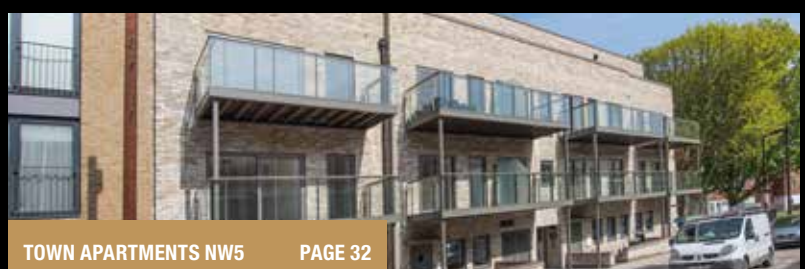
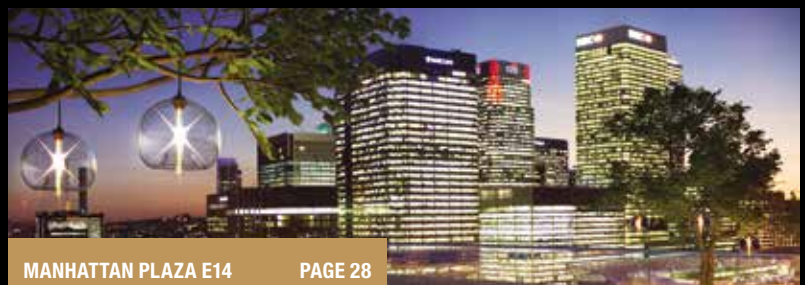
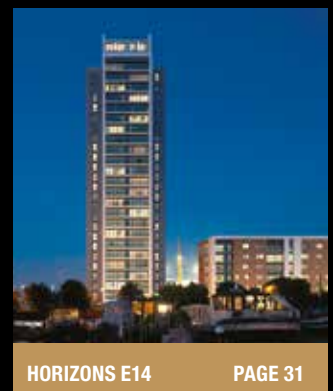
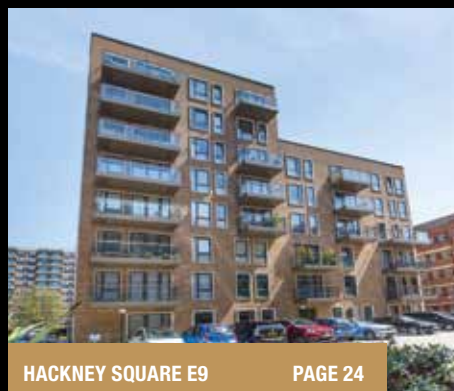
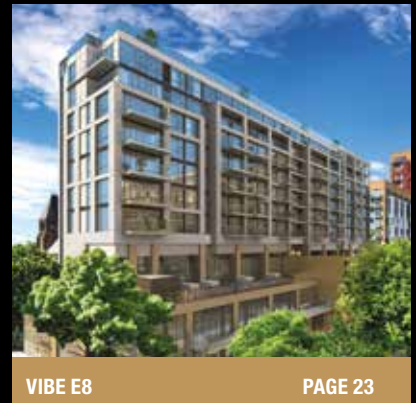
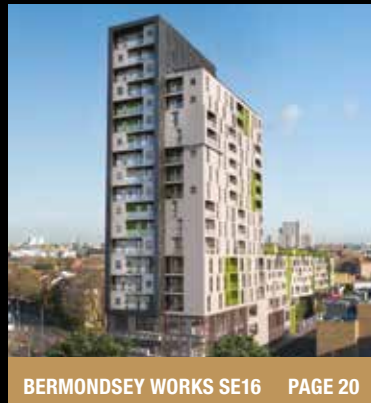




