amended) 2013 and the Financial Conduct Authority's Listing Rules

The Directors' Remuneration Report has been prepared in accordance with The Companies (Director's Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (applying to financial years starting on or after 10 June 2019), the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (Amended) 2013 and the Financial Conduct Authority's Listing Rules. The auditor is required to report on the remuneration data disclosed in the Directors' Remuneration Report section and state whether, in its opinion, that part of the report has been properly prepared in accordance with relevant provisions of the Companies Act 2006 (as amended).

Certain sections of the Annual report on remuneration on pages 70 to 73 have been subject to audit.

For and on behalf of the Board

Marisa Cassoni
Remuneration Committee Chair

16 September 2020

Directors' report

The directors present their Annual Report and audited financial statements for the Group for the financial year ended 30 June 2020.

Principal activities

Galliford Try is a trading name of Galliford Try Holdings plc, a leading UK construction group which listed on the London Stock Exchange on 3 January 2020 following the sale of the housebuilding divisions to Vistry Group plc. Operating as Galliford Try and Morrison Construction, the group carries out building and infrastructure projects with clients in the public, private and regulated sectors across the UK. Galliford Try Holdings plc, registered in England and Wales with company number 12216008, is the Parent Company of the Group. More detailed information regarding the Group's activities during the year under review, and its prospects, is provided on pages 1 to 45. The principal subsidiaries and joint ventures operating within the Group's businesses are shown in note 41 to the financial statements.

Strategic report

The Group is required by section 414A of the Companies Act 2006 to present a Strategic report in the Annual Report. This can be found on pages 1 to 45.

The Strategic report contains an indication of the directors' view on likely future developments in the business of the Group. In addition, and in accordance with the EU Non-Financial Reporting Directive, the Strategic report also provides direction on where information on the impact of activities on employees, social and environmental matters, human rights and anti-corruption and anti-bribery matters can be found within the Annual Report and financial statements, as well as a description of the Group's policies and where these are located.

In accordance with section 414CZA of the Companies Act 2006, the Strategic report also contains a section 172 (1) statement describing how directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duty under section 172. Please refer to pages 43 to 45.

The Corporate governance report on pages 46 to 56 is the corporate governance statement for the purposes of Disclosure Guidance and Transparency Rule 7.2.1.

The Annual Report and financial statements use financial and non-financial key performance indicators wherever possible and appropriate.

Results, dividends and capital

The pre-exceptional continuing loss for the year before income tax was £59.7m, as shown in the consolidated income statement on page 88. On 12 March 2020, the Board declared an interim dividend of 1.0p per share which was scheduled to be paid to shareholders on 17 April 2020. However, following the outbreak of Covid-19, the Board considered it prudent to cancel the interim dividend payment in order to preserve liquidity during a period of significant uncertainty. The Board continues to recognise the importance of dividends to all its shareholders, however given the importance of maintaining a strong balance sheet, is not proposing a final dividend for the year ended 30 June 2020. The Group has a strong outlook and the Board anticipates reinstating dividend payments, following a return to profitability.

Please refer to page 5 for an overview of the Group's capital structure and funding.

Share capital, authorities and restrictions

The company has one class of ordinary share capital, having a nominal value of 50p. The ordinary shares rank pari passu in respect of voting and participation and are listed for trading on the Main Market of the London Stock Exchange. At 30 June 2020, the company had 111,053,489 ordinary shares in issue. Votes may be exercised at general meetings of the company by members in person, by proxy or by corporate representatives (in relation to corporate members). The Articles of Association of the company (the Articles) provide a deadline for the submission of proxy forms (electronically or by paper) of not less than 48 hours, taking no account of any part of a day that is not a working day, before the time appointed for the holding of the general meeting or the adjourned meeting (as the case may be).

The directors are authorised on an annual basis to issue shares, to allot a limited number of shares in the company for cash other than to existing shareholders, and to make market purchases of shares within prescribed limits. The current authorities will expire at the AGM. Resolutions to be proposed at the 2020 AGM will renew all three of the directors' standing authorities relating to share capital, which are further explained in the Notice of 2020 AGM sent separately to shareholders. During the year, no shares have been issued or purchased by the company under the relevant authorities either during the financial year or to the date of this Annual Report.

There are no restrictions on the transfer of the company's shares, with the exceptions that certain shares held by the Employee Share Trust (EST) are restricted for the duration of the applicable performance periods under relevant Group share plans, and directors and persons discharging managerial responsibilities are periodically restricted in dealing in the company's shares under the Group's share dealing policy which reflects the requirements of the Market Abuse Regulation. In certain specific circumstances, the directors are permitted to decline to register a transfer in accordance with the Articles. There are no other limitations on holdings of securities, and no requirements to obtain the approval of the company, or other holders of shares in the company, prior to the share transfer. The company is not aware of any agreements between holders of shares that may result in restrictions on the transfer of shares or voting rights.

There are no shares carrying specific rights with regard to control of the company, with the exception that the EST holds shares in the company in connection with Group share plans which have rights with regard to control of the company that are not exercisable directly by the employee. The EST abstains from voting in respect of any shares so held. The EST currently holds 0.20% of the issued share capital of the company for the purposes of satisfying employee share options or share awards.

Articles of Association

The Articles, adopted on 5 November 2019, set out the internal regulations of the company, and define various aspects of the company's constitution including the rights of shareholders, procedures for the appointment and removal of directors, and the conduct of both directors and general meetings.

In accordance with the Articles, directors can be appointed or removed either by the Board or shareholders in general meeting. Amendments to the Articles require the approval of shareholders in general meeting expressly by way of special resolution. Copies of the Articles are available by contacting the General Counsel & Company Secretary at the registered office.

Significant direct and indirect holdings

As at 16 September 2020, being the date of this Annual Report, the Group had been made aware, pursuant to the FCA's Disclosure Guidance and Transparency Rules, of the following beneficial interests in 3% or more of the Company's ordinary share capital:

Shareholder	Interest	% capital
Standard Life Aberdeen plc	6,436,890	5.80
Premier Miton Group plc	5,746,818	5.17
J O Hambro Capital Management Limited	5,738,929	5.17
Ameriprise Financial Inc.	5,734,661	5.16
Dimensional Fund Advisors LP	5,552,697	4.97
Brewin Dolphin Ltd	5,169,266	4.66
Norges Bank Investment Management	3,249,094	2.93

There were no material changes in any of the significant holdings from 30 June 2020 to the date of this Annual Report.

Change of control provisions

All the Group's share plans contain provisions relating to a change of control. The respective plan rules permit outstanding awards to vest on a proportional basis and then become exercisable in the event of a change of control, subject to the satisfaction of any applicable performance conditions and the prior approval of the Remuneration Committee. Other than in relation to share schemes as described above, the Group has not entered into any agreements with its directors or employees which provide for compensation for loss of office or employment in the event of a takeover or change of control of the Group.

The agreements governing the Group's joint arrangements all have appropriate change of control provisions, none of which is significant in the context of the wider Group.

Directors' interests and indemnities

Summary biographies of the directors of the company as at 30 June 2020 are on pages 48 and 49. During the year, Graham Prothero stood down as Chief Executive and from the Board on 3 January 2020, following the sale of the housebuilding divisions to Vistry Group plc. Bill Hocking, formerly Chief Executive of the Construction & Investments business was appointed as Chief Executive to succeed Graham. As stated on page 47, Jeremy Townsend has decided to step down from the Board later this year, and accordingly, he will not be standing for re-election as a director at the AGM.

The interests of the directors in the share capital of the company are set out in the Directors' Remuneration Report on page 73 and details of Executive directors' service contracts and Non-executive Directors' letters of appointment can be found on page 69.

The Group operates a formal ongoing procedure for the disclosure, review and authorisation of directors' actual and potential conflicts of interest, in accordance with the Companies Act 2006. In addition, conflicts of interest are reviewed and, as necessary, authorised by the Board on an annual basis. The Group maintained appropriate Directors' and Officers Liability insurance on behalf of the directors and General Counsel & Company Secretary throughout the financial year. In addition, individual qualifying third party indemnities are provided to the directors and General Counsel & Company Secretary, which comply with the provisions of section 234 of the Companies Act 2006, and were in force throughout the year and up to the date of signing the Annual Report.

Employees

The Group is committed to employment policies which follow best practice based on equal opportunities for all employees. We value everyone as an individual, recognising that everyone is different and has different needs at work. We respect people's differences and treat everyone with dignity and respect. We aim to create a culture in which everyone feels valued as an individual and is motivated to give their best in their jobs.

The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. We carry out regular workplace assessments and provide occupational health checks and advice to support both employees and line managers. Appropriate arrangements are made for the continued training and employment, career development and promotion of disabled persons. If existing members of staff become disabled, the Group endeavours to continue employment, either in the same or an alternative position with appropriate retraining and occupational assistance being given if necessary.

Employee engagement and consultation is encouraged through the Employee Forum, use of regular informal discussions and feedback, formal annual appraisals, business unit staff forums and periodic employee surveys.

Details of where to find information regarding the Group's employees, remuneration policies, employment practices and employee involvement are provided in the Strategic report on pages 24 to 26 and the Remuneration Policy and Report on pages 61 to 76. Details of where to find information on other matters of importance to stakeholders such as environmental, social and community matters, human rights and anti-corruption, related policies and their impact can also be found in the Strategic report.

Significant agreements

There are no persons with which the Group has contractual or other arrangements which are essential to its business.

Charitable and political donations

For information regarding charitable donations made through employees volunteering or donation of materials, please refer to the Strategic report on page 39.

It is Group policy to avoid making political donations of any nature and accordingly none were made during the financial year. The Group notes the wide application of Part 14 of the Companies Act 2006, but does not consider the construction industry bodies of which it is a member to be political organisations for the purposes of the Act.

Emissions

Details of the Group's carbon dioxide emissions for the financial year have been included on page 37 and are included by reference in this report.

Creditor payment policy

Group policy regarding creditor payment is to agree payment terms contractually with suppliers and sub-contractors, ensure the relevant terms of payment are included in contracts, and to abide by those terms when satisfied that goods, services or assets have been provided in accordance with the agreed contractual terms. In November 2013, the Group became a signatory to the Prompt Payment Code which contains, among other things, commitments to pay suppliers within agreed contract terms. In July 2019, the Group was suspended from the Prompt Payment Code as a consequence of a new requirement. Remedial actions were taken resulting in substantial improvements in payment performance and the Group being readmitted to the Prompt Payment Code in December 2019.

Financial instruments

Further information regarding the Group's financial instruments including interest rate hedges, related policies and a consideration of its liquidity and other financing risks can be found in the Financial review from page 40 and in note 29 to the financial statements.

Important developments during the year

On 10 September 2019, the Group announced the proposed sale of the Group's housebuilding divisions, Linden Homes and Partnerships & Regeneration, to Vistry Group plc (formerly Bovis Homes Group plc). Following the implementation of the Group restructuring, pursuant to which the company became a new listed holding company of the continuing Group, on 3 January 2020, the Group successfully completed the sale of the Group's housebuilding divisions, transforming Galliford Try into a well-capitalised, UK construction-focused business. Galliford Try has continued to maintain a strong pipeline of work in its chosen sectors, with excellent positions on several key frameworks in the public and regulated sectors.

Going concern

In accordance with the Financial Reporting Council's Going Concern and Liquidity Risk: Guidance for Directors of UK Companies published in 2009, the requirements of the 2018 UK Corporate Governance Code (2018 Code) and Listing Rule 9.8.6(3), the directors have conducted a rigorous and proportionate assessment of the Group's ability to continue in existence for the foreseeable future. This has been reviewed during the financial year and the directors have concluded that there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Furthermore, the Group has adequate resources and visibility as to its future workload, as explained in this Annual Report. It is therefore justified in using the going concern basis in preparing these financial statements.

Independent auditor

Each of the directors at the date of approval of this Annual Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

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

A resolution is to be proposed at the forthcoming AGM for the reappointment of BDO LLP as auditor of the Group, at a rate of remuneration to be determined by the Audit Committee.

AGM

The 2020 AGM will be held at Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL on 13 November 2020 at 11am. The notice convening the AGM, sent to shareholders separately, explains the items of business which are not of a routine nature.

To safeguard the health and wellbeing of shareholders, and in line with the Corporate Insolvency and Governance Act 2020 and public health guidelines in force, it is expected that attendance in person at the AGM will be limited to satisfy the requirements of a quorum. Further information on arrangements for the AGM and voting instructions will be set out fully in the Notice of AGM and Form of Proxy.

Fair, balanced and understandable

In accordance with the principles of the 2018 Code and as further described on pages 40 and 42, the Group has arrangements in place to ensure that the information presented in this Annual Report is fair, balanced and understandable. The directors consider, on the advice of the Audit Committee, that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, position, business model and strategy.

Approval of report

This Directors' report, the Strategic report, on pages 1 to 45 and the Corporate Governance report and Directors' Remuneration report, on pages 46 to 76 were approved by the Board of Directors on 16 September 2020.

For and on behalf of the Board

Kevin Corbett
General Counsel & Company Secretary

16 September 2020

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. 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 Parent Company and of the profit or loss of the Group and Parent Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Group and Parent Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's performance, position, business model and strategy.

Each of the directors, whose names and functions are listed on pages 48 and 49 confirms that to the best of their knowledge:

- the Parent Company financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic report contained on pages 1 to 45 includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Group's auditors are aware of that information.

For and on behalf of the Board

Bill Hocking
Chief Executive

16 September 2020

Forward-looking statements

Forward-looking statements have been made by the directors in good faith using information up until the date on which they approved this Annual Report. Forward-looking statements should be regarded with caution due to uncertainties in economic trends and business risks. The Group's businesses are generally not affected by seasonality.

Independent auditors' report
to the members of Galliford Try Holdings plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Galliford Try Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity, statements 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 as applied to listed public interest entities, 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 principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report and Financial Statements (the Annual Report), in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the Directors' confirmation on page 29 in the Annual Report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the Directors' statement on page 79 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation on page 34 in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we addressed the matter in our audit
Revenue and profit recognition for construction contracts	
For the majority of long-term contracts, the Group recognises revenue over time and measures progress based on the input method by considering the costs incurred to date, relative to the total estimated forecast revenue. This is considered a significant risk as the stage of completion and the forecasted margin on contracts is an area of significant judgment. These judgments have a consequential impact on a number of contract balances within the financial statements. Having considered the above we determined that contract revenue and other related contract balances have an inherent high degree of estimation uncertainty with a potential range of estimation uncertainty higher than our Group materiality. Note 1 on page 95 to the financial statements gives further detail regarding the estimates and judgments made by the Group in this regard.	We obtained an understanding of and evaluated management's processes and controls for ensuring contracts meet the requirements of IFRS 15. We focused our work on those contracts with the greatest estimation uncertainty and challenged the judgments made with the senior operational, legal, commercial and financial management. On each contract selected, we specifically challenged and critically assessed the explanations provided by management and carried out the following detailed testing. • Obtaining an understanding of the contract and its particulars. • Agreeing forecast revenue to contractual agreements, supplemental agreements and agreed variations. • Reconciling revenue recognised with amounts applied for and amounts certified by clients, agreeing the amounts received to bank. • Re-performing the key calculations behind the margin applied, the profit taken and the stage of completion, as well as balance sheet exposure. • Testing a sample of accrued costs. • Agreeing forecast costs for significant subcontractor packages to documentary evidence. • Assessing the recoverability of balance sheet items by comparing to external certification of the value of work performed. • Holding discussions with management to understand and challenge other areas of judgment taken including movements in margin from tender to 30 June 2020. • Where appropriate reviewing legal correspondence and expert advice obtained in respect of the judgments and where necessary speaking directly with management's experts who had provided this advice. We carried out targeted testing on the remaining population including high turnover and final account testing which includes comparing the revenue recognised to amounts certified or final accounts where applicable. We visited a sample of sites across the business. We inspected the physical progress of the sites and discussed progress with personnel working on the specific sites. We assessed the reliability of management's estimates by reviewing the fluctuations in budgeted end of life margin from 30 June 2019 to 30 June 2020 for projects that are substantially completed at the year end. We considered the adequacy of the disclosures in the financial statements in relation to specific contracts and also the disclosures in respect of significant judgments and estimates. Key observations: We consider that the estimates and judgments made by management in respect of revenue recognition and the associated disclosures are reasonable.

Key audit matter	How we addressed the matter in our audit
Recognition and recoverability of claims and variations	
In a number of the Group's projects there are assumptions of amounts contractually due from customers, and contract assets can include variations and claims which are not yet certified or formally agreed but have been assessed as highly probable of not reversing under IFRS 15. (refer to accounting policy note 1 on page 95) The Group has submitted claims of £95m and recognised significant recoveries in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. The Group has been successful in adjudications on these projects and has assumed recoveries from these claims. The parties have agreed that the claim will be resolved through an arbitration process that is currently underway. The assessment of revenue that is highly probable that there will not be a significant reversal requires judgment. Similarly, the assessment of the expected credit loss as regards contract assets is judgmental. In addition, there are some downstream claims from third parties other than customers which are only recognised once they are considered to be 'virtually certain' of recoverability, in accordance with IAS 37. These assumptions impact revenue recognised on these contracts, as well as contracts assets balances. (refer to accounting policy note 1 on page 97).	We challenged management's forecasts, in particular the key assumptions, which included the expected recovery of variations, claims and compensation events from clients, to determine the basis on which the associated revenue was considered to be 'highly probable of not reversing'. We considered the adequacy of provisions held based on our understanding of the contracts, meetings with in-house counsel and review of key project correspondence. In respect of the three contracts with entities owned by a major infrastructure fund, we assessed the adjudication results obtained and evidence of the recovery on instructed variations previously agreed on those contracts. We assessed the reconciliation between the management's assessment of the claim and the contract asset recorded in the financial statements as highly probable of not reversing and obtained explanations for the difference between these positions. We challenged management's assessment of the revenue constraint on the basis of this analysis and the recoveries from previous adjudications and agreed variations on these contracts. We assessed the evidence supporting the claims submitted including meeting with management's internal and external legal and other experts regarding the claims. This followed a review of the correspondence to date, including the most recent correspondence as regards the ongoing arbitration. We obtained management's previous legal advice regarding the basis of the contract terminations and the financial and ownership status of the parties with whom the Group was contracted. We met with the management's external legal counsel numerous times throughout the year, including following the receipt of the entities response to the Statement of Case submitted by the Group. We challenged whether management's assessment of the revenue constraint remained appropriate, also considering the passage of time. We obtained and challenged management's assessment of IFRS 9 expected credit loss in respect of these contract assets. We challenged this assessment based on the most recently filed annual report of the immediate parent and investor in these entities. We assessed the disclosures included in the financial statements in respect of these infrastructure contracts, including whether they convey the estimates involved and judgments taken by management. We also challenged those assumptions in respect of estimated recoveries from subcontractors, designers, and insurers included in the forecast, to determine whether these could be considered 'virtually certain' of recoverability. We assessed the evidence provided by management regarding recovery of these amounts to evidence of agreement with customers or insurance reserves provided by the insurers. Key observations: We consider that the estimates and judgments and associated disclosures made by management in respect of revenue recognition and downstream claims are reasonable.

Key audit matter	How we addressed the matter in our audit
Revenue and profit recognition for housing developments	
Profit is recognised on each unit sold based on an overall forecast margin for each site which is derived from the total forecast revenue and total forecast costs for the site. The valuation of developments is therefore dependent upon the correct estimate and allocation of costs on each site, as well as the estimation of site margins. Future sales prices and forecast costs to complete are dependent on market conditions and can be difficult to predict. See note 1 on page 95.	We selected a sample of developments that recorded revenue during the period under ownership based on metrics designed to address higher risk sites, including those sites with low margins which may have resulted from specific issues or underperformance. For a sample of sites, we recalculated, the cost of sales recognised in the period. A sample of costs incurred on sites (included within cost of sales) has been agreed to supporting documentation. For a sample of sites, we have compared the achieved margin to the initial margin determined when the original site budget was approved. Where differences fell outside of an acceptable threshold, we performed corroborative inquiries with management and obtained evidence supporting the variance such as increased cost forecasted or changes in product pricing. Key observations: We consider that the estimates and judgments made by management were found to be supported by evidence sighted.
Accounting for the disposal of Linden and Partnerships	
Following the disposal of Linden and Partnerships, we identified a significant risk that the accounting adjustments in respect of the de-recognition of these businesses from the Group are not accurate.	We obtained and reviewed the technical paper prepared by management's expert having assessed their independence and competence, in order to assess whether the accounting entries relevant to the Group were compliant with the applicable accounting standards, and reviewed management's execution of the restructuring, transaction and the resulting journals. We agreed the steps impacting companies within the Group in the technical paper to supporting documentation such as legal agreements of distributions. We reviewed the Sales and Purchase Agreement, agreeing the proceeds of the sale of Partnerships to bank and the repayment of the external debt facility. We have agreed the distribution in specie of Linden to supporting documentation. We have also agreed the provision in relation to the final completion accounts process to supporting documentation. We assessed the inclusion of other assets and liabilities in the disposal in accordance with the transaction documents, along with their associated disclosures. We tested a sample of transaction disposal costs to supporting evidence. Key observations: We found no material misstatements from our testing.
Impairment of goodwill	
The directors have performed an impairment assessment of the goodwill, refer to note 1 on page 95 and note 14 of the financial statements. At 30 June 2020 the Group has a balance of £77.2m of goodwill (2019: £160.3m). £40.0m relates to the Building segment and £37.2m to Infrastructure. The audit of goodwill was a focus area given the value of these assets when compared to the market capitalisation which has fallen due to the change in the business and the uncertainty in relation to Covid-19. The carrying values of goodwill are based on a value in use calculation. The value in use calculation has a high degree of estimation uncertainty with a potential range of reasonable outcomes.	We obtained the Board-approved three-year cash flow forecasts which formed the basis of the model used in the directors' impairment calculation. We compared the forecast margins to current and historical margins achieved and obtained corroborating evidence to support management's assessment. We challenged management on the assumptions included in the forecasts including anticipated increases to gross and operating profit margin and perpetuity cash inflows. We used our internal valuation experts to help set expectations regarding certain assumptions in the value in use calculation, particularly the WACC. We considered management's assessment of the impact of Covid-19 on the forecasts. We agreed a sample of secured work to third party evidence to support the forecast turnover. We re-performed management's impairment calculation and sensitivities and confirmed the accuracy of the related disclosures. We performed additional sensitivities around the key drivers of the cash flow forecasts in particular around margin assumptions. We considered the adequacy of the disclosures in the financial statements in relation to the key judgments, sources of estimation uncertainty and sensitivities performed. Key observations: Based on the procedures performed, we found the Group's assessment of goodwill impairment to be appropriate and the disclosures made appropriate.

Key audit matter	How we addressed the matter in our audit
Going concern	
The going concern disclosures in note 1 on page 93 explain how the Board has formed a judgment that is appropriate to adopt the going concern basis of preparation for the Group and Parent Company. That judgment as regards going concern is based on an evaluation of the inherent risks to the Group's and Company's financial resources and ability to continue operations over a period of at least a year from the data of approval of the financial statements. The risk most likely to adversely affect the Group and Company's available financial resources over this period are considered to be the uncertainty of the future impact of Covid-19 and recovery of the economy owing to the unprecedented nature of the event. Given the historical losses for the continuing business, we have determined going concern to be a key audit matter.	We assessed the appropriateness of the Group's cash flow forecasts in the context of the Group's secured ongoing contracts, the secured new work and forecast potential work which were agreed to the Board approved forecasts tested as part of the impairment of goodwill referred to above. We evaluated the directors' downside sensitivities including the cash impact of a potential further lockdown, delays to construction and delays in receiving final accounts. We challenged the directors on the quantum and timing of any payments in relation to any working capital adjustment due to Vistry Group plc. We assessed the post year cash and contract positions to evaluate the directors' accuracy and achievability of the forecasts prepared. We evaluated the monthly cash position since January 2020 noting the Group maintains an average monthly cash balance of £141m and that even in the worst case scenarios considered by the directors, the Group has sufficient cash for the going concern period. We evaluated the adequacy of the disclosures within the Directors' report in relation to the specific risks posed, the scenarios the directors have considered and conclusions made. Key observations: Our observations in respect of this matter are set out in the conclusions relating to principal risks, going concern and viability statement above.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. We also consider whether lower levels of materiality should be set for particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Level of materiality applied and rationale

On an ongoing basis and in previous years an adjusted measure of profit before tax has been the basis which users of the accounts would be interested in and which has been used as the basis of materiality.

