ANNUAL REPORT & ACCOUNTS 2015

CALA GROUP

CALA GROUP (HOLDINGS) LIMITED

BROCKENHURST ROAD, ASCOT, BERKSHIRE

CONTENTS

ORCHARD GREEN, BEACONSFIELD, BUCKINGHAMSHIRE

"I AM DELIGHTED TO PRESENT ANOTHER EXCEPTIONAL SET OF RESULTS FOR CALA GROUP AT SUCH AN EXCITING TIME OF CHANGE AND GROWTH FOR THE BUSINESS."

A. MARK COLLINS,
Non-Executive Director (Acting Chairman)

I am delighted to present another exceptional set of results for CALA Group (Holdings) Limited at such an exciting time of change and growth for the business.

The group has delivered a 90% increase in profit before tax, exceptional items and revaluation of financial instruments to £50.9 million, which includes the first full year's contribution from Banner Homes Group Plc ('Banner') following the acquisition of the business in March 2014. This has generated a return on capital employed of 18.4% which is particularly impressive during a period of significant capital investment and major corporate acquisition.

This record financial performance has been achieved during a transformational period for the group that has seen us deliver the first year of significant volume growth from our new strategic plan with the backing and financial support of our shareholders, Patron Capital and Legal & General.

Market conditions during the year have been favourable for the wider industry, with the continued support of Help to Buy, record low mortgage interest rates and strong employment growth all helping to deliver higher volumes and increased sales prices. However, there are still some notable challenges facing the sector such as the availability of skilled professionals and the shortage of site labour, both of which are fundamental issues that need to be addressed as the UK seeks to build the required 240,000 homes per year in order to meet housing need.

I am particularly pleased by the group's response to these areas with greater investment in our workforce and the introduction of graduate and apprenticeship programmes on an unprecedented scale for CALA. This is essential given our growth plans and ambitions to extend our reach to a greater number of aspirational homeowners within our key markets.
In addition, given our plans to expand in a controlled manner, we have invested considerable time during the course of the year in exploring how we best balance the social, environmental and financial considerations that drive a sustainable business.


PETERSGATE, KINGSTON, SURREY

At an operational level, the performance of our land teams during the year has been exceptionally strong in what has generally been a disciplined and orderly land market. As a consequence, we have raised our land buying hurdle by 1% to a gross margin of 24% with effect from 1 July 2015. The business is set up well for further significant growth in the years ahead and, combined with the determination and experience of our management team, I am confident that another step-change in CALA's performance can be delivered in 2016.

During the year John Pollock stepped down from the board upon his retirement from Legal & General. I would like to thank him for his excellent contribution and wish him well in his retirement. We welcome back Paul Stanworth from Legal & General who rejoins the board as Non-Executive Director.

Our success in 2015 has been driven by the professionalism, hard work and commitment of our talented employees who have embraced energetically the multiple challenges of managing a fast growing business whilst integrating a significant corporate acquisition. I would like to thank the board, our two main shareholders, all CALA staff and business partners for their magnificent support and contribution to a year of record achievement, as we look ahead to another year of strong growth and continued development.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

993 ↑ +34%
HOMES SALES
(2014: 743)

£511.6M ↑ +79%
REVENUE
(2014: £285.4 million)

£50.9M ↑ +90%
PROFIT BEFORE TAX
(2014: £26.8 million)
Before exceptional items and revaluations

23.4% ↑ +0.6%
HOUSE SALES GROSS MARGIN
(2014: 22.8%)

14.3% ↑ +0.7%
OPERATING MARGIN
(2014: 13.6%)

18.4% ↑ +3.5%
RETURN ON CAPITAL EMPLOYED
(2014: 14.9%)

SOLD

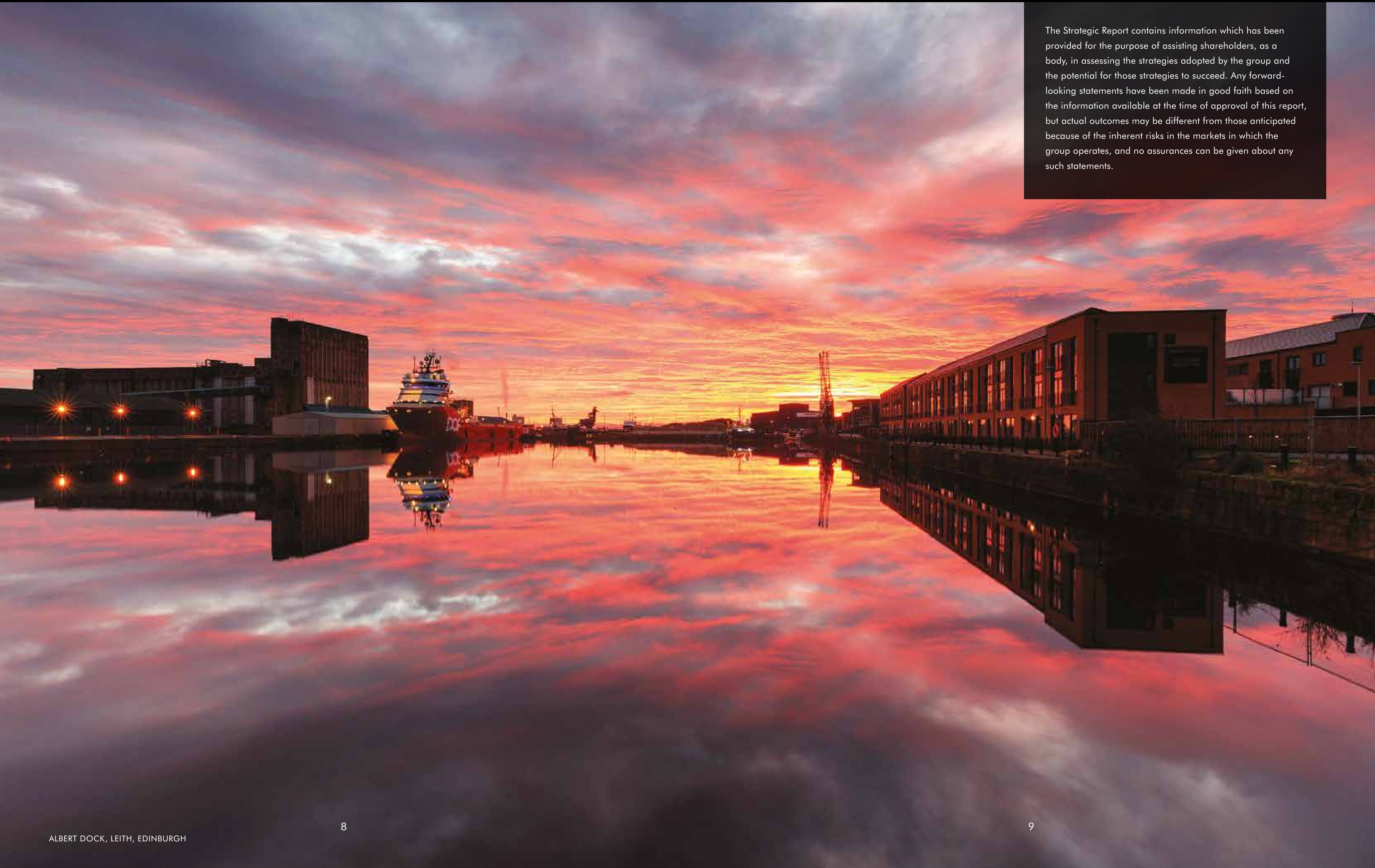
£509,000 ↑ +20%
PRIVATE ASP
(2014: £423,000)

£5.2 Billion ↑ +11%
CONTRACTED LANDBANK
(2014: £4.7 billion)
Gross Development Value ('GDV')

89 ↓ –1
OVERALL CUSTOMER SATISFACTION SCORE
(2014: 90)

STRATEGIC REPORT

The Strategic Report contains information which has been provided for the purpose of assisting shareholders, as a body, in assessing the strategies adopted by the group and the potential for those strategies to succeed. Any forward-looking statements have been made in good faith based on the information available at the time of approval of this report, but actual outcomes may be different from those anticipated because of the inherent risks in the markets in which the group operates, and no assurances can be given about any such statements.



ALBERT DOCK, LEITH, EDINBURGH

WHO WE ARE

CALA is the UK's most upmarket major homebuilder, a leading provider of high quality homes in affluent areas of southern England and Scotland.

Our brand is highly regarded within the industry and aspirational for many homebuyers. At £509,000, we have the highest private average selling price ('ASP') of the top 20 major UK homebuilders outside central London.

Our homes are positioned as premium, rather than luxury, with only 6% of group revenue coming from homes priced above £1 million.

WHAT WE DO

We are differentiated by our clear focus on delivering excellent customer service and building high quality, well designed, sustainable homes and communities in prime locations.

We are different to other UK major homebuilders in the following key areas:

MARKET

- Affluent areas of the UK
- Predominantly family housing
- Financially resilient and equity-rich customers

PRODUCT

- Best quality in the industry
- First class customer service
- Design excellence

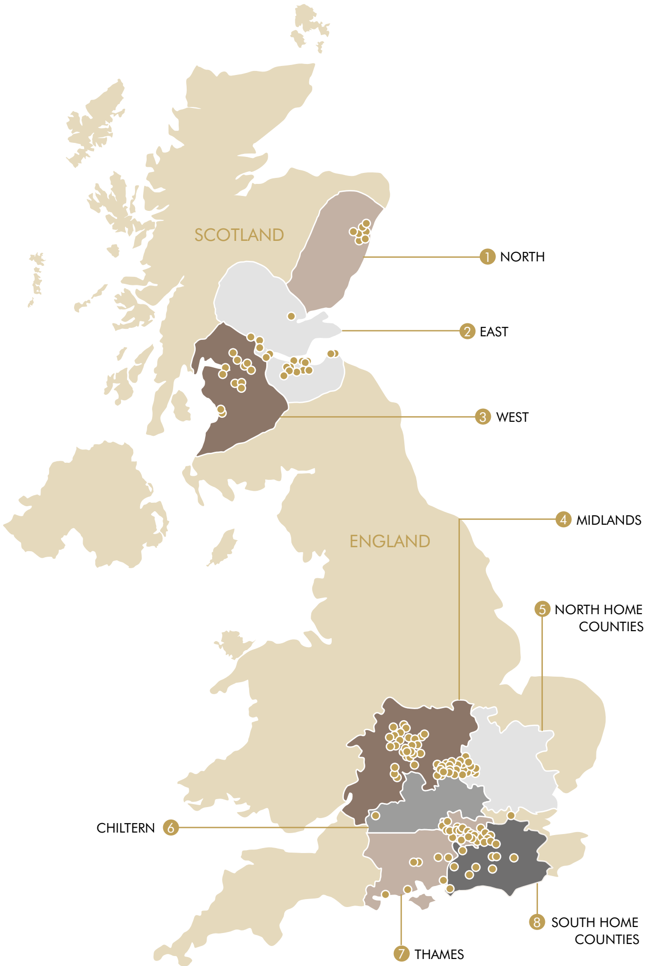
GEOGRAPHY

- UK business – South East focused
- Affluent areas of the Midlands and Scotland

PEOPLE

- Culture
- Empowerment
- Challenge and reward
- Engaged and enabled

We operate through eight regional businesses in the UK. Four of these cover the Home Counties excluding central London, with a fifth operating in the southern Midlands. CALA is also the leading premium homebuilder in Scotland, where we have three regional businesses covering the principal cities of Glasgow, Edinburgh and Aberdeen.



OUR STRATEGY

CALA's core strategy is to accelerate the growth of the group to optimise the operational efficiency of our eight regional businesses and enhance our premium market positioning. Operational efficiency means having a business of sufficient scale to maximise the absorption of our overhead structure.

We will ensure our strategy generates value for shareholders in a responsible and controlled manner by adopting the following key principles:

FINANCIAL

Maintain a resilient balance sheet through the business cycle with a clear focus and disciplined approach to margin delivery and return on capital.

CULTURAL

Conduct our business in an open and professional manner underpinned by strong ethical values that promote good decision-making under a comprehensive corporate governance framework.

SUSTAINABLE

Make a positive contribution to those stakeholders and communities impacted, directly and indirectly, by our business activities and create an enduring legacy for future generations.

OUR TARGETS

Our overriding strategic objective is to reinforce CALA's position as the UK's most upmarket major homebuilder, delivering high quality sustainable returns. We will achieve this through the following six key areas of focus:

1. CUSTOMERS

The quality of what we deliver to our customers and the way in which we service and care for them is the principal driver of our business. Our priorities are to:

- Provide industry leading service to our customers
- Deliver high quality, well designed homes to our customers
- Maintain every year, our 5-star rating in the HBF National New Home Customer Satisfaction Survey

2. PEOPLE

Our success as a company relies on the dedication, commitment and talent of our teams. To facilitate their delivery in a competitive and challenging environment we will:

- Ensure our staff are engaged and enabled
- Increase our intake of graduates and apprentices and help upskill the industry
- Protect our culture that empowers our staff and nurtures high performance

3. FINANCIAL

CALA's operating platform and network of eight regional businesses is structured with the potential capacity of 2,000 – 2,500 homes based on current market conditions. Our key medium-term financial targets are:

- Revenue of circa £1 billion within 5 years
- Operational efficiency optimised by 2018, commencing 2016
- Return on capital employed > 20% from 2016

4. LANDBANK

A strong landbank of sufficient length is essential to deliver sustainable financial returns and in that regard our land priorities are to:

- Meet our annual land buying volume targets at or above our target gross margin hurdle rate (currently 24%)
- Ensure the majority of homes sold annually originate from our strategic landbank or from land acquired subject to delivery of planning permission
- Maintain a high quality, high margin landbank in premium locations

5. HEALTH AND SAFETY

The safety of our staff, subcontractors and customers is our primary concern and our priorities in this area are to:

- Promote a strong safety culture across the organisation
- Maintain a rigorous health and safety inspection regime
- Target zero accidents reportable under RIDDOR

6. SUSTAINABILITY

Our aim is to make a positive contribution to those affected by our business activities by:

- Adopting a consultative approach to our design and planning activities that engages local communities, interest groups and Local Authorities
- Creating attractive, well designed places that are seen as a valuable legacy for the communities in which we build
- Reducing the environmental impact of our offices and sites
- Maximising the impact and contribution of our new Sustainability Forum

HOW WE DO IT

CUSTOMER SERVICE

At CALA we take great pride in our industry leading customer service. CALA remains the only mainstream homebuilder to have achieved an unqualified maximum 5-star rating in the HBF National New Home Customer Satisfaction Survey in each of the last six years.

A commitment to customer service excellence is embedded in our culture and at the heart of everything we do, from the design and finish of the homes we build to the home buying process and post occupation experience. This is what defines the CALA brand and our premium market positioning.

ACQUIRING LAND

Land is the most critical ingredient in delivering our business strategy. Our business model is founded on contracting or acquiring, at an optimal price, sufficient land in premium, sustainable locations within our areas of operation. All land acquisition proposals must meet our profit margin and internal rate of return targets.

DESIGN AND PLANNING

We rely on the skills of our project teams to secure appropriate planning permission through extensive consultation with key stakeholders to deliver an attractive development proposition for our customers and the local community. Integral to this is our focus on outstanding design, in keeping with the areas in which we build, which reinforces the aspirational positioning of our developments. We use our planning expertise and design focus to seek out opportunities using a different perspective that will maximise the financial returns on land we acquire.

BUILDING

We partner with selected sub-contractors, which, combined with the skill, care and attention of our own site teams, enables CALA to deliver high quality homes, built safely, efficiently and with minimal impact on the environment.

MARKETING AND SELLING

FOR SALE

We sell a variety of homes, from apartments to detached houses, predominantly to owner occupiers. Our customers tend to have medium to high levels of financial stability, high financial sophistication and high income. Our customers also include investors and affordable housing providers. We optimise sales prices and sales rates through our professional sales approach, supported by a strong and distinctive marketing presence.

THE BLUEBELLS, PEBWORTH, WORCESTERSHIRE

CHIEF EXECUTIVE'S REVIEW

"WE HAVE ENJOYED A VERY SUCCESSFUL 2015, A SUPERB YEAR OF RECORD DELIVERY ON A DIFFERENT LEVEL TO THAT ACHIEVED BY CALA BEFORE."

ALAN D. BROWN,
Chief Executive

2015 has been another hugely successful 12 months for the group, delivering our first year of significant growth following the strategy set with our major shareholders in 2013 and achieving record figures across all our financial key performance indicators ('KPIs').

We increased the number of homes sold by 34% to 993 (2014: 743) which, combined with an increase in the private ASP to £509,000, has driven turnover to a record £511.6 million, up 79% compared with last year. Achieving such a significant change in activity levels is commendable in its own right but it is testament to the unstinting commitment and hard work of our employees that, at the same time, we also completed the full integration of Banner as planned and on schedule.

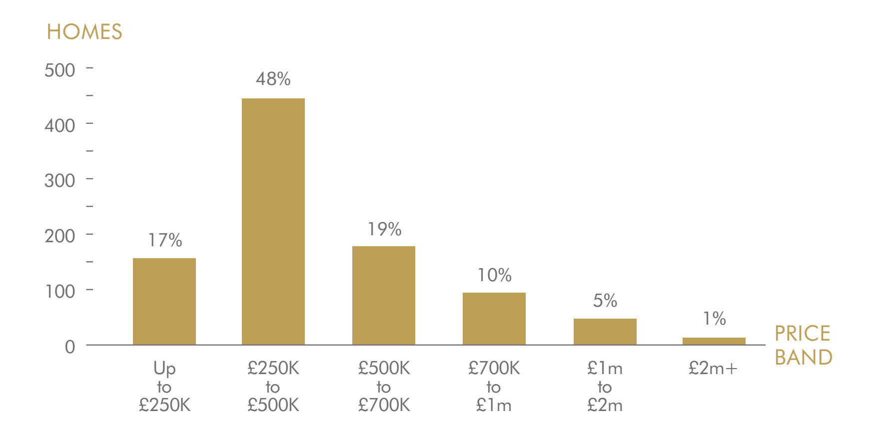
It is now just over a year since we acquired Banner and I am very pleased with the contribution the acquisition has made to our strategic objectives and the additional value that has been realised, not only directly from the Banner business but also due to the increased scale of the enlarged group. The acquisition has very much delivered for CALA as I had hoped.
We are now operating as one team with a very clear focus and delivering synergies on multiple fronts.