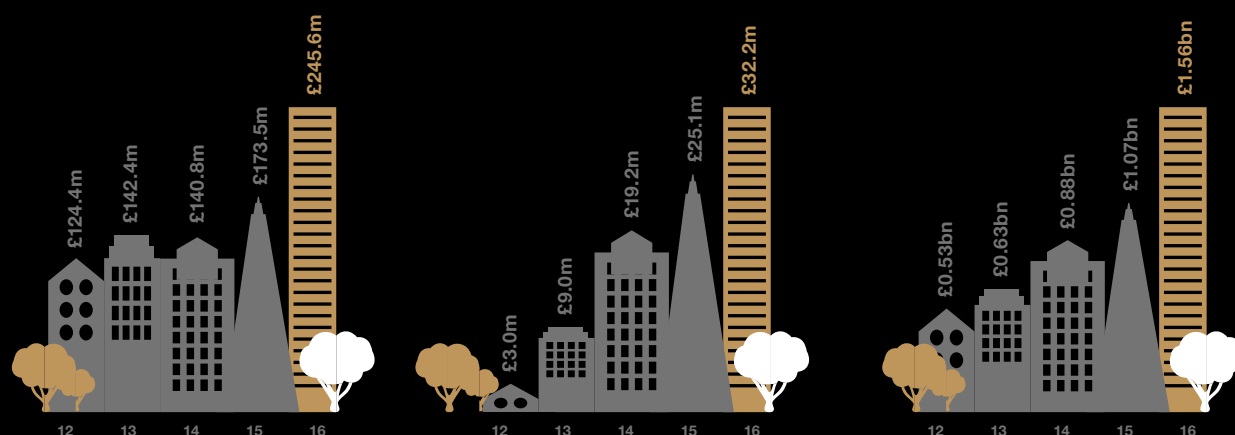
DEVELOPING IN LONDON

ANNUAL REPORT AND ACCOUNTS 2016





2016 HIGHLIGHTS



Revenue

£245.6m

2015: £173.5m

Profit before tax

£32.2m

2015: £25.1m

Development Pipeline

£1.56bn

2015: £1.07bn

Gross margin*

26.5%

2015: 32.4%

Operating margin*

15.0%

2015: 17.5%

EPS

39.3p

2015: 33.2p

Dividend

14.2p

2015: 11.1p

Gearing

9.3%

2015: 43.9%

* Before all interest charges including those expensed within cost of sales of £1.9 million (2015: £2.4 million) and £0.4 million of non-recurring costs in relation to the United House acquisition (2015: £nil).

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WHAT WE DO

Telford Homes is a residential developer operating across London. The business was formed by three people in 2000 and has been built on a platform of honesty, integrity and family values such that we now have 230 employees and a development pipeline valued at over £1.5 billion.

We are:

- Specialists in planning, designing and building developments on brownfield sites in London
- A hands on developer with in-house construction expertise
- Building apartments, houses, schools, churches and commercial buildings as part of residential led mixed use developments
- Concentrating on non-prime locations where the need for new homes far exceeds supply
- A respected partner to landowners, housing associations, local authorities and our supply chain
- A growing business that has increased pre-tax profit tenfold over the last five years

FORWARD SALES SECURED

£579m





OUR VISION

There is a chronic shortage of new homes in London. Our vision is to double the size of Telford Homes over the next five years to help address this shortage. This will involve increasing our output of homes to around 1,500 each year in one of the world's greatest cities.

We will:

- Keep doing what we do best by developing only in London
- Develop in non-prime locations to maintain affordability
- Manage risk in the business to ensure our business model remains robust
- Monitor our financial and operational capacity to deliver controlled growth
- Move Telford Homes to the forefront of the industry on sustainability through our new initiative 'Building a Living Legacy'
- Continue to invest in our people who are the heart of our business
- Focus on customer relationships and customer service
- Explore new opportunities including partnerships in the institutional Private Rented Sector
- Keep building new relationships across the public and private sectors

OUR LOCATION







Our people values

Strong and
consistent
performance

Respect for
others

Teamwork

Integrity and
commitment

OUR PEOPLE

Investing in people is key to the success of Telford Homes

Our strategy

We will support business growth by recruiting, retaining, engaging and developing the best people, ensuring our solutions drive performance and enable effective change.

We recognise that our employees are the key to our success and we make it our priority to appreciate and value them. We do this by using our family feel to create a strong, supportive and successful team, ensuring everyone is motivated, well developed, respected and rewarded for their contribution and commitment.

On a daily basis we currently have an average of 930 people on our sites and at head office. Of these 230 are directly employed whilst the remaining 700 are employed by our subcontractors.

Our key aims and achievements

Training and development

Over the last year we have enhanced our Management Trainee Scheme, including appointing a dedicated Learning and Development Manager (LDM). Our LDM is working with each trainee to ensure they receive the best possible training and support throughout their programme enabling them to become well rounded and competent professionals.

We have also focused on the ability of our managers to look after their teams. This has involved informal coaching and introducing specific management programmes as we look to create a more structured development framework.

In addition to providing our employees with the right skills, we are working to support the skills shortage in the wider industry by encouraging our subcontractors to offer apprenticeships, as well as partnering with local authorities, such as through Skillsmatch in Tower Hamlets, to offer opportunities to local young people.

Recruitment and retention

We have grown our workforce over the last 12 months in keeping with the growth of Telford Homes. In particular we have strengthened our Pre-Construction and Commercial teams and invested heavily in our Senior Managers with a number of key promotions during the year.

Staff retention remains strong with only 10% of employees becoming unplanned leavers in the year. Nearly 60% of our staff have been with the Company for more than 4 years and over 25% have been with us for more than 10 years.