This year there have been a number of one-off items which have led to a distortion of the underlying profit. Adding back the exceptional items the continuing business has made a loss of £59.7m and the disposed businesses made a profit before tax of £32.6m up to the date of disposal. This is as a result of the trading effects of the pandemic which doesn't reflect management's view of ongoing profit. This year, we have considered what would be a stable basis of operations and have benchmarked to other peers' materiality as a proportion of revenue. Based on this we have set Group materiality at 0.15% of Group revenue (£2.6m).

For the continuing business we have set a specific materiality at 0.15% of revenue from continuing operations (£1.6m).

Materiality for the Parent Company financial statements as a whole was set at £1.5m, calculated at 95% of Group level materiality for the continuing operations.

For each component in the scope of Group audit, we allocate materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.3m and £2m.

We agreed with the Audit Committee that misstatements in excess of £52k, which were identified during the audit, would be reported to them, as well as smaller misstatements that in our view should be reported on qualitative grounds.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Group financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting unit in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgment in the financial results.

All of the Group's seven significant components were subjected to full scope audits for Group purposes. All components are located in the UK and were audited by the Group audit team.

The significant components within the scope of our work accounted for 96% of group revenues and 96% of total assets.

Capability of the audit to detect irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures at Group and significant component levels to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules and tax legislation.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, review of board and committee meeting minutes, enquiries with management, enquiries of in-house legal counsel and we considered the adequacy of controls around procurement fraud.

There are inherent limitations in the audit procedures described above and, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 79** – the statement given by the directors that they consider the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting set out on pages 58 to 60** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 52** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- The information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.
- The information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic report or the Directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Parent Company.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 80, 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the conclusion of a formal tender process led by the Group's Audit Committee, the Board proposed appointment of BDO LLP as the Company's auditor for the financial year ending 30 June 2020 and subsequent financial periods. The appointment was approved by the Company's shareholders at the Annual General Meeting on 12 November 2019. The period of total uninterrupted engagement is one year.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

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.

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
16 September 2020

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

Consolidated income statement
for the year ended 30 June 2020

	Notes	2020 Pre-exceptional items £m	2020 Exceptional items (note 4) £m	2020 Total £m	2019 Pre-exceptional items £m	2019 Exceptional items (note 4) £m	2019 Total £m
Revenue	3	1,089.6	32.0	1,121.6	1,402.9	(2.8)	1,400.1
Cost of sales[1]		(1,085.9)	(6.3)	(1,092.2)	(1,348.4)	(42.0)	(1,390.4)
Gross profit		3.7	25.7	29.4	54.5	(44.8)	9.7
Administrative expenses[1]		(68.0)	(0.6)	(68.6)	(74.1)	(2.5)	(76.6)
Share of post tax (losses)/profits from joint ventures	18	(0.2)	–	(0.2)	0.4	–	0.4
(Loss)/profit before finance costs		(64.5)	25.1	(39.4)	(19.2)	(47.3)	(66.5)
Finance income[1]	6	5.8	–	5.8	3.6	–	3.6
Finance costs	6	(1.0)	–	(1.0)	(1.6)	–	(1.6)
(Loss)/profit before income tax	7	(59.7)	25.1	(34.6)	(17.2)	(47.3)	(64.5)
Income tax credit/(expense)[1]	8	6.8	(4.8)	2.0	5.4	9.6	15.0
(Loss)/profit from continuing operations for the year		(52.9)	20.3	(32.6)	(11.8)	(37.7)	(49.5)
Profit from discontinued operations, net of income tax for the year	9	353.0	–	353.0	139.9	(3.5)	136.4
Profit for the year		300.1	20.3	320.4	128.1	(41.2)	86.9
(Loss)/earnings per share							
Basic							
– Profit from continuing operations attributable to ordinary shareholders	12	(47.7)p		(29.4)p	(10.7)p		(44.7)p
– Profit attributable to ordinary shareholders	12	270.9p		289.2p	115.7p		78.5p
Diluted							
– Profit from continuing operations attributable to ordinary shareholders	12	(47.7)p		(29.4)p	(10.6)p		(44.7)p
– Profit attributable to ordinary shareholders	12	270.9p		289.2p	115.6p		78.4p

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity. This results in a reduction in operating lease costs within cost of sales and administrative expenses and an increase in depreciation charge and interest expense (notes 1, 16 & 39).

The notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 30 June 2020

	Notes	2020 £m	2019 £m
Profit for the year		**320.4**	86.9
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligations – discontinued operations		**2.0**	(2.4)
Current tax through equity – continuing operations	8	**–**	0.3
Current tax through equity – discontinued operations		**–**	0.4
Total items that will not be reclassified to profit or loss		**2.0**	(1.7)
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of cash flow hedges:			
– Movement arising during the financial year – discontinued operations		**0.8**	0.9
– Reclassification adjustments for amounts included in profit or loss – discontinued operations		**(0.4)**	(0.4)
Net movement in fair value of PPP and other investments – continuing operations	19	**(1.8)**	0.8
Deferred tax on items recognised in equity that may be reclassified – discontinued operations		**(0.1)**	(0.1)
Total items that may be reclassified subsequently to profit or loss		**(1.5)**	1.2
Other comprehensive income/(expense) for the year net of tax		**0.5**	(0.5)
Total comprehensive income for the year		**320.9**	86.4

The notes are an integral part of the consolidated financial statements.

Balance sheets

	Notes	Group 30 June 2020 £m	Group 30 June 2019 (restated – notes 1 & 40) £m	Group 1 July 2018 (restated – notes 1 & 40) £m	Company 30 June 2020[2] £m	Company 30 June 2019 £m
Assets						
Non-current assets						
Intangible assets	13	**7.8**	11.8	15.3	–	–
Goodwill	14	**77.2**	159.6	159.6	–	–
Property, plant and equipment	15	**3.8**	16.2	16.7	–	–
Right of use assets[1]	16	**22.8**	–	–	–	–
Investments in subsidiaries	17	–	–	–	**141.2**	–
Investments in joint ventures	18	**0.2**	67.0	49.9	–	–
PPP and other investments	19	**40.7**	41.6	26.8	–	–
Trade and other receivables	21	–	238.4	148.9	–	–
Retirement benefit asset	33	**1.0**	7.0	7.0	–	–
Deferred income tax assets	28	**4.3**	1.3	–	–	–
Total non-current assets		**157.8**	542.9	424.2	**141.2**	–
Current assets						
Developments	20	–	876.7	724.9	–	–
Trade and other receivables	21	**247.5**	674.3	731.6	–	–
Current income tax assets		**23.1**	8.7	12.3	–	–
Cash and cash equivalents	22	**197.2**	591.2	912.4	**100.0**	–
Total current assets		**467.8**	2,150.9	2,381.2	**100.0**	–
Total assets		**625.6**	2,693.8	2,805.4	**241.2**	–
Liabilities						
Current liabilities						
Borrowings	25	–	(547.8)	(617.1)	–	–
Trade and other payables[1]	23	**(458.8)**	(1,262.5)	(1,184.0)	–	–
Lease liabilities[1]	16	**(9.5)**	–	–	–	–
Provisions for other liabilities and charges	24	**(13.9)**	(0.4)	(0.3)	–	–
Total current liabilities		**(482.2)**	(1,810.7)	(1,801.4)	–	–
Non-current liabilities						
Financial liabilities						
– Borrowings	25	–	(100.0)	(197.1)	–	–
– Derivative financial liabilities	29	–	(0.4)	(0.9)	–	–
Deferred income tax liabilities	28	–	–	(0.7)	–	–
Other non-current liabilities	26	–	(103.0)	(122.3)	–	–
Lease liabilities[1]	16	**(12.8)**	–	–	–	–
Provisions for other liabilities and charges	24	**(10.1)**	(0.4)	(0.8)	–	–
Total non-current liabilities		**(22.9)**	(203.8)	(321.8)	–	–
Total liabilities		**(505.1)**	(2,014.5)	(2,123.2)	–	–
Net assets		**120.5**	679.3	682.2	**241.2**	–
Equity						
Ordinary shares	30	**55.5**	55.5	55.5	**55.5**	–
Share premium	30	–	197.7	197.6	–	–
Other reserves	32	**85.7**	4.8	4.8	**85.7**	–
Retained earnings	32	**(20.7)**	421.3	424.3	**100.0**	–
Total equity attributable to owners of the Company		**120.5**	679.3	682.2	**241.2**	–

The loss for the Parent Company for the period was £46.5m (2019[2]: £nil).

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity (notes 1, 16 & 39). This is in addition to the prior year adjustments detailed in notes 1 and 40.

2 Galliford Try Holdings plc was incorporated on 19 September 2019. On 3 January 2020 its entire share capital was admitted to the premium listing segment of the Official List of the FCA and its trading on the main market for listed securities of the London Stock Exchange (note 1).

The notes are an integral part of the consolidated financial statements.

The financial statements on pages 88 to 142 were approved and authorised for issue by the Board on 16 September 2020 and signed on its behalf by:

Bill Hocking
Chief Executive

Andrew Duxbury
Finance Director

Galliford Try Holdings plc
Registered number: 12216008

Consolidated and Company statements of changes in equity
for the year ended 30 June 2020

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Consolidated statement						
At 30 June 2018 (as originally reported)		55.5	197.6	4.8	518.6	776.5
Restatement as a result of correction of previous error	40	–	–	–	(94.3)	(94.3)
At 30 June 2018 (restated)		55.5	197.6	4.8	424.3	682.2
Adjustment as a result of transition to IFRS 9 and IFRS 15 on 1 July 2018		–	–	–	(10.4)	(10.4)
Adjusted equity at 1 July 2018		55.5	197.6	4.8	413.9	671.8
Profit for the year		–	–	–	86.9	86.9
Other comprehensive (expense)		–	–	–	(0.5)	(0.5)
Total comprehensive income for the year		–	–	–	86.4	86.4
Transactions with owners:						
Dividends	11	–	–	–	(79.9)	(79.9)
Share-based payments	31	–	–	–	0.9	0.9
Issue of shares		–	0.1	–	–	0.1
At 30 June 2019 (restated)		55.5	197.7	4.8	421.3	679.3
Adjustment as a result of transition to IFRS 16 on 1 July 2019[1]	1, 16 & 39	–	–	–	(1.0)	(1.0)
Adjusted equity at 1 July 2019		55.5	197.7	4.8	420.3	678.3
Profit for the year		–	–	–	320.4	320.4
Other comprehensive income		–	–	–	0.5	0.5
Total comprehensive income for the year		–	–	–	320.9	320.9
Transactions with owners:						
Dividends	11	–	–	–	(38.9)	(38.9)
Distribution of Galliford Try Homes Ltd	9	–	–	–	(840.0)	(840.0)
Capital re-organisation[2,3]	1 & 9		(197.7)	80.9	116.8	–
Share-based payments – discontinued operations		–	–	–	0.2	0.2
At 30 June 2020		55.5	–	85.7	(20.7)	120.5
Company statement						
On incorporation at 19 September 2019[2]		–	–	–	–	–
Loss for the period		–	–	–	(46.5)	(46.5)
Other comprehensive income		–	–	–	–	–
Total comprehensive expense		–	–	–	(46.5)	(46.5)
Transactions with owners:						
Capital reorganisation[2,3]	9 & 32	55.5	–	232.2	–	287.7
Recycling of merger reserve to retained earnings on impairment of investment in Galliford Try Limited	32	–	–	(146.5)	146.5	–
At 30 June 2020		55.5	–	85.7	100.0	241.2

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity (notes 1, 16 & 39). This in addition to the prior year adjustments detailed in notes 1 and 40.

2 Galliford Try Holdings plc was incorporated on 19 September 2019. On 3 January 2020 its entire share capital was admitted to the premium listing segment of the Official List of the FCA and its trading on the main market for listed securities of the London Stock Exchange (notes 1, 9 & 32).

3 On 3 January 2020, as part of the overall process to dispose of the Group's housebuilding operations to Vistry Group plc, a scheme of arrangement was completed under section 26 of the Companies Act 2006 which resulted in the admission of Galliford Try Holdings plc to the premium listing segment of the Official List of the FCA and its trading on the main market for listed securities of the London Stock Exchange (see above). Consequently, the previously consolidated share premium and merger reserve balances of Galliford Try Limited (previously known as Galliford Try plc) were replaced by the equivalent balances of Galliford Try Holdings plc (notes 1, 9 & 32).

Statements of cash flows
for the year ended 30 June 2020

	Notes	Group 2020 £m	Group 2019 £m	Company 2020[1] £m	Company 2019 £m
Cash flows from operating activities					
Pre-exceptional profit/(loss) for the year		300.1	128.1	(46.5)	–
Exceptional profit/(loss) for the year	4	20.3	(41.2)	–	–
Profit/(loss) for the year		320.4	86.9	(46.5)	–
Adjustments for:					
Profit for the year from discontinued operations	9	(353.0)	(136.4)	–	–
Income tax credit – continuing operations	8	(2.0)	(15.0)	–	–
Net finance income – continuing operations	6	(4.8)	(2.0)	–	–
(Loss) before finance costs for continuing operations		(39.4)	(66.5)	(46.5)	–
Adjustments for continuing operations:					
Depreciation and amortisation	13, 15 & 16	13.8	5.0	–	–
Impairment of investment in subsidiary undertaking	17	–	–	146.5	–
Loss on sale of property, plant and equipment		–	0.2	–	–
Profit on sale of PPP and other investments	19	(0.6)	(6.9)	–	–
Dividends received from subsidiary undertakings		–	–	(100.0)	–
Share-based payments		–	0.5	–	–
Share of post-tax losses/(profits) from joint ventures	18	0.2	(0.4)	–	–
Movement on provisions	24	23.2	(0.3)	–	–
Other non-cash movements		–	0.1	–	–
Net cash used in operations before changes in working capital		(2.8)	(68.3)	–	–
Decrease in trade and other receivables		128.5	31.7	–	–
Decrease in trade and other payables		(257.1)	(92.6)	–	–
Net cash used in operations		(131.4)	(129.2)	–	–
Interest received		4.9	5.0	–	–
Interest paid		(1.0)	(2.1)	–	–
Income tax received		7.5	16.6	–	–
Net cash used in operating activities from continuing operations		(120.0)	(109.7)	–	–
Net cash (used in)/generated from operating activities from discontinued operations		(32.1)	50.1	–	–
Net cash used in operating activities		(152.1)	(59.6)	–	–
Cash flows from investing activities					
Dividends received from joint ventures	18	–	0.4	–	–
Movement in net working capital balances due from joint ventures		(2.4)	0.1	–	–
Acquisition of PPP and other investments	19	(6.6)	(22.7)	–	–
Proceeds from disposal of PPP and other investments	19	5.8	21.1	–	–
Dividends received from subsidiary undertakings		–	–	100.0	–
Acquisition of property, plant and equipment	15	(1.4)	(2.7)	–	–
Proceeds from sale of property, plant and equipment		–	0.5	–	–
Net cash (used in)/generated from investing activities from continuing operations		(4.6)	(3.3)	100.0	–
Net cash generated from/(used in) investing activities from discontinued operations		362.6	(11.0)		–
Net cash generated from/(used in) investing activities		358.0	(14.3)	100.0	–
Cash flows from financing activities					
Net proceeds from issue of ordinary share capital	30	–	0.1	–	–
Repayment of lease liabilities[2]	16	(10.0)	–	–	–
Decrease in borrowings		–	(0.1)	–	–
Net dividends paid to Company shareholders	11	(38.9)	(79.9)	–	–
Net cash used in financing activities from continuing operations		(48.9)	(79.9)	–	–
Net cash generated from financing activities from discontinued operations		(101.4)	–		–
Net cash used in financing activities		(150.3)	(79.9)	–	–
Net increase/(decrease) in cash and cash equivalents		55.6	(153.8)	100.0	–
Cash and cash equivalents at 1 July	22	141.6	295.4	–	–
Cash and cash equivalents at 30 June	22	197.2	141.6	100.0	–

1 Galliford Try Holdings plc was incorporated on 19 September 2019. On 3 January 2020 its entire share capital was admitted to the premium listing segment of the Official List of the FCA and its trading on the main market for listed securities of the London Stock Exchange (note 1).

2 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity (notes 1, 16 & 39).

Notes to the consolidated financial statements

1 Accounting policies

General information

Galliford Try Holdings plc (the Company) is a public limited company incorporated, listed and domiciled in England and Wales. The address of the registered office is Cowley Business Park, Cowley, Uxbridge, UB8 2AL. The Company has its listing on the London Stock Exchange.

Following the disposal of the Linden Homes and Partnerships & Regeneration divisions of Galliford Try Limited (formerly Galliford Try plc), effective from 3 January 2020, the entire issued share capital of Galliford Try Holdings plc, was admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange with a corresponding cancellation of trading in all shares of Galliford Try Limited (formerly Galliford Try plc).

The disposal of the housebuilding divisions of the Group was a complex transaction incorporating a court-approved scheme of arrangement under Part 26 of the Companies Act 2006, by which the ultimate result was that Galliford Try Limited (formerly Galliford Try plc):

- Distributed the Linden Homes assets and its 100% investment in the various Linden legal entities to its shareholders (who received 0.57406 shares in Vistry Group plc in addition to 1.0 shares in Galliford Try Holdings plc for each share they held in Galliford Try Limited). In these consolidated accounts, this resulted in a debit to equity equal to the fair value of assets distributed of £840.0m, de-recognition of the net assets of Linden Homes of £862.2m and a loss recognised in the income statement of £22.2m (being the difference).
- Sold its 100% investment in the various Partnerships & Regeneration legal entities for £300.0m in cash and the transfer of the £100.0m Pricoa Private Placement debt (ie £400.0m of net value). In these consolidated accounts, this resulted in the de-recognition of the net assets relating to these entities of £107.0m and recognition of a gain on disposal of £293.0m.
- Received a working capital adjustment of £76.3m which has been included within profit on disposal in the discontinued operations line of the income statement.

In addition, a new entity, Galliford Try Holdings plc, was established and acquired 100% of the share capital of Galliford Try Limited and as noted above, became the parent of the overall continuing Galliford Try Group, with its entire issued share capital admitted to the London Stock Exchange.

In effect, the substance of the transaction is that the Linden Homes operations were distributed to the shareholders of Galliford Try Limited, then the newly incorporated Galliford Try Holdings plc issued shares to its shareholders in exchange for their shares in Galliford Try Limited and subsequently sold the Partnerships & Regeneration operations for cash and the transfer of debt.

Further details on this transaction are included in notes 9 and 32.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. The amounts stated are denominated in millions (£m).

Discontinued operations

The Linden Homes and Partnerships & Regeneration segments (which comprise the housebuilding operations) and certain other assets and liabilities were transferred to Vistry Group plc on 3 January 2020 (including the £100m Private Placement notes and two of the Group's defined benefit pension schemes) and therefore have been treated as discontinued operations in accordance with IFRS 5: Non–Current Assets Held for Sale and Discontinued Operations. Accordingly, prior periods in the income statement and the statement of cash flows have been restated to show separately those transactions in respect of discontinued operations; these are also disclosed in detail in note 9.

Following the transaction noted above, the Group is in a net cash position and its bank debt facilities have been cancelled (notes 22 & 25). The Group meets its day-to-day working capital requirements through its cash resources. The Group's forecasts, taking into account the Board's future expectations of the Group's performance, indicate that there is substantial headroom within these resources.

Basis of accounting

These consolidated financial statements have been prepared in accordance with EU adopted International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of PPP and other investments, retirement benefit obligations and financial assets and liabilities (including derivative financial instruments) at fair value through other comprehensive income.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Viability Statement (on page 34) and the Strategic Report (from page 1).

As at 30 June 2020, the Group had substantial cash balances, no debt, and a strong forward secured order book. The Directors regularly review the working capital requirements of the Group while considering downside sensitivities, including the economic uncertainties resulting from Covid-19 which resulted in the closure of our sites across the country. All sites have since re-opened and appropriate operating procedures adopted, including social distancing measures (see page 11).

The Group's forecasts have been prepared in the context of the current economic conditions (as at 30 June 2020) and additionally, the Directors have considered a range of downside sensitivities (as discussed in detail in the Viability Statement on page 34). Even in the worst-case scenario, the Group is forecast to continue to meet its obligations and remain cash positive.

After making enquiries and considering the factors and sensitivities outlined above for a range of scenarios, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group has consistently applied all accounting standards and interpretations issued by the International Accounting Standards Board and IFRS IC, and endorsed by the EU, relevant to its operations and effective on 1 July 2019. The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company income statement and statement of comprehensive income.

New amendments to standards that became mandatory for the first time for the financial year beginning 1 July 2019 are listed below.

- Amendment to IFRS 9, 'Financial Instruments', on prepayment features with negative compensation and modification of financial liabilities (effective 1 January 2019).
- Amendments resulting from annual improvements to IFRSs 2015-2017 cycle (effective 1 January 2019).
- Amendments to IAS 19 'Employee Benefits' on plan amendment, curtailment or settlement (effective 1 January 2019).
- IFRS 16 'Leases' (effective 1 January 2019).
- Amendments to IAS 28 'Long-term Interests in Associates and Joint Ventures' (effective 1 January 2019).
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019).

The new amendments had no significant impact on the Group's results, other than as described below and certain revised disclosures.

(i) IFRS 16 Leases

The Group has adopted IFRS 16 Leases from 1 July 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. The Group, as lessee, has recognised a long–term depreciating right of use asset and corresponding lease liability. The leases were previously categorised as either operating leases or finance leases.

1 Accounting policies (continued)

Basis of accounting (continued)

(i) IFRS 16 Leases (continued)

The Group has adopted the modified retrospective approach for IFRS 16, recognising the right of use asset as if IFRS 16 had always been applied (but using the incremental borrowing rate as at the date of initial application of 1 July 2019), with a resulting transition adjustment recognised to opening equity. The weighted average incremental borrowing rate applied was 3.77%.

The Group has used the following practical expedients permitted by the standard on transition to IFRS 16:

- The treatment of leases with a remaining term of less than 12 months at 1 July 2019 as short-term leases.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The reliance on assessments made under IAS 37 prior to transition as to whether leases are onerous as an alternative to performing an impairment review.

Payments associated with short-term leases (with a lease term of 12 months or less) and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

In line with the requirements of the standard with regards to the transition option adopted, the Group has not restated its comparative information which continues to be reported under previous leasing standards, IAS 17. As required by IFRS 16, the Group has provided a reconciliation of the lease commitment disclosed as at 30 June 2019 to the opening lease liability under IFRS 16 as at 1 July 2019 (in note 39).

The financial impact on transition (for the total Group) is as follows, with the split between continuing and discontinued operations shown in note 16:

	£m
Right of use assets	42.1
Prepayment assets derecognised	(0.7)
Lease liabilities	(43.5)
Accrual liabilities derecognised	0.9
Deferred tax asset recognised on transition	0.2
Retained earnings on transition at 1 July 2019	(1.0)

As a result of this new standard, the Group has reviewed its accounting policies in respect of lease accounting (where applicable) and this is detailed below.