The delivery of excellent health and safety, first class customer service and a high quality product are key non-financial priorities for the group, and we are passionate about succeeding in these hugely important areas that really define the nature of our company. During the year we retained the maximum 5-star rating in the HBF National New Home Customer Satisfaction Survey, which we have now held for each of the last six years. We receive consistently high scores for our customer service performance and our overall customer satisfaction score as measured by external consultants In-house Research was 89, with 96% of our customers saying they would recommend CALA, reinforcing our market-leading position.

The skill, care and attention shown by our site teams are vital to delivering for our customers and once again, I am very pleased that a number of them have been recognised for their outstanding performance. This year we have had 12 NHBC Pride in the Job quality award winners and one Silver Award in the Considerate Constructors Scheme 2015 National Site Awards.

The excellence of our business has been externally recognised with a number of prestigious awards during the year including silver for the UK's 'Best Medium Housebuilder' at last year's What House? ceremony and the UK's 'Best Brownfield Development' accolade for Albert Dock, Edinburgh. In addition CALA was crowned Scottish Housebuilder of The Year 2015 at this year's Scottish Home Awards.

HOME SALES BY PRICE BAND



MARKET REVIEW

Two major political events occurred during the year with the results from the Scottish Referendum in September 2014 and the UK General Election in May 2015 both providing welcome continuity for the economic recovery, which has been positive for the business environment and housing market.

Growing consumer confidence has translated into strong demand for new homes during the financial year, with higher transaction levels supported by employment growth, good mortgage access, record low mortgage interest rates and the Government's Help to Buy equity loan scheme. Although the latter has limited direct impact on CALA due to our market positioning, with less than 9% of private completions using Help to Buy, the scheme is an essential support measure for the broader industry at this time. It is therefore positive, that although Help to Buy (Scotland) is now fully subscribed, a new shared equity scheme aimed at affordable new-build homes has recently been announced.

Notable fiscal initiatives during the year in the shape of changes to the Stamp Duty Land Tax ('SDLT') regime and introduction of the new Land and Buildings Transaction Tax ('LBTT') in Scotland have been supportive to the wider housing market. Although these changes add to the cost of ownership for more expensive homes, we have not seen a detrimental impact on our sales performance as our exposure to the upper end of the housing market is limited, despite our premium positioning. Indeed, the SDLT reforms in particular have had a positive impact on our business.

The structural demand and supply imbalance in the housing market remains acute despite more new homes being built and an increase in the number of planning permissions granted. As a result, house prices have continued to rise during the financial year, albeit at sustainable levels and we have seen modest underlying sales price increases of around 4-5% across our operating areas, compared with budgets set a year ago. One notable change in market conditions during the year has been in Aberdeen, where the fall in the oil price has resulted in a sharp slowdown in economic activity from the overheated operating environment that existed up until the end of the 2014 calendar year. However, we remain confident of our position in Aberdeen, with our long-standing experience of operating in this market and the strong financial performance delivered by our North region during the year. This, as well as the operational flexibility we enjoy as a business, gives us confidence that we can adapt to any market changes on the back of this latest round of oil price volatility. Our North business represents only 8% of group revenue and therefore the potential impact on the group is limited in any event. There has been no impact on our other two Scottish businesses.

In line with the wider industry, one of the principal challenges facing our business, which has been a constraint on volume delivery, is the availability of skilled tradesmen particularly in the South East of England. Despite CALA's significant growth plans, we don't believe this will limit our ambitions given the size of our business relative to the wider industry. Nonetheless, this remains difficult to manage and has been the main driver of the increase to our production costs during the year. We have sought to alleviate these pressures through the expansion of our subcontractor base, but it is likely to take some time for this to subside.

NHBC AWARD WINNERS

From left to right: Mark Harper, Robin Cheriton, Terry Holmes, Dave Stanbrook, Dennis Howard

From left to right: Mark Foley, Robert Gilbert, Colin Hawthorn, Billy Hamilton, Fred Anderson, Michael Carrigan, Kenny Reid

STRATEGIC REPORT

CHIEF EXECUTIVE'S REVIEW

AUBIN WOOD, EMSWORTH, HAMPSHIRE

DEVELOPMENT ACTIVITY

During the financial year to 30 June 2015 the group increased its average number of active selling sites per week to 37 (2014: 29), and secured sales completions from a much increased total of 82 sites (2014: 56). These increases were partly due to the inclusion of Banner for a full year, alongside the first meaningful contribution from CALA's substantial organic growth plans. We completed 49 sites during the 12 month period and delivered the first sales completions on 44 new sites across our regions as we transition to building larger developments.

Our net private reservation rate equates to 0.40 average weekly sales per development (2014: 0.48) and is slightly lower than the previous year due to a change in site and product mix, characterised by larger homes with a much higher ASP on reservations of £540,000. Given CALA's market positioning and limited use of Help to Buy, we would expect to target an average weekly sales rate per development, dependent on site mix, in the range of 0.40 – 0.55 under current market conditions.

Net private reservations were up 8% on 2014, driven by a greater number of sales outlets and the cancellation rate was similar to last year at 16%. At 1 July 2015 we had accumulated 206 advance private home reservations with a turnover value of £106.5 million (2014: 367 homes and £166.2 million) for delivery by 30 June 2016. This includes 18% (2014: 37%) of a significantly greater number of private homes planned for the year ahead and at 1 September this had risen to 30%, including sales completions since the year end. Our sales carry forward position is lower than last year due to a combination of fewer sites continuing into the new financial year and a large number of new sites delivering completions in 2016 not yet open for sale.

LAND

Competition for residential land in our operating areas has become progressively more restrained during the financial year as more permissioned land is made available to the market. Buyers are generally prioritising financial returns rather than increasing their development pipelines.

This more measured land market, whilst still competitive for the best sites, has enabled us to exceed our land buying targets without compromising our financial hurdle criteria or quality of location. Indeed, we have raised our own land buying hurdle margin by 1% with effect from 1 July 2015.

During the year to 30 June 2015 our land teams contracted 56 new sites in premium locations, which are projected to deliver 2,434 homes with an estimated gross development value ('GDV') of £953 million and average selling price of £392,000 (2014: 1,948 homes with a GDV of £795 million). This represents a replacement rate of 2.0 times 2015 group housing turnover with over 55% located in our principal growth area of the south east of England.

A combination of the latest National Planning Framework ('NPF') in Scotland and the accompanying Scottish Planning Policy ('SPP') provide an encouraging policy framework for housing development in Scotland and a presumption in favour of development that contributes to sustainable development. The National Planning Policy Framework ('NPPF') is a major contributor to the more orderly land market we are seeing in England and we very much welcome the positive impact it has had in delivering planning consents, particularly where local authorities do not have adopted and up-to-date Local Plans in place. However, the process for clearing planning conditions and obtaining certain other statutory consents can be inordinately slow and has become a significant barrier to the delivery of new homes.

Despite the inefficiencies of the planning system, through proactive engagement with all stakeholders and the tenacity of our planning teams, we have had another very successful year of delivery. During the 12 months to 30 June 2015 we acquired land with a planning permission or secured a first-time planning permission on 58 sites for 2,853 homes, with an estimated GDV of £1.1 billion at an average selling price of £375,000 including affordable housing (2014: 3,256 homes with a GDV of £1.0 billion). 72% of sales completions during the financial year were either pulled through from our strategic landbank or converted from conditional contracts on a 'subject-to-planning' basis.

The group's owned and contracted landbank at 30 June 2015 consists of 14,236 plots (private and affordable homes), the scope and planning status of which is shown below (2014: 12,690 plots). CALA continues to build and sell new homes from all sites within in its landbank where approvals and consents are in place that would permit development to commence.

The plots in the owned and contracted landbank at 30 June 2015 have a projected GDV of over £5.2 billion measured at today's selling prices with an ASP, including affordable housing, of £365,000. This is significantly higher than at the same time last year, reflecting further success in the land market. Overall the owned and contracted landbank represents 10.2 years of development output based on 2015 revenue although this will clearly be used more quickly as the group's growth plans are realised.

Plots acquired and committed before the housing market downturn in 2008 with an adversely impacted gross margin represent under 2% of the owned and contracted landbank by GDV at 30 June 2015. This includes less than 1% which has been subject to impairment.

The group also controls a high quality longer term strategic landbank comprising 11,227 plots (2014: 9,601 plots), mostly held under option. The prospects of gaining a planning status in the short term for a large number of these are very promising and the remainder will be promoted through the planning system at the appropriate time. During the year, 963 plots from the strategic landbank secured a planning status for the first time and 16 new strategic sites were contracted comprising 1,806 plots.

OUTLOOK

With the UK housing market currently in good health, the outlook is also positive, underpinned by the structural demand and supply imbalance and rising employment levels. Addressing housing supply is now a high priority for Government and this has been reinforced by further stimulus measures announced in the Chancellor's Summer Budget.

I believe the market environment is one in which our business can thrive and I am very excited about what we can deliver in 2016 as we seek to build on what has been a busy and rewarding year.

We have worked extremely hard over the past two years to grow the business both organically and through acquisition and position the group to take full advantage of the current market cycle and our differentiated offering. We have an exceptionally strong landbank in premium locations well spread across our eight regional businesses and contracted at good margins. We now have an operating platform and landbank capable of managing and delivering our medium term revenue target of circa £1 billion.
We also have a clear focus on taking great care not to compromise the quality of our product, the excellent service we provide to our customers and the safe, orderly, working environment for those who build our homes.

Thanks to our hugely supportive shareholders, Patron Capital and Legal & General, we have had the financial backing to allow us to make significant improvements to the business and deliver our growth plans as this set of financial results demonstrates.

Finally, I would like to thank our fantastic employees and our business partners for their vital contribution during the year. We have enjoyed a very successful 2015, a superb year of record delivery on a different level to that achieved by CALA before. We are in a tremendously strong position to build on this momentum by capitalising on our unique position in the industry as the UK's most upmarket major homebuilder and I am very optimistic about the prospects for the business.

LANDBANK	PLOTS	GDV	ASP	LAND COST	YEARS
CONSENTED	8,809	£3,339M	£379K	21.3%	6.6
ALLOCATED	3,010	£1,038M	£345K	14.9%	2.0
OTHER	2,417	£826M	£342K	19.7%	1.6
OWNED / CONTRACTED	14,236	£5,203M	£365K	19.8%	10.2
STRATEGIC	11,227	£3,364M	£300K	15.7%	
TOTAL AT 30 JUNE 2015	25,463	£8,567M	£336K	18.2%	

FINANCIAL PERFORMANCE REVIEW

"DESPITE THE SIGNIFICANT CURRENT INVESTMENT IN OUR GROWTH PLANS, ROCE HAS STILL RISEN TO 18.4% AND SET TO EXCEED OUR TARGET OF 20% NEXT YEAR."

J. GRAHAM G. REID,
Group Finance Director

TRADING

Trading performance in the year ended 30 June 2015 has been exceptionally strong with records achieved across all key financial metrics. The group delivered a record profit before tax, exceptional items and revaluations of £50.9 million (2014: £26.8 million) on revenue of £511.6 million (2014: £285.4 million). The year-on-year profit and revenue increases of 90% and 79% respectively were almost entirely due to the greater number of homes sold in the year and our highest ever recorded private ASP of £509,000.

CALA Group completed the sale of 993 homes during the 12 months to 30 June 2015 (2014: 743). The increase in the number of home completions was mainly due to a greater number of sites in development, with 82 delivering sales completions in the year compared with only 56 in the previous year. The delivery of affordable homes was broadly flat at 67 (2014: 66) but this doesn't reflect the increased activity levels on affordable housing contracts for delivery of homes in 2016.

The number of private homes completed increased materially to 926 (2014: 694) but were delivered at a much higher ASP, which increased sharply to £509,000 (2014: £423,000) due to a change in site mix, sales inflation and the impact from the acquisition of Banner.

House sales gross margin (excluding the impact of exceptional items) edged up to a record for the group of 23.4% in the 12 months to 30 June 2015 from 22.8% in 2014. This robust site margin performance has been maintained through strong underlying land buying and achieved despite the large increase in volume delivered in the year. Sales price gains have also assisted gross margins but unlike last year they have been eroded by build cost inflation and the cost of maintaining subcontract labour continuity on site. There was also a reduced impact of lower margin legacy sites as they are worked out of our development portfolio, with only 2% of revenue in the year to 30 June 2015 generated from land acquired before the market downturn in 2008, and where gross margins have been adversely affected as a result (2014: 15%).

Our strong site performance results in a consequential increase in operating margin to 14.3% (2014: 13.6%) although this still reflects CALA running at below operating efficiency with overhead resourcing and the level of current investment to extend our regional coverage running ahead of volume delivery as planned. We expect to start becoming more operationally efficient from 2016 and as a result aim to deliver an operating margin more in line with our listed peer group.

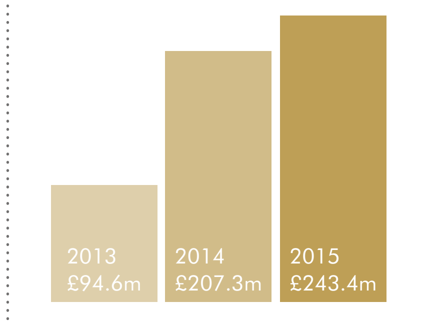
Return on capital employed ('ROCE') is an important financial metric and has been added to our list of key performance indicators. Due to our capital efficient business model this is a metric in which CALA will be able to excel once the group reaches operational efficiency. Despite the significant current investment in our growth plans, ROCE has still risen to 18.4% for the year ended 30 June 2015 (2014: 14.9%) and set to exceed our target of 20% next year.

BALANCE SHEET

Land and work in progress, net of land creditors, has risen from £426.5 million in 2014 to £454.4 million, due to the increased investment in new developments for CALA's expansion plans. We continue to use land creditors to assist with the funding of larger land acquisitions and where it is value-enhancing for the business. Land creditors at 30 June 2015 were £134.0 million (2014: £114.7 million), of which £46.4 million relates to commitments for sites not yet acquired or in development at the year end and therefore capital not yet employed in the business.

ST MARY'S GARDENS, PERTH

NET ASSETS



Figures for 2013 are CALA Group Limited and UK GAAP.

Inventories include part exchange properties with a combined net expected resale value of £16.6 million (2014: £6.9 million) which has increased significantly since last year, reflecting the larger business we are running, the higher price point at which we are selling and the importance to our customers of the convenience this sales incentive brings. At 30 June 2015, part exchange properties with an inventory value of £11.6 million were already reserved for onward sale.

The group's deferred tax asset relating to past trading losses stands at £18.7 million (2014: £28.8 million) and has been absorbed by the taxable trading profits earned during the year. The group's core past trading losses are expected to be absorbed in their entirety by 2017.

The carrying value of the group's intangible assets includes the value of the CALA brand in Scotland, which remains unchanged since last year at £8.6m. The CALA brand is considered to have an indefinite life and is tested for impairment on an annual basis. The remaining intangible asset is the goodwill arising on the acquisition of Banner last year, which has an unchanged balance sheet value of £40.1 million. The goodwill is also tested for impairment on an annual basis.

At 30 June 2015, the group held available for sale financial assets, being shared equity debtors relating to 140 homes with an estimated net recoverable value of £3.0 million (2014: 155 homes and £3.0 million respectively). The value of shared equity debtors is unchanged since last year, reflecting loan redemptions by a number of our home owners offset by the movement in fair value of the portfolio during the year.

Net assets of the group increased by 17.4% during the year to an all-time high of £243.4 million (2014: £207.3 million) driven in the main by retained profits in the year, combined with £0.4 million received from the issue of new ordinary shares to employees through the group's internal share market.

FINANCIAL PERFORMANCE REVIEW


PROMENADE DE VERDUN, PURLEY

FINANCING AND CASH FLOW

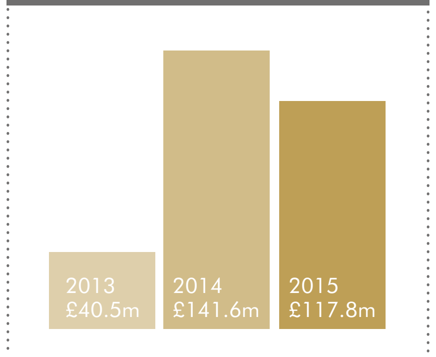
At the year end the group had in place committed senior debt facilities of £300 million which expire in March 2019. These comprised an amortising term loan of £100 million and a revolving credit facility of £200 million. The debt funding is provided by a syndicate of six banks led by Bank of Scotland and including Santander and HSBC.

At 30 June 2015 the group had net debt of £232.4 million (2013: £244.6 million) which consisted of net bank debt of £117.8 million (2014: £141.6 million) and unsecured redeemable loan notes provided by the group's shareholders amounting to £120.1 million (2014: £110.0 million). These were offset by loans due from joint ventures of £5.5 million (2014: £7.0 million).

The decrease in net bank debt is due to strong operating cashflow generated during the year with income exceeding the investment required in land and work in progress to deliver CALA's expansion plans. The increase in the value of the shareholder loan notes of £10.1 million is wholly attributable to accumulated interest applied during the financial year (2014: £4.9 million).

Gearing, defined as the ratio of net bank debt to net assets including shareholder loan notes, has reduced to 32.4% since last year (2014: 44.6%) and this downward trend is expected to continue in the year ahead.

NET BANK DEBT



Figures for 2013 are CALA Group Limited.

PENSIONS

The group operates a defined benefit pension scheme which is contracted in to the State Second Pension ('S2P'). The CALA Retirement and Death Benefits Scheme ('the Scheme') is closed to new entrants but remains open to future accrual for existing members. The Scheme uses a career average revalued earnings basis for future accrual of members' benefits at a rate of 1/80th of pensionable salary.

The most recent Triennial Valuation was carried out as at 6 April 2012 and agreement reached with the Trustees of the Scheme on a new recovery plan to eliminate the deficit by December 2018. The cost of future accrual for the Scheme is 18.8% of pensionable salary, of which employees contribute 5.0%.