Employee engagement

We were pleased to be in the top 50 employers in the Building Magazine 'Good Employer Guide 2016' and our focus in the next few months is to introduce our own staff survey to understand where we can improve our employees day to day lives.

Our stand out benefits are those that offer staff the opportunity to build long term wealth and a stable future for themselves and their families. We offer a share incentive scheme that gives employees the opportunity to invest in Telford Homes shares and, if they do, we match their investment. We also offer a non-contributory pension scheme, thus ensuring that everyone is investing in their future.



OUR CUSTOMERS

We are developing high quality homes for people who want to live in London

Sales strategy

Telford Homes secures forward sales early in the development process where possible. This strategy has given the Board substantial visibility over future profits and certainty over future cash flows. It also brings immediate benefits in terms of deposits received in advance of build completion which totalled over £70 million at 31 March 2016. These deposits have assisted increased investment in the development pipeline and reduced the need to drawdown debt finance.

As a result of this strategy forward sales as at 1 April 2016 were £579 million and the Group had secured over 50 per cent of the cumulative revenue expected in the three financial years up to 31 March 2019. Pursuing forward sales to de-risk the business and facilitate the growth of Telford Homes has dictated the Group's customer mix and is also encouraging the move to secure 'build to rent' sales in the Private Rented Sector.

Customer mix

The Group has experienced significant demand from investors over several years and this continued in the year to 31 March 2016. However the relatively low proportion of sales to owner-occupiers in the last two years is not a function of a lack of demand and is purely down to the timing of sales as investors purchase much earlier in the development process.

Demand from individual investors has remained strong due to a thriving rental market in the Group's typical locations and, despite recent tax changes, our investor customers are expected to remain an important component of future sales. Tenant demand in London is not going away due to large numbers who cannot afford to buy or do not want to buy.

First time buyers and other owner-occupiers now have a dedicated Sales and Marketing Suite in Stratford to help them in their purchase from Telford Homes and may benefit from an increased interest free loan under 'London Help to Buy'. In addition the Group has now sold two developments to 'build to rent' purchasers in L&Q and M&G and this is likely to be an increasing feature of the sales mix in future years. It is reassuring to have a healthy market evident across the whole of our customer base.

Whoever we sell our homes to they are not being left empty and, one way or the other, every one we deliver is adding to the supply of homes for those that want to live in London.

Customer service

Telford Homes has developed a strong brand and reputation for excellent quality and engaging with customers throughout the entire purchase process. As a result the Group has a loyal customer base including repeat purchasers who in some cases wait for the next Telford Homes development to be brought to the market. The 'Telford Homes Customer Experience' was set up to look after every customer from the point of sale to physical handover and beyond. This focus on product and service is why the Group achieved a 99.5 per cent customer recommendation rate for 2015 in independent surveys.

99.5%
CUSTOMER RECOMMENDATION RATE

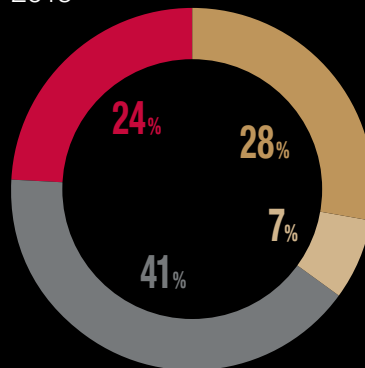


OVER
£70m
DEPOSITS RECEIVED IN ADVANCE



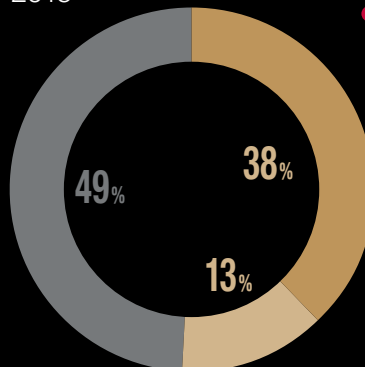
BREAKDOWN OF OPEN MARKET CONTRACTS EXCHANGED IN THE YEAR TO 31 MARCH 2016

2016



- UK investors
- Owner-occupiers
- Overseas investors
- PRS

2015



OUR FUTURE

Telford Homes has the operational and financial resources to deliver a significant increase in both output and profits over the next few years

Developing in London

London is one of the world's greatest cities with a robust economy, an international reputation and an excellent transport network. Telford Homes will remain focused on desirable non-prime locations in London where there is a clear imbalance between the supply of homes and the needs of a growing population. It is this imbalance that underpins our plans to increase the number of homes we are building both for open market sale and subsidised affordable housing.