Accounting policy applied from 1 July 2019

Prior to 1 July 2019, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Rentals under operating leases were charged to the income statement on a straight-line basis over the lease term.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term at a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the lease term on a straight-line basis, unless the useful life of the asset is shorter than the lease term.

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group leases a variety of property, plant and equipment, such as offices, site plant and accommodation and cars. Rental contracts are usually made for fixed periods of 1 to 5 years but may be for longer or shorter periods or include extension options or break clauses. Leases of site plant and accommodation are not made for fixed periods but can be terminated when no longer required. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Payments associated with short-term leases and leases of low-value assets (defined as those with a weekly lease payment of less than £25) are recognised on a straight-line basis as an expense.

Assets and liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities comprise the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate.

The lease payments are discounted using the appropriate incremental borrowing rate specific to each lease within each asset class.

The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, with similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred or expected to dismantle and remove the underlying asset, less any lease incentives received.

New standards, amendments and interpretations issued but not effective or yet to be endorsed by the EU are as follows:

- Amendments to IFRS 3 – Definition of a Business (effective 1 January 2020).
- Amendments to IAS 1 and IAS 8 on the Definition of Material (effective 1 January 2020).
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (effective 1 January 2020).
- Amendment to IFRS 16 – Covid-19-Related Rent Concessions (effective 1 June 2020)
- IFRS 17 'Insurance Contracts' (effective 1 January 2023).
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities as current or non-current (effective 1 January 2022).

The Group has yet to assess the full impact of these new standards and amendments. Initial indications are that they will not significantly impact the financial statements of the Group.

Basis of consolidation

The Group financial statements incorporate the results of Galliford Try Holdings plc, its subsidiary undertakings and the Group's share of the results of joint arrangements. Subsidiaries are all entities over which the Group has control. The exposure or right to variable returns from its involvement with an investee, and the ability to influence those returns, are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, until the date that control ceases.

Due to the disposal of the Group's housebuilding operations to Vistry Group plc on 3 January 2020 (noted above and in note 9), the Linden Homes and Partnerships & Regeneration segments (which comprise the housebuilding operations) and certain other assets and liabilities which were transferred to Vistry Group plc as part of this transaction (including the £100m Private Placement notes and two of the Group's defined benefit pension schemes) have been treated as discontinued operations in accordance with IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations. Accordingly, prior periods in the income statement and the statement of cash flows have been restated to show separately those balances in respect of discontinued operations; these are also disclosed in detail in note 9.

1 Accounting policies (continued)

Basis of consolidation (continued)

As the transaction does not represent either a common-control transaction nor a business combination as defined by IFRS 3 Business Combinations, it has been accounted for as a reorganisation using merger accounting principles. Consequently, these consolidated financial statements have been prepared with the consolidated Group balances of the retained businesses unchanged from the transaction. The consolidated total equity reflects the legal position of the Group, reflecting the share capital and merger reserve of the parent, Galliford Try Holdings plc, and retained earnings representing the balance. Therefore, these financial statements are a continuation of the prior year's and the previous Group's (ie Galliford Try Limited) consolidation reflecting historical balances previously disclosed.

Following the completion of the transaction, the ultimate holding company for the Group is Galliford Try Holdings plc (of which Galliford Try Limited (formerly Galliford Try plc) is now a wholly owned subsidiary) and therefore, it is for this entity that the Company financial statements are shown within these accounts. This entity was incorporated on 19 September 2019 and hence there are no prior year comparative balances.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed to the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group.

In addition to total performance measures, the Group discloses additional information including profit from operations (excluding amortisation of intangible assets) and, if applicable, performance before exceptional items and earnings per share before exceptional items. The Group believes that this additional information provides useful information on underlying trends. This additional information is not defined under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measures of profit.

Prior year adjustments

The Group has a number of prior year adjustments, primarily as a result of revisiting the initial application of the accounting standards IFRS 9 and 15 and as a result of discussions with the FRC's Corporate Reporting Review Team (CRRT) following the conclusion of its review of the Group's 2018 financial statements. Details of these adjustments are included in note 40.

Covid-19

The Covid-19 outbreak has developed rapidly in 2020. Measures taken to contain the virus have affected the wider economy and directly impacted on the Group's trading results (as detailed further in the Strategic report). The Group continued to operate sites where possible, in a safe and appropriate manner and strictly in accordance with both Government and the Construction Leadership Council health and safety guidelines and regulations. In light of the pandemic, the Group has performed a further review of its accounting policies and consider they remain appropriate. Some of the key points and clarifications resulting from this review are highlighted below:

- The main impact to the trading results has been to the revenue and margin shortfall resulting from lockdown and to the ongoing costs incurred on projects which ultimately have not fulfilled performance obligations under IFRS 15 as efficiently as expected (or not at all). The Group continues to recognise these costs as incurred (in accordance with IFRS 15 paragraph 98), and the associated revenue to the extent it is highly probable not to result in a significant reversal, adjusting for the measure of progress in accordance with IFRS 15: B19 (a). When measuring progress towards completion of a performance obligation recognised over time, future costs include costs associated with the new working guidelines in respect of Covid-19 secure environment, providing such costs are expected to contribute to the satisfaction of the performance obligation. Inefficient costs and any costs that are not expected to contribute to the satisfaction of the performance obligation are excluded when measuring progress and are expensed through the trading results (not exceptional items).
- The Group has utilised the Government's Job Retention Scheme. The grant income received has been accounted for in accordance with IAS 20, and has been offset against the costs incurred in line with our existing accounting policy in the Income Statement.
- The Group has reviewed any potential impairment indicators of both financial and non-financial assets (in accordance with IAS 36 and IFRS 9 in particular), especially where operations have been curtailed or customers are in financial distress. This has been further incorporated into the impairment reviews and sensitivity analysis over goodwill which is detailed in note 14. As detailed in the Strategic report, the Group benefits from a customer base predominantly within the public sector, which the Group considers provides greater financial security over the balances held within trade and other receivables.
- The Group has successfully negotiated a limited number of rent concessions on leased properties. The practical expedient available from the recently endorsed amendment to IFRS 16 – 'Covid-19-Related Rent Concessions' has not been utilised on the basis it does not have a material impact to the Group and its application is optional.

Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making estimates and judgments about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates and judgments. The estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and judgments are recognised in the period in which the estimate or judgment is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Material estimates, judgments and assumptions are made in particular with regards to establishing the following policies:

(i) Impairment of goodwill and intangible assets

The determination of the value of any impairment of goodwill and intangible assets requires an estimation of the value in use of the Cash Generating Units (CGUs) to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected from these CGUs, including the anticipated growth rate of revenue and costs as well resulting operating margin and requires the determination of a suitable discount rate to calculate the present value of the cash flows. Details of the goodwill impairment review calculations and associated sensitivity analysis performed are included in note 14.

(ii) Estimation of costs to complete and contract provisions

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 and final contract value requires a degree of estimation.

1 Accounting policies (continued)

Critical accounting estimates and judgments (continued)

(ii) Estimation of costs to complete and contract provisions (continued)

The estimation of final contract value includes assessments of the recovery of variations which have yet to be agreed with the client, compensation events and claims where these meet the criteria set out in the Group's accounting policies and are in accordance with IFRS 15 Revenue from Contracts with Customers and are therefore highly probable to be agreed. The amount of these variations and claims can be substantial and at any time, these are often not fully agreed with the customer due to timing and requirements of the normal contractual process.

The Group recognises recoveries of claims from clients in certain situations where clear entitlement has been established such as through dispute-resolution processes. Therefore, assessments are based on an estimate of the potential cost impact of the compensation events and revenue is constrained to the extent that amounts that the Group believes are highly probable of not being subject to a significant reversal.

Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions. As with most large, complex construction projects, there is an element of estimation uncertainty over final account settlements. This is, however, reduced by the experience of the management team and the controls that we have in place. The settlement of these final accounts may give rise to an over or under-recognition of profit or loss and associated cash flows, which could be material.

The Group's five largest unagreed variations and claims positions at the year end are summarised in aggregate below, the most significant of which relates to three contracts with entities owned by a major infrastructure fund of a blue-chip listed company (as detailed further below). Of these five projects, four are materially complete with only one remaining on-site:

	£m
Overall contract value (including revenue recognised for variations and claims)	441.0
Revenue in the year	98.6
Total estimated end of contract variations and claims before IFRS 15 constraints	169.0
Constrained revenue recognised in respect of variations and claims	66.7

These five positions represent the most significant estimates of revenue. The aggregate unagreed variations and claims valued at year end of the subsequent five largest contracts is £10.2m.

In respect of contract assets of £172.0m and in assessing receivable provisions calculated on an expected loss basis, the Group has recorded a provision of £14.0m. The directors' estimate represents a reasonably possible outcome within an estimated reasonable range of outcomes of zero to £21.0m.

It is unclear whether the outstanding uncertainties will be resolved within the next 12 months.

There is one significant estimated claim recovery in our Infrastructure business in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Included in contract assets of £172.0m is an assessment of the recovery to be made in respect of the outstanding claims on these contracts which are still being assessed with customers and recoveries have been assumed as highly probable. Our claims, supported by third party expert advice, exceeds the amounts recognised. However, there is a range of possible outcomes when these claims are finally settled. Further details are included in the Financial Review on page 41 and note 21.

(iii) Taxation

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is probable that future taxable profit will arise against which the temporary differences will be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits (note 28).

(iv) Exceptional items

Exceptional items are items of financial performance which the Group believes should be presented separately on the face of the income statement to assist in understanding the underlying financial performance achieved by the Group. Determining whether an item is part of underlying items or non-underlying items requires judgment. Details of exceptional items included in the financial statements are included in note 4.

(v) PPP and other investments measured at fair value through other comprehensive income

At 30 June 2020, £40.7m (2019: £41.6m) of PPP and other investments were classified as financial assets measured at fair value through other comprehensive income. In the operational phase the fair value of these financial assets is measured at each reporting date by discounting the future value of the cash flows allocated to the financial asset. A discount rate of 9.0% (2019: 9.0%) has been used, which reflects a conservative assessment of the risk profile of the various concessions and this resulted in a loss through other comprehensive income of £1.8m in the year (2019: gain of £0.8m). A 1.0% reduction in the discount rate would result in an increase in the value of the investments recorded in the balance sheet of approximately £3.4m (note 19).

(vi) Impairment of investment in Galliford Try Limited

During the year, the value of the investment of Galliford Try Holdings plc in Galliford Try Limited was impaired following an assessment of the impact of Covid-19 on the company. This impairment requires an estimation of the value in use of this entity and its assets using the same key assumptions used in reviewing the goodwill and intangible assets balances. Further details of this impairment are included in note 17.

Exceptional items

Exceptional items are material or significant irregular items of income and expense which the Group believes should be disclosed in the income statement to assist in understanding the underlying financial performance achieved by the Group by virtue of their nature or size. Examples of items which may give rise to disclosure as exceptional items include gains and losses on the disposal of businesses and property, plant and equipment, significant unanticipated losses on contracts, cost of restructuring and reorganisation of businesses, acquisition costs and asset impairments.

Segmental reporting

Segmental reporting is presented in the consolidated financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis.

Revenue and profit

Revenue is recognised when the Group transfers control of goods or services to customers. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Where consideration is subject to variability, the Group estimates the amount receivable. Revenue recognised is constrained to the amount which is highly probable not to result in a significant reversal in future periods.

Sales within the Group are eliminated. Revenue also includes the Group's proportion of work carried out under joint operations.

Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation.

Revenue is recognised as follows:

Continuing operations:

Construction services

Revenue comprises the value of construction services transferred to a customer during the period. The results for the period include adjustments for the outcome of contracts, including jointly controlled operations, executed in both the current and preceding years.

Fixed price contracts – the amount of revenue recognised is calculated based on total costs incurred as a proportion of total estimated costs to complete and is recognised over time. The estimated final value includes

1 Accounting policies (continued)
Revenue and profit (continued)
Construction services (continued)
variations, compensation events and certain claims where it is highly probable that there will not be a significant reversal. Provision will be made against any potential loss as soon as it is identified.

Cost-reimbursable contracts – revenue is recognised based upon costs incurred to date plus any agreed fee and is recognised over time. Where contracts include a target price, consideration is given to the impact on revenue of the mechanism for distributing any savings or additional costs compared to the target price. Any revenue over and above the target price is recognised once it is highly probable that there will not be a significant reversal. Revenue includes any variations and compensation events where it is highly probable that there will not be a significant reversal.

Framework agreements – each work order under a framework agreement is considered a performance obligation. Revenue is recognised over time as the services are delivered.

Facilities management – management services and facilities management contracts typically represent a single series performance obligation. Revenue is recognised over time as control passes to the customer and is typically measured on a straight-line basis.

Recoveries from claims against third-parties
The recognition of expected reimbursements resulting from certain third-party claims is accounted in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This requires recovery to be 'virtually certain' before an asset can be recognised.

Discontinued operations

Linden Homes[1]
Linden Homes sells private housing units and associated land, inclusive of customer options, incentives and warranties. In most instances, the contract with the customer is assessed to only contain one performance obligation. Revenue from the sale of individual private housing units, net of incentives, is recognised at the point of legal completion. Contract consideration for private house sales may include part-exchange properties at fair value. The onwards sale of part-exchange properties is separately recognised as revenue, on legal completion.

Sales of land where title transfers prior to construction beginning (or at 'golden brick') are considered to be a distinct performance obligation. Revenue from land sales is recognised at a point in time, being the unconditional exchange of contracts or at 'golden brick,' provided that the Group does not retain legal title to the land or have a right of repurchase.

Revenue from affordable housing development is recognised over time.

Partnerships & Regeneration[1]
Development of multiple units on the same site (inclusive of design and construction activities contracted for at the same time, and mobilisation activities) is considered to be a single performance obligation. Where a contract comprises units across multiple sites, typically each site will represent a distinct performance obligation. Revenue is accounted for on an over time basis. The amount of revenue recognised is calculated based on total costs incurred as a proportion of total estimated costs to complete.

Private and affordable housing unit sales are accounted for in the same way as within Linden Homes, as stated above.

Housing grants[1] and Government funding
Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Interest bearing loans received from the Government, for example under the Homes & Communities Agency (now Homes England) programmes, are recorded at proceeds plus accrued interest and reported within Financial Liabilities – Borrowings.

Grants and Government funding received by the Group include direct capital grant funding awards under Homes England's Affordable Homes Programme; Infrastructure loan finance under the Large Sites Infrastructure Fund; and equity loans provided to home buyers under the Help to Buy home ownership initiative.

Contract costs
Incremental costs to obtain a contract are capitalised to the extent the contract is expected to be sufficiently profitable for them to be recovered. All other costs to obtain a contract are expensed as incurred. Incremental costs to fulfil a contract are expensed unless they relate directly to an existing contract or specific anticipated contract, generate or enhance resources that will be used to satisfy the obligations under the contract and are expected to be recovered. These costs are amortised over the shorter of the duration of the contract or the period for which revenue and profit can be forecast with reasonable certainty. Where a contract becomes loss making, capitalised costs in relation to that contract are expensed immediately.

Rent receivable
Rental income represents income obtained from the rental of properties and is credited to revenue within the income statement on a straight-line basis over the period of the operating lease.

Interest income and expense
Interest income and expense is recognised on a time proportion basis using the effective interest method.

Income tax
Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes with the exception of the initial recognition of goodwill arising on an acquisition. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying temporary differences can be deducted.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when there is an intention to settle the balances on a net basis.

Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income or to equity, when it is charged or credited there.

Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. It is recognised as an asset and reviewed for impairment at least annually or when there is a triggering event, by considering the net present value of future cash flows. For purposes of testing for impairment, the carrying value of goodwill is compared to its recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is charged immediately to the income statement.

1 These policies relate primarily to discontinued operations.

1 Accounting policies (continued)

Goodwill (continued)
Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts following impairment tests. Goodwill written off to reserves under UK GAAP prior to 1998 has not been restated.

Goodwill is allocated to Cash Generating Units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets
Intangible assets include brands, customer contracts and customer relationships acquired on acquisition of subsidiary companies, and computer software developed by the Group. The intangible assets are reviewed for impairment at least annually or when there is a triggering event. Intangible assets are stated at cost less accumulated amortisation and impairment. Cost is determined at the time of acquisition as being directly attributable costs or, where relevant, by using an appropriate valuation methodology.

Intangible assets are being amortised over the following periods:

(a) Brand – on a straight-line basis over four to ten years.

(b) Computer software – once the software is fully operational, amortisation is on a straight-line basis over up to ten years.

Property, plant and equipment
All property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings comprise mainly offices.

Depreciation is calculated to write off the cost of each asset to estimated residual value over its expected useful life. Freehold land is not depreciated. The annual rates of depreciation, applied on a straight line basis, are as follows:

- Freehold buildings 2% on cost

On cost:

- Plant and machinery 15% to 33%
- Fixtures and fittings 10% to 33%

In addition to systematic depreciation the book value of property, plant and equipment would be written down to estimated recoverable amount should any impairment in the respective carrying values be identified.

The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

Repairs and maintenance expenditure is expensed as incurred on an accruals basis.

Joint ventures and joint operations
The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements are classified as either joint ventures or joint operations, depending on the contractual rights and obligations of each investor.

A joint venture is an entity over which the Group has joint control and rights to the net assets of the entity. The Group's interest in joint ventures is accounted for using the equity method. Under this method the Group's share of profits less losses after taxation of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying amount is reduced to nil and recognition of further losses is discontinued. Future profits are not recognised until unrecognised losses are extinguished. Unrealised gains on transactions with the Group's joint ventures are eliminated to the extent of the Group's interest in the joint venture. Accounting policies of joint ventures have been changed on consolidation where necessary to ensure consistency with policies adopted by the Group. Where joint ventures do not adopt accounting periods that are coterminous with the Group's, results and net assets are based upon unaudited accounts drawn up to the Group's accounting reference date.

A joint operation is a joint arrangement that the Group undertakes with third parties whereby those parties have rights to the assets and obligations of the arrangement. The Group accounts for joint operations by recognising its share of profits and losses in the consolidated income statement. The Group recognises its share of associated assets and liabilities in the consolidated balance sheet.

PPP and other investments
PPP and other investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. On initial recognition the asset is recognised at costs.

The Group's housebuilding divisions operated schemes under which part of the agreed sales price for a residential property can be deferred for up to 25 years. The fair value of these assets is calculated by taking into account forecast inflation in property prices and discounting back to present value using the effective interest rate. Provision is also made for estimated default to arrive at the initial fair value. The unwinding of the discount included on initial recognition at fair value is recognised as finance income in the year.

The Group applies equity accounting for its investments in PPP/PFI entities. These investments are treated as associates as the Group has significant influence over them. On initial recognition the investments in these entities are recognised at cost, and the carrying amounts are increased or decreased to recognise the Group's share of the profit or loss of the PPP/PFI entities after the date of acquisition. The Group's share of the investments' profits or losses are recognised in the profit or loss net of any impairment losses. Distributions received reduce the carrying amount of the investments.

The debt element of the Group's PPP/PFI entities is accounted for under IFRS 9 'Financial Instruments' with fair value movements recorded in other comprehensive income, with recycling of gains and losses through the income statement. This reflects the fact that the Group has a demonstrable track record of investing in PFI assets as part of an overall construction procurement strategy, with a view to churning these investments on a regular basis. In light of the disposal of the Group's housebuilding divisions in the year, management have reviewed the classification of PPP investments and consider that the business model continues to be hold to collect and sell, though the 'collect' period may be longer than it has historically been. The investments therefore continue to be held at fair value through other comprehensive income.

Leases
Leases for all comparative periods have been accounted for under IAS 17. Under this standard, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Rentals under operating leases were charged to the income statement on a straight-line basis over the lease term. IFRS 16 is applicable to all accounting periods beginning on or after 1 July 2019. In accordance with IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term at a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the lease term on a straight-line basis, unless the useful life of the asset is shorter than the lease term.

Developments[1]
Developments are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value. On initial recognition, land is included within developments at its fair value, which is its cost to the Group.

Land inventory is recognised at the time a liability is recognised which is on unconditional exchange of contract or once the acquisition has completed.

Where a development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development, including direct costs and directly attributable overheads. To the extent that the Group anticipates selling a development in its current state, then net realisable value is taken as its open market value at the balance sheet date less any anticipated selling costs.

1 These policies relate primarily to discontinued operations.

1 Accounting policies (continued)

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on an expected credit loss model (general or simplified approach as detailed under impairment of financial assets). The amount of the loss is recognised in the income statement.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against costs in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment of financial assets
IFRS 9 establishes a new model for recognition and measurement of impairment in financial assets. Loans and receivables and contract assets apply the "Expected Credit Losses" (ECL) model. All other assets are classified and measured at fair value with movements going through the income statement or other comprehensive income. Expected credit losses are recognised and measured according to one of three approaches – a general approach (12 months ECL), a simplified approach (lifetime ECL) or the "credit adjusted approach". The Group has taken the practical expedient to apply a simplified "provision matrix" for calculating expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. For large one-off balances where there is no historic experience, analysis is completed in respect of a number of reasonably possible scenarios.

Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are included for purposes of cash flow movements and the cash flow statement.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant. Cash held in escrow accounts is classified as a short-term deposit where the escrow agreement allows the balance to be converted to cash, if replaced by a bond repayable on demand.

Bank and other borrowings
Interest bearing bank loans and overdrafts and other loans are originally recognised at fair value net of transaction costs incurred. Such borrowings are subsequently stated at amortised cost, with the difference between initial fair value and redemption value recognised in the income statement over the period to redemption.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement, using the effective interest rate method. Refinancing costs associated with new borrowing arrangements are included within the borrowing amount and amortised over the period of the loan.

Trade payables
Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate and subsequently held at amortised cost. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate. Changes in estimates of the final payment due are taken to developments (land) and, in due course, to cost of sales in the income statement.

Provisions for liabilities and charges
Provisions for liabilities and charges are recognised when, as a result of past events, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Foreign currency
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Retirement benefit obligations[1]
For defined contribution schemes operated by the Group, amounts payable are charged to the income statement as they accrue.

For defined benefit schemes, the cost of providing benefits is calculated annually by independent actuaries using the projected unit method. The retirement benefit asset/(obligation) recognised in the balance sheet represents the excess/(deficit) of the fair value of the schemes' assets over the present value of scheme liabilities, with a net asset recognised to the extent that the employer can gain economic benefit as set out in the requirements of IFRIC 14. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows, using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in full in the period in which they occur, in the statement of comprehensive income. Gains and losses arising on curtailment and settlements are taken to the income statement as incurred.

Accounting for Employee Share Ownership Plan
Own shares held by the Galliford Try Employee Share Trust (the 'Trust') are shown, at cost less any permanent diminution in value, as a deduction from retained earnings. The charge made to the income statement for employee share awards and options is based on the fair value of the award at the date of grant, spread over the performance period. Where such shares subsequently vest to the employees under the terms of the Group's share option schemes or are sold, any consideration received is included in equity.

Share-based payments
The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions such as growth in earnings per share. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution.

Dividend policy
Final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Equity instruments
Equity instruments, such as ordinary share capital, issued by the Company are recorded at the proceeds received net of directly attributable incremental issue costs. Consideration paid for shares in the Company held by the Trust are deducted from total equity.

Investments in subsidiaries
The Company's investments in subsidiaries are recorded in the Company's balance sheet at cost less any impairment. The directors review the investments for impairment annually.

1 These policies relate primarily to discontinued operations.

2 Segmental reporting

Segmental reporting is presented in the consolidated financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the Group has no material activities outside the UK, segment reporting is not required by geographical region.

The Chief Operating Decision-Makers (CODM) have been identified as the Group's Chief Executive and Finance Director. The CODM review the Group's internal reporting in order to assess performance and allocate resources. Following the disposal of the Group's housebuilding operations to Vistry Group plc on 3 January 2020 (notes 1 & 9), management has determined the operating segments of the resulting Group to be Building, Infrastructure, PPP Investments and Central (primarily representing central overheads). Previously, they were assessed as Linden Homes, Galliford Try Partnerships and Regeneration, Construction, including Building and Infrastructure, PPP Investments and Central.