The group has continued to comply fully with the Scheme recovery plan and has made special deficit contributions into the Scheme during the 12 months to 30 June 2015 of £1.0 million and a further payment of £0.5 million since the balance sheet date. The group is currently in discussion with the Trustees regarding the Triennial Valuation as at 6 April 2015.

The group, in consultation with the Trustees, monitors continually the Scheme with a view to reducing risk and funding volatility for the long term security of members' pensions.

The group provides a defined contribution pension scheme for new employees operated by Standard Life. The contribution rate is 3.0% of pensionable salary from employees and 7.0% from the company. The performance of the CALA Flexible Retirement Plan is monitored by a DC Governance Committee comprising senior staff and is advised by external consultants.

FINANCIAL RISK AND TREASURY MANAGEMENT

The treasury function is centrally managed to support the operating activities of the group, its primary objective being to manage liquidity and interest rate risk. Any trading in financial instruments is prohibited and hedging is undertaken using simple risk management products, almost exclusively interest rate swaps.

The management of liquidity is a significant risk for the group. It is essential that cash flow is tightly managed and borrowing remains within agreed bank facility limits. The major variable in maintaining adequate liquidity is the impact of a deterioration in the housing market on cash flow. This is managed by the collection and monitoring of extensive market intelligence at a local and national level, combined with a clear and effective sales strategy aligned with the delivery of our financial plan. This is further supported by a close working relationship with our shareholders and debt providers.

The group has interest rate hedging in place, effected through five interest rate swaps with an average value of £99.1 million covering the period from 1 July 2015 to 21 March 2019 at a blended fixed rate of interest of 2.09% excluding margin.

At 30 June 2015 net bank debt of £70.0 million was hedged at a blended fixed rate of interest of 0.96% excluding margin. The aggregate fair value of all the group's interest rate swaps at 30 June 2015 was a liability of £2.5 million (2014: asset of £0.8 million) with the adverse movement in the year of £3.3 million reported as a finance cost under the 'Exceptional items and revaluations' column in the Income Statement. The fair value liability of £2.5 million has no cash impact and will reverse in full in future accounting periods provided the interest rate swaps are held to maturity.

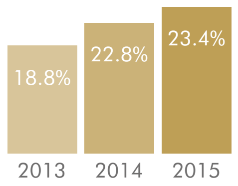
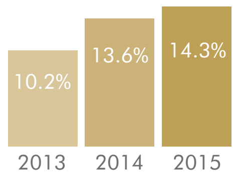
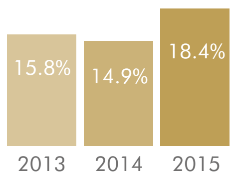
Direct foreign exchange exposure is negligible given the nature of the group's business activities which are conducted exclusively in the United Kingdom.


FAIRMILEHEAD, EDINBURGH

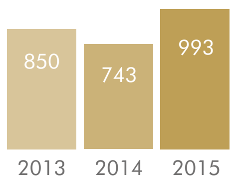
KEY PERFORMANCE INDICATORS ('KPIs')

The board monitors the group's progress by reference to a range of selected KPIs. These KPIs are unaudited. Comparator KPIs for 2013 are those used in, or derived from the accounts of CALA Group Limited for the year to 30 June 2013 and are UK GAAP equivalent.

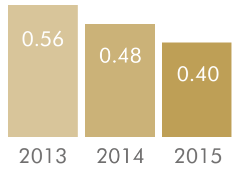
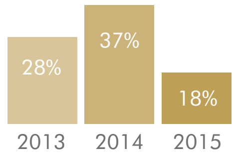
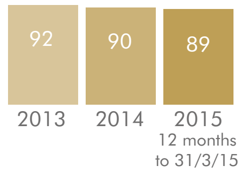
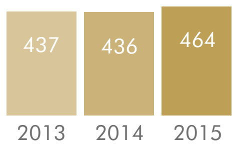
FINANCIAL

FINANCIAL	DEFINITION	COMMENTARY
HOUSE SALES GROSS MARGIN 	The ratio of gross profit (before exceptional items) to revenue from total homes sold, including 100% of joint ventures, expressed as a percentage. The method of calculation has changed to include IFRS adjustments. The figure for 2014 has been restated.	House sales gross margin for the year increased to 23.4%, another record for the group. This was 0.6 percentage points higher than 2014 despite the group's focus on increasing volumes. The housing market has performed strongly and resultant sales price inflation has contributed to the increase in house sales gross margin, although unlike last year much of this has been eroded by rising build cost inflation.
OPERATING MARGIN 	The ratio of operating profit (before exceptional items) to total revenue, including share of joint ventures, expressed as a percentage.	Operating margin in 2015 increased by 0.7 percentage points to 14.3% compared with 13.6% achieved in 2014. The year-on-year increase was due to higher site gross margins as described above, diluted by the impact of land sales. The operating margin was aided by an improved absorption of overhead costs from the significant increase in revenue during the year.
RETURN ON CAPITAL EMPLOYED 	The ratio of operating profit (before exceptional items) to average net assets after adding back net bank debt and deducting intangible assets and the deferred tax asset, expressed as a percentage.	Return on capital employed has increased during the year to 18.4% (2014: 14.9%) despite further significant investment in capital to meet the group's growth aspirations. The increase in ROCE is due to a 93% increase in operating profit during the year and reduction in net bank debt. The group is on course to exceed its ROCE target of 20% from 2016.

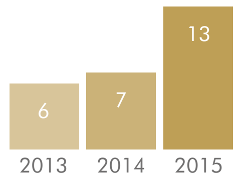
OPERATIONAL

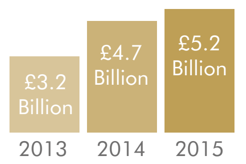
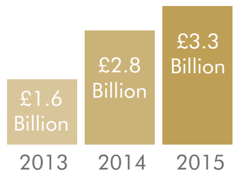
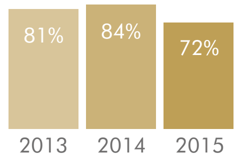
OPERATIONAL	DEFINITION	COMMENTARY
HOME SALES 	The number of homes sold and completed including joint ventures.	The total number of homes sold by the group during the year increased by 34% compared with 2014. The increase was entirely due to the higher number of private homes completed, rising from 677 to 926 from a greater number of sites in development. The number of affordable homes delivered was similar to last year at 67 (2014: 66).

OPERATIONAL

OPERATIONAL	DEFINITION	COMMENTARY
AVERAGE WEEKLY RESERVATIONS PER ACTIVE SITE 	The average number of net private homes reserved for sale including joint ventures for each week of the financial year divided by the average number of active selling sites for each week.	The average weekly reservation rate per active site slowed marginally to 0.40 in 2015 compared with 0.48 achieved in 2014. Despite an 8% increase in total net private reservations in the year, the rate of sale was, as expected, driven lower by the much larger size and higher ASP of our homes following the Banner acquisition. Our sales rate remains industry-leading when measured by revenue per active site per week.
FORWARD SALES 	The ratio of private homes, including joint ventures, reserved or better at 30 June for the following year to total budgeted private home completions for the following year, expressed as a percentage.	Forward sales at 18% equate to 206 private homes and are significantly less than the 367 achieved in 2014. The reduction has been driven by a lower level of site continuity this year. There were a greater number of sites on which the final homes completed in 2015, coupled with the fact that a large number of sites delivering homes in 2016 are not yet open for sale.
OVERALL CUSTOMER SATISFACTION 	Overall customer satisfaction with the quality of the homes delivered and the service provided by CALA, both before and after sales, as measured through customer surveys undertaken by external consultants, In-house Research.	The overall satisfaction score does not include Banner for the period before the acquisition date of 22 March 2014. This measure represents a mean overall satisfaction rating and to achieve in excess of 75 means that a majority of our customers have to be either 'satisfied' or 'very satisfied'. Once again we have achieved a very high overall satisfaction score, albeit slightly down on 2014.
ANNUAL INJURY INCIDENCE RATE ('AIIR') 	The total number of accidents reportable under RIDDOR for the year to 31 March expressed per 100,000 employees and contractors. The method of calculation has changed to include the annual average number of employees rather than the aggregate quarterly average number of employees. Figures for 2013 and 2014 have been restated.	The AIIR has worsened slightly since last year due to an increase in the number of reportable accidents from 7 to 13, rising at a faster rate than the increase in number of employees and subcontractors.

KEY PERFORMANCE INDICATORS ('KPIs')

OPERATIONAL	DEFINITION	COMMENTARY
REPORTABLE ACCIDENTS 	The total number of accidents reportable under RIDDOR for the year to 31 March.	The number of reportable accidents has risen from 7 to 13, reflecting a significant increase in development activity during the year along with an increase in number of employees and subcontractors. Despite the increase in the number of reportable accidents during the year, a strong safety culture is in place and the board remains committed to its zero accident target.

LAND	DEFINITION	COMMENTARY
CONTRACTED LANDBANK 	The estimated turnover value generated from land owned or controlled. This includes strategic sites that have earned a planning status, and where the prospects for achieving a planning consent within a reasonable timescale are strong.	The contracted landbank has increased substantially in the year to 30 June 2015. The number of plots increased by 12% from 12,690 to 14,236 compared with the previous year and this has translated to an 11% rise in total GDV with the average selling price reducing slightly to £365,000 (2014: £370,000). The planning status of the contracted landbank is strong with 84% of GDV (2014: 79%) comprising sites with either a planning consent or an allocation for residential development within an adopted local plan.
CONSENTED LANDBANK 	The estimated turnover value generated from land owned or controlled with an outline or detailed planning consent.	The consented landbank has increased substantially during the year with the number of plots increasing from 7,288 to 8,809. The ASP is similar to last year at £379,000 (2014: £380,000). The increase in size of the consented landbank has been driven by the strategic acquisition of certain key consented sites to underpin our growth plans in the south east of England. In addition, during the year we secured planning permission on 920 plots from our strategic landbank, representing GDV of £274 million.
STRATEGIC LAND PULL-THROUGH 	The proportion of homes sold and completed including joint ventures without a planning permission at the time a commercial interest was acquired in the site, expressed as a percentage.	716 homes sold in the year (2014: 623) were from our strategic landbank or from developments controlled under conditional contracts where CALA secured a first time planning permission. This equates to 72% of total homes sold in the year, down from 84% a year ago. While the number of homes increased, assisted by the positive impact of the NPPF, the proportion of total homes reduced as more homes were sold from sites acquired with planning permission to secure the group's growth ambitions.

RISK MANAGEMENT

OVERVIEW

The successful operation of the business and execution of the group's strategy are subject to a number of significant risks. It is vital that these risks are understood and considered fully in all decision making.

The board has in place a risk management system for the group, each of its operating divisions, the IT function and land acquisition process. The aim being to highlight, manage and reduce the principal risks to which the group is exposed.

Risks are assessed and formally reviewed on a regular basis to ensure that the group is fully aware of its potential impact on the business. The controls in place to manage identified risks are also reviewed to ensure that they remain relevant and effective.

Each regional operating division maintains its own risk matrix, which captures and evaluates the significant risks applicable to their particular business activities including the identification of key mitigation measures and any further action required. The risks are assessed at regular intervals by the regional management teams and the risk matrix is used at all regional board meetings to direct discussion to where it is most effective.

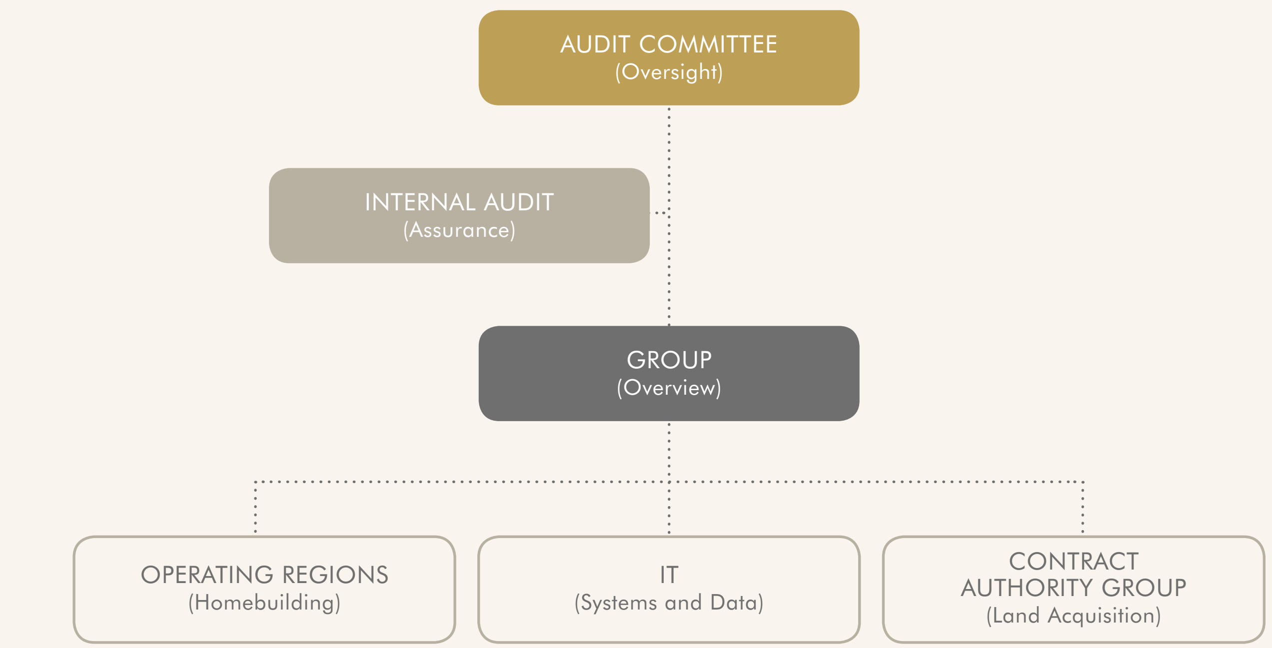
RISK APPETITE

The board has overall responsibility for determining the nature and extent of the risk it is willing to take and this is communicated clearly throughout the business.

In determining its appetite for risk the board is guided by the following key principles:

1. Risks should be consistent with CALA's business strategy, financial objectives and core values.
2. Risks should only be accepted where there is sufficient, appropriate and measurable reward for taking the risk.
3. Risks should be monitored closely and actively managed with sufficient resource required for the task.

RISK MANAGEMENT FRAMEWORK



RISK MANAGEMENT

The principal operating risks currently affecting the group, how they could impact business strategy and the key mitigation measures for each are described as follows:

RISK	MITIGATION	CHANGE SINCE 2014	
HEALTH AND SAFETY Injury or death caused by unsafe practices operated on our sites or in our offices.	We have a comprehensive health, safety and environmental management system in place. We have a positive and active safety culture throughout the group and proactively adapt our work practices to eliminate safety risks as they are identified. On-site safety compliance is monitored and reinforced through an in-house inspection regime and regular direct communication with subcontractors. We have a thorough training programme in place with minimum standards of competence that need to be attained based on position held.	This risk is heightened during our current phase of significant volume growth and increased site activity.	RISK INCREASED
LAND SUPPLY Inability to maintain a timely and adequate supply of land that meets the group's development and financial criteria.	Regional land strategies and annual land targets have been established and are monitored and adapted to reflect local land market conditions. We have in place high calibre land teams with the appropriate skills, experience and motivation that are able to demonstrate a strong track record of delivery for landowners. Our strong financial position provides us with greater flexibility to secure more readily land opportunities as they become available in the land market. We operate with a strategic land portfolio that provides additional flexibility and supplements the flow of opportunities from the short term land market.	The improving economic conditions and NPPF have increased the supply of permissioned land leading to a more disciplined land market.	RISK DECREASED
SKILLED TRADESMEN Inability to maintain continuity of supply and quality of key trades on our sites.	We operate and manage a portfolio of approved subcontractors, many with whom we have long-standing relationships. Our construction and commercial teams review regularly our subcontractor base, seeking to add new partners to supplement our available resources where possible. We provide a safe and organised working environment that allows our subcontractors to work efficiently and we offer competitive rates of pay with prompt payment. We have launched our first trades apprenticeship initiative in partnership with key subcontractors to help enable new entrants to the industry.	The higher production rate of new homes has placed considerable strain on the capacity of key trades used by the housing industry.	RISK INCREASED
KEY PERSONNEL The loss of key personnel and the inability to replace their skills and experience.	The group offers a positive, empowered, working culture. We have in place a succession strategy which includes capability assessments and development plans for key individuals. The group also operates a comprehensive benefits structure and a performance and personal development review system which are updated on a regular basis to ensure they remain effective.	The housing industry has experienced a high level of staff turnover during the past year.	RISK INCREASED

RISK	MITIGATION	CHANGE SINCE 2014	
PLANNING PERMISSION Securing appropriate and timely planning permission on sufficient development sites in our contracted landbank and from our strategic land portfolio.	The group manages its planning risk by working collaboratively with all key stakeholders and decision makers, engaging in extensive local consultation. We have high levels of skill and experience of the planning process within the business to ensure we only invest in opportunities with a strong chance of planning success. We are utilising the provisions and spirit of the NPPF to secure a greater flow of planning permissions in England to meet the growing housing need. We incorporate planning uncertainties into our business planning as well as running a surplus of developments in our planning pipeline to protect against the risk of refusal or delays arising from the appeals process.	The NPPF has driven an increase in the number of planning permissions granted but the time taken to clear site start conditions and to gain other statutory consents has offset this.	RISK STABLE
PREMIUM BRAND AND REPUTATION The loss of our HBF 5 star customer service rating would represent a significant reputational risk for the group.	The group has in place a director responsible for product and customer service to review targets, performance and trends and ensure implementation of best practice across our operating regions. Customer service delivery forms a material element of performance related pay for most employees in the group. A passion to deliver excellent service is embedded within the culture of the group and spread and reinforced at every opportunity.	We continue to maintain a tight focus on this key metric for the group.	RISK STABLE
GROWTH MANAGEMENT Inability to effectively manage our regional businesses as we rapidly expand the size of the group.	We have in place an appropriate organisational structure with the requisite skills and resources to deliver our plans, combined with the necessary oversight of operational activity. The group has recently reviewed and documented a number of key processes and controls to ensure they are sufficiently clear and robust to enable the business to operate in an effective and controlled manner. Further work in this area is ongoing. The strength and breadth of expertise of our regional leadership teams has been reviewed and changes made to ensure the increased business capacity is managed effectively. Full integration of the Banner acquisition has been completed.	Whilst CALA's rate of volume growth continues, the full integration of Banner has been completed.	RISK STABLE

SUSTAINABILITY

CALA's approach to sustainability is encapsulated in the phrase 'Building for today, planning for tomorrow'.