Our product

We take pride in retaining overall responsibility for our developments using our in-house construction expertise rather than employing main contractors. This skillset is valuable to potential development partners and also helps to maintain our consistent high quality and reliable delivery.

We want to be at the forefront of our peers in terms of the way we build our homes and the quality of the finished product. As a result we are introducing our new Sustainability Strategy entitled 'Building a Living Legacy' which sets out a roadmap for Telford Homes to take the business into the 2020's. This strategy will require investment in various economic, social and environmental initiatives over the next few years to the ultimate benefit of everyone associated with Telford Homes and those living in or near our developments.

Outlook

The housing crisis in London is not going away. Telford Homes raised £50 million of new equity at the end of 2015 and we have £140 million of headroom in our revolving credit facility. We already have a £1.5 billion development pipeline but the opportunities are out there to deliver our ambitious growth plans and build more of the homes that London needs. As a result we have enhanced our longer term expectations with pre-tax profit forecast to increase over the next three years and to exceed £50 million in the year to 31 March 2019.



EQUITY PLACING RAISED
£50m





DEBT HEADROOM

£140m

PROFIT BY 31 MARCH 2019 OVER

£50m

CHAIRMAN'S STATEMENT

“The need for homes in London continues to significantly exceed supply and this is driving our desire to build more homes in places where people want to live”

Telford Homes has delivered continued growth in output of homes and profits over the last five years and the year to 31 March 2016 also marks several events that have enhanced the Group's future prospects. The acquisition of the regeneration business of United House and the equity placing raising £50 million before expenses at the end of 2015 were important milestones that have significantly increased both the existing development pipeline and the potential to add to it in the future.

The Group is concentrating on medium to larger sites where greater economies of scale are achieved given the increased capacity of the business. The development pipeline now represents over £1.5 billion of future revenue and the Group continues to appraise many exciting opportunities in non-prime areas of London.

Demand for the Group's typical product has remained strong from investors and owner-occupiers across all developments. In addition, the Board was very pleased to conclude its first substantial Private Rented Sector (PRS) transaction earlier this year with the sale of Pavilions, N1 to L&Q, one of the UK's leading housing associations and one of London's largest residential developers. More recently we have exchanged contracts on a second PRS sale of the open market homes at Carmen Street, E14 to M&G Real Estate. These transactions are de-risking existing developments and leading to substantial improvements in return on capital. PRS sales mark the start of a new direction for Telford Homes in terms of customer mix and have the potential to become an increasingly significant part of the business in the coming years.

Profits for the year to 31 March 2016 have exceeded original market expectations and as a result the final dividend to be paid to shareholders has increased to 7.7 pence making a total of 14.2 pence for the year, a 27.9 per cent increase on the prior year (2015: 11.1 pence). The Board's policy is usually to pay one third of earnings in dividends but, as promised, the dilution caused by the placing has been offset in calculating the dividend for 2016 and the same will apply in 2017.

In February 2016, the Group appointed a new Non-Executive Director, Jane Earl, who has been a welcome addition to the Board. Jane replaces David Holland who will retire from his position on 14 July 2016. David has been with Telford Homes since listing on AIM in 2001 and his tenure included ten years as Chairman of the Group. On behalf of the Board, I cannot thank him enough for his valuable contribution to the success of the business over many years.

Telford Homes is in a stronger position now than ever before with increased equity and a secure and flexible banking facility underpinning a growing business. The need for homes in London continues to significantly exceed supply and this is driving our desire to build more homes in places where people want to live.

Andrew Wiseman
Chairman
31 May 2016

NUMBER OF NEW HOMES

355



ANDREW WISEMAN



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CITY NORTH N4

140,000

SQFT OF NEW COMMERCIAL SPACE



CHIEF EXECUTIVE'S REVIEW

“The move towards PRS sales is an excellent fit with the Group’s typical product and area of operation and results in significantly enhanced capital returns”

The year to 31 March 2016 has been another successful period for Telford Homes with pre-tax profits increasing by 28 per cent to £32.2 million (2015: £25.1 million). The Group is developing in parts of London where the supply of new homes is nowhere near meeting the demand from people who need a place to live. Telford Homes now has a development pipeline in excess of £1.5 billion which will deliver some of these much needed homes over the next few years and there is the opportunity to do even more. As a result the Board has enhanced its longer term growth expectations with pre-tax profit forecast to increase over the next three years and to exceed £50 million in the year to 31 March 2019.