The CODM assess the performance of the operating segments based on a measure of adjusted earnings before finance costs, amortisation, exceptional items and taxation. This measurement basis excludes the effects of non–recurring expenditure from the operating segments, such as restructuring costs and impairments when the impairment is the result of an isolated, non–recurring event. Interest income and expenditure are included in the result for each operating segment that is reviewed by the CODM. Other information provided to them is measured in a manner consistent with that in the financial statements.

Year ended 30 June 2020 – continuing operations	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Pre–exceptional revenue	719.9	357.1	8.2	4.4	1,089.6
Exceptional items (note 4)	–	32.0	–	–	32.0
Revenue	719.9	389.1	8.2	4.4	1,121.6
Pre–exceptional loss from operations[1,2]	(51.9)	(1.8)	(0.5)	(8.2)	(62.4)
Exceptional items (note 4)	(2.0)	27.3	–	(0.2)	25.1
Share of joint ventures' interest and tax	–	–	–	–	–
(Loss)/profit before finance costs, amortisation and taxation	(53.9)	25.5	(0.5)	(8.4)	(37.3)
Finance income	–	–	4.3	1.5	5.8
Finance costs[1]	(2.7)	(5.8)	(1.4)	8.9	(1.0)
(Loss)/profit before amortisation and taxation	(56.6)	19.7	2.4	2.0	(32.5)
Amortisation of intangibles	(1.0)	–	–	(1.1)	(2.1)
(Loss)/profit before taxation	(57.6)	19.7	2.4	0.9	(34.6)
Income tax credit					2.0
(Loss) for the year					(32.6)

Year ended 30 June 2019 – continuing operations	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Pre–exceptional revenue	858.3	527.0	17.0	0.6	1,402.9
Exceptional items (note 4)	–	(2.8)	–	–	(2.8)
Revenue	858.3	524.2	17.0	0.6	1,400.1
Pre–exceptional (loss)/profit from operations[2]	(9.5)	(5.5)	4.5	(6.4)	(16.9)
Exceptional items (note 4)	(0.9)	(45.5)	–	(0.9)	(47.3)
Share of joint ventures' interest and tax	(0.1)	–	(0.1)	–	(0.2)
(Loss)/profit before finance costs, amortisation and taxation	(10.5)	(51.0)	4.4	(7.3)	(64.4)
Finance income	–	–	3.4	0.2	3.6
Finance costs	(1.4)	(7.0)	(1.6)	8.4	(1.6)
(Loss)/profit before amortisation and taxation	(11.9)	(58.0)	6.2	1.3	(62.4)
Amortisation of intangibles	(1.0)	–	–	(1.1)	(2.1)
(Loss)/profit before taxation	(12.9)	(58.0)	6.2	0.2	(64.5)
Income tax credit					15.0
(Loss) for the year					(49.5)

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity (notes 1, 16 & 39).

2 Pre–exceptional profit from operations is stated before finance costs, amortisation, exceptional items, share of joint ventures' interest and tax.

Inter-segment revenue, which is priced on an arm's length basis, is eliminated from revenue above. In the year to 30 June 2020 this amounted to £51.8m (2019: £57.3m) for continuing operations, of which £16.9m (2019: £23.2m) was in Building, £21.9m (2019: £22.1m) was in Infrastructure and £13.0m (2019: £12.0m) was in central costs.

2 Segmental reporting (continued)

Balance sheet

30 June 2020	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Goodwill and intangible assets	43.9	37.2	–	3.9	85.0
Working capital employed[1]	(160.7)	(26.1)	37.7	(12.6)	(161.7)
Net cash/(debt)	111.1	(66.3)	(10.0)	162.4	197.2
Net assets	(5.7)	(55.2)	27.7	153.7	120.5
Total Group liabilities					(505.1)
Total Group assets					625.6

1 Includes lease liabilities as per IFRS 16. The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity (notes 1, 16 & 39).

30 June 2019 (restated – note 40)	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Linden Homes £m	Partnerships & Regeneration £m	Total £m
Goodwill and intangible assets	44.6	37.2	–	4.8	52.5	32.3	171.4
Working capital employed	(73.5)	(17.8)	47.6	(208.0)	759.2	57.0	564.5
Net cash/(debt)	77.4	(93.2)	(22.2)	557.8	(567.1)	(9.3)	(56.6)
Net assets	48.5	(73.8)	25.4	354.6	244.6	80.0	679.3
Total Group liabilities							(2,014.5)
Total Group assets							2,693.8

Other segmental information

Year ended 30 June 2020	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Investment in joint ventures	–	–	0.2	–	0.2
Contracting revenue	712.4	353.5	7.4	–	1,073.3
Capital expenditure – property, plant and equipment	0.2	0.1	–	1.1	1.4
Depreciation – property, plant & equipment	0.1	0.2	–	2.1	2.4
Depreciation – right of use assets	4.4	3.8	0.1	1.0	9.3
Increase in provision for receivables	0.1	–	–	1.1	1.2
Share-based payments	0.1	0.1	–	(0.2)	–
Amortisation of intangible assets	1.0	–	–	1.1	2.1

Year ended 30 June 2019 (restated – note 40)	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Linden Homes £m	Partnerships & Regeneration £m	Total £m
Investment in joint ventures	–	–	0.5	–	60.8	5.7	67.0
Contracting revenue	852.4	524.2	20.1	–	–	480.3	1,877.0
Capital expenditure – property, plant and equipment	–	1.0	–	1.7	1.0	–	3.7
Depreciation	0.1	0.2	–	2.6	0.4	0.2	3.5
(Decrease)/increase in provision for receivables	(0.1)	–	–	0.1	0.1	0.2	0.3
Share-based payments	0.3	0.2	–	–	0.2	0.2	0.9
Amortisation of intangible assets	1.0	–	–	1.1	–	1.4	3.5

3 Revenue

Nature of revenue streams – continuing operations

(i) Building and Infrastructure segments

Our Construction business operates nationwide, working with clients predominantly in the public and regulated sectors, such as health, education and defence markets within the Building segment and road, rail, airports, water and flood alleviation markets within the Infrastructure segment (as well as private commercial clients). Projects include the construction of assets (with services including design and build, construction only and refurbishment) in addition to the maintenance, renewal, upgrading and managing of services across utility and infrastructure assets.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
Fixed price	A number of projects within these segments are undertaken using fixed–price contracts. Contracts are typically accounted for as a single performance obligation; even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract given that each is highly interdependent on the other. The Group typically receives payments from the customer based on a contractual schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un–invoiced amounts are presented as contract assets. Management does not expect a financing component to exist.
Cost–reimbursable	A number of projects within these segments are undertaken using open–book/cost–plus (possibly with a pain/gain share mechanism) contracts. Contracts are typically accounted for as a single performance obligation with the majority of these contracts including a build phase only. The Group typically receives payments from the customer based on actual costs incurred. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Uninvoiced amounts are presented as contract assets. Management does not expect a financing component to exist.
Framework	Projects within the Building and Infrastructure segments can be undertaken under an overall framework agreement (possibly granted on a regulatory cycle, such as for water contracts), with work performed under individual work orders submitted by the customer and governed by the terms of the framework agreement (often including a schedule of rates and a pain/gain element). Individual work orders will typically consist of a single deliverable or job and are anticipated to comprise only a single deliverable (and consequently performance obligation). Revenue is therefore recognised over time based on an input model (reference to costs incurred to date).

(ii) Investments segment

Through public private partnerships, the business leads bid consortia and arranges finance, makes debt and equity investments (which are recycled) and manages construction through to operations.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
PPP Investments	The Group has investments in a number of PPP Special Purpose Vehicles (SPVs), delivering major building and infrastructure projects. The business additionally provides management services to the SPVs under Management Service Agreements (MSA). Revenue for these services is typically recognised over time as and when the service is delivered to the customer. Revenue for reaching project financial close (such as success fees) is recognised at a point in time, at financial close (when control is deemed to pass to the customer).

Disaggregation of revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services, both at a point in time and over time. The split is disclosed in the table below, which is consistent with the revenue information that is disclosed for each reportable segment of the Group (of the continuing operations) as per IFRS 8 'Operating Segments'.

Year ended 30 June 2020	**Building £m**	**Infrastructure £m**	**PPP Investments £m**	**Central £m**	**Total**
Over time	**719.9**	**389.1**	**7.4**	**4.4**	**1,120.8**
Point in time	**–**	**–**	**0.8**	**–**	**0.8**
Revenue	**719.9**	**389.1**	**8.2**	**4.4**	**1,121.6**

Year ended 30 June 2019	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total
Over time	858.3	524.2	12.1	0.6	1,395.2
Point in time	–	–	4.9	–	4.9
Revenue	858.3	524.2	17.0	0.6	1,400.1

3 Revenue (continued)
Disaggregation of revenue (continued)
Revenue on existing contracts, where performance obligations are unsatisfied or partially unsatisfied at the balance sheet date, is expected to be recognised as follows:

Revenue – year ended 30 June 2020	2021 £m	2022 £m	2023 onwards £m	Total £m
Building	519.3	172.9	10.3	702.5
Infrastructure	203.1	49.6	27.3	280.0
Total Construction	722.4	222.5	37.6	982.5
PPP Investments	1.9	1.6	25.1	28.6
Central	–	–	–	–
Total transaction price allocated to performance obligations yet to be satisfied	724.3	224.1	62.7	1,011.1

Revenue – year ended 30 June 2019	2020 £m	2021 £m	2022 onwards £m	Total £m
Building	575.9	128.5	4.8	709.2
Infrastructure	316.1	75.4	1.0	392.5
Total Construction	892.0	203.9	5.8	1,101.7
PPP Investments	2.1	1.8	25.4	29.3
Central	–	–	–	–
Total transaction price allocated to performance obligations yet to be satisfied	894.1	205.7	31.2	1,131.0

Any element of variable consideration is estimated at a value that is highly probable not to result in future reversal.

4 Exceptional items

	2020 £m	2019 £m
Revenue – Impact of legacy contracts[1]	32.0	–
Revenue – expected credit loss per IFRS 9 in respect of legacy contract[2]	–	(2.8)
Cost of sales – charge on legacy contracts[1,2]	(4.0)	(39.0)
Cost of sales – restructure costs[3]	(2.3)	(3.0)
Administrative expenses – restructure costs[3]	(0.6)	(1.6)
Administrative expenses – pension costs[4] (note 33)	–	(0.9)
Profit/(loss) from operations	25.1	(47.3)

1 On 23 December 2019, the Group announced that following a lengthy period of negotiation, the AWPR joint venture had substantially agreed settlement terms with the client in respect of the final account of this major infrastructure project. Together with an adverse adjudication award on an unrelated historical project, the Group announced that it expected to receive a cash payment of £32.0m. After discussion with the Corporate Reporting Review Team of the FRC (as stated in notes 1 & 40), the Group has treated the write down of the AWPR asset as a prior period adjustment, with the settlement income of £32.0m recognised (in revenue) net of final cost estimates of £4.0m (in cost of sales) as exceptional items in the current year.

2 In the prior year, exceptional items of £32.3m were in relation to additional costs to complete the AWPR contract, of which £26.0m was for additional costs to complete the project as accrued in the first half of the year and £6.3m resulted from the impact of our updated accounting policy on claims from other parties. Both of these items were recorded within cost of sales. The exceptional charge in the prior year also included £6.7m in respect of other legacy contracts (recorded within cost of sales).
In accordance with IFRS 9 Financial Instruments (which was adopted on 1 July 2018), the Group performed an assessment of the expected credit loss on both adoption of the standard (at 1 July 2018) and at the closing balance sheet date (30 June 2019), based on estimated provision matrices. This resulted in an exceptional impairment charge of £2.8m incurred in the year to 30 June 2019.

3 During the year and following the disposal of the housebuilding operations to Vistry Group plc on 3 January 2020 and the impact of the Covid-19 pandemic during 2020, the Group completed a restructure exercise to reflect the revised size and structure of the business, resulting in £2.9m of redundancy costs (of which £2.3m was recorded in cost of sales and £0.6m was recorded in administrative expenses). In the prior year, redundancy costs of £4.6m were recorded in respect of the restructure announced in May 2019 completed within the Construction business, (of which £3.0m was recorded in cost of sales and £1.6m was recorded in administrative expenses).

4 In July 2018, the Galliford Group Special Scheme completed a £7m insurance bulk annuity buyout transaction, securing the pensioner liabilities of the scheme. The premium paid was £0.9m higher than the IAS 19 liabilities discharged and therefore, a settlement charge of £0.9m was recorded within administrative expenses in the income statement. Of the total reported exceptional costs of £4.5m relating to defined benefit pension schemes in the year to 30 June 2019, the remaining £3.5m has been classified as part of discontinued operations.

4 Exceptional items (continued)

	2020 £m	2019 £m
Loss before income tax	(34.6)	(64.5)
Expected credit loss in respect of legacy contract	–	2.8
Net (income)/charge on legacy contracts	(28.0)	39.0
Pension costs	–	0.9
Restructure costs	2.9	4.6
Pre-exceptional loss before income tax	(59.7)	(17.2)

5 Employees and directors – continuing operations

Employee benefit expense during the year

		Group		Company	
	Notes	2020 £m	2019 £m	2020 £m	2019 £m
Wages and salaries		153.1	177.4	–	–
Social security costs		17.3	20.2	–	–
Other pension costs	33	15.5	15.2	–	–
Share-based payments	31	–	0.5	–	–
Restructure costs		2.9	4.6	–	–
Total		188.8	217.9	–	–

Average monthly number of people (including Executive directors) employed

	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
By business:				
– Building	1,603	1,780	–	–
– Infrastructure	1,188	1,437	–	–
Construction	2,791	3,217	–	–
PPP Investments	78	74	–	–
Group	218	249	7	–
Total	3,087	3,540	7	–

Remuneration of key management personnel

The key management personnel comprise the Executive Board and non-executive directors. The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures. Further information about the remuneration of individual directors, including any interests in the Company's shares, is provided in the audited part of the Directors' remuneration report.

	2020 £m	2019 £m
Salaries and short-term employee benefits	4.5	4.3
Retirement benefit costs	0.3	0.4
Total	4.8	4.7

6 Net finance income

Group	2020 £m	2019 £m
Interest receivable on bank deposits	0.3	0.2
Interest receivable from PPP investments and joint ventures	5.4	3.4
Net finance income on retirement benefit obligations	0.1	–
Finance income	5.8	3.6
Other (including interest on lease liabilities[1])	(1.0)	(1.6)
Finance costs	(1.0)	(1.6)
Net finance income	4.8	2.0

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity (notes 1, 16 & 39). This resulted in the recognition of a lease liability for leases that were previously recognised as operating leases and therefore captured off-balance sheet. Interest expense is charged on the lease liability and included within Other finance costs above.

7 Profit before income tax

The following items have been included in arriving at profit before income tax:

	Notes	2020 £m	2019 £m
Employee benefit expense	5	188.8	217.9
Depreciation of property, plant and equipment	15	2.4	2.9
Depreciation of right of use assets[1]	16	9.3	–
Amortisation of intangible assets	13	2.1	2.1
Repairs and maintenance expenditure on property, plant and equipment		0.8	1.7
Increase in provision for receivables	21	1.2	0.4
Exceptional profit/(loss)	4	25.1	(47.3)

In addition to the above, the Group incurs other costs classified as cost of sales relating to labour, materials and subcontractors' costs.

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity (notes 1, 16 & 39).

Services provided by the Group's auditor and network firms

During the year the Group obtained the following services from the Group's auditor at costs as detailed below (2019: PricewaterhouseCoopers LLP was the Group's auditor):

	2020 £m	2019 £m
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	0.2	0.2
Fees payable to the Company's auditor for other services:		
The audit of financial statements of the Company's subsidiaries	0.8	0.5
Audit-related assurance services	0.1	0.1
Total other services	0.9	0.6
Total	1.1	0.8

A description of the work of the Audit Committee in respect of the auditor's independence is set out in the Governance report.

Our previous auditor (PricewaterhouseCoopers LLP) was paid £1.5m in the year in respect of work performed as Reporting Accountant in respect of the disposal of the housebuilding divisions.

8 Income tax credit

Group	Note	2020 £m	2019 £m
Analysis of expense in year			
Current year's income tax			
Current tax		(7.1)	(20.4)
Deferred tax	28	0.3	4.5
Adjustments in respect of prior years			
Current tax		8.2	0.9
Deferred tax	28	(3.4)	–
Income tax credit		(2.0)	(15.0)
Tax on items recognised in other comprehensive income			
Current tax (credit) for share-based payments		–	(0.3)
Tax recognised in other comprehensive income		–	(0.3)
Total taxation		(2.0)	(15.3)

The total income tax credit for the year of £2.0m (2019: £15.0m) is lower (2019: higher) than the blended standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The differences are explained below:

	2020 £m	2019 £m
Loss before income tax	(34.6)	(64.5)
Loss before income tax multiplied by the blended standard corporation tax rate in the UK of 19.0% (2019: 19.0%)	(6.6)	(12.3)
Effects of:		
Expenses not deductible for tax purposes	0.5	0.1
Non-taxable income	(1.0)	(1.9)
Adjustments in respect of prior years	4.8	0.8
Other	0.3	(1.7)
Income tax credit	(2.0)	(15.0)

We have recognised deferred tax at 19.0% as it is likely that most assets and liabilities will have reversed within one year.

9 Discontinued operations

On 3 January 2020, the Group completed the disposal of the Linden Homes and Partnerships & Regeneration divisions of Galliford Try plc (in addition to certain other assets and liabilities transferred to Vistry Group plc as part of this transaction). This followed the initial steps in this transaction which included the implementation of a Group restructuring and scheme of arrangement under Part 26 of the Companies Act 2006 becoming effective on 2 January 2020. Additionally, with effect from 8:00 a.m. on 3 January 2020, 111,053,489 Galliford Try Holdings plc shares with a nominal value of 50p each, being the entire issued share capital of Galliford Try Holdings plc, were admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange with a corresponding cancellation of all shares of Galliford Try plc (note 30).

Further information on the transaction is included in note 1.

As a result of this disposal, the Linden Homes and Partnerships & Regeneration segments have been classified as discontinued operations in accordance with IFRS 5: Non–Current Assets Held for Sale and Discontinued Operations. Accordingly, prior periods in the income statement and the statement of cash flows have been restated to show separately those balances in respect of discontinued operations.

Nature of revenue streams

Linden Homes and Partnerships & Regeneration segments

The following information sets out the nature of revenue streams that are included within discontinued operations in respect of revenues generated in the period to 3 January 2020, when the disposal was completed. The Group developed high-quality homes over a national footprint, for sale under the Linden Homes brand. The Partnerships & Regeneration segment is a specialist regeneration business which carried out contracting, land–led solutions and development for local authorities and Registered Providers as well as selling private housing units.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
Private development	Individual customers obtain control of a unit once the sale is legally complete (unconditional sale). This is typically the same time that the customer has paid. Revenue is therefore recognised on the sale of individual units (net of incentives), at a point in time. Contracts for onward sale of part–exchange properties are entered into with a different customer and therefore represent separate revenue contracts.
Unit sales to Registered Providers/investors in the Private Rented Sector (PRS)	This represents sales of (affordable) housing units to Housing Associations (HAs) and other Registered Providers/PRS, treated as a single performance obligation. The Group receives payments from the customer during the building of the units (based on a schedule of value that reflects the timing and performance of service delivery), indicating that the customer controls all the work in progress as the house is being built. The units are built on the customer's land. Therefore, revenue on performance obligations to construct these units is recognised over time (the period of construction) based on an output model (certification of work done to date). Uninvoiced amounts are presented as contract assets. Management does not expect a financing component to exist in respect of HA contracts.
Land sales	The sale of land, whether or not in conjunction with the sale of a number of housing units, is assessed to be a distinct performance obligation to the sale of any related units and control is deemed to pass to the customer on the unconditional exchange of contracts. Revenue is therefore recognised at a point in time (unconditional exchange of contracts).
Contracting to Registered Providers/PRS	This represents the building of a number of (affordable) units on the customer's land with any design phase treated alongside the construction phase as a single performance obligation. This is because the two stages are not distinct in the context of the contract, given that each is highly interdependent on the other (and are typically contracted together within a single contract). Payment terms are based on a schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un–invoiced amounts are presented as contract assets.

The profit for the year (and associated comparative periods) of these discontinued operations are as follows:

Year ended 30 June 2020 – discontinued operations[1]	Linden Homes £m	Partnerships & Regeneration £m	Central £m	Total £m
Revenue	303.1	348.8	–	651.9
Profit/(loss) from operations	50.1	18.7	(27.9)	40.9
Share of joint ventures' interest and tax	(6.6)	–	–	(6.6)
Profit/(loss) before finance costs, amortisation and tax	43.5	18.7	(27.9)	34.3
Net finance (costs)/income	(17.5)	(0.7)	17.5	(0.7)
Amortisation costs	–	(1.0)	–	(1.0)
Profit/(loss) before taxation	26.0	17.0	(10.4)	32.6
Income tax expense				(7.8)
Profit after tax of discontinued operations				24.8

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity. This resulted in the recognition of a lease liability for leases that were previously recognised as operating leases and therefore captured off-balance sheet. Interest expense is charged on the lease liability and included within net finance (costs)/income above.

9 Discontinued operations (continued)

Year ended 30 June 2019 – discontinued operations	Linden Homes £m	Partnerships & Regeneration £m	Central £m	Total £m
Revenue	758.7	551.9	–	1,310.6
Profit/(loss) from operations	160.5	34.8	(0.6)	194.7
Share of joint ventures' interest and tax	(9.3)	(3.4)	–	(12.7)
Profit/(loss) before finance costs, amortisation and tax	151.2	31.4	(0.6)	182.0
Net finance (costs)/income	(36.2)	(1.8)	30.2	(7.8)
Exceptional items	–	–	(3.5)	(3.5)
Amortisation costs	–	(1.4)	–	(1.4)
Profit before taxation	115.0	28.2	26.1	169.3
Income tax expense				(32.9)
Profit for the period				136.4

The Linden Homes and Partnerships & Regeneration segments (which comprise the housebuilding operations) and certain other assets and liabilities were transferred to Vistry Group plc on 3 January 2020 (including the £100m Private Placement notes and two of the Group's defined benefit pension schemes).

Gain on sale and distribution of the discontinued operations	2020 £m
Net proceeds	**476.3**
Transaction costs	**(18.9)**
Total net disposal consideration	**457.4**
Carrying amount of net assets disposed and distributed	**(969.2)**
	(511.8)
Fair value of distribution of Galliford Try Homes Limited	**840.0**
Net gain on sale before income tax	**328.2**
Income tax expense on gain	**–**
Net gain on sale after income tax	**328.2**
Net profit from discontinued operations for the year per Income Statement	**353.0**

The transaction has been described in detail in note 1 with the businesses sold on a cash-free debt-free basis with Linden Homes being distributed to shareholders (plus a further cash working capital adjustment being paid by the buyer to the Group) and the Partnerships & Regeneration business being sold for cash.

The total proceeds received of £476.3m consist of £300.0m in cash, the transfer of the £100.0m Private Placement 10-year sterling notes to the buyer and a further provisional working capital adjustment of £76.3m. The Group incurred total third-party advisor fees, professional fees and stamp duty in respect of the transaction of £18.9m resulting in net disposal proceeds of £457.4m. The carrying amount of net assets immediately prior to the disposal in respect of the discontinued operations was £969.2m, as noted in the table on page 109.