We recognise that in building new homes we are using a precious resource. What we build and how we do it has a long-term impact on local communities and we strive to make a positive contribution, not just now but for years to come.

Being a responsible homebuilder whose contribution goes far beyond the homes we build is part of CALA's DNA. It is inherent in our culture and integral to our day-to-day operations from the way we buy land through community consultation to how we design and build our homes.

CALA has ambitious growth plans for the next few years and with increased scale comes increased responsibility. It is not just this responsibility, but our own strong desire, to have a positive impact in the community and to leave a valuable legacy. CALA is committed to the principle of delivering sustainable developments, maximising the use of land and natural resources, minimising our impact on the environment while we work and creating attractive, well designed places in the local areas in which we operate.

How we behave shows a respect for the environment and communities in which we build, a commitment to design excellence, an investment in our people and good corporate governance. It also shows an exemplary approach to health and safety and customer service.

CALA drives its sustainability agenda through the operation of an internal Sustainability Forum and publishes annually a separate, comprehensive Sustainability Report, which can be found on our website at www.cala.co.uk/sustainability.

LAND, PLANNING AND DESIGN

Our land teams are very experienced and have a detailed understanding of sustainable development and the built environment. This has provided CALA with a successful track record in land acquisition and planning.

Rather than design our developments in isolation, we recognise the importance of engaging and working closely with local communities, interest groups and Local Authorities at the earliest possible stage of the planning process. We believe strongly in the benefit this brings to facilitating a better understanding and greater support for our development plans and for us to appreciate fully the things that matter most to local people. Our ability to be flexible and to promote the right development solutions for each site is a key factor in obtaining community and Local Authority approval for our proposals and our approach is often commended as a result.

Where required, we undertake complex remediation, demolition and engineering works to prepare the ground for development. This often involves bringing back into use, areas of public land and green open space. During the 12 months to 30 June 2015 we completed the sale of 752 homes on brownfield land representing 76% of all sales completions in the year (2014: 501 homes and 67%).

CALA's renowned design is reflected in our Signature Collection housetypes in Scotland and the flexible living options offered by our range of homes in England. These are supplemented by bespoke, one-off designs, often award-winning, to ensure that all our developments are sympathetic to local architectural heritage, reflective of the vernacular of surrounding properties and where a strong sense of community spirit can thrive.

OUR SUSTAINABILITY PLEDGE

For the team at CALA, sustainability is simply about people; our staff and the teams that work on our homes, our customers and the communities in which we operate. Our aim is to make a positive contribution to those affected by our business activities with a responsible approach to development that is ingrained in every stage of our process:

THE LAND WE BUY
We take a partnership approach with landowners, buying well-located sites and promoting sustainable and deliverable developments through the planning process.

THE COMMUNITIES WE BUILD
We give local communities a say on new developments, invest in local facilities and services and aim to leave a lasting legacy for future generations.

THE HOMES WE CREATE
We design high quality, sustainable homes that reflect and enhance their surroundings, with practical layouts and design details that will stand the test of time.

THE SAFETY WE FOLLOW
We create sites that are safe for our staff, considerate of our neighbours and sensitive to local ecology and wildlife.

THE CUSTOMERS WE CARE FOR
We are committed to providing an exceptional customer experience, with a professional, friendly and knowledgeable approach, from first enquiry to moving day and beyond.

2015 AT A GLANCE
56 NEW SITES CONTRACTED
76% OF DEVELOPMENT ON BROWNFIELD SITES
PLANNING PERMISSION FOR 2,853 HOMES
67 NEW AFFORDABLE HOMES DELIVERED
43% OF NEW PLANNING CONSENTS FROM OUR STRATEGIC LANDBANK

TRINITY PARK, TRINITY, EDINBURGH

CASE STUDY

THE GEORGIAN VILLA TRINITY PARK

In 2013, The Georgian Villa at our Trinity Park development in Edinburgh was named 'Best House' at the national What House? Awards. On a development inspired by the architecture of the city's historic Old Town, this 4/5 bedroom home combines Georgian-inspired design with contemporary and flexible living over three floors.

Testament to our principles of maximising light and space, The Georgian Villa offers ceiling heights of up to three metres, generous windows and a traditional cupola flooding light into the living area. Generous living space includes a large kitchen/dining room, a family room and a traditional drawing room leading onto a glazed terrace. Attention to detail gives this property real authenticity, from the masonry facades, ornate ironmongery and natural slate roofs to the intricate internal detailing.

SUSTAINABILITY

ENVIRONMENT

For every site, we identify and evaluate the impact of our development proposals on the environment, designing out any adverse impact where possible and maximising the natural links with the immediate surroundings, including footpaths, cycle paths, heritage features and landscaping.

The group operates an environmental management system in order to ensure our development teams and subcontractors apply best practice and that we are always in compliance with environmental laws.

This is particularly important where the risks from our site operations to wildlife, water courses, neighbouring land and property and from ground contamination are at their highest.

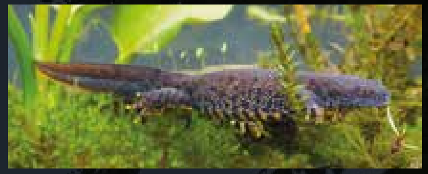
Waste recycling of building materials from sites is an important part of our sustainability programme. During the 12 months to 30 June 2015 the proportion of construction waste recycled from our sites increased to 94% (2014: 88%). Despite the increase in proportion of construction waste recycled, total waste sent to landfill in the year rose to 748 tonnes (2014: 652 tonnes) due to our significantly greater development activity.

We adopt a 'fabric first' approach to design and construction and aim to deliver energy efficient living with a focus on the thermal performance of our homes. We also incorporate renewable technologies in our drive towards zero carbon homes. 62 homes completed during the year to 30 June 2015 were constructed with renewable energy components (2014: 75) that included solar PV, solar thermal and air source heating.

MORETON PARK, MORETON-IN-MARSH, GLOUCESTERSHIRE

CASE STUDY

NEW HOMES FOR LOCAL WILDLIFE



At our Moreton Park development in the Cotswold town of Moreton-in-Marsh, it isn't just local families for whom we have created a dream home. The former Fire Service College contained a large population of Great Crested Newts living within the water pits used for the firefighters' training.

As part of our development proposals, we set aside an area for a new bespoke habitat for the newts, creating a two hectare newt reserve including a specifically constructed newt pond, log piles and hibernacula. The newts were then carefully relocated to their new home.

Further ecological enhancements on-site included the introduction of swales and balancing ponds and the provision of barn owl and bat boxes within an existing woodland area.

CUSTOMER SERVICE

At CALA, we pride ourselves on our industry-leading customer service and we have a passion to make our customers feel special and valued when they move into their new home. We have our own Customer Charter which outlines what our customers can expect when they buy a new home from CALA and we work hard to exceed that expectation.

We plan carefully the journey our customers will take when choosing to buy a CALA home and ensure that through each phase of the journey, they receive a rewarding experience and excellent service. This begins with the vision we portray, through our new website and marketing approach through to aftersales care once our customers have moved into their new home.

We undertake external benchmarking to measure objectively our performance and provide feedback to help us drive our standards ever higher. For the 12 months to 31 March 2015 we achieved an overall satisfaction score of 89 (2014: 90) as measured by customer surveys undertaken by external consultants In-house Research and 96% (2014: 98%) of our customers said they would recommend CALA. Whilst these are very good scores considering our 34% increase in homes sold there is always room for improvement and we are planning a number of initiatives in the year ahead that will add to the overall experience for our customers.

2015 AT A GLANCE
RETAINED HBF MAXIMUM 5 STAR RATING FOR SIXTH YEAR RUNNING
OVERALL SATISFACTION SCORE OF 89
96% OF OUR CUSTOMERS SAID THEY WOULD RECOMMEND CALA
12 NHBC AWARD-WINNING SITE MANAGERS
SCOTTISH HOUSEBUILDER OF THE YEAR

HEALTH AND SAFETY

The health and safety of our employees, subcontractors and customers is always the first concern of the board and we are committed to ensuring that everyone who visits our sites and offices is able to carry out their duties safely.

The group operates a comprehensive health and safety management system, which includes monitoring, staff training and management reporting. Frequent on-site inspections are carried out by our own qualified staff who also provide forward planning and coaching support to our site teams. All health and safety issues, including matters arising from on-site inspections, are reported to the board for consideration on a regular basis.

The board has a zero-accident target and whilst it is satisfied with the overall health and safety performance during the year, it is disappointed with the increase in CALA's Annual Injury Incidence Rate ('AIIR') for the year to 31 March 2015. The AIIR was 464 incidents per 100,000 employees (2014: 436) which reflects a rise in the number of injuries reportable under RIDDOR from 7 to 13, albeit from significantly greater site activity.

Disappointingly, one major injury was reported during the year to 30 June 2015 (2014: one) although fortunately not serious in nature. There were no fatalities (2014: nil).

Our commitment to maintaining the highest standards of health and safety is reinforced by the investment we make in ensuring our own staff and subcontractors are fully aware of their responsibilities and that they have the resources, knowledge and capability to carry out their roles safely. To that end in the 12 months to 30 June 2015 we increased significantly the number of health and safety training days delivered to 1,031 (2014: 477).

In light of the increase in our site activity and the number of accidents during the year several initiatives have been extended or introduced which include further work with subcontractors on avoiding existing utilities on-site and behavioural safety training. We have also provided comprehensive training and guidance to our teams on the CDM 2015 regulations as well as overhauling our construction health and safety plans.

During the year we received one HSE Enforcement Notice issued to one of our sites for non-compliance with health and safety legislation and corrective action was immediately taken (2014: nil).

The day-to-day management of all health and safety activities is conducted by our director of health and safety. Graham Reid is the main board director responsible for health and safety throughout the group.

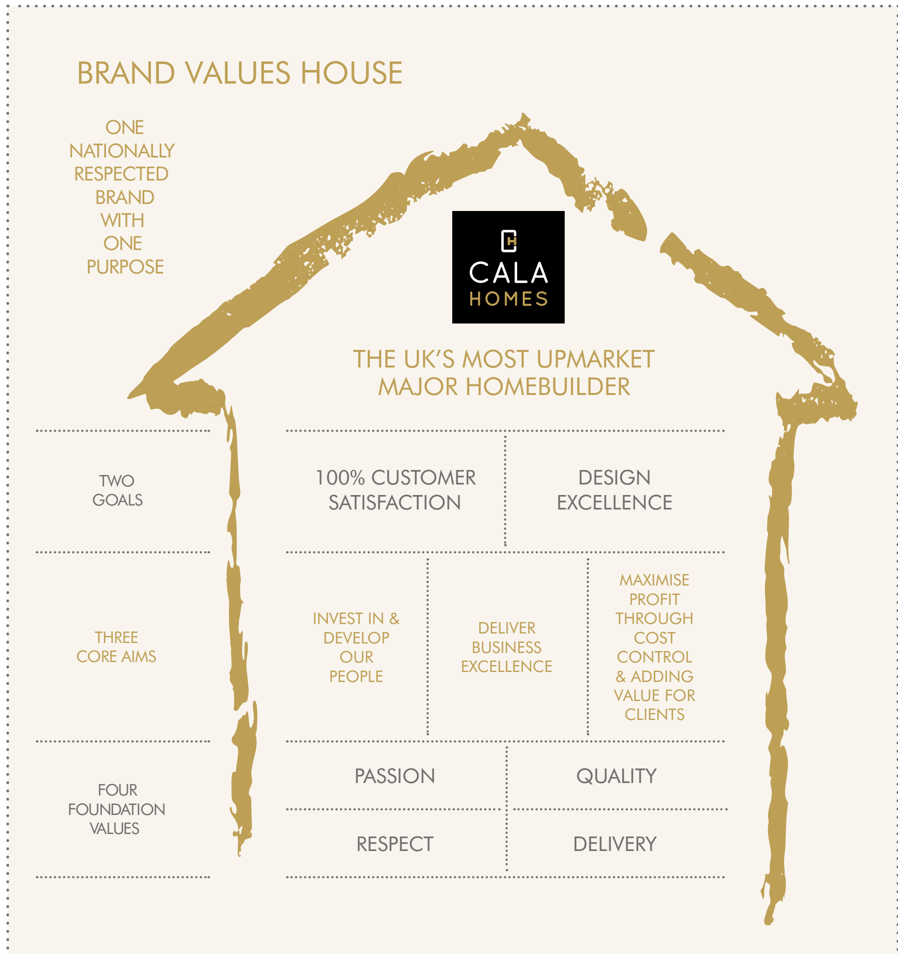
EMPLOYEES

We understand that our success relies on the dedication, hard work and talent of our teams. We create the right environment to nurture high performance, one that provides all employees with equal support and opportunity, ensuring they are treated fairly at all times.

CULTURE

Our culture is a key ingredient in our ability to attract and retain excellent people and for the business to deliver to its potential. We encourage our employees to make a difference, pushing responsibility and decision-making further down the organisation in an open and supportive environment. We are very mindful of the challenge we face in a fast growing business to retain the culture we value so highly and this will be a key focus as we expand.

In 2014 we created our Brand Values House which sets out our vision for the CALA Brand, our aims and goals as a company and the four foundation values of our people – Passion, Quality, Respect, Delivery.



ENGAGING WITH OUR EMPLOYEES

We believe it is essential to engage and communicate effectively with our staff and to that end we provide regular updates on operational developments and the financial performance of the group using e-mail and our intranet.

Regular staff briefings are hosted at our regional and head offices. In addition, we bring all our employees together for an annual briefing. This is an extremely important event for our staff and provides an opportunity for them to hear about the group's plans and vision for the future. It is also an opportunity for staff to put questions to the senior management team via an open Q&A forum.

At 30 June 2015 we had 719 staff working for the group and recently conducted an externally facilitated employee effectiveness survey to identify how engaged and enabled our teams are with the business.

Benchmarked against other high performing companies the results were overwhelmingly positive, reinforcing CALA as an employer of choice.

That said, there are still a number areas where improvements in the way we enable our staff to perform at a high level and fulfil their potential can be made and we will be working on those during the course of the new financial year.

STRATEGIC REPORT

INVESTING IN OUR PEOPLE

We have a dedicated Training & Development Manager for the group and have introduced an online training and induction portal. This provides easy access to key information for new employees to enable them to understand our business, our values and the skills required for their role, allowing them to make a confident start in their career at CALA.

We run an annual performance appraisal process and invest in training for all staff which is identified through this exercise in addition to group-wide core training initiatives for our key teams. We also support our staff through further education qualifications.

We promote from within where possible and ensure that remuneration packages are competitive and understood through benchmarking and individual total reward statements. We operate an online HR portal which empowers employees to take control of their personal data at any time and from any place that is able to access our systems.

The strength in depth of our senior teams is a key component of achieving and sustaining success for the group. Our third talent management programme, 'Future Presence Experience', concluded during the year, its purpose being to develop the leadership skills, self awareness and business knowledge of our current high potential managers and directors. The learning and experience from the initiative has been taken back into the business and we are already at the planning stages of our next leadership programme which will commence during the new financial year.

GRADUATE DEVELOPMENT AND TRADE APPRENTICES

Investing in new talent for the future is essential for the business to harness new thinking and fresh ideas and create the next generation of managers and leaders from within the organisation.

Being acutely aware of the need to replenish skills lost to the industry over the past few years and our growing need for new talent in the business we accept university student placements and have continued to work with local schools to help young people gain work experience.

This year we introduced CALA's first structured graduate development programme aimed at the disciplines of land, surveying, technical and sales, seeking individuals with a passion for quality, who enjoy working as a team, take pride in their work and want to be part of something exciting. Selection for the 2015 programme has concluded and we will shortly be welcoming 12 new graduates to the business who will be joined on the programme by 6 employees already working within the business.

Mindful of the equal need to attract more skilled tradespeople into the industry and help address the current capacity constraint, CALA has scaled up its commitment to apprentices in the past year, supporting the Construction Industry Training Board ('CITB') Apprenticeship Programme and more local initiatives. We work with local colleges, the CITB and Notting Hill Housing Group to ensure meaningful workplace development on a construction site is provided.

For the first time we have also participated in The Prince's Trust 'Get Into Housebuilding' programme, offering potential apprentices a work placement in the industry with a view to securing longer term employment. Furthermore, we are partnering with some of our subcontractors to sponsor apprentices for certain key trades where the shortage of skills is felt most keenly. This initiative will be piloted across our regions, with a view to expanding the programme during the coming year.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Strategic Report was approved by the board on 4 September 2015.

MOIRA R. SIBBALD
Company Secretary
4 September 2015

WYCHBURY FIELDS, HAGLEY, WORCESTERSHIRE

DIRECTORS' REPORT

The directors of CALA Group (Holdings) Limited present their report and the audited consolidated financial statements for the period ended 30 June 2015.

MEETINGS

The board of CALA Group (Holdings) Limited met 10 times during the financial year to 30 June 2015.

INTERNAL CONTROL

The board, through the Audit and Risk Committee, is responsible for reviewing the effectiveness of the group's internal controls and risk management system. The Committee has monitored the effectiveness of the system of internal control throughout the year including controls relating to operational, financial and compliance matters and has reported to the board accordingly.

The group-wide review of processes, procedures and controls initiated last year has been largely completed. The group has established an online Quality Management System ('QMS') framework which documents processes and key controls covering operations and central support functions.

The group has in place an internal audit function, established last year to provide an additional level of assurance around the adequacy and effectiveness of the system of internal control, CALA's governance and risk management system. This additional assurance is delivered by the Director of Internal Audit who reports functionally to the Audit Committee and administratively to the General Counsel & Group Company Secretary.

During the year, the Audit and Risk Committee reviewed the group's strategic annual and 3-year internal audit plans which set out a programme of reviews that focus on the key risks and priorities across the group. The Committee also considered the key findings, recommendations and management actions arising from the internal audit programme as well as the internal control recommendations raised by the external auditor during the course of the external audit and the group's response to dealing with such recommendations.