Sales performance

Strong demand for the Group’s homes has ensured continued success with the initial launch, and then the ongoing sale, of each new development over the last 12 months. The recent launch of The Liberty Building, E14 demonstrated that individual investor demand continues to be healthy both in the UK and overseas. The Group secured over £40 million of future revenue across a four week launch in March and April 2016, with 68 of the 105 open market homes sold. A third of these sales were to UK investors and the remainder to international investors, most significantly across a number of cities in China. The development does not complete until 2019 and the average price achieved was around £900 per square foot, which is at the upper end of the Group’s typical price range. These prices were ahead of initial expectations and no abnormal incentives were required.

In addition to the development specific launches throughout the last 12 months, the Board is particularly pleased that more than 40 sales with a combined value of over £25 million have been secured through the Group’s new central Sales and Marketing Suite in Stratford. This has given Telford Homes a dedicated customer destination in the heart of the Group’s operating area and is being used for existing purchaser events alongside attracting new customers.

In total, the Group exchanged contracts for the sale of 403 open market properties in the year to 31 March 2016 and in addition renegotiated the contractual dates on a further 145 open market homes at City North, N4 which formed part of the acquisition from United House in September 2015. Telford Homes acquired the site in the knowledge of needing to

renegotiate these contracts and the Board is delighted that this process has effectively secured forward sales of more than £67 million on this development, which is a joint venture with the Business Design Centre in Islington. In summary, the Group has added 548 new sales in the year to 31 March 2016 comparing well to the record breaking 661 achieved last year.

REVENUE SECURED
AT LAUNCH OVER

£40m



JON DI-STEFANO



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THE LIBERTY BUILDING E14

BUSINESS MODEL · REVIEW OF THE YEAR · CORPORATE RESPONSIBILITY · CORPORATE GOVERNANCE · KEY MANAGEMENT INFORMATION · FINANCIAL STATEMENTS



26
STOREYS

THE PAVILIONS

N1



CHIEF EXECUTIVE'S REVIEW

Sales strategy

The Group's strategy of securing forward sales has not changed and, alongside certainty over future cash flows, it brings immediate benefits in terms of deposits received in advance of build completion. The Group takes a minimum 10 per cent deposit on exchange of contracts and, where sales are more than two years ahead of completion, typically takes another 10 per cent twelve months after exchange. At 31 March 2016, just over £70 million of deposits had been taken in advance of future completions (2015: £63.7 million) which has boosted investment in the development pipeline and reduced the need to drawdown debt finance.

Telford Homes started the new financial year to 31 March 2017 with a forward sold position of £579 million of revenue to be recognised from 1 April 2016 onwards, up from £503 million at the

same time last year. This will increase as further sales are achieved during the year and already represents more than double the total revenue reported for the year to 31 March 2016. In total, the Group has secured over 50 per cent of the cumulative revenue expected in the next three financial years up to 31 March 2019. This is an exceptionally strong position giving the Board substantial visibility over future revenue and profits.

Customer mix

The sales achieved in the year to 31 March 2016 were split 28 per cent to UK investors, 41 per cent to overseas investors, 7 per cent to owner-occupiers and 24 per cent to institutional investors (Private Rented Sector or PRS). The same percentages last year were 38, 49 and 13 respectively with no comparable PRS sales. The relatively low percentage of sales to owner-occupiers in both years is not a function of a lack of demand and is purely down to the timing of sales. The Group aspires to forward sell its developments to de-risk existing projects and investors purchase much earlier in the development process than owner-occupiers. By de-risking existing projects the Group is able to advance investment into new projects and grow more rapidly.

Telford Homes has sold to a broad mix of customers over a number of years and, given the substantial forward sold position, the Group has considerable flexibility over the future sales strategy. Investor demand continues due to a thriving rental market in typical Telford Homes locations and, despite recent tax changes, individual investors are expected to remain an important component of the Group's sales mix as evidenced by the successful Liberty Building launch. This demand is due to large numbers of tenants ready and waiting to move into new homes in London, most of whom cannot afford to buy or simply do not want to buy. As a result investors have no reason to leave their properties empty and in non-prime locations their purchase decision is driven by securing a rental yield typically between four and six per cent rather than just finding a place for their money.

Telford Homes has developed a strong brand and reputation for excellent quality and this has resulted in a significant number of repeat purchasers. It is pleasing to see that several investors wait for the next Telford Homes development to be brought to the market rather than investing elsewhere. The Group is committed to engaging with customers throughout the entire purchase process including physical handover and beyond. In the 2015 calendar year the Group achieved a 99.5 per cent customer recommendation rate.