As indicated above, Linden Homes was disposed via a distribution to shareholders. The owner of each Galliford Try share (in Galliford Try Limited, formerly Galliford Try plc) received 0.57406 shares in Vistry Group plc (formerly Bovis Homes plc) as well as one replacement share in Galliford Try Holdings plc. Under IFRIC 17 Distributions of Non-cash Assets to Owners, this distribution is reflected at fair value, with the difference between the fair value of the assets distributed and their carrying value (within the total housebuilding net assets carrying value of £969.2m) reflected in profit or loss. Based on the market value of the shares in Vistry Group plc at the time of completion (of £13.12), the fair value of the assets distributed was £840.0m.

Finally, as a result of the transaction, incorporating the disposal of the housebuilding divisions, the completion of the court-approved scheme of arrangement, reorganisation of the Group structure with the insertion of Galliford Try Holdings plc as the ultimate parent of the Group (under Part 26 of the Companies Act 2006) and the subsequent capital reduction of Galliford Try Limited, the Group's consolidated share premium and other reserves were reduced by £197.7m to nil and increased by £80.9m to £85.7m respectively, with the net balance recycled through retained earnings (note 32).

This resulted in a net gain on sale from the transaction of £328.2m which in addition to the trading profit for the year of £24.8m resulted in a net profit for the year from discontinued operations of £353.0m, as reflected in the Income Statement.

9 Discontinued operations (continued)

The carrying amounts of assets and liabilities as at the date of disposal and the distribution of Galliford Try Homes Ltd (3 January 2020) were:

	3 January 2020 £m
Goodwill and intangible assets	92.8
Property, plant & equipment	3.6
Right of use assets[1]	16.3
Investments in joint ventures	71.8
Developments	821.6
Trade and other receivables	595.3
Cash and cash equivalents	869.9
Retirement benefit assets	12.0
Total assets	2,483.3
Trade and other payables	(626.2)
Lease liabilities[1]	(16.7)
Borrowings	(869.9)
Deferred income tax liabilities[1]	(1.3)
Total liabilities	(1,514.1)
Net assets	969.2

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity.

The assets noted above include items previously segmented to Central that were transferred to Vistry Group plc as part of the sale of the housebuilding division completed on 3 January 2020, such as the £100m Private Placement notes and £12.0m in respect of two of the Group's defined benefit pension schemes.

10 Business combinations

On 1 July 2019, the Group's Partnerships & Regeneration division acquired Strategic Team Group (STG) for £10.7m (of which £1.8m was deferred), delivering a mature operating platform in Yorkshire and expanding the Group's presence in Cheshire. STG is a well–established regional business with 120 employees and a revenue in its last full year of approximately £60m.

The acquisition was of the entire share capital and control of the holding company Strategic Team Group Limited and its trading subsidiary Strategic Team Maintenance Company Limited. STG operates a new homes contracting business and a maintenance and minor works business. The profile and geographical split of its order book provides an excellent strategic fit with a client base known to the Group's Partnerships & Regeneration business and STG is on the Homes England Delivery Partner Panel. These assets and liabilities were transferred to Vistry Group plc on 3 January 2020 as part of the disposal of the housebuilding segments to Vistry Group plc (notes 1 & 9) and is therefore reported within discontinued operations.

The goodwill of £6.9m arising from the acquisition is attributable to the acquired workforce of STG. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for STG, and the fair value of the assets acquired and liabilities assumed:

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Net cash and cash equivalents	3.6
Property plant and equipment	0.6
Intangible assets[1]	2.2
Trade and other receivables	14.2
Trade and other payables	(15.8)
Net deferred tax liabilities[2]	(1.0)
Total identifiable net assets	3.8
Goodwill	6.9
Total	10.7
Consideration	
Cash	8.9
Deferred consideration[3]	1.8
Total	10.7

1 Intangible assets of £2.2m comprise customer relationships and contracts.
2 Deferred tax assets recognised on the acquisition relate to the fair value adjustments on acquisition.
3 Deferred cash consideration deferred until January 2020.

The Group assumed responsibility for £1.7m of guarantees and contingent liabilities in relation to performance bonds issued in the normal course of business although these were disposed of with the housebuilding divisions (note 9).

The acquisition contributed £37.2m of revenue and £0.6m of profit before tax in the period to 31 December 2019, prior to the disposal to Vistry Group plc. The acquisition occurred at the beginning of the financial period. Acquisition costs were expensed to the Income Statement in the year.

11 Dividends

	2020		2019	
Group	£m	pence per share	£m	pence per share
Previous year final	38.9	35.0	54.4	49.0
Current year interim	–	–	25.5	23.0
Dividend recognised in the year	38.9	35.0	79.9	72.0

The following dividends were declared by the Company in respect of each accounting period presented:

	2020		2019	
	£m	pence per share	£m	pence per share
Interim	–	–	25.5	23.0
Final	–	–	38.9	35.0
Dividend relating to the year	–	–	64.4	58.0

The directors are not proposing a final dividend in respect of the financial year ended 30 June 2020 (2019: 35.0p), bringing the total dividend in respect of 2020 to nil pence per share (2019: 58.0p).

The Company became the ultimate holding company of the Group on 3 January 2020 and paid no dividends in the year (2019: n/a).

12 Earnings Per Share

Basic and diluted earnings/(losses) per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held by the Trust, which are treated as cancelled.

Under normal circumstances, the average number of shares is diluted by reference to the average number of potential ordinary shares held under option in the year. The dilutive effect amounts to the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option price. Only shares that have met their cumulative performance criteria are included in the dilution calculation. The Group has two classes of potentially dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and the contingently issuable shares under the Group's long-term incentive plans. A loss per share cannot be reduced through dilution, hence this dilution is only applied where the Group has reported a profit.

The earnings and weighted average number of shares used in the calculations are set out below.

	2020			2019		
	Earnings £m	Weighted average number of shares	Per share amount pence	Earnings £m	Weighted average number of shares	Per share amount pence
Continuing operations						
Basic EPS – pre-exceptional						
Earnings attributable to ordinary shareholders pre-exceptional items	(52.9)	110,798,602	(47.7)	(11.8)	110,704,829	(10.7)
Basic EPS						
Earnings attributable to ordinary shareholders post-exceptional items	(32.6)	110,798,602	(29.4)	(49.5)	110,704,829	(44.7)
Effect of dilutive securities:						
Options	n/a	–	n/a	n/a	94,166	n/a
Diluted EPS – pre-exceptional	(52.9)	110,798,602	(47.7)	(11.8)	110,798,995	(10.6)
Diluted EPS	(32.6)	110,798,602	(29.4)	(49.5)	110,798,995	(44.7)
Total operations						
Basic EPS – pre-exceptional						
Earnings attributable to ordinary shareholders pre-exceptional items	300.1	110,798,602	270.9	128.1	110,704,829	115.7
Basic EPS						
Earnings attributable to ordinary shareholders post-exceptional items	320.4	110,798,602	289.2	86.9	110,704,829	78.5
Effect of dilutive securities:						
Options	n/a	–	n/a	n/a	94,166	n/a
Diluted EPS – pre-exceptional	300.1	110,798,602	270.9	128.1	110,798,995	115.6
Diluted EPS	320.4	110,798,602	289.2	86.9	110,798,995	78.4
Discontinued operations						
Basic EPS – pre-exceptional						
Earnings attributable to ordinary shareholders pre-exceptional items	353.0	110,798,602	318.6	139.9	110,704,829	126.4
Basic EPS						
Earnings attributable to ordinary shareholders post-exceptional items	353.0	110,798,602	318.6	136.4	110,704,829	123.2
Effect of dilutive securities:						
Options	n/a	–	n/a	n/a	94,166	n/a
Diluted EPS – pre-exceptional	353.0	110,798,602	318.6	139.9	110,798,995	126.3
Diluted EPS	353.0	110,798,602	318.6	136.4	110,798,995	123.1

13 Intangible assets

Group	Customer contracts and relationships £m	Computer software £m	Brand £m	Total £m
Cost				
At 1 July 2018 and 1 July 2019	17.4	10.9	10.8	39.1
Additions	2.2	–	–	2.2
Disposals	(7.4)	–	(10.8)	(18.2)
At 30 June 2020	**12.2**	**10.9**	**–**	**23.1**
Accumulated amortisation				
At 1 July 2018	(7.9)	(5.1)	(10.8)	(23.8)
Amortisation in year	(2.4)	(1.1)	–	(3.5)
At 1 July 2019	**(10.3)**	**(6.2)**	**(10.8)**	**(27.3)**
Amortisation in year – continuing operations	**(1.2)**	**(0.9)**	**–**	**(2.1)**
Amortisation in year – discontinued operations	**(0.9)**	**–**	**–**	**(0.9)**
Disposals	**4.2**	**–**	**10.8**	**15.0**
At 30 June 2019	**(8.2)**	**(7.1)**	**–**	**(15.3)**
Net book amount				
At 30 June 2020	**4.0**	**3.8**	**–**	**7.8**
At 30 June 2019	7.1	4.7	–	11.8
At 30 June 2018	9.5	5.8	–	15.3

All amortisation charges in the year have been included in administrative expenses. Computer software relates to the introduction of the Group's reporting systems. The remaining period of amortisation on computer software is three years and six months. The remaining period of amortisation on customer contracts and relationships is four years.

Additions in the year relate to the acquisition of Strategic Teams Group (note 10) which was subsequently sold with the Housebuilding operations to Vistry Group plc on 3 January 2020.

Disposals relate to intangible assets transferred to Vistry Group plc as part of the sale of the Group's housebuilding divisions on 3 January 2020 (notes 1 & 9).

14 Goodwill

Group	£m
Cost	
At 30 June 2018, 1 July 2018 and 30 June 2019	160.3
Addition	6.9
Disposal	**(90.0)**
At 30 June 2020	**77.2**
Aggregate impairment at 30 June 2018, 1 July 2018 and 30 June 2019	(0.7)
Disposal	**0.7**
At 30 June 2020	**–**
Net book amount	
At 30 June 2020	**77.2**
At 30 June 2019	159.6
At 30 June 2018	159.6

The addition in the year related to the acquisition of STG (note 10) and the disposal was in respect of the sale of the Group's housebuilding divisions to Vistry Group plc on 3 January 2020 (notes 1 & 9).

14 Goodwill (continued)

Goodwill is allocated to the Group's CGUs identified according to business segment. The goodwill is attributable to the following business segments:

	2020 £m	2019 £m
Linden Homes	–	52.5
Partnerships & Regeneration	–	29.9
Building	40.0	40.0
Infrastructure	37.2	37.2
	77.2	159.6

Impairment review of goodwill and key assumptions

Goodwill is tested for impairment at least annually. The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on future financial budgets approved by the Board, based on past performance and its expectation of market developments. The key assumptions within these budgets relate to revenue and the future profit margin achievable, in line with our strategy and targets as set out in the Strategic report. Future budgeted revenue is based on management's knowledge of actual results from prior years and latest forecasts for the current year, along with the existing secured works and management's expectation of the future level of work available within the market sector. In establishing future profit margins, the margins currently being achieved are considered in conjunction with expected inflation rates in each cost category. In Building and Infrastructure, the margins currently being achieved are expected to increase in line with the strategy set out in the Strategic Report.

Cash is monitored very closely on a daily, weekly and monthly basis for the purposes of managing both treasury and the business as a whole. Details of the Group's treasury management are included within the financial review in the Strategic report of the Annual Report. The assumptions used are reviewed regularly and differences between forecast and actual results are closely monitored with variances being investigated fully. The knowledge gained from this past experience is used to ensure that the future assumptions used are consistent with past actual outcomes and are management's best estimate of the future cash flows of each business unit.

Cash flows beyond the budgeted three-year period are extrapolated using an estimated growth rate within each segment. The growth rate used is the Group's estimate of the average long-term growth rate for the market sectors in which the CGU operates. Furthermore, sensitivity analysis has been undertaken on each goodwill impairment review, by changing the discount rates, profit margins, growth rates and other variables applicable to each CGU, and the results are noted below.

The pre-tax discount rates for each CGU are noted below and the significant increase in these rates compared to the prior year reflects the change in the Group's capital and debt structure following the disposal of the housebuilding operations as well as reflecting the current uncertainty and risk premium inherent in the capital markets with the ongoing Covid-19 pandemic.

The impact of Covid-19 has been reflected in the Group's approved budgets for the next three years with budgeted operating margins updated on a contract by contract basis to reflect new standard operating procedures and potential increased costs to reflect revised government and industry health and safety guidelines as well as any delays to existing projects due to site curtailments or closures in early 2020.

Building CGU

A pre-tax discount rate of 14.5% (2019: 8.7%) in Building has been applied to the future cash flows, based on an estimate of the weighted average cost of capital of that division.

A long-term growth rate of 2.0% per annum has been applied to the budgeted cash flows (reflecting the board approved budget operating margins and working capital cashflows) into perpetuity and these assumptions result in the recoverable value of this CGU being significantly in excess of the carrying value of the CGU assets.

The Building CGU is not sensitive to changes in key assumptions and management does not consider that any reasonable possible change in any single assumption would give rise to an impairment of the carrying value of goodwill and intangibles.

14 Goodwill (continued)

Infrastructure CGU

A pre-tax discount rate of 14.7% (2019: 9.4%) in Infrastructure has been applied to the future cash flows, based on an estimate of the weighted average cost of capital of that division.

A long-term growth rate of 2.0% per annum has been applied to the budgeted cash flows (reflecting the board approved budget operating margins and working capital cashflows) into perpetuity and these assumptions result in the recoverable value of this CGU being in excess of the carrying value of the CGU assets (by £19m).

However, the headroom resulting from the value in use calculations indicates that this CGU is sensitive to changes in the key assumptions and management considers that a reasonably possible change in any single assumption could give rise to an impairment of the carrying value of goodwill and intangibles.

The detailed sensitivity analysis indicates that the following changes in each of these key assumptions would result in an impairment:

- Budgeted revenue annual growth rates across the three years of the budget period, range from nil to 14% at an average of 5.8%. A reduction of this rate to 2.6% per annum would result in the headroom being eliminated.
- A long term growth rate of 2.0% has been applied. Even if this was reduced to nil, the headroom would remain greater than £9m.
- Gross operating margins (before divisional and central overheads and contingencies) are forecast to range from 2.3% to over 3.0% across the three years of the budget period, at an annual average of over 3.0%. These margins would need to reduce to an average of approximately 2.5% per annum to eliminate the headroom.
- The pre-tax discount rate is 14.7% and an increase of more than 26% to 18.6% would eliminate the headroom. This increase in discount rate would reflect an additional risk premium in respect of the current growth assumptions.
- A reduction of 27% in the overall forecast operating cash flows of the CGU would eliminate the headroom.

It should be noted that a deterioration in a combination of these key assumptions (especially the WACC) could result in a larger reduction in assessed headroom.

15 Property, plant and equipment

Group	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2018	3.2	7.6	25.3	36.1
Additions	–	2.5	1.2	3.7
Disposals	(1.0)	(0.4)	(0.2)	(1.6)
At 1 July 2019	2.2	9.7	26.3	38.2
Additions	**0.2**	**0.5**	**0.7**	**1.4**
Acquisition of a subsidiary (note 10)	–	**0.1**	**0.5**	**0.6**
Disposals	**(1.9)**	**(8.2)**	**(14.1)**	**(24.2)**
At 30 June 2020	**0.5**	**2.1**	**13.4**	**16.0**
Accumulated depreciation				
At 1 July 2018	(1.1)	(0.9)	(17.4)	(19.4)
Charge for the year	(0.1)	(0.2)	(3.2)	(3.5)
Disposals	0.3	0.4	0.2	0.9
At 1 July 2019	(0.9)	(0.7)	(20.4)	(22.0)
Charge for the year – continuing operations	–	**(0.2)**	**(2.2)**	**(2.4)**
Charge for the year – discontinued operations	**(0.1)**	**(0.1)**	**(0.2)**	**(0.4)**
Disposals	**0.7**	–	**11.9**	**12.6**
At 30 June 2020	**(0.3)**	**(1.0)**	**(10.9)**	**(12.2)**
Net book amount				
At 30 June 2020	**0.2**	**1.1**	**2.5**	**3.8**
At 30 June 2019	1.3	9.0	5.9	16.2
At 30 June 2018	2.1	6.7	7.9	16.7

There has been no impairment of property, plant and equipment during the year (2019: £nil).

Disposals relate predominantly to assets transferred to Vistry Group plc as part of the sale of the Group's housebuilding divisions on 3 January 2020 (notes 1 & 9).

The Company has no property, plant or equipment.

16 Leases

This note provides information for leases where the Group is a lessee.

The Company holds no leases.

Right-of-use assets

Cost	Land and buildings £m	Plant and machinery £m	Motor vehicles £m	Total £m
At 1 July 2019 (on transition to IFRS 16)	19.9	10.7	11.5	42.1
Additions	0.8	1.8	5.0	7.6
Disposals	(9.7)	(4.7)	(4.0)	(18.4)
At 30 June 2020	11.0	7.8	12.5	31.3
Accumulated depreciation				
At 1 July 2019 (on transition to IFRS 16)	–	–	–	–
Charge for the year – continuing operations	(2.6)	(2.9)	(3.8)	(9.3)
Charge for the year – discontinued operations	(1.0)	(1.0)	(0.9)	(2.9)
Disposals	1.0	1.8	0.9	3.7
At 30 June 2020	(2.6)	(2.1)	(3.8)	(8.5)
Net book amount				
At 30 June 2020	8.4	5.7	8.7	22.8
At 1 July 2019 (on transition to IFRS 16)	19.9	10.7	11.5	42.1

Disposals relate predominantly to assets transferred to Vistry Group plc as part of the sale of the Group's housebuilding divisions on 3 January 2020 (notes 1 & 9).

Lease liabilities

	2020 £m	1 July 2019 (on transition) £m
Current	9.5	14.5
Non-current	12.8	29.0
Total lease liabilities	22.3	43.5

The statement of profit or loss shows the following amounts relating to leases for continuing operations:

	2020 £m	2019 £m
Depreciation of right-of-use assets	9.3	–
Interest expense (included in finance cost)	1.0	–
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	12.1	–
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	0.4	–
Total expenses	22.8	–

The total cash outflow for leases in the year to 30 June 2020 for continuing operations was £11.0m (of which £1.0m was included in net interest expense – note 6).

The total of future minimum lease payments under short term and low value non-cancellable lease rentals (that are recognised as an expense over a straight-line) are payable as follows:

	Land and buildings £m	Plant and machinery £m	Total £m
Less than 1 year	0.1	0.6	0.7
Between 1 and 5 years	–	0.9	0.9
Total	0.1	1.5	1.6

The Group has not early adopted the Amendment to IFRS 16 Covid-19 Related Rent Concessions (effective 1 June 2020). The amendment is optional and not expected to have a material impact.

17 Investments in subsidiaries

Company	2020 £m
Cost	
On incorporation at 19 September 2019[1]	–
Additions	287.7
At 30 June	287.7
Aggregate impairment	
On incorporation at 19 September 2019[1]	–
Impairments	(146.5)
At 30 June	(146.5)
Net book value	
At 30 June	141.2

1 Galliford Try Holdings plc was incorporated on 19 September 2019. On 3 January 2020 its entire share capital was admitted to the premium listing segment of the Official List of the FCA and its trading on the main market for listed securities of the London Stock Exchange.

The addition of £287.7m above reflects the initial investment in Galliford Try Limited on 3 January 2020 as part of the scheme of arrangement and disposal of the housebuilding divisions to Vistry Group plc (notes 1 & 9). This valuation reflected the net assets of Galliford Try Limited at that date. However, during the remainder of the year, Galliford Try Limited paid a cash-backed distribution to the Company of £100.0m which resulted in an equivalent reduction in the fair value of the investment. Additionally, the outbreak of the Covid-19 pandemic has also resulted in an assessed further impairment in this investment of £46.5m, reducing the overall value of the investment to £141.2m as at 30 June 2020. This impairment has been determined from value in use calculations based on the same assumptions as described in note 14 (goodwill).

The carrying value of investments has been reviewed and the directors are satisfied that there is no further impairment required.

The subsidiary undertakings that principally affected profits and net assets of the Group were:

Galliford Try Construction Limited
Galliford Try Infrastructure Limited[1]
Galliford Try Investments Limited
Galliford Try Services Limited
Galliford Try Limited[2]

1 Incorporated in Scotland.
2 Shares of these subsidiary companies are owned directly by the Company.

Unless otherwise stated, each subsidiary has a 30 June year end, operates as a construction company, is incorporated in England & Wales and 100% of ordinary shares and voting rights are held by the Group. Galliford Try Services Limited operates as central administration company to the Group.

A full list of the Group's undertakings is set out in note 41.

18 Investments in joint ventures

Group	2020 £m	2019 £m
At 1 July	67.0	49.9
Dividend received from joint ventures – continuing operations	–	(0.4)
Dividend received from joint ventures – discontinued operations	(1.6)	(3.0)
Disposals	(71.8)	–
Share of post tax (loss)/profit – continuing operations	(0.2)	0.4
Share of post tax profit – discontinued operations	6.8	20.1
At 30 June	0.2	67.0

Disposals relate predominately to those investments transferred to Vistry Group plc as part of the sale of the Group's housebuilding divisions on 3 January 2020 (notes 1 & 9).

18 Investments in joint ventures (continued)

Joint ventures

At 30 June 2020 the Group held interests in joint ventures, all of which are incorporated in England and Wales or in Scotland, as set out in note 41.

In relation to the Group's interest in joint ventures, the assets, liabilities, income and expenses are shown below:

	2020 £m	2019 £m
Current assets	4.6	532.2
Non-current assets	–	–
Current liabilities	(4.4)	(296.6)
Non-current liabilities	–	(168.6)
	0.2	67.0
Amounts due from joint ventures	0.9	331.6
Amounts due to joint ventures	–	(24.8)

	Continuing operations		Discontinued operations	
	2020 £m	2019 £m	2020 £m	2019 £m
Revenue	23.9	23.5	100.6	233.6
Expenses	(24.1)	(22.9)	(87.4)	(200.8)
	(0.2)	0.6	13.2	32.8
Finance cost	–	(0.1)	(6.4)	(12.3)
Income tax	–	(0.1)	(0.2)	(0.4)
Share of post-tax (losses)/profits from joint ventures	(0.2)	0.4	6.6	20.1

The disclosures above exclude those material joint ventures that are separately disclosed in note 19 (PPP and other investments).

The Group's share of unrecognised losses of joint ventures is £0.1m (2019: £37.8m, of which a net £37.7m was disposed of during the year).

As at 30 June 2020, amounts due from joint ventures of £0.9m (2019: £331.6m) were considered for impairment. The impairment reviews were performed in accordance with IFRS 9 as described in note 1. No impairment loss has been recognised for these balances in the year ended 30 June 2020 (2019: £nil).

The Group has no commitments (2019: £nil) to provide further subordinated debt to its joint ventures.

Our share of joint ventures' external bank funding was £nil at 30 June 2020 (2019: £19.7m). The joint ventures have no significant contingent liabilities to which the Group is exposed (2019: £nil). The joint ventures had no capital commitments as at 30 June 2020 (2019: £nil).

19 PPP and other investments

Group	2020 £m	2019 £m
At 1 July	41.6	26.8
Effect of change in accounting policy[1]	–	5.5
Restated at 1 July	41.6	32.3
Additions	6.6	22.7
Disposals of housebuilding divisions (notes 1 & 9)	(0.5)	–
Disposals and subordinated loan repayments	(5.2)	(14.2)
Movement in fair value	(1.8)	0.8
At 30 June	40.7	41.6

1 The Group adopted IFRS 9 Financial Instruments on 1 July 2018 using the modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to opening equity.

These comprise PPP/PFI investments, shared equity receivables (disposed of during the year) and investments in other listed securities (acquired during the year as a result of the shares held in the Employee Benefit Trust in Galliford Try Limited, formerly Galliford Try plc which resulted in the receipt of shares in Vistry Group plc, held at fair value, following the sale of the housebuilding divisions to Vistry Group plc on 3 January 2020 – notes 9 & 32).