CORPORATE GOVERNANCE

The group is committed to achieving and maintaining a high standard of corporate governance and although not a listed company, the board applies many of the provisions of the UK Corporate Governance Code in the way in which it operates.

ORGANISATION STRUCTURE

An Executive board dealing with matters of policy and an Operations board responsible for delivery of the group's business strategy are in place.

The group is organised into eight regional divisions which are separate business units. These divisions are run by local boards of directors which include the Group Chief Executive and Group Finance Director.

Clear reporting lines have been put in place as well as appropriate levels of delegation with major decisions being escalated to the Operations or Executive boards.

A Contract Authority Group is in place which includes the Group Chief Executive, Group Finance Director, Group Land Director and the two Regional Chairmen. This body provides an important control by reviewing and sanctioning all land acquisition and development commencement proposals following a rigorous due diligence process by the regional teams.

WHISTLEBLOWING POLICY

This policy has put in place a confidential method of communication for employees to raise matters of concern and for such matters to be properly and independently investigated. It is the role of the Chairman of the Audit and Risk Committee to oversee this policy and to act as one of the channels of communication in the event of a matter being raised.

ANTI-CORRUPTION POLICIES

The group has an anti-money laundering policy and an anti-bribery policy with relevant ancillary policies and processes including those dealing with gifts, hospitality and expenses. In addition to bringing the policies to the attention of staff and suppliers of services to the group, all staff undertake an online training module covering the Bribery Act and further appropriate training using a risk based approach continues to ensure that all staff, including the non-executive directors, are aware of the legislation and the zero tolerance approach taken by the group. In addition, regular training on the anti-money laundering processes is undertaken by all sales staff.

COMPETITION POLICY

The group's competition manual containing the policy and procedures to ensure compliance with competition legislation was reviewed and reissued during the year.

BOARD COMMITTEES

The board has delegated certain responsibilities to board committees with agreed terms of reference. These committees report regularly to the board.

1. The Audit and Risk Committee is chaired by Jonatas Szkurnik and Phil Bayliss is a member of the Committee. The Audit and Risk Committee meets at least three times per year. The Audit and Risk Committee assists the board in fulfilling its oversight responsibilities relating primarily to the consideration of financial information being reported, the system of internal control including internal audit programme, risk management system and the external audit process. The Group Finance Director, the General Counsel & Group Company Secretary and the Director of Internal Audit attend all meetings. The external auditors attend at least two meetings per year. During the financial year the Committee met on five occasions.
2. The Remuneration Committee is chaired by Acting Chairman, Mark Collins while Anthony Fry recovers from illness. John Pollock sat on the committee until his resignation in May 2015 and has been replaced by Paul Stanworth. The Group Chief Executive is also a member of the Committee. The Human Resources Director, the Group Finance Director and the General Counsel & Group Company Secretary attend, as appropriate, at the request of the Committee Chairman. The Committee meets at least twice a year and ensures that the executive directors and senior management are appropriately rewarded having regard to the financial performance of the group. During the financial year the Committee met on five occasions.
3. During the year, the board established a Nomination Committee to review the structure, composition and diversity of the board including succession planning. The Committee is chaired by Acting Chairman, Mark Collins. Geoffrey Timms is the Legal & General nominated member of the Committee and the Group Chief Executive is also a member of the Committee. The Committee meets at least twice a year and during the financial year the Committee met on one occasion since it was set up.

HEATHLANDS, CAMBERLEY, SURREY

ILEX COURT, POOLE, DORSET

GOING CONCERN

The consolidated balance sheet at 30 June 2015 shows the group had net assets of £243.4 million.

The group's most recent financial projections show that for the foreseeable future net assets remain in a positive position at each financial year end. In addition, forecast debt requirements are comfortably within existing committed banking facilities which expire on 21 March 2019 and the group is forecasting to be able to comply with its banking covenants at each appropriate test date.

As a result, the projected trading position for the group enables the directors to form a judgment that the company and group have adequate resources to continue to trade for the foreseeable future and that the group will be able to realise its assets and discharge its liabilities in the normal course of business.

For these reasons the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

DIVIDENDS

No dividends have been proposed or paid in the period.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Contributions to charities during the year amounted to £16,135. These donations were made to various local charities covering a range of community, school and charitable purposes. The group made no political contributions during the period.

DIRECTORS

The names of the current directors and changes in directorships during the year are listed on page 45.

At the date of this report the board comprises two executive and five non-executive directors. Anthony Fry is non-executive Chairman. Mark Collins is Acting Chairman while Anthony Fry recovers from ill health.

All directors have access to the advice of the General Counsel & Group Company Secretary who ensures that the board, which meets at least six times per year, receives appropriate information for its decision-making, that the board procedures are followed and that the statutory requirements are met.

There is a procedure whereby any director who wishes to do so in the furtherance of his duties may take independent professional advice.

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company'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 company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and their appointment will continue.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union and applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors' Report was approved by the board on 4 September 2015.

MOIRA R. SIBBALD
Company Secretary
4 September 2015

PROMENADE DE VERDUN, PURLEY

DIRECTORS' REPORT

THE BLUEBELLS, PEBWORTH, WORCESTERSHIRE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1. ALAN D. BROWN
Chief Executive

Alan joined CALA in 1986 as a development manager and held a range of positions including Divisional Managing Director, before being appointed to the Group Board in 2007 as Regional Chairman of CALA Homes in England. In 2008, Alan was appointed Managing Director for CALA Homes across the UK and promoted to Chief Executive in 2009.

2. A. MARK COLLINS
Acting Chairman

Mark is a partner of Patron Capital Advisers LLP and Chairman of its UK investment activity. Mark is a chartered surveyor and has held a number of senior positions in the UK real estate market with GE Capital Real Estate, Land Securities Group Plc and Lloyds Banking Group. Mark joined the CALA board in 2013.

5. PHIL BAYLISS
Non-Executive Director

Phil joined the Legal & General Real Estate division in 2007 and was promoted to Investment Manager of Direct Investments in 2013. He previously held roles within AMP Capital Investors and has specialised in real estate investments since the start of his career. Phil was appointed to the CALA board in 2013.

6. JONATAS SZKURNIK
Non-Executive Director

Jonatas joined Patron in August 2007 and works on Patron's direct investments in real estate, asset-backed operating companies and corporate investments. During his time with Patron, he has been involved in investments in the residential, commercial and healthcare sectors. Jonatas was appointed to the CALA board in 2013.

BOARD OF DIRECTORS


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3. ANTHONY M. FRY
Chairman

Anthony has more than 30 years' experience in advising companies and governments in both the UK and internationally. He has held senior roles for leading financial institutions including Lehman Brothers, Credit Suisse and the Rothschild Group. Anthony joined the CALA board in 2010.

4. J. GRAHAM G. REID
Group Finance Director

Following various financial roles with TDG Plc and Thomson Travel Group, Graham joined CALA in 1995 as Divisional Finance Manager. He was promoted to Finance Director of CALA Group in 2001. Graham is a former Chairman of the Scottish Finance Directors Group and ACCA Scotland President.

7. MOIRA R. SIBBALD
Group Company Secretary

Moira joined CALA as Group Company Secretary in 2001. Previously she worked in a senior capacity for a Scottish financial services institution and in private practice for leading firms in Edinburgh and Glasgow, specialising in commercial property. Moira was formerly a Non-Executive Director of the Scottish Building Society and of the Link Group.

8. PAUL STANWORTH
Non-Executive Director

Paul is Managing Director of Legal & General Capital, responsible for strategically investing L&G's capital to improve shareholder returns and accelerate its growth. He was previously Managing Director at Merrill Lynch, and held similar roles at Deutsche Bank and RBS. Paul rejoined CALA's board in June 2015.


SANDY DRIVE, COBHAM, SURREY

DIRECTORS AND ADVISERS

DIRECTORS

Alan D. Brown

J. Graham G. Reid

Anthony M. Fry
Non-Executive Chairman

A. Mark Collins
Non-Executive Director and Acting Chairman

Phil Bayliss
Non-Executive Director

Paul R. Stanworth
Non-Executive Director (appointed 25 June 2015)

John B. Pollock
Non-Executive Director (resigned 17 April 2015)

Jonatas Szkurnik
Non-Executive Director

GENERAL COUNSEL & COMPANY SECRETARY

Moira R. Sibbald

REGISTERED OFFICE

CALA House
54 The Causeway
Staines-Upon-Thames
Surrey
TW18 3AX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

PRINCIPAL SOLICITORS

Pinsent Masons LLP
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

PRINCIPAL BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALA GROUP (HOLDINGS) LIMITED

OUR OPINION

In our opinion:

- CALA Group (Holdings) Limited's group financial statements and company financial statements (the 'financial statements') give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2015 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT WE HAVE AUDITED

The financial statements comprise:

- the Consolidated and Company Balance Sheets as at 30 June 2015;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated and Company Statement of Changes in Shareholder's Equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the company financial statements is the applicable law and United Kingdom Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, 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.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of the Directors' Responsibilities set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('SAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

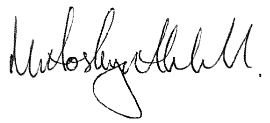
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Hoskyns-Abrahall
(Senior Statutory Auditor)

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Edinburgh, 4 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

		Year ended 30 June 2015			Year ended 30 June 2014		
	Note	Before exceptional items and revaluations £000	Exceptional items and revaluations (note 2) £000	Year ended 30 June 2015 £000	Before exceptional items and revaluations - restated £000	Exceptional items and revaluations - restated (note 2) £000	Year ended 30 June 2014 £000
Continuing operations							
Revenue	1	511,592	-	511,592	285,438	-	285,438
Cost of sales		(398,177)	429	(397,748)	(218,696)	1,974	(216,722)
Gross profit		113,415	429	113,844	66,742	1,974	68,716
Net operating expenses	3	(40,445)	-	(40,445)	(28,988)	(4,651)	(33,639)
Other operating income		-	-	-	-	-	-
Operating profit		72,970	429	73,399	37,754	(2,677)	35,077
Finance income		375	-	375	210	-	210
Finance costs		(22,454)	(3,330)	(25,784)	(12,427)	(1,163)	(13,590)
Finance costs - net	5	(22,079)	(3,330)	(25,409)	(12,217)	(1,163)	(13,380)
Share of post tax profit of joint ventures	12	21	-	21	1,281	-	1,281
Profit before income tax		50,912	(2,901)	48,011	26,818	(3,840)	22,978
Income tax expense	6	(11,786)	580	(11,206)	(9,572)	-	(9,572)
Profit for the year		39,126	(2,321)	36,805	17,246	(3,840)	13,406
Profit attributable to:							
Owners of the parent		39,126	(2,321)	36,805	17,258	(3,840)	13,418
Non-controlling interests		-	-	-	(12)	-	(12)
		39,126	(2,321)	36,805	17,246	(3,840)	13,406
Other comprehensive income							
Profit for the year		39,126	(2,321)	36,805	17,246	(3,840)	13,406
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Remeasurements of post employment benefit obligations	21	(290)	-	(290)	(4,338)	-	(4,338)
Other comprehensive income for the year, net of tax		(290)	-	(290)	(4,338)	-	(4,338)
Total comprehensive income for the year		38,836	(2,321)	36,515	12,908	(3,840)	9,068
Attributable to:							
Owners of the parent		38,836	(2,321)	36,515	12,920	(3,840)	9,080
Non-controlling interests		-	-	-	(12)	-	(12)
Total comprehensive income for the year		38,836	(2,321)	36,515	12,908	(3,840)	9,068

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account.

The profit for the parent company for the year was £11.0 million.

The notes on pages 61 to 84 are an integral part of these consolidated financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

at 30 June 2015

	Note	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Assets					
Non-current assets					
Intangible assets	7	48,730	48,730	-	-
Property, plant and equipment	8	3,235	2,579	-	-
Investments in subsidiaries	11	-	-	90,643	90,643
Investments in joint ventures	12	645	623	-	-
Deferred income tax assets	18	18,392	29,093	-	-
Available for sale financial assets	9	2,852	2,981	-	-
Derivative financial instruments	14	-	834	-	-
Trade and other receivables	13	5,732	415	-	-
		79,586	85,255	90,643	90,643
Current assets					
Available for sale financial assets	9	99	-	-	-
Inventories	10	605,033	548,065	-	-
Trade and other receivables	13	27,951	20,299	122,329	110,911
Cash and cash equivalents		32,162	29,188	-	-
		665,245	597,552	122,329	110,911
Total assets		744,831	682,807	212,972	201,554
Current liabilities					
Derivative financial instruments	14	(11)	-	-	-
Loans and borrowings	15	(15,000)	-	-	-
Current income tax liabilities		(389)	(355)	-	-
Trade and other payables	16	(180,895)	(130,988)	-	-
		(196,295)	(131,343)	-	-
Non-current liabilities					
Derivative financial instruments	14	(2,485)	-	-	-
Loans and borrowings	15	(255,104)	(280,783)	-	-
Trade and other payables	16	(41,351)	(56,858)	-	-
Retirement benefit obligations	21	(6,223)	(6,532)	-	-
		(305,163)	(344,173)	-	-
Total liabilities		(501,458)	(475,516)	-	-
Net assets		243,373	207,291	212,972	201,554
Equity					
Ordinary share capital	19	4,350	4,349	4,350	4,349
Share premium		195,440	195,004	195,440	195,004
Retained earnings		43,291	6,776	13,182	2,201
Equity attributable to parent		243,081	206,129	212,972	201,554
Non-controlling interest		292	1,162	-	-
Total equity		243,373	207,291	212,972	201,554

The notes on pages 61 to 84 are an integral part of these consolidated financial statements. The financial statements on pages 48 to 84 were approved by the Board of Directors on 4 September 2015 and signed on its behalf by:

Alan D. Brown, Director

J. Graham G. Reid, Director.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 30 June 2015

Group	Share capital £000	Share premium £000	Retained earnings £000	Total £000	Non controlling interest £000	Total equity £000
Balance at 1 July 2013	4,246	91,467	(2,304)	93,409	1,174	94,583
Issuance of ordinary shares	103	103,537	-	103,640	-	103,640
Profit for the year	-	-	13,418	13,418	(12)	13,406
Other comprehensive income	-	-	(4,338)	(4,338)	-	(4,338)
Balance at 30 June 2014	4,349	195,004	6,776	206,129	1,162	207,291
Issuance of ordinary shares	1	436	-	437	-	437
Profit for the year	-	-	36,805	36,805	-	36,805
Return of capital	-	-	-	-	(870)	(870)
Other comprehensive income	-	-	(290)	(290)	-	(290)
Balance at 30 June 2015	4,350	195,440	43,291	243,081	292	243,373

Company	Share capital £000	Share premium £000	Retained earnings £000	Total £000	Non controlling interest £000	Total equity £000
Balance at 1 July 2013	4,246	91,467	-	95,713	-	95,713
Issuance of ordinary shares	103	103,537	-	103,640	-	103,640
Profit for the year	-	-	2,201	2,201	-	2,201
Balance at 30 June 2014	4,349	195,004	2,201	201,554	-	201,554
Issuance of ordinary shares	1	436	-	437	-	437
Profit for the year	-	-	10,981	10,981	-	10,981
Balance at 30 June 2015	4,350	195,440	13,182	212,972	-	212,972

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Cash flows from operating activities			
Cash generated from / (used in) operations	A	33,813	(35,539)
Interest paid		(9,989)	(13,308)
Corporation tax paid		(285)	(659)
Net cash generated from / (used in) operating activities		23,539	(49,506)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(81,191)
Deferred consideration		-	(20,000)
Purchases of property, plant and equipment		(3,188)	(828)
Proceeds from sale of property, plant and equipment		2,452	-
Dividends received from joint ventures		-	5,740
Net cash used in investing activities		(736)	(96,279)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		437	103,640
Advance of loans to joint ventures		-	(212)
Repayment of loans from joint ventures		1,404	-
Proceeds from issuance of fixed rate loan notes		-	74,913
Repayment of bank loans		(20,800)	(133,708)
Drawdown of bank loans		-	106,000
Dividends paid to non-controlling interests		(870)	-
Net cash (used in) / generated from financing activities		(19,829)	150,633
Net increase in cash and cash equivalents		2,974	4,848
Cash and cash equivalents at the beginning of the year		29,188	24,340
Cash and cash equivalents at the end of the year		32,162	29,188

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

A. Cash generated from operations	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Profit before income tax	48,011	22,978
Adjustments for:		
Finance costs - net	25,409	13,380
Share of profit from joint ventures	(21)	(1,281)
Depreciation charge	1,102	830
(Gain) / loss on disposal of fixed assets	(1,022)	14
Excess of contributions paid over pension current service cost	(928)	(997)
Movements in working capital:		
(Increase) in inventories	(56,968)	(120,922)
(Increase) in trade and other receivables	(14,498)	(1,732)
Increase in trade and other payables	32,402	52,346
Decrease / (increase) in available for sale financial assets	326	(155)
Cash generated from / (used in) operations	33,813	(35,539)

B. Reconciliation of net cash flow to net debt	£000	£000
Increase in cash in the year	2,974	4,848
Net debt excluding cash & overdrafts acquired with subsidiaries	-	(133,708)
Cash (inflow) / outflow from (decrease) / increase in amounts owed by joint ventures	(1,404)	212
Issuance of loan notes	-	(74,913)
Proceeds from borrowings	-	(106,000)
Accrued interest on loan notes	(10,121)	-
Net repayment of bank loans	20,800	133,708
Change in net debt resulting from cash flows	12,249	(175,853)
Net debt as at 1 July	(244,637)	(68,784)
Net debt as at 30 June	(232,388)	(244,637)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

C. Analysis of net debt Cash and cash equivalents:	As at 1 July 2014 £000	Accrued interest £000	Cash flow £000	As at 30 June 2015 £000
Cash at bank and in hand	29,188	-	2,974	32,162
	29,188	-	2,974	32,162
Loans:				
Amounts owed by joint ventures	6,958	-	(1,404)	5,554
Debt:				
Bank loans	(170,800)	-	20,800	(150,000)
Loan notes	(109,983)	(10,121)	-	(120,104)
	(280,783)	(10,121)	20,800	(270,104)
Net debt	(244,637)	(10,121)	22,370	(232,388)

CALA Group (Holdings) Limited ('the company') and its subsidiaries (together, 'the group') are a national homebuilder. The Company is a limited company and is incorporated and domiciled in the UK. The address of the registered office is CALA House, 54 The Causeway, Staines-Upon-Thames, Surrey, TW18 3AX.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied.