PRS SALE VALUE

£66.75m



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2,408

NEW TREES TO BE PLANTED

CHIEF EXECUTIVE'S REVIEW

In February 2016, Telford Homes announced its first significant transaction in the Private Rented Sector (PRS) with the sale of The Pavilions, N1 to L&Q for £66.75 million. Over the last 12 months it has become clear that there is now effective institutional demand for high quality, well located developments to be 'built for rent' and the Board were very encouraged by the response to the marketing of The Pavilions. As a result the Group conducted a similar exercise for the 150 open market homes on its recently purchased development in Carmen Street, E14 and is delighted to report that contracts were exchanged with M&G Real Estate for net consideration of £63.2 million on 27 May 2016. Both transactions are forward funding arrangements and involve regular payments during the construction process.

PRS sales not only balance risk in the development pipeline and significantly improve return on capital, needing no debt and little equity, but also bring forward profit recognition albeit at a moderately reduced margin. The sales to L&Q and M&G are just the start of the potential for PRS to become a permanent and more significant part of the Group's sales mix. The Board is also exploring whether longer term partnerships can be formed with institutional investors to enable further sales within a relatively fixed framework and to work together on future site acquisitions.

In addition to significant demand from both individual and institutional investors the Group is confident that there remains

a strong market in terms of first time buyers and other owner-occupiers at the right price point. Wherever developments have not been sold to investors, the Stratford Sales and Marketing Suite provides an ideal place from which to sell to owner-occupiers ahead of physical completion and 'London Help to Buy', with its greater interest free loan, is likely to increase the number of customers who can fund a purchase. The Group's use of 'Help to Buy' would be further improved by the Government, and mortgage providers, extending the time period for its availability to earlier than the current six months prior to physical completion of each property. The capital investment required for large developments in London does not marry well with waiting to sell until the final six months. Even in the absence of this, it is reassuring to have a healthy market evident across the whole of our customer base.

London market

The fundamental strengths of London remain its robust economy, a strong international reputation and an ever improving transport network. This network will include Crossrail from 2018 which directly benefits a number of the Group's typical areas. Telford Homes is focused on developing in non-prime locations in London with prices typically between £500 and £900 per

square foot. The average open market price currently expected across the Group's future development pipeline is approximately £513,000 compared to the March 2016 Land Registry average for London of £535,000.

The demand that Telford Homes is experiencing for new homes is created by a chronic shortage of supply in London. There is no doubt that there is a significant gap between the need for homes and the numbers being built each year and this is likely to widen given predicted population growth in the next decade. Although the rate of construction has increased in recent years, a Central London Development study by Jones Lang LaSalle in April 2016 indicates that, in the Group's core area, both the number of homes applied for in planning and the number of homes commencing construction fell in the second half of 2015. It is clear that addressing the lack of supply of homes in London is critical and fortunately the need to do this has political support at all levels.

FORWARD SOLD

99%

NUMBER OF NEW HOMES

341



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STRATOSPHERE

E15

BUSINESS MODEL · REVIEW OF THE YEAR · CORPORATE RESPONSIBILITY · CORPORATE GOVERNANCE · KEY MANAGEMENT INFORMATION · FINANCIAL STATEMENTS



BERMONDSEY WORKS

SE16



CHIEF EXECUTIVE'S REVIEW

The Board recognises that there are people who want to live in London who simply cannot afford to do so and the only solution to this is to build more homes including subsidised housing in whatever form it takes. Nevertheless there are many people who can afford current prices and the associated rents outside of prime London and this is borne out by sales launches and the subsequent occupation of each development. There have been some recent and justifiable concerns over prime residential properties in London

but this is a different market to that served by the Group, with the drivers outside of prime areas being housing need and affordability as opposed to just pure investment.

Profits and margins

In terms of financial performance Telford Homes has exceeded original market expectations. Revenue of just under a quarter of a billion pounds is matched by record pre-tax profits of £32.2 million increasing by more than 25 per cent for the fourth consecutive year. The operating margin is in line with the Board's target level of 15 per cent, before interest charges and non-recurring costs relating to the United House acquisition, despite a planned increase in overheads due to the Group's enhanced growth plans.

Since late 2014, sales prices have been tempered by affordability constraints and are now increasing at a more sustainable rate of four to five per cent per annum, offset to some extent by overage

payments to land vendors where they share in uplifted values. Build cost inflation has also been evident across the industry but has been controlled to a similar rate of increase and is in accordance with the Board's forecasts. The Group has still not experienced any significant shortages in supply in any of its subcontracted trades or materials but will continue to monitor trends and react accordingly. Telford Homes has strong relationships with its supply chain and places orders with subcontractors as far in advance as possible.