The Group's share of post-tax profits from PPP investments was £4.6m (2019: £4.1m) but was impaired to a net balance of £nil (2019: £nil).

None of the financial assets are past their due dates (2019: £nil) and the directors expect an average maturity profile of 10 years. Further disclosures relating to financial assets are set out in note 29.

During the year additional subordinated loans and other investments of £6.6m (2019: £22.7m) were added to the Group's PPP/PFI investments, subordinated loans of £2.4m (2019: £1.4m) were repaid and the Group disposed of interests held at £2.8m (2019: £12.8m), generating a profit on disposal of £0.6m (2019: £6.9m). £0.4m relating to shared equity receivables was sold during the year as part of the disposal of the housebuilding divisions to Vistry Group plc.

The Group has commitments of £1.9m (2019: £9.0m) to provide further subordinated debt to its investments.

19 PPP and other investments (continued)

This portfolio has been valued using a discount rate of 9.0%. This is consistent with the prior year but is towards the higher end of the range typically experienced in the marketplace. A reduction of 1.0% would result in an increase in the fair value of approximately £3.4m.

Our share of PPP and other investments' external bank funding was £280.0m at 30 June 2020 (2019: £296.9m). Our share of these entities' other external funding consists of £64.1m (2019: £68.1m) of listed bonds. These balances are non-recourse to the Group.

The information disclosed reflects the amounts presented in the financial statements or management accounts of the relevant joint ventures and associates and not the Group's share of those amounts. The Group holds investments in both debt and equity within a number of entities over which it has significant influence. Predominantly all of the value that the Group recognises relates to the debt instruments which have been fair valued within the PPP and other investments portfolio. Consequently, the material joint ventures (in which the Group also holds debt investments either directly or indirectly) are disclosed within this note (rather than in note 18, Investments in joint ventures).

	S4B (Issuer) Plc[1,2]		Space Scotland Limited[1]		Aberdeen Roads (Finance) Plc[1]		Aberdeen Roads Limited	
Income statement – continuing operations	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Revenue	–	–	**1.3**	1.3	–	–	**3.4**	3.7
Depreciation and amortisation	–	–	–	–	–	–	–	–
Finance income	–	2.8	–	–	**26.9**	26.3	**30.8**	29.2
Finance expense	–	(2.8)	–	–	**(26.9)**	(26.3)	**(26.9)**	(26.3)
Income tax expense	–	–	–	–	–	–	–	–
Profit (100%)	–	–	–	–	–	–	–	–
Other comprehensive (expense)	–	–	–	–	**(1.5)**	(1.1)	–	–
Total comprehensive (expense) (100%)	–	–	–	–	**(1.5)**	(1.1)	–	–
Group's share of (loss) and total comprehensive (loss)	–	–	–	–	**(0.5)**	(0.4)	–	–
Dividends received by the Group during the year	–	–	–	–	–	–	–	–
Balance sheet								
Cash and cash equivalents	–	–	–	–	**0.2**	0.2	**27.8**	36.9
Other current assets	–	–	–	–	–	–	**4.9**	4.7
Current assets	–	–	–	–	**0.2**	0.2	**32.7**	41.6
Non-current assets	–	53.6	–	–	**577.1**	600.8	**566.8**	577.0
Current external borrowings – bank/listed bonds	–	(1.5)	–	–	**(18.2)**	(17.9)	–	–
Other current liabilities	–	–	–	–	**(4.2)**	(12.5)	**(22.4)**	(47.8)
Current liabilities	–	(1.5)	–	–	**(22.4)**	(30.4)	**(22.4)**	(47.8)
Non-current external borrowings – bank/listed bonds	–	(51.4)	–	–	**(502.6)**	(515.6)	–	–
Other non-current liabilities	–	(0.7)	–	–	**(58.2)**	(59.4)	**(577.1)**	(570.8)
Non-current liabilities	–	(52.1)	–	–	**(560.8)**	(575.0)	**(577.1)**	(570.8)
Net assets (100%)	–	–	–	–	**(5.9)**	(4.4)	–	–

1 Material due to their holdings and/or issuing listed debt.
2 The Group disposed of its interest in S4B (Issuer) Plc during the year.

Details of related party transactions with joint ventures are given in note 36. The Group's shareholding of each joint venture can be seen in note 41.

20 Developments

Group	2020[1] £m	2019 £m
Land	–	552.9
Work in progress	–	323.8
	–	876.7

Movement on development provisions	2020 £m	2019 £m
Balance at 1 July	1.5	1.9
Reversed in the year	–	(0.4)
Disposal	(1.5)	–
Balance at 30 June	–	1.5

1 All the development land and work in progress were transferred to Vistry Group plc as part of the sale of the Group's housebuilding divisions on 3 January 2020 (notes 1 & 9).

21 Trade and other receivables

		Group		Company	
	Notes	2020 £m	2019 (restated) £m	2020 £m	2019 £m
Amounts falling due within one year:					
Trade receivables		49.4	169.6	–	–
Less: provision for impairment of receivables		(1.6)	(0.4)	–	–
Trade receivables – net		47.8	169.2	–	–
Contract assets[1]	27	172.0	332.8	–	–
Amounts due from joint ventures		0.9	93.5	–	–
Other receivables		9.8	4.9	–	–
Prepayments		17.0	73.9	–	–
		247.5	674.3	–	–

1 Contract assets of £172.0m at 30 June 2020 includes a life-time expected credit loss allowance of £14.0m (2019: £14.0m). The contract asset as at 30 June 2019 has been restated (notes 1 & 40).

Retentions will be collected in the normal operating cycle of the Group and are therefore shown in current receivables.

As previously disclosed, the Group provided services in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Costs were significantly impacted by client-driven scope changes and the Group has submitted claims and variations after our work on these contracts formally ceased on their termination in August 2018. The Group has taken extensive legal advice on our entitlement and we have been successful in two adjudications supporting the validity of the Group's position. The Group is currently proceeding through arbitration in respect of the claims and variations in line with the expected timeframe. The arbitration commenced in the second half of 2019 and the panel has now been appointed, terms of reference agreed, and the Statement of Case was submitted in the year.

Taking into account the requirements of IFRS 15, in prior periods the Group had constrained the revenue recognised (and therefore the associated contract receivable carried) to the extent that it was highly probable not to result in a significant reversal in the future. While the Group has submitted a total claim value of £95m (2019: £54m) in respect of these costs within the Statement of Case, revenue has been constrained. We have constrained the revenue to a percentage recoverable that is lower than that successfully recovered from the adjudications and variations previously agreed on this contract. The underlying principle supporting the validity and recovery of the claims and variations is not considered to be impacted by the passage of time, which is driven by the nature of dispute resolution in this sector. It is possible that the process of the arbitration may not be concluded within the coming financial year.

Whilst the entities are owned by a major infrastructure fund of a blue-chip listed company, and we expect that the amounts will be repaid, we have assessed any expected credit loss provision in accordance with IFRS 9 to take into account their investment structure. At 30 June 2019 and 30 June 2020, our assessment of the credit worthiness of the underlying contracting entities includes a review of their latest audited financial statements to 31 December 2018 as well as their immediate parent and investor (for whom the latest audited financial statements are for the year to 31 December 2019), for which the audit opinion includes a disclaimer of opinion in relation to material uncertainties in respect of claims and the potential impact on going concern. The Group does not consider there to be a change in credit risk over the course of the year to 30 June 2020 and consequently, there has been no change to our expectations about the probability weighted outcomes in the IFRS 9 assessment from the prior year. The expected credit loss provision for this contract (amongst our overall portfolio of contracts) is discussed further in note 1 Critical accounting estimates and judgments.

The counterparty has made counterclaims during the financial year that we consider are without merit. We intend to defend these vigorously, and no amounts have been provided on the basis the Group considers the possibility of an outflow of resources to be remote.

It should be noted that while the final value recovered could be materially higher or lower than that assumed by the Group, the Group has constrained the revenue to an amount that is highly probable will not reverse.

21 Trade and other receivables (continued)

	2020 £m	2019 £m	2020 £m	2019 £m
Amounts falling due in more than one year:				
Amounts due from joint ventures	–	238.1	–	–
Other receivables	–	0.3	–	–
	–	238.4	–	–

These balances were part of the housebuilding divisions sold to Vistry Group plc in the year (notes 1 & 9).

Movements on the Group provision for impairment of trade receivable were as follows:

	2020 £m	2019 £m
At 1 July	(0.4)	(0.1)
(Increase) in provision for receivables impairment	(1.2)	(0.3)
At 30 June	(1.6)	(0.4)

Provisions for impaired receivables have been included in cost of sales in the income statement. Amounts charged to the impairment provision are generally written off, when there is no expectation of recovering additional cash.

Provisions for amounts due from joint venture undertakings are set out in note 18. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above, along with the Group's investment in shared equity receivables (note 19) and its cash and cash equivalents. The Group does not hold any collateral as security.

Management believes that the concentration of credit risk with respect to trade receivables is limited due to the Group's customer base being large, unrelated and predominantly within the public sector. Major water industry customers accounted for in total 9% (2019: 4%) of Group revenue in the year. However, the customers involved comprise a variety of entities including those both in the public and commercial sectors. In addition, within the commercial sector each customer has an unrelated ultimate parent company.

The maturity of non-current receivables is as follows:

	2020 £m	2019 £m
In more than one year but not more than two years	–	67.9
In more than two years but not more than five years	–	91.9
In more than five years	–	78.6
	–	238.4

As of 30 June 2020, trade receivables of £20.9m (2019: £80.6m) were past due but not impaired.

These relate to a number of independent customers for whom there is no recent history of default and there are no indications that they will not meet their payment obligations in respect of the trade receivables recognised in the balance sheet that are past due and unprovided. The ageing analysis of these trade receivables is as follows:

	2020 £m	2019 £m
Number of days past due date		
Less than 30 days	4.2	51.4
Between 30 and 60 days	1.2	8.3
Between 60 and 90 days	3.1	2.6
Between 90 and 120 days	0.8	6.6
Greater than 120 days	11.6	11.7
	20.9	80.6

As of 30 June 2020, trade receivables were considered for impairment based on management's judgment and review of the trade receivables listings. The amount provided for these balances was £1.6m (2019: £0.4m). The allocation of the provision is as follows:

	2020 £m	2019 £m
Number of days past due date:		
Greater than 120 days	1.6	0.4
	1.6	0.4

22 Cash and cash equivalents

	Group		Company	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Cash at bank and in hand	**197.2**	591.2	**100.0**	–

Cash at bank above includes £nil (2019: £nil) of restricted cash. The effective interest rate received on cash balances is 0.6% (2019: 0.4%).

Group	**2020 £m**	2019 £m
Net cash/(debt)		
Cash and cash equivalents excluding bank overdrafts	**197.2**	591.2
Current borrowings – bank overdrafts (note 25)	**–**	(449.6)
Cash and cash equivalents per the statements of cashflows	**197.2**	141.6
Current borrowings – bank loans[1] (note 25)	**–**	(98.2)
Non-current borrowings – debt private placement[1] (note 25)	**–**	(100.0)
Net cash/(debt)	**197.2**	(56.6)

1 On completion of the disposal of Group's housebuilding divisions on 3 January 2020, the Company received £300m of cash, transferred the £100m debt private placement 10-year sterling notes to Vistry Group plc and received a further working capital cash adjustment. This has resulted in the Group holding a net cash position at all times since the transaction.

Net cash excludes IFRS 16 lease liabilities (note 16).

It should be noted that cash and cash equivalents and bank overdrafts are presented on a net (offset) basis in the current year whereas they were presented on a gross basis in the prior year. In 2016, the IFRS Interpretations Committee released an update in respect of IAS 32 'Financial instruments: presentation' specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. The Group's bank arrangements and facilities with both HSBC Bank plc and Barclays Bank plc provide the legally enforceable right to offset and in the current year, the Group demonstrated its intention to offset by formally sweeping the balances. Consequently, the balances have been offset in the financial statements in 2020.

23 Trade and other payables

		Group		Company	
	Notes	**2020 £m**	2019 (restated) £m	**2020 £m**	2019 £m
Trade payables		**108.1**	284.9	**–**	–
Development land payables		**–**	150.5	**–**	–
Contract liabilities	27	**112.3**	237.9	**–**	–
Amounts due to joint ventures		**–**	24.8	**–**	–
Other taxation and social security payable		**18.6**	11.1	**–**	–
Other payables		**1.2**	25.0	**–**	–
Accruals		**218.6**	528.3	**–**	–
		458.8	1,262.5	**–**	–

Developments of £nil (2018: £67.1m) have been pledged as security for current and non-current development land payables. Other payables are unsecured.

Retentions will be paid in the normal operating cycle of the Group and are therefore shown in current payables.

24 Provisions for other liabilities and charges

Group	Total £m
At 1 July 2019	0.8
Created in the year	**23.7**
Utilised in the year	**(0.5)**
At 30 June 2020	**24.0**
Analysis of total provisions	
Current	**13.9**
Non-current	**10.1**
At 30 June 2020	**24.0**

The provision created in the year results from the working capital adjustment provisionally agreed in respect of the disposal of the housebuilding divisions (note 9).

25 Financial liabilities – borrowings

	Group		Company	
	2020[1] £m	2019 £m	**2020[1] £m**	2019 £m
Current				
Bank overdrafts	–	449.6	–	–
Bank loans	–	98.2	–	–
	–	547.8	–	–
Non-current				
Debt private placement	–	100.0	–	–
	–	100.0	–	–

1 On completion of the disposal of Group's housebuilding divisions on 3 January 2020, the Company received £300m of cash, transferred the £100m debt private placement 10-year sterling notes to Vistry Group plc and received a further working capital cash adjustment. This has resulted in the Group holding a net cash position at all times since the transaction. Prior to this, the bank loans and overdrafts were unsecured, and incurred interest at a rate of 2.0%-2.3% (2019: 2.0%-2.3%) over LIBOR. The bank loans were classified as non-current as the Group expected to, and had the discretion to roll over the obligations under the facility agreement.

During the year (prior to the disposal of the housebuilding divisions), further loans of £120m were drawn down from the Group's revolving credit facility and the drawn balance of £220m was repaid on completion of the disposal on 3 January 2020.

The debt private placement of £100m 10-year Sterling notes, at a fixed rate of 4.03% was completed in February 2018 and were issued in a bilateral deal with Pricoa in London. These notes were transferred to Vistry Group plc on 3 January 2020 as part of the disposal of the housebuilding division to Vistry Group plc (notes 1 & 9).

26 Other non-current liabilities

	Group		Company	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Development land payables	–	66.4	–	–
Contract liabilities	–	26.1	–	–
Accruals	–	10.5	–	–
	–	103.0	–	–

Developments of £nil (2019: £67.1m) have been pledged as security for current and non-current development land payables. Other payables are unsecured.

The maturity profile of the anticipated undiscounted future cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay financial liabilities on an undiscounted basis, is as follows:

	Financial liabilities at amortised cost			
	Development land payables £m	**Amounts due to joint venture undertakings £m**	**Other financial liabilities at amortised cost £m**	**Total £m**
Within one year	–	–	**327.9**	**327.9**
30 June 2020	–	–	**327.9**	**327.9**

	Financial liabilities at amortised cost			
	Development land payables £m	Amounts due to joint venture undertakings £m	Other financial liabilities at amortised cost £m	Total £m
Within one year	150.5	24.8	838.2	1,013.5
More than one year and less than two years	38.7	–	10.5	49.2
More than two years	27.7	–	–	27.7
30 June 2019	216.9	24.8	848.7	1,090.4

27 Contract balances

Contract assets and liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the balance sheet. Where there is a corresponding contract asset and liability in relation to the same contract, the balance shown is the net position. The timing of work performed (and thus revenue recognised), billing profiles and cash collection results in trade receivables (amounts billed to date and unpaid), contract assets (unbilled amounts where revenue has been recognised) and customer advances and deposits (contract liabilities), where no corresponding work has yet to be performed, being recognised on the Group's balance sheet.

The reconciliation of the opening to closing contract balances is shown below:

	Group		Company	
	Contract asset £m	Contract liability £m	Contract asset £m	Contract liability £m
At 30 June 2019 as reported	412.8	(254.6)	–	–
Restatement (note 40)	(80.0)	(9.4)	–	–
At 30 June 2019 as restated	**332.8**	**(264.0)**	–	–
Balances removed due to business disposals[1]	**(68.3)**	**127.6**	–	–
Revenue recognised in the year (continuing operations)[2]	**1,051.3**	**70.3**	–	–
Net cash received in advance of performance obligations being fully satisfied	–	**(46.2)**	–	–
Transfers in the period from contract assets to trade receivables	**(1,143.8)**	–	–	–
30 June 2020	**172.0**	**(112.3)**	–	–

1 Disposal of housebuilding divisions (note 9). The balances reflect those as at 30 June 2019.

2 Of the revenue recognised, £32.0m is in respect of the final agreement for AWPR. The revenue was previously constrained due to uncertainty of the ongoing negotiation as at 30 June 2019.

Revenue allocated to performance obligations that are unsatisfied at 30 June, are expected to be recognised as disclosed in note 3.

28 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method, using a tax rate of 19.0% (2019: 19.0%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 30 June was:

	Group		Company	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Deferred income tax assets – non-current	**5.3**	5.7	–	–
Deferred income tax assets	**5.3**	5.7	–	–
Deferred income tax liabilities – non-current	**(1.0)**	(4.4)	–	–
Deferred income tax liabilities	**(1.0)**	(4.4)	–	–
Net deferred income tax	**4.3**	1.3	–	–

28 Deferred income tax (continued)

The movement for the year in the net deferred income tax account is as shown below:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
At 30 June	1.3	(0.7)	–	–
Effect of transition to IFRS 9 and IFRS 15	–	8.8	–	–
Restated at 1 July	1.3	8.1	–	–
Current year's deferred income tax – continuing operations	(0.3)	(6.6)	–	–
Current year's deferred income tax – discontinued operations	0.3	–	–	–
Adjustment in respect of prior years – continuing operations	3.4	(0.1)	–	–
Adjustment in respect of prior years – discontinued operations	(0.1)	–	–	–
(Expense) recognised in equity – continuing operations	–	(0.1)	–	–
(Expense) recognised in equity – discontinued operations	(0.1)	–	–	–
Acquisition of subsidiaries[1]	(1.0)	–	–	–
Disposal of subsidiaries[2]	0.8	–	–	–
At 30 June	4.3	1.3	–	–

1 Acquisition of STG – note 10.
2 Disposal of housebuilding divisions on 3 January 2020.

Deferred income tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred income tax assets, as it is probable that these assets will be recovered.

Movements in deferred income tax assets and liabilities during the year are shown below:

Deferred income tax assets

Group	Accelerated tax depreciation and other £m	Share-based payments £m	Interest provisions & intangible assets acquired £m	Total £m
At 30 June 2018	0.1	0.5	3.0	3.6
Effect of transition to IFRS 9 and IFRS 15	8.8	–	–	8.8
Restated as at 1 July 2018	8.9	0.5	3.0	12.4
Income/(expense) taken to income statement	(6.7)	(0.1)	0.3	(6.5)
Transfer from deferred income tax liabilities	(0.1)	–	–	(0.1)
(Expense) recognised in equity	–	–	(0.1)	(0.1)
At 30 June 2019	2.1	0.4	3.2	5.7
(Expense)/income taken to income statement – continuing operations	(0.1)	(0.4)	0.2	(0.3)
(Expense) taken to income statement – discontinued operations	(0.5)	–	–	(0.5)
Adjustment in respect of prior years – continuing operations	0.8	–	–	0.8
Adjustment in respect of prior years – discontinued operations	(0.1)	–	–	(0.1)
(Expense) recognised in equity – discontinued operations	(0.1)	–	–	(0.1)
Transfer from deferred income tax liabilities	(0.1)	–	–	(0.1)
Transfer to deferred income tax liabilities	–	–	0.8	0.8
Disposal of subsidiaries	3.3	–	(4.2)	(0.9)
At 30 June 2020	5.3	–	–	5.3

Disposals related to the housebuilding divisions (note 9).

28 Deferred income tax (continued)

Deferred income tax liabilities

Group	Accelerated tax depreciation £m	Fair value adjustments £m	Retirement benefit obligations £m	Intangible assets acquired £m	Total £m
At 1 July 2018	–	(3.0)	(1.3)	–	(4.3)
Income taken to income statement	(0.2)	–	–	–	(0.2)
Transfer from deferred income tax assets	0.1	–	–	–	0.1
At 30 June 2019	(0.1)	(3.0)	(1.3)	–	(4.4)
Income taken to income statement – discontinued operations	–	–	0.8	–	0.8
Income taken to the income statement – continuing operations	–	2.6	–	–	2.6
Transfer from deferred income tax assets	–	–	–	(0.8)	(0.8)
Transfer to deferred income tax assets	0.1	–	–	–	0.1
Disposal of subsidiaries	–	0.4	0.3	–	0.7
At 30 June 2020	–	–	(0.2)	(0.8)	(1.0)

Disposals related to the housebuilding divisions (note 9).

29 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial assets and liabilities are offset and the net amount reported when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group and Company operate within financial risk policies and procedures approved by the Board. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's and Company's financial instruments principally comprise bank borrowings, cash and cash equivalents, receivables and payables, PPP and other investments and interest rate swaps that arise directly from its operations and its acquisitions.

Capital risk management

The Group is funded by ordinary shares, retained profits and its strong net cash position following the disposal of the Linden Homes and Partnerships & Regeneration divisions. Previously the Group also operated a single bank facility and had completed a debt private placement of £100m 10-year Sterling notes to supplement its bank facilities. The Group's and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. Following the disposal of the Linden Homes and Partnerships & Regeneration divisions the capital requirements of the Group are focussed on the requirements of Construction.

Consistent with others in the industry, prior to the disposal of its housebuilding operations the Group monitored capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. The Group held net cash at 30 June 2020 following the disposal of the Linden Homes and Partnerships & Regeneration divisions but held net debt at 30 June 2019 and therefore had gearing of nil% in 2020 and 8% in 2019. Previously, the Group had capital requirements in the covenants in its bank facilities. These facilities have now been transferred out of the Group and the gearing ratio is no longer applicable.

29 Financial instruments (continued)

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

All material activities of the Group take place within the UK and consequently there is little direct exchange risk other than payments to overseas suppliers who require settlement in their currency. If there is any material foreign exchange exposure, the Group's policy is to enter into forward foreign currency contracts. The Group and Company have no material currency exposure at 30 June 2020 (2019: nil).

(ii) Price risk

The Group has no quoted investments that are exposed to equity securities price risk. The Group and Company are not exposed to commodity price risk.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from movement in cash and cash equivalents. Following the disposal of the Linden Homes and Partnerships & Regeneration divisions on 3 January 2020 the Group's exposure to interest rate risk is reduced given that it is well capitalised with no debt or net overdraft facilities.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables (including shared equity receivables) and committed transactions. The Group no longer holds any debt facilities. Further details of credit risk relating to trade and other receivables are disclosed in note 21. No credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance of any counterparties, including in respect of receivables not yet due.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Following the disposal of the Linden Homes and Partnerships & Regeneration divisions on 3 January 2020, the Group finances its operations through its cash reserves and ongoing retained profits. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group, in accordance with practices and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. On a daily basis throughout the year, the bank balances or gross overdrafts in all the Group's operating companies are aggregated into a total cash figure, in order that the Group can obtain the most advantageous interest rate.