BASIS OF PREPARATION

The consolidated financial statements of CALA Group (Holdings) Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS IC interpretations. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through the Statement of comprehensive income. The consolidated financial statements are presented in sterling (£) which is the group's functional and presentational currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity are particularly around the carrying value of land and work in progress, future sales volumes and margins on sites. These judgements have been carefully made based on all available internal information and supported by information from various external sources where appropriate.

The Company financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (UK GAAP).

Under Financial Reporting Standard ('FRS') 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that consolidated financial statements, which include the Company, are publicly available. The Company has also taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has not reported transactions with wholly owned subsidiaries.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

a) New and amended standards adopted by the group

The group has adopted the following new standards and amendments to standards which became effective for financial years beginning on or after 1 January 2014. None of these standards or amendments have had a material impact on these financial statements.

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosures of Interests in Other Entities'
- IAS 28 (Revised 2011) 'Associates and joint ventures'
- Amendments to IAS 32 on Financial instruments asset and liability offsetting
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures

b) New standards and interpretations not yet adopted

The following pronouncements may have a significant effect on the group's financial statements but are not applicable for the year ended 30 June 2015 and have not been applied in preparing these financial statements. Except as disclosed below, the full impact of these accounting changes is being assessed by the group.

- Amendment to IAS 19 regarding defined benefit plans. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment was endorsed by the EU for periods on or after 1 February 2015.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective annual periods beginning on or after 1 January 2016, subject to EU endorsement. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective annual periods beginning on or after 1 January 2016, subject to EU endorsement. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective annual periods beginning on or after 1 January 2016, subject to EU endorsement. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- IFRS 15 'Revenue from contracts with customers', effective annual periods beginning on or after 1 January 2017, subject to EU endorsement. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective annual periods beginning on or after 1 January 2016, subject to EU endorsement. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports, effective for annual periods beginning on or after 1 January 2016, subject to EU endorsement.
- Amendments to IFRS 9, 'Financial instruments', effective annual periods beginning on or after 1 January 2018, subject to EU endorsement. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

GOING CONCERN

The directors have prepared these financial statements on the going concern basis.

The consolidated balance sheet at 30 June 2015 shows the group had net assets of £243.4 million.

The group's most recent financial projections show that for the foreseeable future net assets remain in a positive position at each financial year end and the group is able to comply with its banking covenants at each test date. In addition, the financial projections have been sensitised to assess the impact of poorer market conditions on the profit and loss account, borrowings profile, balance sheet and financial covenants.

As a result the projected trading position for the group and associated sensitivity analysis enables the directors to form a judgment that the company and group have adequate resources to continue to trade for the foreseeable future and that the group will be able to realise its assets and discharge its liabilities in the normal course of business.

For these reasons the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

BASIS OF CONSOLIDATION AND GOODWILL

The consolidated financial statements comprise those of the company and all its subsidiaries. Subsidiaries are all entities over which the group has the power to direct the relevant activities of the entities, the rights to variable returns and the ability to use its power to influence the returns. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

JOINTLY CONTROLLED ENTITIES

A jointly controlled entity is an entity in which the group holds an interest with one or more other parties where a contractual arrangement has established joint control over the entity. Jointly controlled entities are accounted for under IFRS 11 'Joint Arrangements' using the equity method of accounting.

REVENUE RECOGNITION

Revenue consists of the sales of houses net of discounts and sales incentives, land and commercial properties, and joint venture management fees. Sales of houses are recognised on legal completion. Sales of land and commercial property are recognised when contracts are exchanged or missives concluded and, where appropriate, construction is complete. Management fees which represent a reimbursement of costs incurred on behalf of joint ventures are recognised as invoiced. Other management fees are recognised as turnover when realised or in proportion to the group's share in the respective joint ventures.

NET OPERATING EXPENSES

Net operating expenses include, inter alia, the overhead costs of all office based employees, including construction and sales management not based permanently on-site.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation on property, plant and equipment is provided on a straight line basis at rates estimated to write off the cost of the relevant assets over their expected useful lives. The annual rates used are:

Buildings	2%
Computers	25 - 33%
Plant and equipment	25%

Freehold land is not depreciated.

CALA GROUP (HOLDINGS) LIMITED
STATEMENT OF ACCOUNTING POLICIES
for the year ended 30 June 2015

INTANGIBLES

a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units ('CGUs'), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Negative goodwill arising on the acquisition of subsidiaries is credited to the income statement immediately.

b) Brand

Internally generated brands are not held on the balance sheet. The group carries assets on the balance sheet only for brands that have been acquired. Acquired brand values are calculated based on discounted cash flows. No amortisation is charged on brand intangibles, as the group believes that the value of the brands is maintained indefinitely. The factors that result in the durability of the brands capitalised are that there are no material legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of these intangibles. The acquired brands are tested annually for impairment by performing a value in use calculation, using a discount factor based on the group's pre-tax weighted average cost of capital, on the branded revenue stream.

COST OF SALES

Home building cost of sales includes land, construction, design, advertising and site overheads. All such costs are written off on a site by site basis by comparing turnover to date with turnover forecast for the whole site, and applying the resulting proportion to the total forecast costs.

FINANCE COSTS

Interest incurred by the group is charged to the profit and loss account in that period. Interest incurred by joint venture development companies is treated as a development cost and carried in work-in-progress. It is charged to the profit and loss account in accordance with the stage of completion of the development. Interest incurred by joint venture development companies which relates to land without the benefit of a planning consent is charged to the profit and loss account in that period. Interest incurred by joint venture companies which hold property for trading purposes is charged to the profit and loss account as incurred.

EXCEPTIONAL ITEMS AND REVALUATIONS

Exceptional items and revaluations comprise items of income and expense that are material in amount and unusual or infrequent in nature and which merit separate disclosure in order to provide an understanding of the group's underlying performance. Examples of events giving rise to the disclosure of income and expense as exceptional items include, but are not limited to, reorganisation of operations and economic events which necessitate a review of asset valuations including land and work-in-progress. The group has also separately disclosed the mark to market of interest rate swaps per IAS 39.

TAXATION

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using enacted or substantially enacted tax rates, and adjusted for any tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

TAXATION (CONTINUED)

The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting or taxable profit, and differences relating to investment in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the carrying amount of assets and liabilities, using the prevailing tax rates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when the group intends to settle its current tax assets and liabilities on a net basis.

DERIVATIVE FINANCIAL INSTRUMENTS

The group has entered into derivative financial instruments in the form of interest rate swaps to manage the interest rate risk arising from the group's sources of finance. The group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the profit or loss immediately within Finance income and costs. Due to the inherent volatility of fair value measurements, the gain or loss is shown separately within Exceptional items and revaluations.

FINANCIAL ASSETS

Non-derivative financial assets are classified as either 'available for sale financial assets' or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets comprise shared equity loans. Receivables on extended terms granted as part of a sales transaction are secured by way of a second legal charge on the respective property, and are stated at fair value. Gains and losses arising from changes in fair value are recognised in the other comprehensive income section of the statement of comprehensive income, with the exceptions of impairment losses, changes in future cash flows and interest calculated using the effective interest rate method, which are recognised within profit for the year. Where the asset is disposed of, or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is included in the income statement for the year.

IMPAIRMENT OF FINANCIAL ASSETS

Trade and other receivables are assessed for indicators of impairment at each balance sheet date and are impaired where there is objective evidence that the recovery of the receivable is in doubt.

Objective evidence of impairment could include significant financial difficulty of the customer, default on payment terms or the customer going into liquidation.

The carrying amount of trade and other receivables is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

For financial assets classified as available for sale, a significant or prolonged decline in the value of the property underpinning the value or the loan or increased risk of default are considered to be objective evidence of impairment.

TRADE AND OTHER RECEIVABLES

Trade receivables on normal terms do not carry any interest, are stated at amortised cost and are assessed for recoverability on an ongoing basis. Trade and other receivables are classified as 'loans and receivables'.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Net realisable value for home building is assessed internally after taking account of any relevant available market information. Land option premiums are amortised over the life of the option or written off in full if planning is unlikely to be achieved. All other option costs are written off as incurred.

CALA GROUP (HOLDINGS) LIMITED
STATEMENT OF ACCOUNTING POLICIES
for the year ended 30 June 2015

INVENTORIES (CONTINUED)

Where land is held under option and planning permission is achieved the contractual value of the land is recognised in inventory once the option is exercised and a contractual commitment exists.

CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and bank overdrafts.

TRADE AND OTHER PAYABLES

Trade payables on normal terms are not interest bearing and are stated at amortised cost. Trade payables on extended terms, particularly in respect of land purchases, are initially recorded at their fair value at the date of acquisition of the asset to which they relate by discounting at prevailing market interest rates at the date of recognition. The discount to nominal value, which will be paid in settling the deferred purchase terms liability, is amortised over the period of the credit term and charged to finance costs using the effective interest rate method.

BANK BORROWINGS

Interest bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance costs are recognised as an expense in the income statement in the year to which they relate. Bank arrangement fees are amortised over the term of the bank borrowings.

PROVISIONS

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

PENSIONS

The group operates a defined benefit pension scheme and also operates a defined contribution scheme for employees who are not member of a defined benefit scheme.

The liability in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the scheme's assets, together with adjustments for actuarial gains and losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Defined benefit pension costs are assessed in accordance with the advice of qualified actuaries.

For defined contribution plans, the group pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

INVESTMENTS IN SUBSIDIARIES

Investments are carried in the balance sheet at the lower of cost and net realisable value, which is dependent upon management assessment of future trading activity and is therefore subject to a degree of inherent uncertainty. Provisions are made where necessary to reflect any impairment.

FINANCE AND OPERATING LEASES

Where assets are financed by leasing agreements which give rights approximating to ownership (finance leases) the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the profit and loss account on the same basis as other fixed assets. Leasing payments are allocated between capital and interest and the interest is charged to the profit and loss account in proportion to the reducing capital element outstanding. Costs in respect of operating leases are charged to the income statement as incurred.

COMPANY ACCOUNTING POLICIES

A summary of the more important Company accounting policies is set out below. These policies have been consistently applied to all years presented:

a) Investments

Investments in subsidiary undertakings are stated in the Company balance sheet at cost, less provision for any impairment in value.

b) Share capital

There are no material differences from the accounting policy for share capital in the Consolidated accounts disclosed on page 59.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the group's accounting policies which are described in the accounting policies note, the directors have made no individual judgements that have a significant impact upon the financial statements, except those involving estimation, which are dealt with below.

The key sources of estimation uncertainty at the balance sheet date are:

LAND AND WORK IN PROGRESS

Valuations which include an estimation of costs to complete and remaining revenues are carried out at regular intervals throughout the year, during which site development costs are allocated between units built in the current year and those to be built in future years. These assessments include a degree of inherent uncertainty when estimating the profitability of a site during the year and in assessing any impairment provisions which may be required against inventory in the balance sheet.

The group has conducted a review of the net realisable value of its inventory carrying values which resulted in no change to the inventory value. The reviews were conducted on a site by site basis, using valuations that incorporated selling price and development cost movements, based on local management and the board's assessment of market conditions existing at the balance sheet date. If there are significant movements in UK house prices or development costs beyond management's expectations then further impairments/reversals of previous write downs of land and work in progress may be necessary.

IMPAIRMENT OF BRAND INTANGIBLES

The determination of the impairment calculation for the group's indefinite life brand requires an estimation of the value-in-use of the brand. The value-in-use calculation requires an estimate of the future cash flows expected from the brand as part of the review of the carrying value of goodwill, including the anticipated growth rate of revenue and costs, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. The discount rate used is based upon the average capital structure of the group and current market assessments of the time value of money and risks appropriate to the group's home building business. Changes in these may impact upon the group's discount rate in future periods. The carrying amount of indefinite life brands at 30 June 2015 was £8.6m with no impairment recognised during the year ended 30 June 2015.

DEFINED BENEFIT PENSION SCHEME

The directors engage a qualified independent actuary to calculate the group's liability in respect of its defined benefit pension scheme. In calculating this liability it is necessary for actuarial assumptions to be made, which include discount rates, salary and pension increases, price inflation, the long-term rate of return upon scheme assets and mortality.

As actual rates of increase and mortality may differ from those assumed, the pension liability may differ from that included in these financial statements. Note 21 details the main assumptions in accounting for the group's defined benefit pension scheme along with sensitivity analysis.

1. REVENUE

All revenue relates to residential home building and originates in the United Kingdom.

2. EXCEPTIONAL ITEMS AND REVALUATIONS

	Year ended 30 June 2015 £000	Year ended 30 June 2014 restated £000
Cost of sales:		
Land and work in progress write backs: Home building	(1,547)	(1,974)
Bad debt provision	1,118	-
	(429)	(1,974)
Net operating expenses:		
Acquisition costs	-	5,283
Rebranding costs	-	250
Bank underwrite fees	-	531
Release of provision for acquisition costs	-	(1,512)
Reorganisation costs	-	99
	-	4,651
Finance costs - net:		
Fair value losses / (gains) on interest rate swaps	3,330	(513)
Bank facility arrangement fees	-	1,676
	3,330	1,163
Income tax expense:		
Deferred tax on above items	(580)	-
	2,321	3,840

The carrying value of stocks was reviewed to take account of market conditions and trading performance. In prior years, the group made significant write downs to the carrying value of stock which were reported within exceptional items at the time. At 30 June 2015, the directors carried out a review of these which resulted in some write backs which are disclosed separately above. The review of land and work-in-progress has been carried out on a site-by-site basis using internal valuations incorporating projected sales rates and prices that reflect both current and anticipated trading conditions. Where appropriate, external market research has been used to support land valuations.

Due to the material nature of the current year bad debt provision it has been disclosed separately as an exceptional item.

To more accurately reflect the underlying performance of the business, fair value movements on interest rate swaps have been shown within exceptional items and revaluations. The prior year figures have been restated to reflect this change.

Prior year exceptional items within net operating expenses relate to the acquisition of 100% of the share capital of Banner Homes Group Plc.

3. PROFIT BEFORE INCOME TAX

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Stated after charging/(crediting):		
Staff costs (note 4)	44,149	32,902
Depreciation	1,102	830
Operating leases: - plant and machinery	742	675
- land and buildings	984	960
Auditors' remuneration:		
Fees payable to the company's auditor for the audit of the company's financial statements	19	49
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries	191	192
Audit-related assurance services	21	13
Tax compliance services	61	58
Tax advisory services	33	10
Other non-audit services	-	3
Gain on sale of property, plant and equipment	(1,022)	(114)
Rental income - operating leases	(35)	(158)

The group audit fee disclosed above includes £19,282 (2014: £19,000) in respect of the company.
The tax fee disclosed above includes £1,103 (2014: £1,050) in respect of the company.

4. EMPLOYEES

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Average monthly number of employees during the year (including directors):		
Home building: site	296	231
Home building: office	359	411
	655	642
Employment costs during the year:		
Wages and salaries	37,488	27,732
Social security costs	4,352	3,599
Other pension costs	2,309	1,571
	44,149	32,902
Directors' remuneration:		
Aggregate emoluments	1,165	1,279
Defined contribution plan - company contributions	46	42
	1,211	1,321

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4. EMPLOYEES (CONTINUED)

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Highest paid director:		
Aggregate emoluments	655	742
Defined contribution plan - company contributions	31	29
Defined benefit pension scheme:		
Accrued pension at 30 June	95	89

Retirement benefits are accruing to two (2014: two) directors under the group defined benefit scheme and defined contribution scheme.

5. FINANCE INCOME AND COSTS

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Finance costs:		
Interest expense on bank loans, overdrafts and other borrowings	20,189	11,001
Imputed interest on deferred land payables	1,999	1,594
Fair value losses on interest rate swaps	3,330	-
Other finance costs	266	-
Bank facility arrangement fees	-	2,317
Finance costs	25,784	14,912
Finance income:		
Imputed interest on available for sale financial assets	(296)	(201)
Fair value gains on interest rate swaps	-	(513)
Other finance income	-	(809)
Interest receivable	(79)	(9)
Finance income	(375)	(1,532)
Net finance costs	25,409	13,380

6. INCOME TAX EXPENSE

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Group		
Current tax:		
Current tax on profits for the year at 20.75% (2014: 22.5%)	1,310	1,145
Adjustments in respect of prior years	(822)	(449)
Foreign taxes	17	-
Total current tax	505	696
Deferred tax (note 18):		
Origination and reversal of timing differences	10,701	8,876
Total deferred tax	10,701	8,876
Income tax expense	11,206	9,572

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Profit before tax	48,011	22,978
Tax calculated at UK corporation tax rate of 20.75% (2014: 22.5%)	9,962	5,170
Effects of:		
Joint ventures' results reported net of tax	1	113
Expenses not deductible for tax purposes	100	1,530
Adjustments in respect of prior years	-	93
Re-measurement of deferred tax - change in tax rate	(337)	4,355
Utilisation of losses	(134)	(292)
Non taxable income	(102)	(668)
Foreign taxes	17	-
Deferred tax recognised, previously unrecognised	1,099	(729)
Accelerated capital allowances and other timing differences	600	-
Group tax charge	11,206	9,572

Factors affecting future tax charges:

The rate of corporation tax was reduced to 21% effective from 1 April 2014. The impact of the reduction in the corporation tax rate is reflected in the table above.

In addition to the changes in rates of corporation tax disclosed above, further changes to the UK corporation tax rate were announced in the Chancellor's Budget on 8 July 2015. The changes were to reduce the main rate to 19% from 1 April 2017 and to reduce it to 18% from 1 April 2020. As these changes have not been substantively enacted at the balance sheet date their effect is not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £0.9 million and increase the tax expense for the period by £0.9 million.