As expected the gross margin before interest charges has reduced to 26.5 per cent (2015: 32.4 per cent) remaining above the Group's 24 per cent target when appraising new opportunities. The Board has previously reported that it anticipated margins trending towards this target level given the similar rate of inflation in both prices and costs. PRS sales are also expected to bring a different dynamic to margins in the future with moderate reductions on

2

NEW SCHOOLS



Computer generated images

CHIEF EXECUTIVE'S REVIEW

relevant developments being offset by exceptional capital returns. Assisted by PRS sales, the Group no longer expects there to be a significant dip in profit levels in the year to 31 March 2017, an issue originally created by planning delays. Instead the Board expects profit levels to grow particularly into 2018 and 2019 such that profit before tax is now anticipated to exceed £50 million in the year to 31 March 2019, ahead of the expectations announced at the time of the equity placing in October 2015.

Development pipeline

In September 2015, Telford Homes enhanced its development pipeline through the acquisition of the regeneration business of United House Developments. All of the developments that formed part of this transaction have progressed extremely well since acquisition and the Board is delighted with performance to date. The final site in the portfolio, Gallions Quarter, is still awaiting satisfaction of certain conditions and as a result an element of the £23 million acquisition cost remains deferred. Including the United House acquisition, the Group's development pipeline remains in excess of £1.5 billion of future revenue to be recognised from 1 April 2016 onwards. Put in context, this pipeline was just over £600 million three years ago.

In November 2015, the Group successfully concluded an equity placing of 13,888,889 new ordinary shares at 360 pence raising £50 million before expenses. The Group also has headroom of £140 million in its revolving credit facility which, together with the new equity, provides substantial resources to add to the pipeline. Immediately after the placing the Group announced the purchase of the site in Carmen Street, E14 for in excess of £20 million and this has swiftly been turned into a PRS sale in the following months.

There is no shortage of potential development sites in the Group's area of operation but unlocking these sites is part of the challenge of increasing the supply of new homes in London. Telford Homes has excellent relationships with a number of key landowners, including housing association partners, and has a reputation for delivering on its promises and maximising value for all parties. Many opportunities are being appraised across the Group's target locations and several are the subject of more detailed negotiations. The Board is confident of committing the remainder of the placing funds to site acquisitions before the end of 2016 as previously anticipated.

The planning process

The Group continues to acquire sites subject to receipt of a planning consent or unconditionally without planning but only when the Board is confident of achieving a satisfactory consent. The Group's knowledge of the planning process in each London borough and ability to work in partnership with local authorities, the Greater London Authority and other interested parties removes the majority of the risk associated with a land purchase. In addition,

420
PLACES AT NEW SCHOOL

NUMBER OF NEW HOMES

101



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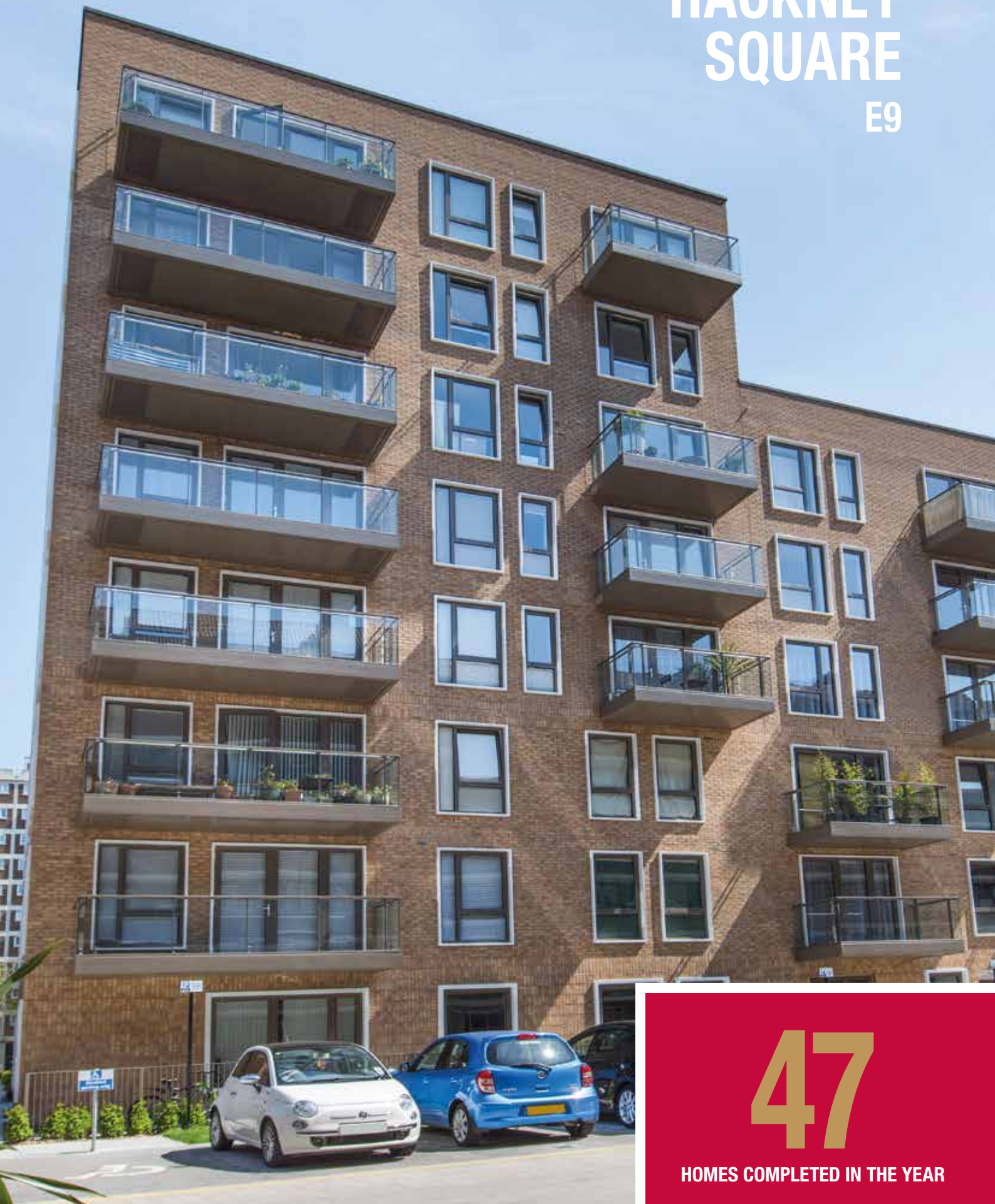
VIBE