In accordance with IFRS 9 'Financial Instruments', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

Financial liabilities – derivative financial liabilities

The fair value of interest rate swaps is detailed below:

Group	2020 £m	2019 £m
At 30 June		
Non-current liabilities	–	(0.4)

Company	2020 £m	2019 £m
At 30 June		
Non-current liabilities	–	–

During the year ended 30 June 2015 the Group entered into a five-year interest rate swap contract that expired in February 2020. The notional principal amount of the outstanding interest rate swap contract at 30 June 2020 was £nil with the swap contract cancelled at the time of the disposal of the Group's housebuilding divisions to Vistry Group plc on 3 January 2020 (2019: £100m) and the fixed interest rate is in the prior year was 1.4%. This swap was designated as a cash flow hedge and changes in fair value are recognised directly in reserves. A profit of £0.5m was recognised in other comprehensive income in the prior year. Gains and losses recognised in reserves were released to the income statement within finance costs over the period to maturity of the contract, and a loss of £0.4m was recognised in the prior year. At 30 June 2020 the Group had no derivative financial liabilities.

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at the prevailing interest rate.

		2020		2019	
Fair value of current and non-current borrowings	Notes	Book value £m	Fair value £m	Book value £m	Fair value £m
Current borrowings	25	–	–	98.2	102.9
Non-current borrowings	25	–	–	100.0	100.0

29 Financial instruments (continued)

Fair value of other financial assets and financial liabilities

Primary financial instruments held or issued to finance the Group's operations:

	Notes	2020 Book value £m	2020 Fair value £m	2019 (restated) Book value £m	2019 (restated) Fair value £m
Financial liabilities:					
Current borrowings	25	–	–	–	–
Current financial liabilities measured at amortised cost	23	**327.9**	**327.9**	1,013.5	1,013.5
Non-current financial liabilities measured at amortised cost	26	–	–	103.0	103.0
Financial assets:					
PPP and other investments	19	**40.7**	**40.7**	41.6	41.6
Current assets measured at amortised cost	21	**230.5**	**230.5**	600.4	600.4
Non-current assets measured at amortised cost	21	–	–	238.4	238.4
Cash and cash equivalents	22	**197.2**	**197.2**	141.6	141.6

Prepayments and accrued income are excluded from the loans and receivables balance; and statutory liabilities, deferred income and payments received on account on construction contracts are excluded from financial liabilities measured at amortised cost. A maturity analysis of the Group's non-derivative financial liabilities is given in note 26.

There is no difference between the book value and the fair value of the Company's other financial assets and financial liabilities.

Borrowing facilities

The Group had no committed borrowing facilities available at 30 June 2020. The undrawn committed borrowing facilities available at 30 June in the prior year were as follows:

	2020 Floating rate £m	2019 Floating rate £m
Expiring:		
In more than two years	–	347.2
	–	347.2

In February 2014 the Group agreed a five-year £400m unsecured revolving credit facility with HSBC Bank plc, Santander UK plc, Barclays Bank plc and The Royal Bank of Scotland plc. In February 2015, the Group agreed a one-year extension on the facility, to 2020, and in March 2016 agreed an increase in the facility to £450m. In December 2016, the Group agreed a further two-year extension to February 2022. This facility was repaid and cancelled on 3 January 2020 as a result of the disposal of the housebuilding division to Vistry Group plc (notes 1 & 9).

In February 2017 the Group completed a debt private placement of £100m 10-year Sterling notes, maturing in February 2027. These notes were transferred to Vistry Group plc on 3 January 2020 as part of the disposal of the housebuilding division to Vistry Group plc (notes 1 & 9).

29 Financial instruments (continued)

Fair value estimation

Specific valuation techniques used to value financial instruments are defined as:

- Level 1 – Quoted market prices or dealer quotes in active markets for similar instruments.
- Level 2 – The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows, based on observable yield curves.
- Level 3 – Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. The fair value of other investments is set out in note 19.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June:

	2020			2019		
	Level 2 £m	Level 3 £m	Total £m	Level 2 £m	Level 3 £m	Total £m
Assets						
Available for sale financial assets						
– PPP and other investments	–	40.7	40.7	–	41.6	41.6
Total	–	40.7	40.7	–	41.6	41.6
Liabilities						
Liabilities at fair value through income statement						
– Derivatives used for hedging	–	–	–	(0.4)	–	(0.4)

There we no transfers between levels during the period.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Fair value measurements using significant unobservable inputs (Level 3)

	2020	2019
Opening balance	41.6	0.7
Effect of change in accounting policy[1]	–	31.6
Restated at 1 July	41.6	32.3
Additions	6.6	22.7
Movement in fair value	(1.8)	0.8
Disposal of housebuilding divisions (notes 1 & 9)	(0.5)	–
Disposals and subordinated loan repayments	(5.2)	(14.2)
Closing balance	40.7	41.6

1 The Group adopted IFRS 9 Financial Instruments on 1 July 2018 using the modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to opening equity (note 1).

The key assumptions used in Level 3 valuations include the expected timing of receipts, credit risk and discount rates. The typical repayment period is 10-15 years and the timing of receipts is based on historical data. The discount rate of 9.0% used to compute the fair value is based on current market conditions. The sensitivity to discount rates is set out in note 19. If receipts were to occur earlier than expected, the fair value would increase.

30 Ordinary shares and share premium

Group	Number of shares	Ordinary shares £m	Share premium £m	Total £m
At 1 July 2018	111,028,162	55.5	197.6	253.1
Allotted under share option schemes	4,455	–	0.1	0.1
At 1 July 2019	**111,032,617**	**55.5**	**197.7**	**253.2**
Allotted under share option schemes	**20,872**	–	–	–
Capital reorganisation[1]	–	–	(197.7)	(197.7)
At 30 June 2020	**111,053,489**	**55.5**	–	**55.5**

Company	Number of shares	Ordinary shares £m	Share premium £m	Total £m
On incorporation on 19 September 2019	–	–	–	–
Issue of shares on incorporation	**2**	–	–	–
Capital reorganisation	**111,053,487**	**55.5**	–	**55.5**
At 30 June 2020	**111,053,489**	**55.5**	–	**55.5**

Number of shares refers to 50p ordinary shares, which are authorised, issued and fully paid. There are no shares authorised and issued but not fully paid.

1 Following the disposal of the Linden Homes and Partnerships & Regeneration divisions of Galliford Try Limited (formerly Galliford Try plc), effective from 3 January 2020, the entire issued share capital of Galliford Try Holdings plc, was admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange with a corresponding cancellation of all shares of Galliford Try Limited (formerly Galliford Try plc).

At 30 June 2020 the total number of shares outstanding under the SAYE share option scheme was nil (2019: 1,606,224) and under the LTIPs was 2,248,829 (2019: 1,087,808) as detailed in the note below.

31 Share-based payments

The Company operates performance-related share incentive plans for Executives, details of which are set out in the Directors' remuneration report. The Company also operates sharesave schemes although there are no live grants as at 30 June 2020. The total charge for the year relating to employee share-based payment plans was £nil (2019: £0.9m), all of which related to equity-settled share-based payment transactions. After deferred tax, the total charge was £nil (2019: £0.8m).

Following the disposal of the housebuilding operations to Vistry Group plc on 3 January 2020 (notes 1 & 9) and the associated scheme of arrangement resulting in Galliford Try Holdings plc becoming the ultimate holding company of the Galliford Try Group, all existing savings related share options and performance-related long-term incentive plans vested or expired. Following the completion of the transaction, a new performance-related long-term incentive plan was established and 2.2m options were granted to the members of the Executive Board. As at 30 June 2020, these are therefore the sole in-flight share options.

Savings related share options

The Company operates an HMRC approved sharesave scheme under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at grant, in either three or five years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. This scheme is open to all employees meeting the minimum employment period. No performance criteria are applied to the exercise of sharesave options. There are no live grants as at 30 June 2020.

A reconciliation of savings related share awards over the year to 30 June 2020 is shown below:

	2020		2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	**1,606,224**	**908p**	1,416,686	966p
Awards	–	–	820,542	823p
Forfeited	**(30,420)**	**867p**	(57,318)	931p
Cancelled	**(164,538)**	**879p**	(526,523)	926p
Expired	**(1,390,394)**	**913p**	(42,708)	956p
Exercised	**(20,872)**	**868p**	(4,455)	862p
Outstanding at 30 June	–	–	1,606,224	908p
Exercisable at 30 June	–	–	–	–

The weighted average fair value of awards granted during the year was nil (2019: 76p). There were 20,872 share options exercised during the year ended 30 June 2020 (2019: 4,455) and the weighted average share price at the date of exercise was 868p (2019: 863p). The weighted average remaining contractual life is nil (2019: two years and four months).

31 Share-based payments (continued)

Performance-related long-term incentive plans

The Company operates performance-related share incentive plans for Executives, details of which are set out in the Directors' remuneration report. The awards that vest are satisfied by the transfer of shares for no consideration.

The outstanding options were valued using a Black-Scholes model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Shares under option	Share price at grant date	Vesting period/option life (months)	Risk free rate	Dividend yield	Fair value per option
13.03.20	2,248,829	123p	36	0.3%	3.1%	0p[1]

1 The assessment of the non-market conditions associated with this grant resulted in the fair value recognised being nil.

The expected volatility is based on historical volatility in the movement in the share price of the Company and its comparator group and the correlations between them over the last three years. The expected life is the average expected period to exercise. The risk free rate is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. A reconciliation of performance-related share awards over the year to 30 June is shown below:

	2020 Number	2019 Number
Outstanding at 1 July	1,087,808	994,630
Granted	2,248,829	627,012
Expired	(1,052,695)	(158,378)
Forfeited	–	(292,045)
Exercised	(35,113)	(83,411)
Outstanding at 30 June	2,248,829	1,087,808
Exercisable at 30 June	–	–

The weighted average fair value of awards granted during the year was 0p (2019: 0p). There were 35,113 options exercised during the year ended 30 June 2020 (2018: 83,411). The weighted average remaining contractual life is nil as the shares are exercised on the day that they vest (2018: nil).

32 Other reserves and retained earnings

Group	Notes	Other reserves £m	Retained earnings £m
At 30 June 2018 (as originally reported)		4.8	518.6
Restatement	40	–	(94.3)
Restated at 1 July 2018		4.8	424.3
Adjustment as a result of transition to IFRS 9 and IFRS 15 on 1 July 2018 (restated)		–	(10.4)
Adjusted at 1 July 2018		4.8	413.9
Profit for the year		–	86.9
Movement in fair value of PPP and other investments – continuing operations	19	–	0.8
Deferred and current tax on movements in equity – continuing operations	28	–	(0.1)
Actuarial losses recognised related to retirement benefit obligations – discontinued operations		–	(2.4)
Deferred and current tax on movements in equity – discontinued operations		–	0.7
Movement in fair value of derivative financial instruments – discontinued operations		–	0.5
Dividends paid	11	–	(79.9)
Share-based payments	31	–	0.9
Restated at 30 June 2019		4.8	421.3
Adjustment as a result of transition to IFRS 16 on 1 July 2019	1, 16 & 39	–	(1.0)
Restated at 1 July 2019		**4.8**	**420.3**
Profit for the year		–	320.4
Dividends paid	11	–	(38.9)
Actuarial gains recognised related to retirement benefit obligations – discontinued operations		–	2.0
Share-based payments – continuing and discontinued operations	31	–	0.2
Movement in fair value of PPP and other investments	19	–	(1.8)
Movement in fair value of derivative financial instruments		–	0.4
Deferred and current tax on movements in equity	28	–	(0.1)
Capital reorganisation[1]	1 & 9	227.4	(29.7)
Disposal of housebuilding divisions to Vistry Group plc	1 & 9	–	(840.0)
Impairment of investment in Galliford Try Limited and associated recycling of merger reserve to retained earnings	17	(146.5)	146.5
At 30 June 2020		**85.7**	**(20.7)**

The Group's other reserves relates to a merger reserve amounting to £85.7m (2019: £4.7m) and the movement on PPP and other investments amounting to £nil (2019: £0.1m).

Company	Notes	Other reserves £m	Retained earnings £m
On incorporation at 19 September 2019		–	–
Creation of merger reserve and other reserve on acquisition of Galliford Try Limited		232.2	–
Impairment of investment in Galliford Try Limited and associated recycling of merger reserve to retained earnings	17	(146.5)	146.5
Loss for the period		–	(46.5)
At 30 June 2020		**85.7**	**100.0**

1 Following the disposal of the housebuilding divisions of Galliford Try Limited (formerly Galliford Try plc), effective from 3 January 2020, the entire issued share capital of Galliford Try Holdings plc, was admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange with a corresponding cancellation of all shares of Galliford Try Limited (formerly Galliford Try plc).

32 Reserves (continued)

The cumulative amount of goodwill arising on acquisition and written off directly against reserves is £9.5m (2018: £9.5m).

At 30 June 2020, the Galliford Try Employee Share Trust (the Trust) held 221,603 (2019: 283,577) shares. The nominal value of the shares held is £0.1m (2019: £0.1m). No shares were acquired during the year (2019: nil) at a cost of £nil (2019: £nil) and a further £nil (2019: £nil) was paid in relation to other share related transactions. 61,974 (2019: 95,959) shares were transferred during the year. The cost of funding and administering the Trust is charged to the income statement of the Company in the period to which it relates. The market value of the shares at 30 June 2020 was £0.3m (2019: £1.8m). No shareholders (2019: none) have waived their rights to dividends.

As part of and as a result of the disposal of the housebuilding operations to Vistry Group plc on 3 January 2020 and the associated scheme of arrangement completed under Part 26 of the Companies Act 2006, the number of shares held in Galliford Try Limited (formerly Galliford Try plc) as at 3 January 2020 (221,603) were exchanged for an equivalent number of shares in Galliford Try Holdings plc and 127,189 shares in Vistry Group plc (at a rate of 0.57406 Vistry Group plc shares for each Galliford Try Limited share). As the Group is not a strategic investor and does not wish to formally trade in external shares (ie the shares held in Vistry Group plc), they are being sold in three tranches, with the first two tranches of a total of 84,792 shares sold for £1.1m cash with a residual 42,397 shares held by the Group at 30 June 2020. These shares are recorded at fair value with the movement being reflected in profit or loss.

33 Retirement benefit assets

All employees are entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution based on a scale dependent on the employee's age and the amount they choose to contribute. Since 1 July 2013 all non-participating and newly-employed staff have been auto-enrolled into the separate stakeholder plan and are entitled to increase their contribution rates in line with existing members. Since 1 April 2009, the Group has operated a pension salary sacrifice scheme which means that all employee pension contributions are paid as employer contributions on their behalf.

Pension costs for the schemes were as follows:

	2020 £m	2019 £m
Defined benefit schemes – expense recognised in the income statement	–	–
Defined contribution schemes	**15.5**	15.2
Total included within employee benefit expenses (note 5)	**15.5**	15.2

Of the total charge for all schemes £8.2m (2019: £7.3m) and £7.3m (2019: £7.9m) were included, respectively, within cost of sales and administrative expenses. £nil (2019: nil) was included within net finance costs.

Defined benefit schemes

Historically, the Group has also operated three defined benefit pension schemes under the UK regulatory framework that pay out pensions at retirement based on service and final pay, each with assets held in separate trustee administered funds: the Galliford Try Final Salary Pension Scheme, the Galliford Group Special Scheme and the Kendall Cross (Holdings) Ltd Assurance & Pension Scheme.

The prior year balance sheet (for 2019) includes all three of these schemes. However, the Group's two principal funded defined benefit pension schemes (being the Galliford Try Final Salary Pension Scheme and the Kendall Cross (Holdings) Ltd Assurance & Pension Scheme) were transferred to Vistry Group plc as part of the disposal of the Linden Homes and Partnerships & Regeneration divisions to Vistry Group plc on 3 January 2020 (see notes 1 & 9).

The most recent actuarial valuation of the remaining Galliford Group Special Scheme was prepared using the defined accrued benefit method as at 1 April 2016. No further contributions are expected to be required for this Scheme and in July 2018, an insurance bulk annuity buyout transaction was completed for £7m, securing the pensioner liabilities of the scheme. Options for winding–up the scheme are now being reviewed and it is expected that this will be completed during the coming financial year, at which time it is expected that the remaining surplus assets will be returned to the Group. Therefore, the balances detailed below represent the current value of these remaining surplus assets.

Principal assumptions

The valuation of the Group's remaining pension scheme has been updated to 30 June 2020 (albeit this relates solely to the residual assets as there are no liabilities following the buy-out completed in the prior year). The principal actuarial assumptions used in the calculation of the disclosure items are as follows:

	2020	2019
Rate of increase in pensionable salaries	**n/a**	n/a
Rate of increase in pensions in payment	**n/a**	3.10%
Discount rate	**n/a**	2.25%
Retail price inflation	**n/a**	3.25%
Consumer price inflation	**n/a**	2.25%

For the Galliford Try Final Salary Pension Scheme, the life expectancies as at 30 June 2019 were based on S2NA tables (90% scaling factor applied for males with a future improvement in mortality assumptions in line with CMI 2018 tables with a long-term rate of improvement of 1.25%).

	2020	2019
Male member age 65 (current life expectancy)	**n/a**	22.5
Male member age 45 (life expectancy at age 65)	**n/a**	23.8
Female member age 65 (current life expectancy)	**n/a**	24.5
Female member age 45 (life expectancy at age 65)	**n/a**	26.0

At 1 July 2018, the date of the last valuation, the scheme had 1,123 deferred members and 890 pensioners.

33 Retirement benefit assets (continued)

Assets in the Scheme

The fair value of the assets and present value of the obligations at 30 June of the Group's defined benefit arrangements are as follows:

	2020 Value £m	2020	2019 Value £m	2019
Equities[1]	–	0%	37.4	15%
Gilts[1]	1.0	100%	2.6	1%
Bonds[1]	–	0%	20.2	8%
Diversified growth funds[1]	–	0%	42.9	17%
Liability driven investments[1]	–	0%	57.2	23%
Cash	–	0%	1.7	1%
Unquoted insured annuities	–	0%	83.7	35%
	1.0	100%	245.7	100%
Present value of defined benefit obligations	–		(238.7)	
Surplus in scheme recognised as non-current asset	1.0		7.0	

1 Equities, gilts, bonds and the diversified growth funds are quoted assets. The asset classes are intended to minimise the volatility of the funding position.

Accounting results

The amounts recognised in the income statement for continuing operations are as follows:

	2020 £m	2019 £m
Net interest (income) on net defined benefit asset	(0.1)	(0.1)
Losses on settlements – treated as an exceptional item (note 4)	–	0.9
Net (income)/expense recognised in the income statement	(0.1)	0.8

The actual return on scheme assets was £0.1m (2019: £0.1m).

The amounts recognised in the statement of comprehensive income for continuing operations are as follows:

	2020 £m	2019 £m
Total amount of actuarial gains in the year	–	–
Cumulative actuarial gains	–	–

There were actuarial gains related to discontinued operations of £2.0m (2019: losses of £2.4m).

Movement in present value of defined benefit obligations	2020 £m	2019 £m
At 1 July	238.7	228.6
Interest cost	2.6	5.9
Experience losses	–	0.4
Actuarial loss arising from changes in financial assumptions	6.0	23.1
Actuarial (gain) arising from changes in demographic assumptions	–	(5.0)
Benefit payments	(5.2)	(11.6)
(Gains) on settlements	–	(6.2)
Past service cost	–	3.5
Disposal of liabilities to Vistry Group plc (see notes 1 & 9)	(242.1)	–
At 30 June	–	238.7

33 Retirement benefit assets (continued)

Accounting results (continued)

Movement in fair value of scheme assets	2020 £m	2019 £m
At 1 July	**245.7**	235.6
Interest income	**2.7**	6.1
Return on plan assets, excluding interest income	**8.0**	16.1
Employer contributions	**4.0**	7.2
Expenses	**(0.2)**	(0.6)
Benefit payments	**(5.2)**	(11.6)
(Losses) on settlements	**–**	(7.1)
Disposal of assets to Vistry Group plc (see notes 1 & 9)	**(254.0)**	–
At 30 June	**1.0**	245.7

Movement in fair value of net asset/(liability)	2020 £m	2019 £m
At 1 July	**7.0**	7.0
Net interest income	**0.1**	0.2
Return on plan assets, excluding interest income	**8.0**	16.1
Experience gains	**–**	(0.4)
Actuarial (losses)	**(6.0)**	(18.1)
Employer contributions	**4.0**	7.2
Expenses	**(0.2)**	(0.6)
(Losses) on settlements	**–**	(0.9)
Past service cost	**–**	(3.5)
Disposal of net assets to Vistry Group plc (see notes 1 & 9)	**(11.9)**	–
At 30 June	**1.0**	7.0

The contributions expected to be paid to the defined benefit schemes during the year ended 30 June 2020 are £nil.

34 Financial and capital commitments

The Group had no commitments for subordinated debt to joint ventures or other investments at 30 June 2020 (2019: £nil), nor any commitment for other capital expenditure.

35 Guarantees and contingent liabilities

Galliford Try Holdings plc has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of Group undertakings, including joint arrangements, amounting to £157.4m (2019: £239.2m).

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. While the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Group's financial position.

36 Related party transactions

Transactions between the Group and its related parties are disclosed as follows:

Group

	Sales to related parties 2020 £m	Sales to related parties 2019 £m	Amounts owed by related parties 2020 £m	Amounts owed by related parties 2019 £m	Amounts owed to related parties 2020 £m	Amounts owed to related parties 2019 £m
Trading transactions						
Related parties	**23.1**	8.4	**35.9**	331.6	–	24.8

	Interest and dividend income from related parties 2020 £m	Interest and dividend income from related parties 2019 £m
Non-trading transactions		
Related parties	**4.5**	3.8

The related party transactions above (sales to related parties and interest and dividend income from related parties) have been re-presented to reflect only continuing operations. Sales to related parties within discontinued operations amount to £50.3m (2019: £63.7m), interest and dividend income received from related parties amount to £11.1m (2019: £12.7m). Amounts owed by and to related parties have not been re-presented, consistent with the presentation of the balance sheet.

Sales to related parties are based on terms that would be available to unrelated third parties. Amounts owed by related parties consist predominantly of subordinated debt within the PPP and Other Investments portfolio, that if held to maturity would be due over the next 28 years (2019: 29 years). These receivables are unsecured, with interest rates varying between a range of 9% and 12%. Payables are due within one year (2019: one year) and are interest free.

Company

Transactions between the Company and its subsidiaries which are related parties, which are eliminated on consolidation, are disclosed as follows:

	Interest and dividend income from related parties 2020 £m	Interest and dividend income from related parties 2019 £m
Non-trading transactions		
Subsidiary undertakings	**100.0**	n/a

The Company has provided performance guarantees in respect of certain operational contracts entered into between joint ventures and a Group undertaking.

37 Post balance sheet events

Subsequent to the year end, the working capital adjustment in respect of the disposal of the housebuilding divisions to Vistry Group plc was provisionally agreed which will result in the working capital adjustment being £76.3m (note 9) and therefore resulting in a repayment to Vistry Group plc of £23.7m.

38 Alternative performance measures

Throughout the Annual Report and Accounts, the Group has presented financial performance measures which are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as they provide relevant information on the Group's performance. They are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. An explanation of the Group's financial performance measures and appropriate reconciliations to its statutory measures are provided below.

Providing clarity on the Group's alternative performance measures

The Group has included this note and the enclosed explanations and reconciliations with the aim of providing transparency and clarity on the measures adopted internally to assess performance.

Throughout this report the Group has presented financial performance measures which are considered most relevant to the Group and are used to manage the Group's performance. These measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as these measures provide relevant information on the Group's performance. The APMs adopted by the Group are also commonly used in the sectors it operates in.

The Board believes that disclosing these performance measures enhances investors' ability to evaluate and assess the underlying financial performance of the Group's operations and the related key business drivers.

These financial performance measures are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation.

38 Alternative performance measures (continued)

Measuring the Group's performance

The following measures are referred to in this report:

Statutory measures

Statutory measures are derived from the Group's reported financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and as issued by the International Accounting Standards Board (IASB) and in line with the Group's accounting policies, that can be found on pages 93 to 99.