7. INTANGIBLE ASSETS

	Group		
	Goodwill £000	Brand £000	Total £000
Cost			
As at 30 June 2015 and 2014	40,144	8,586	48,730
Accumulated amortisation and impairment			
As at 30 June 2015 and 2014	-	-	-
Carrying amount at 30 June 2015	40,144	8,586	48,730
Carrying amount at 30 June 2014	40,144	8,586	48,730

Impairment test for brand

The group does not amortise the brand acquired with CALA Group Limited, being CALA Homes, valued at £8.6 million, as the directors consider that this has an indefinite life. The directors consider that this brand has an indefinite life due to the fact that the group intends to hold and support the brand for an indefinite period and there are no factors that would prevent it from doing so.

The group tests its indefinite life brand annually for impairment, or more frequently if there are indications that it might be impaired. The recoverable amount is determined using a value-in-use calculation. The value-in-use was determined by discounting expected future cash flows. The first four years of cash flows were determined using cash flow forecasts derived from the most recent financial budgets approved by management. The cash flows for year five onwards were extrapolated in perpetuity using an estimated growth rate of 2.25%, which is based upon the expected long-term growth rate of the UK economy.

The key assumptions for the value-in-use calculation are those regarding the discount rate, expected changes in selling prices for completed houses and expected changes in site costs to complete. The directors estimate the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks appropriate to the housebuilding business. Accordingly the rate of 15.7% is considered by the directors to be the appropriate pre-tax risk adjusted discount rate. Changes in selling prices and direct costs are based upon past experience and expectations of future changes in the market.

It is considered that there are no reasonably likely changes in assumptions that would lead to an impairment.

Impairment test for goodwill

The group tests its goodwill annually for impairment, or more frequently if there are indications that it might be impaired. The recoverable amount is determined using a value-in-use calculation. The value-in-use was determined by discounting expected future cash flows from the legacy Banner companies, acquired in March 2014. The first four years of cash flows were determined using cash flow forecasts derived from the most recent financial budgets approved by management. The cash flows for year five onwards were extrapolated in perpetuity using an estimated growth rate of 2.25%.

The key assumptions for the value-in-use calculation are those regarding the discount rate, expected changes in selling prices for completed houses and expected changes in site costs to complete. The pre-tax discount rate of 15.7% has been used to determine the value-in-use. Changes in selling prices and direct costs are based upon past experience and expectations of future changes in the market.

It is considered that there are no reasonably likely changes in assumptions that would lead to an impairment.

8. PROPERTY, PLANT AND EQUIPMENT

	Group			
	Land and buildings £000	Computers £000	Plant and equipment £000	Total £000
Cost:				
At 30 June 2014	388	2,801	2,064	5,253
Additions	1,179	261	1,748	3,188
Disposals	(1,357)	(592)	(1,143)	(3,092)
At 30 June 2015	**210**	**2,470**	**2,669**	**5,349**
Accumulated depreciation:				
At 30 June 2014	105	1,452	1,117	2,674
Provided during the year	6	573	523	1,102
Disposals	(68)	(564)	(1,030)	(1,662)
At 30 June 2015	**43**	**1,461**	**610**	**2,114**
Carrying amount at 30 June 2015	**167**	**1,009**	**2,059**	**3,235**
Carrying amount at 30 June 2014	283	1,349	947	2,579

Land and buildings are freehold and heritable.

The company has no property, plant and equipment.

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9. AVAILABLE FOR SALE FINANCIAL ASSETS

	Group 2015 £000	Group 2014 £000
At 1 July	**2,981**	2,019
Acquisitions	**-**	606
(Disposals) / additions	**(326)**	155
Imputed interest	**296**	201
At 30 June	**2,951**	2,981

Available for sale financial assets comprise shared equity loans, largely with a ten year term and variable repayment amounts, provided as part of sales transactions that are secured by way of a second legal charge on the related property. The assets are recorded at fair value, being the estimated future amount receivable by the group, discounted to present day values. The fair value of future anticipated cash receipts takes into account the directors' view of future house price movements, the expected timing of receipts and the likelihood that a purchaser defaults on a repayment. The directors revisit the future anticipated cash receipts from the assets at the end of each financial reporting period. The difference between the anticipated future receipt and the initial fair value is credited over the estimated deferred term to finance income, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. Credit risk, which the directors currently consider to be largely mitigated through holding a second legal charge over the assets, is accounted for in determining fair values and appropriate discount factors are applied. The directors review the financial assets for impairment at each balance sheet date. There were no indicators of impairment at 30 June 2015.

10. INVENTORIES

	Group 2015 £000	Group 2014 £000
Home building:		
Land and options	**438,905**	331,004
Part exchange stocks	**16,605**	6,891
Work in progress and other stocks	**149,523**	210,170
	605,033	548,065

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £384.8 million (2014: £205.7 million). Land creditors are shown in note 16.

11. INVESTMENTS IN SUBSIDIARIES

	Company £000
Cost of investments in subsidiary undertakings:	
At 1 July 2014	90,643
Additions	-
At 30 June 2015	**90,643**

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The principal and active subsidiary undertakings of the group are shown below:

Name of Company	% of £1 ordinary shares held	Accounting year end	Nature of business
CALA Group Limited	100	30 June	Administrative & holding company
CALA 1999 Limited	100	30 June	Administrative & holding company
CALA Limited	100	30 June	Administrative & holding company
CALA 1 Limited	100	30 June	Administrative & holding company
CALA Management Limited	100	30 June	Home building
CALA Homes (North) Limited *	100	30 June	Home building
CALA Homes (East) Limited *	100	30 June	Home building
CALA Homes (West) Limited *	100	30 June	Home building
CALA Homes (Midlands) Limited *	100	30 June	Home building
CALA Homes (Chiltern) Limited *	100	30 June	Home building
CALA Homes (Thames) Limited *	100	30 June	Home building
CALA Homes (South Home Counties) Limited *	100	30 June	Home building
CALA Homes (North Home Counties) Limited *	100	30 June	Home building
CALA Ventures Limited	100	30 June	Home building
Banner Homes Group Limited	100	30 June	Administrative & holding company
Banner Management Limited	100	30 June	Home building
Banner Construction Limited	100	30 June	Home building
Banner Homes Central Limited	100	30 June	Home building
Banner Homes Bentley Priory Limited	100	30 June	Home building
Banner Homes Ventures Limited	100	30 June	Home building
Banner Developments Limited	100	30 June	Home building
Banner Homes Limited	100	30 June	Home building
Banner Homes Southern Limited	100	30 June	Home building
Banner Homes Midlands Limited	100	30 June	Home building

A full list of all subsidiary companies is given in the appendix on pages 85 - 86.

All the above companies are incorporated in Great Britain and 100% of the voting rights are held by the group.

CALA Management Limited is the group's principal operating subsidiary. All other companies marked * above are agents of CALA Management Limited. All subsidiary undertakings are fully consolidated in these financial statements.

12. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group £000
Cost	
At 30 June 2014	623
Share of results of jointly controlled entities	21
Transfer to provisions	1
At 30 June 2015	**645**

The group's share of assets and liabilities of jointly controlled entities is as follows:

	Group 2015 £000	Group 2014 £000
Current assets	**899**	1,597
Current liabilities	**(254)**	(974)
Net assets of jointly controlled entities	**645**	623

The group's share of current assets and liabilities in respect of joint ventures represents: trade debtors and creditors arising in the normal course of business; tangible stocks of land and work-in-progress on each development; and loan balances due to the joint venture partners and financial institutions.

The group's share of the income and expenses of jointly controlled entities is as follows:

	Group 2015 £000	Group 2014 £000
Revenue	**21**	8,736
Expenses	**(5)**	(6,965)
	16	1,771
Tax	**5**	(490)
Share of results of jointly controlled entities	**21**	1,281

The principal joint venture companies are:

Name of company	% of £1 ordinary shares held	Accounting year end	Nature of business
CALA Evans Restoration Limited	50	30 June	Home building
CALA Campus Limited	50	31 December	Home building

All the above companies are incorporated in Great Britain.

The joint venture companies were formed for the purpose of carrying out large site-specific housing developments where the group considered the additional risks and funding requirements attaching to such projects merited a sharing arrangement. These developments are project managed by a subsidiary of the group on normal commercial terms negotiated on an arm's-length basis.

Each company has a properly constituted Board which meets on a regular basis. Systems are in place to ensure regular reporting of financial information to each board, and to the group, and such financial information is sufficient to give a full understanding of the financial position of the joint venture company.

Where required, each company is separately funded by a financial institution on either a non-recourse or limited guarantee basis, secured over the assets of that company. Additional unsecured loan funding is provided by the joint venture shareholders at varying rates of interest.

13. TRADE AND OTHER RECEIVABLES

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Non-current assets				
Trade receivables	-	415	-	-
Amounts owed by joint ventures	5,732	-	-	-
	5,732	415	-	-
Current assets				
Trade receivables	13,940	3,605	-	-
Amounts owed by group companies	-	-	122,329	110,911
Amounts owed by joint ventures	186	6,958	-	-
Other receivables	9,718	5,060	-	-
Corporation tax	113	201	-	-
Prepayments and accrued income	3,994	4,475	-	-
	27,951	20,299	122,329	110,911

All non-current receivables are due within five years from the end of the reporting period.

Trade and other receivables are non-interest bearing, and the group has no concentration of credit risk, with exposure spread over a large number of customers. The directors consider that the carrying value of trade receivables approximates to their fair value.

Of the year end trade receivables the following were overdue but not impaired:

	Group 2015 £000	Group 2014 £000
Ageing of overdue but not impaired receivables		
Less than 3 months	65	99
Greater than 3 months	880	175
	945	274

The carrying value of trade and other receivables are stated after the following allowance for doubtful receivables:

At start of year	134	94
On acquisition	-	17
Charge for the year	1,275	23
Unused amounts reversed	(10)	-
Amounts written off during the year as uncollectable	(38)	-
At 30 June	1,361	134

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14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2015 Assets £000	Group 2015 Liabilities £000	Group 2014 Assets £000	Group 2014 Assets £000
Interest rate swaps - fair value hedges	-	2,496	834	-
Less non-current portion:				
Interest rate swaps - fair value hedges	-	(2,485)	(834)	-
Current portion	-	11	-	-

The group has entered into interest rate swap arrangements to manage interest rate risks as explained in note 17. The swap arrangements expire on 21 March 2019. The group does not enter into any derivatives for speculative purposes.

The arrangements are at fixed interest rates of between 0.785% and 2.3575%, excluding margin.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2015 was £140.0 million (2014: £140.0 million). This amount varies throughout the period of the swap arrangements. The remaining debt is at floating rates of interest.

Changes in fair values of interest rate swaps are recorded within finance income in the income statement (note 5) and presented within the Exceptional items and revaluations column.

The fair value of the instruments is based on the market price of these instruments at the balance sheet date. In accordance with IFRS 7, the interest rate swaps are considered to be level 2 with the fair value being calculated at the present value of the estimated future cash flows using market rates.

15. LOANS AND BORROWINGS

	Group 2015 £000	Group 2014 £000
Current liabilities		
Loans and other borrowings	15,000	-
Non-current liabilities		
Loans and other borrowings	255,104	280,783

All issue costs in respect of capital instruments are offset against debt immediately after issue. Finance costs, including provisions for redemption premia are allocated to periods over the term of the debt at a constant rate on the carrying amount.

(a) Analysis by instrument:	Group 2015 £000	Group 2014 £000
Term loan	100,000	100,000
Revolving credit facility	50,000	70,800
Unsecured redeemable fixed rate loan notes	120,104	109,983
	270,104	280,783

In March 2014, as part of the acquisition of Banner Homes Group Limited, the group amended its facilities. The maturity date of the facilities is 21 March 2019. The amended facilities bear interest of LIBOR plus 3.75%. The revolving credit facility varies depending on the working capital requirements of the group and as such there are no fixed contractual interest payments. The unsecured redeemable fixed rate loan notes bear interest of 9% with a maturity date of 18 March 2023.

15. LOANS AND BORROWINGS (CONTINUED)

(b) Borrowing facilities

The group had undrawn committed borrowing facilities of £148.5 million (2014: £127.7 million) in respect of which all conditions precedent had been met.

(c) Security

Bank borrowings of £150.0 million are secured by way of a bond and floating charge, guarantees and fixed charges granted by CALA Group Limited and the following main subsidiaries: CALA 1999 Limited, CALA Limited, and CALA Management Limited. A number of other bonds and floating charges, fixed securities, debentures and share pledges over land and assets have been granted by certain subsidiaries of the company in favour of the bank.

(d) Maturity analysis	Group 2015 £000	Group 2014 £000
Repayments fall due as follows:		
Within one year, or on demand	15,000	-
After more than one year	255,104	280,783
	270,104	280,783
Repayments due after more than one year are analysed as follows:		
Between one and two years	25,000	15,000
Between two and three years	30,000	25,000
Between three and four years	80,000	30,000
Between four and five years	-	100,800
After five years	120,104	109,983
	255,104	280,783

16. TRADE AND OTHER PAYABLES

	Group 2015 £000	Group 2014 £000
Current liabilities:		
Trade payables:		
Land - in development	63,211	27,503
Land - not yet acquired or in development	29,471	30,324
Other	71,072	55,391
Amounts owed to joint ventures	364	-
Other taxation and social security costs	1,235	721
Other payables	2,901	6,196
Accruals	12,641	10,853
	180,895	130,988
Non-current liabilities		
Trade payables:		
Land - in development	24,378	35,115
Land - not yet acquired or in development	16,973	21,743
	41,351	56,858

Total trade payables include accruals of £134.0 million (2014: £114.7 million) for development land under contract but not yet acquired. Total land payables also include £66.6 million (2014: £45.5 million) which is secured by way of legal charge against land acquired for development. Land payables are reduced for imputed interest, which is charged to the income statement over the credit period of the purchase contract.

17. FINANCIAL RISK MANAGEMENT

The principal operational risks of the business are detailed on pages 26 to 27.

i) Financial Risks

The group's activities expose it to a variety of financial risks: market risk, interest rate risk, liquidity risk and credit risk. This note presents basic information regarding the group's exposures to these risks and the group's objectives, strategy and process for measuring and managing exposure to them.

UK housing market price risk

The group is fundamentally affected by the level of UK house prices. These in turn are affected by factors such as credit availability, employment levels, interest rates, consumer confidence and supply of land with planning.

Whilst it is not possible for the group to fully mitigate such risks on a national macroeconomic basis the group does continually monitor its geographical spread within the UK, seeking to balance its investment in areas offering the best immediate returns with a long term spread of its operations throughout the UK to minimise the risk of local microeconomic fluctuations.

The UK housing market affects the valuation of the group's non-financial assets and liabilities and the critical judgements applied by management in these financial statements, including the valuation of land and work in progress and brand.

The value of the group's available for sale financial assets is directly linked to the UK housing market. At 30 June 2015 these assets were carried at a fair value of £3.0 million (2014: £3.0 million).

Sensitivity analysis

At 30 June 2015, if UK house prices had been 5% higher/lower, and all other variables were held constant, the group's house price linked financial instruments, which are solely available for sale financial assets, would increase/decrease in value, excluding any affects of current or deferred tax by £0.3 million.

Interest rate risk

The group's policy is to minimise the exposure to interest rates by ensuring an appropriate balance of fixed and floating rates. The group's primary funding is at floating rates through its bank facilities. In order to manage the associated interest rate risk, the group uses interest rate swaps to vary the mix of fixed and floating rates. At 30 June 2015, the notional amount of these interest rate swaps was £140.0 million (2014: £140.0 million), of which £70.0 million were in effect at the year end (2014: £50.0 million). The fixed to floating rate net debt ratio was 1: 3.32 (2014: 1: 4.89). The group has no formal target for a ratio of fixed to floating funding. The responsibility for setting the level of fixed rate debt lies with the directors and is continually reviewed in the light of economic data provided by a variety of sources.

Sensitivity analysis

If in the period ended 30 June 2015 UK interest rates had been 0.5% higher/lower then the group's pre-tax profit would have increased/decreased by £0.9 million. This sensitivity has been prepared in respect of the direct impact of such interest rate change on the net financing expense of financial instruments only, and does not attempt to estimate the indirect effect such a change may have on the wider economic environment such as house pricing and mortgage availability.

Liquidity risk

Liquidity risk is the risk that the group does not have sufficient financial resources available to meet its obligations as they fall due. The group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching expected cash flow timings of financial assets and liabilities with the use of term cash and cash equivalents, borrowings, overdrafts and committed revolving credit facilities. Funding headroom is maintained above forecast peak requirements.

The group's banking arrangements outlined in note 15 are considered to be adequate in terms of flexibility and liquidity for its medium term cash flow needs, mitigating its liquidity risk. The group's approach to assessment of liquidity risk is further outlined in the section of the Strategic Report relating to Risk Management which can be found on pages 25 to 27.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity of financial liabilities

The table below analyses the group's financial liabilities into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	2015 Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1 - 2 years £000	2 - 5 years £000	Over 5 years £000
Loans and borrowings	270,104	392,896	15,000	25,000	110,000	242,896
Trade and other payables	86,614	86,614	86,614	-	-	-
Land payables	87,589	137,101	93,550	23,533	9,998	10,020
Financial liabilities	443,307	616,611	195,164	48,533	119,998	252,916

Group	2014 Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	1 - 2 years £000	2 - 5 years £000	Over 5 years £000
Loans and borrowings	280,783	413,696	-	15,000	155,800	242,896
Trade and other payables	72,440	72,440	72,440	-	-	-
Land payables	62,618	119,574	58,648	36,178	14,617	10,131
Financial liabilities	415,841	605,710	131,088	51,178	170,417	253,027

Trade and other payables exclude amounts owed to joint ventures, tax and social security and other non-financial liabilities. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

Credit risk

The nature of the UK housing market and the legal framework surrounding it results in the group having a low exposure to credit risk.

In the majority of cases the full cash receipt for each sale occurs on legal completion, which is also the point of revenue recognition under the group's accounting policies. In certain specific circumstances the group has entered into shared equity loan arrangements (not applicable to the Company) which are classified as available for sale financial assets. The group has £3.0 million of available for sale financial assets which expose it to credit risk, although this asset is spread over a large number of properties. As such, the group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The group manages credit risk in the following ways:
- The group has a credit policy that is limited to financial institutions with high credit ratings as set by international credit rating agencies and has a policy determining the maximum permissible exposure to any single counterparty.
- The group only contracts derivative financial instruments with counterparties with which the group has an ISDA Master Agreement in place. These agreements permit net settlement, thereby reducing the group's credit exposure to individual counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the group's maximum exposure to credit risk.