The Group's statutory measures take into account all of the factors, including exceptional items which do not reflect the ongoing underlying performance of the Group.

Alternative performance measures

In assessing its performance, the Group has adopted certain non-statutory measures that more appropriately reflect the underlying performance of the Group. These typically cannot be directly extracted from its financial statements but are reconciled to statutory measures below:

a) Pre-exceptional performance

The Group adjusts for certain material one–off (exceptional) items which the Board believes assist in understanding the performance achieved by the Group as this better reflects the underlying and ongoing performance of the business.

b) Profit from operations and operating margin

The Group uses an operating profit measure which is inclusive of its share of operating profit generated from its joint ventures as this is equivalent to the operating profit generated by its subsidiaries and reflects the profitability of the total activity performed by the Group during the year. Additionally, this APM excludes exceptional items, the share of joint ventures' interest and tax and amortisation of intangible assets. Operating margin reflects the ratio of profit from operations and (pre–exceptional) revenue. This differs from the statutory measure of profit before finance costs which includes the share of joint ventures' interest and tax and amortisation of intangible assets.

A reconciliation of the statutory measure to the Group's performance measure is shown below for continuing operations:

	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Year ended 30 June 2020					
Statutory (loss)/profit before finance costs	**(54.9)**	**25.5**	**(0.5)**	**(9.5)**	**(39.4)**
add: amortisation of intangible assets (note 13)	**1.0**	**–**	**–**	**1.1**	**2.1**
exclude: exceptional items (note 4)	**2.0**	**(27.3)**	**–**	**0.2**	**(25.1)**
Pre–exceptional loss from continuing operations (excluding amortisation of intangible assets)	**(51.9)**	**(1.8)**	**(0.5)**	**(8.2)**	**(62.4)**
Pre–exceptional revenue	**719.9**	**357.1**	**8.2**	**4.4**	**1,089.6**
Operating margin – continuing operations	**(7.2)%**	**(0.5)%**	**n/a**	**n/a**	**(5.7)%**
Year ended 30 June 2019					
Statutory (loss)/profit before finance costs	(11.5)	(51.0)	4.4	(8.4)	(66.5)
add: amortisation of intangible assets (note 13)	1.0	–	–	1.1	2.1
add: share of joint ventures' interest and tax	0.1	–	0.1	–	0.2
exclude: exceptional items (note 4)	0.9	45.5	–	0.9	47.3
Pre–exceptional (loss)/profit from continuing operations (excluding amortisation of intangible assets)	(9.5)	(5.5)	4.5	(6.4)	(16.9)
Pre–exceptional revenue	858.3	527.0	17.0	0.6	1,402.9
Operating margin – continuing operations	(1.1)%	(1.0)%	n/a	n/a	(1.2)%

c) Pre-exceptional profit before tax

The Group uses a profit before tax measure which excludes exceptional items as noted above. This differs from the statutory measure of profit before income tax which includes exceptional items.

A reconciliation of the statutory measure to the Group's performance measure is shown below:

	2020 £m	2019 £m
Statutory loss before tax	**(34.6)**	(64.5)
add: exceptional items (note 4)	**(25.1)**	47.3
Pre-exceptional loss before tax	**(59.7)**	(17.2)

38 Alternative performance measures (continued)

d) Pre-exceptional earnings per share

In line with the Group's measurement of pre-exceptional performance, the Group also presents its earnings per share on a pre-exceptional basis. This differs from the statutory measure of earnings per share which includes exceptional items.

A reconciliation of the statutory measure to the Group's performance measure is shown below:

Continuing operations	2020 Earnings £m	2020 Ave number of shares	2020 EPS pence	2019 Earnings £m	2019 Ave number of shares	2019 EPS pence
Statutory results	(32.6)	110,798,602	(29.4)	(49.5)	110,704,829	(44.7)
add: exceptional items (note 4)	(20.3)	n/a	n/a	37.7	n/a	n/a
Pre-exceptional earnings per share	(52.9)	110,798,602	(47.7)	(11.8)	110,704,829	(10.7)

39 Impact of the adoption of IFRS 16 Leases

The following is the impact of transition on the individual balance sheet accounts:

	As originally stated at 30 June 2019 £m	Impact on continuing operations £m	Impact on discontinued operations £m	As at 1 July 2019 Group total £m
Right of use assets	–	25.5	16.6	42.1
Lease prepayment assets (de-recognised)	0.7	(0.4)	(0.3)	–
Lease liabilities	–	(25.6)	(17.9)	(43.5)
Lease accrual liabilities (de-recognised)	(0.9)	0.2	0.7	–
Deferred tax (associated with leases)	–	–	0.2	0.2
Net impact on retained earnings on transition at 1 July 2019	(0.2)	(0.3)	(0.7)	(1.2)

The following is a reconciliation of the operating lease commitment disclosed at 30 June 2019 to opening lease liability at 1 July 2019:

	£m
Operating lease commitment disclosed at 30 June 2019	41.6
Less: short term leases[1]	(1.9)
Balance of commitment	39.7
Discounted at the incremental borrowing rate[2]	(2.6)
Adjustments as a result of a different lease term under IFRS 16	6.4
Lease liability recognised at 1 July 2019	43.5

1 Short term leases and leases of low value assets are expensed on a straight-line basis over the term of the lease.
2 The weighted average borrowing rate was 3.77%, with a range of values between 3.10% and 5.98%.

Impact in the period

As a result of the application of IFRS 16, the operating lease rental expense previously charged to operating profit in the income statement is replaced by an amortisation charge for the 'right of use' assets recognised in operating profit and an interest charge on the lease liabilities recognised in finance costs. During the year ended 30 June 2020, for the total Group including continuing and discontinued operations, the depreciation charge relating to right of use assets was £9.3m and the interest charge was £1.0m. Further lease charges have been recognised as operating expenses of £12.1m in respect of exempt short term leases and £0.4m in respect of exempt low value long term leases.

40 Prior year adjustments

The Group has a number of prior year adjustments, primarily as a result of revisiting the initial application of the accounting standards IFRS 9 and 15 and as a result of discussions with the FRC's Corporate Reporting Review Team ('CRRT') following the conclusion of their review of the Group's 2018 financial statements.

Their review was based on the Group's Annual Report and Accounts and did not benefit from detailed knowledge of Galliford Try's business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework.

As a result of the opening net assets for the comparative year being adjusted following the application of these prior year adjustments, an additional prior year comparative consolidated balance sheet (as at 30 June 2018) has also been disclosed.

The prior year adjustments relate to:

- AWPR contract accounting
- Accounting for downstream claims
- Accounting for other legacy contracts

The total impact of these adjustments is summarised below:

(i) AWPR contract

As at 30 June 2018 and 30 June 2019, the Group had recognised an asset (within 'Trade and Other Receivables') in relation to the AWPR contract, in respect of the amount assessed to be recoverable from claims against the client, Transport Scotland (TS). The Group had previously considered that this balance was assessed in accordance with the appropriate accounting standard (IAS 11 Construction Contracts) as at 30 June 2018. Reference to these expected recoveries was included in the Annual Report at 30 June 2018 and 30 June 2019.

As disclosed in the Group's 30 June 2019 financial statements, the CRRT undertook a review of the Group's 30 June 2018 financial statements. Following this review and discussions held between the CRRT and the Group, the Group has revised its assessment as to whether negotiations with TS had reached a sufficiently advanced stage to allow the Directors to reliably assess the amount of revenue expected to be recovered and concluded that it was incorrect to recognise revenue and the associated contract asset in respect of the claim under IAS 11 as at 30 June 2018, or under IFRS 15 as at 30 June 2019.

The Group has therefore undertaken a prior year adjustment to reverse the recognition of the Trade and Other Receivables balance of £80.0m (and the associated tax liability), reduce those items to nil and to restate retained earnings by £64.8m as at 30 June 2018 and 30 June 2019. This adjustment would have reduced revenue and profit before tax in the years to 30 June 2017 and 30 June 2018 by £62.5m and £17.5m respectively.

As a result of the above adjustments, following settlement with the client, the Group has recognised exceptional income of £32.0m (net of final cost estimates of £4.0m) in the year to 30 June 2020 (note 4).

(ii) Downstream claims

On adoption of IFRS 15 from 1 July 2018, as disclosed in the 30 June 2019 financial statements, the Group concluded that the recognition of expected reimbursements resulting from certain third–party claims (previously accounted for under IAS 11 Construction Contracts) would now be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The requirements of IAS 37 are more stringent than IAS 11, requiring recovery to be 'virtually certain' before an asset can be recognised. Accordingly, in the 30 June 2019 financial statements, the Group included £28.7m as a net IFRS 15 transition adjustment.

As part of its review of the financial statements for the year ended 30 June 2018, the CRRT challenged the Group as to whether or not it was in sufficiently advanced negotiations with third parties over certain downstream claims to warrant recognising an asset under the previous IAS 11 accounting standard. The Group has reviewed its accounting at 30 June 2018 and concluded that it had incorrectly recognised net assets of £21.9m at 30 June 2018 relating to these downstream claims under IAS 11. Therefore, the Group is now of the opinion that £21.9m of the total net balance of £28.7m that was derecognised on transition to IFRS 15 on 1 July 2018 should have been presented as the correction of an error under IAS 11 at 30 June 2018. This adjustment would have increased cost of sales and reduced profit before tax in the years to 30 June 2016 and earlier, 30 June 2017 and 30 June 2018 by £13.8m, £8.7m and £4.6m respectively.

(iii) Other contract assets

On 23 December 2019, the Group announced that an adverse adjudication on a historical contract had resulted in a loss of £9.4m. On reviewing this adjudication decision, the Group has reconsidered whether or not the amount of revenue previously recognised in relation to this contract met the criteria for recognition under IAS 11 and IFRS 15. As a result, the Group is now of the opinion that it had overstated revenue by £8.0m and had understated costs by £1.4m as at 30 June 2018 and 30 June 2019. The impact of the correction of this error is to reduce retained earnings at 30 June 2018 and 30 June 2019 by £7.6m, increase trade and other payables by £9.4m and to reduce the corporation tax creditor by £1.8m. This adjustment would have reduced revenue by £8.0m, increased cost of sales by £1.4m and reduced profit before tax by £9.4m in the year ended 30 June 2018.

The impact of these adjustments to the reported prior year net assets can be summarised as below:

	30 June 2019 £m	30 June 2018 £m
Closing net assets as originally reported	**751.7**	776.5
Net asset restatement in respect of:		
(i) AWPR contract	**(64.8)**	(64.8)
(ii) Downstream claims	**–**	(21.9)
(iii) Other contracts assets	**(7.6)**	(7.6)
Total net asset restatement	**(72.4)**	(94.3)
Restated closing net assets	**679.3**	682.2

40 Prior year adjustments (continued)

(iii) Other contract assets (continued)

The impact on the individual balances in the balance sheet as at 30 June 2019 is shown below:

	30 June 2019 as reported £m	Adjustment (i) £m	Adjustment (ii) £m	Adjustment (iii) £m	30 June 2019 restated £m
Assets					
Non-current assets					
Intangible assets	11.8	–	–	–	11.8
Goodwill	159.6	–	–	–	159.6
Property, plant and equipment	16.2	–	–	–	16.2
Investments in joint ventures	67.0	–	–	–	67.0
PPP and other investments	41.6	–	–	–	41.6
Trade and other receivables	238.4	–	–	–	238.4
Retirement benefit asset	7.0	–	–	–	7.0
Deferred income tax assets	1.3	–	–	–	1.3
Total non-current assets	542.9	–	–	–	542.9
Current assets					
Developments	876.7	–	–	–	876.7
Trade and other receivables	754.3	(80.0)	–	–	674.3
Current income tax assets	–	6.9	–	1.8	8.7
Cash and cash equivalents	591.2	–	–	–	591.2
Total current assets	2,222.2	(73.1)	–	1.8	2,150.9
Total assets	2,765.1	(73.1)	–	1.8	2,693.8
Liabilities					
Current liabilities					
Financial liabilities					
– Borrowings	(547.8)	–	–	–	(547.8)
Trade and other payables	(1,253.1)	–	–	(9.4)	(1,262.5)
Current income tax liabilities	(8.3)	8.3	–	–	–
Provisions for other liabilities and charges	(0.4)	–	–	–	(0.4)
Total current liabilities	(1,809.6)	8.3	–	(9.4)	(1,810.7)
Non-current liabilities					
Financial liabilities					
– Borrowings	(100.0)	–	–	–	(100.0)
– Derivative financial liabilities	(0.4)	–	–	–	(0.4)
Other non-current liabilities	(103.0)	–	–	–	(103.0)
Provisions for other liabilities and charges	(0.4)	–	–	–	(0.4)
Total non-current liabilities	(203.8)	–	–	–	(203.8)
Total liabilities	(2,013.4)	8.3	–	(9.4)	(2,014.5)
Net assets	751.7	(64.8)	–	(7.6)	679.3

41 Group undertakings

In accordance with section 409 of the Companies Act, the following is a list of all of the Group's undertakings as at 30 June 2020.

(i) Subsidiary undertakings

Entity name	Registered office or principal place of business	Shareholding (direct or indirect)
Alumno GT Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Alumno GT Management Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Birch Construction Division Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Chancery Court Business Centre Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Charles Gregory (Civil Engineering) Limited	Miller House, Pontefract Road, Normanton, WF6 1RN	100%
Charles Grip Surfacing Limited	Miller House, Pontefract Road, Normanton, WF6 1RN	100%
Construction Holdco 1 Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Construction Holdco 2 Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Linden Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Brick Factors Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Building 2014 Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Construction Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Construction & Investments Holdings Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Construction Holdco Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Corporate Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Employment Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Facilities Management Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try HPS Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Infrastructure Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try International Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Investments Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Investments NEPS Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Plant Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Properties Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Qatar Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Secretariat Services Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Services Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Supplies Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Telecoms Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT (Barking and Havering) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT (Buidheann) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (Leeds) Lift Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT (Leicester) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT (North Hub) Investments Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (North Tyneside) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT (Scotland) Construction Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Asset 24 Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Camberwell (Holdings) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT Camberwell Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT Car Parks Leicester (Holdings) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT Car Parks Leicester Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT Emblem Investments Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Guildford Crescent Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
GT Integrated Services Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Inverness Investments Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT PPP Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Telford (Holdings) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%

41 Group undertakings (continued)

Entity name	Registered office or principal place of business	Shareholding (direct or indirect)
GT TMGL Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Investments Consultancy Services Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Kingseat Development 1 Limited	Morrison House, Kingseat Business Park, Kingseat, Newmachar, Aberdeenshire, AB21 0AZ	100%
Kingseat Development 3 Limited	13 Queen's Road, Aberdeen, AB15 4YL	100%
Morrison Construction Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Morrison Highway Maintenance Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Oak Dry Lining Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Oak Fire Protection Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Galliford Try Estates Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Primaria Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Regeneco (Services) Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Regeneco Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Rock & Alluvium Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Schools for the Community Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Try Accord Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Try Construction Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Try Group Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%
Leicester GT Education Company Limited	Cowley Business Park, Uxbridge, UB8 2AL	100%

All subsidiary undertakings are incorporated in the UK unless otherwise specified and are included in the consolidated financial statements of the Group as a majority of voting rights are held in each case.

No company is dormant and exempt from preparing individual accounts by virtue of s394A of Companies Act 2006 and/or from filing individual accounts with the registrar by virtue of s448A of Companies Act 2006.

(ii) Joint venture undertakings

Entity name	Registered office or principal place of business	Proportion of capital held	Financial year end
Aberdeen Roads (Finance) PLC	Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown, Scotland, ML1 4WQ	33%	31-Dec
Aberdeen Roads Holdings Limited	Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown, Scotland, ML1 4WQ	33%	31-Dec
Aberdeen Roads Limited	Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown, Scotland, ML1 4WQ	33%	31-Dec
ACP: North Hub Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%	31-Dec
Community Ventures (Management) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	60%	30-Sep
Community Ventures Investments Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	60%	30-Sep
Community Ventures Partnerships Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	60%	30-Sep
GBV JV Limited	Cowley Business Park, Uxbridge, UB8 2AL	50%	30-Jun
GT Equitix Inverness Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%	31-Mar
GT Equitix Inverness Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%	31-Mar
Hub South East Scotland Limited	8 Melville Street, Edinburgh, EH3 7NS	50%	31-Mar
Kingseat Development 2 Limited	Morrison House, Kingseat Business Park, Kingseat, Newmachar, Aberdeenshire AB21 0AZ	50%	30-Jun
Space Scotland Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	83%[1]	31-Mar
Urban Vision Partnership Limited	Civic Centre, Chorley Road, Swinton, M27 5AS	30%	31-Dec

The above entities are all incorporated in the UK and considered to be joint ventures based on the shareholding agreements in place.

1 Treated as a joint venture as indicated by its joint venture agreement.

41 Group undertakings (continued)
(iii) Associated and other significant undertakings

Entity name	Registered office or principal place of business	Proportion of capital held by class
Aberdeen Community Health Care Village Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Alliance Community Partnership Limited	Avondale House, Suites 1l – 1o Phoenix Crescent Strathclyde Business Park, Bellshill, North Lanarkshire, Scotland, ML4 3NJ	10%
Galliford Try Qatar LLC	PO Box 11726 Doha, State of Qatar (incorporated in Qatar)	49%
Hub North Scotland (Alford) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (FWT) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (O&C) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (O&C) Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
James Gillespie's Campus Subhub Holdings Limited	8 Melville Street, Edinburgh, EH3 7NS	50%
James Gillespie's Campus Subhub Limited	8 Melville Street, Edinburgh, EH3 7NS	50%
LBP DBFM Holdco Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
LBP DBFMco Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
ELCH DBFMCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
ELCH DBFM Holdco Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
WCHS DBFMCo Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
WCHS DBFM Holdco Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
JICC DBFMCo Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
JICC DBFM Holdco Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
QHS DBFMCo Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
QHS DBFM Holdco Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 1 Subhub Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 1 Subhub Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 2 DBFM HoldCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 2 DBFMCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
Durham & Tees Community Ventures Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures Primary Care Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures HoldCo (No.1) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures FundCo (No.1) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures HoldCo (No.2) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures FundCo (No.2) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures HoldCo (No.3) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures FundCo (No.3) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures HoldCo (No.4) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures FundCo (No.4) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Durham & Tees Community Ventures HoldCo (No.5) Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	18%
Hub North Scotland (I&F) Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Tees & Durham (LIFT) Investments Limited	4340 Park Approach, Thorpe Park, Leeds, LS15 8GB	30%
Hub North Scotland (I&F) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub SW Cumbernauld DBFMCo Limited	Avondale House, Suites 1l – 1o Phoenix Crescent Strathclyde Business Park, Bellshill, North Lanarkshire, ML4 3NJ	6%
Hub SW Cumbernauld Holdco Limited	Avondale House, Suites 1l – 1o Phoenix Crescent Strathclyde Business Park, Bellshill, North Lanarkshire, ML4 3NJ	6%

The above entities are all incorporated in the UK except Galliford Try Qatar LLC which is incorporated in Qatar.

Entities listed above with 50% ownership percentage are treated as associates as indicated by their ownership agreements.

Five-year record (unaudited)

	2016 £m	2017 £m	2018 (restated – note 40) £m	2019[1] (restated – note 40) £m	**2020[1] £m**
Revenue	2,494.9	2,662.1	2,931.6	1,400.1	**1,121.6**
Profit/(loss) before exceptional items	135.0	147.6	188.7	(17.2)	**(59.7)**
Exceptional items	–	(88.9)	(45.0)	(47.3)	**25.1**
Profit/(loss) before taxation	135.0	58.7	143.7	(64.5)	**(34.6)**
Tax	(26.1)	(10.0)	(25.4)	15.0	**2.0**
Profit/(loss) after taxation attributable to shareholders	108.9	48.7	118.3	(49.5)	**(32.6)**
Fixed assets, investments in joint ventures, PPP and other investments	60.8	72.6	93.4	124.8	**44.7**
Intangible assets and goodwill	152.2	179.1	174.9	171.4	**85.0**
Net current assets/(liabilities)	633.2	509.6	579.8	340.2	**(14.4)**
Long-term receivables	78.0	113.7	155.9	246.7	**28.1**
Long-term payables and provisions	(324.2)	(299.5)	(321.8)	(203.8)	**(22.9)**
Net assets	600.0	575.5	682.2	679.3	**120.5**
Share capital	41.4	41.4	55.5	55.5	**55.5**
Reserves	558.6	534.1	626.7	623.8	**65.0**
Shareholders' funds	600.0	575.5	682.2	679.3	**120.5**
Dividends per share (pence)	82.0	86.0	77.0	58.0	–
Basic earnings per share (pence)[2]	132.5	53.1	121.1	(10.7)	**(47.7)**
Diluted earnings per share (pence)[2]	131.3	52.9	120.6	(10.6)	**(47.7)**

1 2019 and 2020 Income Statement and earnings per share balances reflect continuing operations only accounted for in accordance with IFRS 5 (2016-2018 reflects the total Group in those years including housebuilding). The 2019 balance sheet reflects the whole Group in that year.

2 Pre-exceptional.

The results for the years ending 30 June 2016, 2017 and 2018 have not been restated either for the impact of the discontinued operations or the impact of the transition to IFRS 9 and IFRS 15 at the relevant dates whilst 2019 has not been restated for the impact of the transition to IFRS 16.

Shareholder information

Financial calendar 2020

Half year results announced	12 March
Full year results announced	16 September
Annual General Meeting	13 November

Shareholder enquiries

The Company's registrars are Equiniti Limited. They will be pleased to deal with any questions regarding your shareholding or dividend payments. Please notify them if you change your address or other personal information. Call the shareholder contact centre on 0371 384 2202. Lines open from 8.30am to 5.30pm, Monday to Friday; overseas shareholders should call +44 121-415-7047 or, alternatively, write to them at:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

You can find a number of shareholder services online via their website at www.shareview.co.uk, including the portfolio service which gives you access to more information on your investments such as balance movements, indicative share prices and information on recent dividends. You can also register your email address to receive shareholder information and Annual Report and Financial Statements electronically.

Share dealing service

A telephone and internet dealing service is available through Equiniti which provides a simple way of buying and selling Galliford Try shares. Commission is currently 1.5% with a minimum charge of £60 for telephone dealing and a minimum charge of £45 for internet dealing. For telephone sales call 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday, and for internet sales log on to www.shareview.co.uk/dealing. You will need your shareholder reference number as shown on your share certificate. Share dealing services are also widely provided by other organisations. The Company is listed on the London Stock Exchange under the code GFRD and the SEDOL and ISIN references are BKY40Q3 and GB00BKY40Q38.

Group website

You can find out more about the Group on our website www.gallifordtry.co.uk which includes a section specifically prepared for investors. In this section you can check the Company's share price, find the latest Company news, look at the financial reports and presentations as well as search frequently asked questions and answers on shareholding matters. There is also further advice for shareholders regarding unsolicited boiler room frauds.

Company contact

Contact with existing and prospective shareholders is welcomed by the Company. If you have any questions please contact the General Counsel & Company Secretary, either at the registered office or via email (kevin.corbett@gallifordtry.co.uk).

Analysis of shareholdings at 30 June 2020

Size of shareholding	% of holders	Number of holders	% of shares	Number of shares
1 – 10,000	92.35%	3,635	3.56%	3,948,514
10,001 – 50,000	3.76%	148	2.99%	3,325,533
50,001 – 500,000	2.72%	107	14.86%	16,504,363
500,001 – highest	1.17%	46	78.59%	87,275,079
Total	100.00	3,936	100.00%	111,053,489

Registered office

Galliford Try Holdings plc
Cowley Business Park
Cowley
Uxbridge
Middlesex
UB8 2AL

Stockbrokers

Peel Hunt LLP
HSBC Bank plc

Bankers

Barclays Bank PLC
HSBC Bank PLC

Registration

England and Wales 12216008

Independent auditor

BDO LLP

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