Capital risk management

The capital structure of the group consists of net cash/debt (borrowings as detailed in note 15 offset by cash and bank balances) and equity of the group (comprising issue capital, reserves and retained earnings as detailed in the statement of changes in shareholders' equity). The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and meet its liabilities as they fall due whilst maintaining an appropriate capital structure. Close control of deployment of capital is maintained by detailed management review procedures for authorisation of significant capital commitments, such as land acquisitions, capital targets for local management and a system of internal interest recharges, ensuring capital cost impact is understood and considered by all management tiers.

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17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Decisions regarding the balance of equity and borrowings, dividend policy and all major borrowing facilities are reserved for the board. If appropriate the group can manage its short-term and long-term capital structure by adjusting the level of ordinary dividends paid to shareholders (assuming the company is paying a dividend), issuing new share capital, arranging debt to meet liability payments, and selling assets to reduce debt.

ii) Fair value of financial assets and financial liabilities

Financial assets

The carrying values and fair values of the group's financial assets are as follows:

Group	2015 Fair value £000	2015 Carrying value £000	2014 Fair value £000	2014 Carrying value £000
Loans and receivables:				
Trade and other receivables	23,658	23,658	8,665	8,665
Cash and cash equivalents	32,162	32,162	29,188	29,188
Assets at fair value through profit and loss:				
Derivative financial instruments	-	-	834	834
Available for sale financial assets	2,951	2,951	2,981	2,981
Total financial assets	58,771	58,771	41,668	41,668

Trade and other receivables excludes accrued income, prepayments, amounts owed by joint ventures and tax and social security.

Financial liabilities

The carrying values and fair values of the group's financial liabilities are as follows:

Group	2015 Fair value £000	2015 Carrying value £000	2014 Fair value £000	2014 Carrying value £000
Liabilities at fair value through profit and loss:				
Derivative financial instruments	2,496	2,496	-	-
Financial liabilities at amortised cost:				
Trade and other payables (note 16)	86,614	86,614	72,440	72,440
Borrowings (note 15)	270,104	270,104	280,783	280,783
Total financial liabilities	359,214	359,214	353,223	353,223

Trade and other payables exclude amounts owed to joint ventures, tax and social security and other non-financial liabilities.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 £000	Level 2 £000	Level 3 £000	2015 Total £000
Derivative financial liabilities	-	(2,496)	-	(2,496)
Available for sale financial assets	-	-	2,951	2,951
Total	-	(2,496)	2,951	455

Group	Level 1 £000	Level 2 £000	Level 3 £000	2014 Total £000
Derivative financial assets	-	834	-	834
Available for sale financial assets	-	-	2,981	2,981
Total	-	834	2,981	3,815

iii) Summary of methods and assumptions

Interest rate swaps
Fair value is based on market price of these instruments at the balance sheet date.

Available for sale financial assets

The group determines the fair value of its available for sale financial assets through estimation of the present value of expected future cash flows. Cash flows are assessed taking into account expectations of the timing of redemption, future house price movements and the risks of default. An instrument-specific market assessed interest rate is used to determine present value via discounted cash flow modelling.

Current borrowings
The fair value of current borrowings and overdrafts approximates to the carrying amount because of the short term maturity of these instruments.

Non-current borrowings
The fair value of non-current borrowings approximates to the carrying value reported in the balance sheet as all debt is raised on a floating rate basis where payments are reset to market rates at intervals of less than one year.

CALA GROUP (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

18. DEFERRED TAXATION

The deferred tax asset recognised comprises:

	Group 2015 £000	Group 2014 £000
Accelerated capital allowances	(285)	(745)
Retirement benefit obligation	(1,244)	(1,306)
Trading losses	(18,671)	(28,765)
Other timing differences	1,808	1,723
Deferred tax assets:		
Amount provided	(18,392)	(29,093)
Amount not provided	(2,831)	(1,201)

The following are the major deferred tax assets and liabilities recognised by the group and movements thereon during the current reporting period.

	Accelerated capital allowances £000	Retirement benefit obligation £000	Trading losses £000	Other timing differences £000	Total £000
At 1 July 2014	(746)	(1,306)	(28,765)	1,724	(29,093)
Charged to the income statement	461	62	10,094	84	10,701
At 30 June 2015	(285)	(1,244)	(18,671)	1,808	(18,392)

No recognition has been made in these financial statements for the deferred tax asset of £2.8 million (2014: £1.2 million) (shown above as unprovided) which relates to commercial property trading losses and disallowed accrued interest.

19. SHARE CAPITAL

	2015 Number of Shares	2014 Number of Shares
Equity share capital:		
'A' ordinary shares of £0.001 each	190,312,591	190,312,591
'B' ordinary shares of £1.00 each	1,872,259	1,872,259
'C' ordinary shares of £1.00 each	779,934	779,934
'D' ordinary shares of £1.00 each	462,372	462,372
'E' ordinary shares of £1.00 each	462,372	462,372
'F' ordinary shares of £1.00 each	577,134	577,134
'G1' ordinary shares of £0.001 each	4,886,889	4,886,889
'G2' ordinary shares of £0.001 each	389,400	-
'H1' ordinary shares of £0.00001 each	12,311,394	11,306,250
'H2' ordinary shares of £0.00001 each	2,307,692	-
At 30 June	214,362,037	210,659,801

	2015 £000	2014 £000
Equity share capital:		
'A' ordinary shares of £0.001 each	190	190
'B' ordinary shares of £1.00 each	1,872	1,872
'C' ordinary shares of £1.00 each	780	780
'D' ordinary shares of £1.00 each	463	463
'E' ordinary shares of £1.00 each	463	463
'F' ordinary shares of £1.00 each	577	577
'G1' ordinary shares of £0.001 each	5	4
'G2' ordinary shares of £0.001 each	-	-
'H1' ordinary shares of £0.00001 each	-	-
'H2' ordinary shares of £0.00001 each	-	-
At 30 June	4,350	4,349

The 'A' ordinary shares carry 75% of the votes attaching to all shares.
The 'B', 'C', 'D', 'E' and 'F' ordinary shares each carry 5% of the votes attaching to all shares.
The 'G1', 'G2', 'H1' and 'H2' ordinary shares have no voting rights.

Each class of share is entitled pari passu to dividend payments or any other distribution.

During the year, 389,400 'G2' ordinary shares, 1,005,144 'H1' ordinary shares and 2,307,692 'H2' ordinary shares were issued for a total consideration of £0.4 million, including share premium of £0.4 million.

The 'B', 'C', 'D', 'E', 'F' and 'G1' ordinary shares are held by members of the senior management team having been acquired at market value. Other than differences in voting rights disclosed above, these shares have identical rights to the 'A' ordinary shares.

Senior management hold the 'H1' and 'H2' ordinary shares disclosed above. These shares have a number of conditions and vesting periods. The fair value of the shares was determined to be not materially greater than the purchase price resulting in any expense in the Statement of comprehensive income for these shares being immaterial.

CALA GROUP (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

20. FINANCIAL COMMITMENTS

At 30 June 2015 the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2015 £000	Plant and machinery 2015 £000	Land and buildings 2014 £000	Plant and machinery 2014 £000
- No later than 1 year	902	384	689	434
- Later than 1 year and no later than 5 years	2,856	734	2,269	377
- Later than 5 years	1,366	106	1,739	-
	5,124	1,224	4,697	811

Operating lease payments primarily represent rentals payable by the group for certain office properties and motor vehicles.

21. RETIREMENT BENEFITS

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

The Scheme is a funded, defined benefit, career average revalued earnings (CARE) pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. Prior to 1 January 2008 the Scheme was a final salary pension plan. All benefits accrued prior to 1 January 2008 are linked to the members' Final Pensionable Salary at 31 December 2007. The Scheme closed to new members on 31 December 2007.

The level of benefits provided depends on members' length of service and their salary in each year of pensionable service. Some pensions in payment receive inflationary increases in line with RPI (Retail Prices Index) inflation. The benefit payments are from trustee-administered funds. The amount of contributions to be paid is decided jointly by the employer and the Trustees of the Scheme. Assets held in trust are governed by UK regulations and practice. The Scheme's investment strategy is decided by the Trustees, in consultation with the employer. The board of Trustees must be composed of representatives of the employer and plan participants in accordance with the Scheme's legal documentation.

21. RETIREMENT BENEFITS (CONTINUED)

The amounts recognised in the balance sheet are determined as follows:

	2015 £000	2014 £000
Present value of funded obligations	72,862	64,462
Fair value of plan assets	(66,639)	(57,930)
Deficit of funded plans	6,223	6,532
Present value of unfunded obligations	-	-
Total deficit of defined benefit pension plans	6,223	6,532
Impact of minimum funding requirement/asset ceiling	-	-
Liability in the balance sheet	6,223	6,532

The movement in the net defined benefit obligation over the accounting period is as follows:

	2015 Present value of obligation £000	2015 Fair value of plan assets £000	2015 Total £000	2014 Present value of obligation £000	2014 Fair value of plan assets £000	2014 Total £000
At 1 July	64,462	(57,930)	6,532	56,249	(53,389)	2,860
Current service cost	1,006	-	1,006	866	-	866
Interest expense/(income)	2,837	(2,571)	266	2,770	(2,653)	117
	3,843	(2,571)	1,272	3,636	(2,653)	983
Remeasurements:						
• Return on plan assets excluding amounts included in interest income	-	(5,157)	(5,157)	-	(1,483)	(1,483)
• (Gain)/loss from change in demographic assumptions	(306)	-	(306)	-	-	-
• Loss from change in financial assumptions	5,830	-	5,830	5,890	-	5,890
• Experience losses	-	-	-	145	-	145
	5,524	(5,157)	367	6,035	(1,483)	4,552
Contributions:						
• Employers	-	(1,948)	(1,948)	-	(1,863)	(1,863)
• Plan participants	315	(315)	-	327	(327)	-
Payments from plans:						
• Benefit payments	(1,282)	1,282	-	(1,785)	1,785	-
At 30 June	72,862	(66,639)	6,223	64,462	(57,930)	6,532

CALA GROUP (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

21. RETIREMENT BENEFITS (CONTINUED)

The significant actuarial assumptions were as follows:

	2015	2014
Discount rate	3.90%	4.40%
RPI inflation	3.20%	3.25%

Assumptions regarding future mortality are set based on actuarial advice taking into account mortality expectations based on members' postcodes.

These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2015	2014
• Male	23	23
• Female	25	25
Retiring 20 years after the end reporting period:		
• Male	24	24
• Female	26	27

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	decreases by 5%	increases by 5%
RPI inflation	0.25%	increases by 3%	decreases by 3%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		increase by 3%	decrease by 3%

The above sensitivity analysis on the discount rate is based on a change in assumption while holding all other assumptions constant. The change in RPI inflation assumption impacts on the CPI (Consumer Prices Inflation), CARE revaluation and pension increase assumptions. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

21. RETIREMENT BENEFITS (CONTINUED)

Plan assets are comprised as follows:

	2015			2014		
	Quoted £000	Un-quoted £000	Total £000	Quoted £000	Un-quoted £000	Total £000
Equities	6,478	-	6,478	5,889	-	5,889
Corporate bonds	-	-	-	-	-	-
Property	2,975	-	2,975	2,664	-	2,664
Diversified growth fund	11,208	-	11,208	10,660	-	10,660
Global absolute return fund	13,041	-	13,041	12,153	-	12,153
Liability Driven Investment (LDI)	16,207	-	16,207	12,513	-	12,513
Multi Asset Credit (MAC)	16,657	-	16,657	13,949	-	13,949
Cash and cash equivalents	73	-	73	102	-	102
Total	66,639	-	66,639	57,930	-	57,930

Through its defined benefit pension plan, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. The allocation to growth assets is monitored such that it is suitable with the Scheme's long term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the Scheme's liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk

The majority of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The Scheme uses corporate bonds as matching assets. The remainder of assets are used as growth assets. A review of the Scheme's investment strategy will be undertaken in the next financial year.

The employer has agreed that it will aim to eliminate the Scheme deficit (as assessed on the ongoing funding basis) by 31 December 2018. The current agreed employer level is 13.8% of contribution salaries in respect of future benefit accrual and death in service premiums and £1.0 million per annum in respect of deficit recovery contributions. Funding levels are monitored on an annual basis and the next triennial valuation is due to be completed as at 6 April 2015.

Expected employer contributions to the Scheme for the year ending 30 June 2016 are £1.7 million.

The weighted average duration of the defined benefit obligation is 21 years.

CALA GROUP (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

22. CONTINGENT LIABILITIES

	Group 2015 £000	Group 2014 £000
Bank guarantees	392	392
Indemnities for performance bonds	3,133	1,237

The performance bonds consist of road, sewer and other development agreements entered into in the normal course of business.
The company has also guaranteed the performance of certain subsidiary and joint venture obligations arising from normal trading agreements.

23. RELATED PARTY DISCLOSURES

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its joint ventures are disclosed below.

	2015 £000	2014 £000
Relating to joint ventures:		
Amounts owed by joint ventures	5,918	6,958
Fees received from joint ventures	(364)	-

Key management, as defined under IAS 24 'Related Party Disclosures' includes directors and members of the Operations Board.
The compensation paid or payable to key management for employee services is shown below:

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Key management remuneration:		
Salaries and other short-term employee benefits	3,324	3,142
Post-employment benefits	96	77
	3,420	3,219

23. RELATED PARTY DISCLOSURES (CONTINUED)

	2015 £000	2014 £000
Loans from related parties:		
Loans from key management of the company:		
At start of year	3,975	2,479
Loans advanced during the year	-	1,236
Interest charged	366	260
At 30 June	4,341	3,975

24. ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is Haut Investments Limited. Haut Investments Limited is owned by a number of investors, with no individual investor having control.

The subsidiary undertakings of CALA Group (Holdings) Limited at 30 June 2015 are shown below. All companies are wholly owned and incorporated in the UK. CALA Management Limited is the group's principal operating subsidiary, and those companies marked ** are agents of CALA Management Limited.

CALA Group Limited	Administrative & holding company
CALA 1999 Limited	Administrative & holding company
CALA Limited	Administrative & holding company
CALA 1 Limited	Administrative & holding company
CALA Management Limited	Home building
CALA Homes (East) Limited **	Home building
CALA Homes (Midlands) Limited **	Home building
CALA Homes (Chiltern) Limited **	Home building
CALA Homes (Thames) Limited **	Home building
CALA Homes (West) Limited **	Home building
CALA Homes (North) Limited **	Home building
CALA Homes (North Home Counties) Limited **	Home building
CALA Homes (South Home Counties) Limited **	Home building
CALA Ventures Limited	Home building
Banner Homes Group Limited	Administrative & holding company
Banner Management Limited	Administrative & holding company
Banner Construction Limited	Home building
Banner Homes Central Limited	Home building
Banner Homes Bentley Priory Limited	Home building
Banner Homes Ventures Limited	Home building
Banner Developments Limited	Home building
Banner Homes Limited	Home building
Banner Homes Southern Limited	Home building
Banner Homes Midlands Limited	Home building
CALA Land Investments Limited	Home building
CALA (ESOP) Trustees Limited	Trustee
CALA Land Investments (Bearsden) Limited	Home building
CALA Homes (Aberdeen) Limited	Home building
CALA Developments Limited	Home building
CALA Finance Limited	Development funding

APPENDIX – SUBSIDIARY COMPANIES

CALA Homes Limited	Home building
CALA Homes (Motherwell) Limited	Home building
CALA Properties Limited	Commercial property
CALA Homes (Scotland) Limited	Home building
CALA Homes (Southern) Limited	Home building
CALA Trustees Limited	Trustee
CALA Homes (Yorkshire) Limited	Home building
CALA Homes (Cults) Limited	Home building
Banner Freehold Limited	Home building
The Advantage Collection Limited	Home building
Banner (Spare) Limited	Home building
Jimcourt Limited	Home building
Care Secured Limited	Home building
CALA Properties (Banbury) Limited	Commercial property
CALA Properties (Holdings) Limited	Commercial property
CALA Properties (Slateford) Limited	Commercial property
CALA Properties (Cowcaddens) Limited	Commercial property
CALA Properties (Glasgow) Limited	Commercial property
Trueline Systems Limited	IT services
CALA Properties (Ayr) Limited	Commercial property
CALA Properties (Central) Limited	Commercial property
Business Homes CALA Limited	Commercial property
CALA Properties (Brandon) Limited ***	Commercial property
CALA Properties (Commercial) Limited ***	Commercial property
CALA Properties (Motherwell) Limited ***	Commercial property
CALA Properties (Plot 4) Limited ***	Commercial property
Sutural (Properties) Limited ***	Commercial property
Lasomes Limited ***	Home building
CALA Homes (Surbiton) Limited ***	Home building
CPM (UK) Solutions Limited ***	Home building
CALA Greenbank 2 Limited ***	Home building
CALA Homes (South West) Limited ***	Home building
CALA Homes (UK) Limited ***	Home building

** Agent of CALA Management Limited

*** In liquidation

REACHING NEW HEIGHTS

ALBERT DOCK, LEITH, EDINBURGH

We are extremely proud to have won a range of prestigious industry awards during 2014 and 2015.

Twelve of our site managers won NHBC Pride in the Job quality awards and one collected a Silver award at the Considerate Constructors Scheme 2015 National Site Awards. For the sixth consecutive year we achieved a five star rating for customer service from the Home Builders Federation.

We received a Silver award for the UK's 'Best Medium Housebuilder' at last year's What House? Awards ceremony and the 'Best Brownfield Development' accolade for Albert Dock, Edinburgh. Albert Dock went on to be named 'Best Large Development 2015' at the Homes for Scotland Awards. CALA was also crowned 'Housebuilder of The Year 2015' at the Scottish Home Awards.

These accolades are testimony to the hard work and commitment of the whole CALA team, reflecting the group's dedication to design and construction excellence, and our unwavering focus on customer service.

12 WINNERS

6 YEARS RUNNING

SILVER – BEST MEDIUM HOUSEBUILDER

WINNER – BEST BROWNFIELD DEVELOPMENT

WINNER – BEST LARGE DEVELOPMENT

HOUSEBUILDER OF THE YEAR

CALA.CO.UK

Company registration number: 08428265

CALA
GROUP