E8



HACKNEY SQUARE

E9



47

HOMES COMPLETED IN THE YEAR

CHIEF EXECUTIVE'S REVIEW

subsidised affordable housing is an important component of any new development and the Group has strong relationships with a number of affordable housing providers who make competitive offers and assist in delivering policy compliant subsidised housing in planning proposals.

During the year to 31 March 2016, Telford Homes secured a number of significant planning consents which will deliver nearly 1,000 homes between them. In addition, the Group is making good progress on all other developments that are at various stages in the planning and design process.

Operations

As Telford Homes continues its growth it becomes even more important to ensure the Group is at the forefront of its peers in terms of the way it builds homes and the quality of the finished product. The Group takes pride in maintaining overall responsibility for the construction of each development using in-house expertise rather than employing main contractors.

Having this skillset is extremely valuable to potential development partners and also retains control to ensure consistent high quality and reliable delivery. The Board is delighted that Telford Homes was awarded 'Residential Developer of the Year' at Variety's renowned 2016 'The PROPS' Awards.

The Group is introducing a new Sustainability Strategy entitled 'Building a Living Legacy' which sets out a roadmap for the business to achieve a number of key objectives into the 2020's. This strategy incorporates several economic, social and environmental aspects of building a sustainable business and ultimately creating thriving places for the people that live in and around our developments. The overall aim is to position Telford Homes at the forefront of the industry in terms of sustainability to the ultimate benefit of all stakeholders in the business. More details on this strategy will be made available to shareholders in the near future.

A key part of the Board's vision for the business is to look after each and every person who works for Telford Homes.

The Group has maintained a staff turnover rate below 10 per cent every year since formation and this will only be maintained by listening to employees and providing all necessary training, development and individual benefits to encourage a passionate and happy workforce.

I would like to thank all of our employees for their dedication and commitment during the last 12 months which has been a period of significant change and expansion for Telford Homes.

Outlook

The Group is focused on desirable non-prime locations in London at a price point that continues to see strong demand. There is a housing crisis in London and a clear imbalance between the supply of homes and the needs of a growing population. This imbalance underpins the Board's plans to increase the number of homes the Group is building both for open market sale and subsidised affordable housing.

Telford Homes is more than 50 per cent forward sold for the next three financial years combined and has a development pipeline greater than six times the revenue reported in the year to 31 March 2016. The move towards PRS sales is an excellent fit with the Group's typical product and area of operation and results in significantly enhanced capital returns. Following the equity placing in 2015, the Group has sufficient resources to fund its longer term growth plans and the Board expects to deliver a significant increase in both output and profit levels over the next few years.

190

TONNES OF CROSS LAMINATED TIMBER
USED TO CONSTRUCT NEW CHURCH



Jon Di-Stefano
Chief Executive
31 May 2016

FINANCIAL REVIEW

“The recent equity placing together with substantial headroom in the Group’s revolving credit facility means Telford Homes is in a strong position to continue its growth”

Telford Homes has experienced another excellent year resulting in record revenue and profits. The Group has been successful in forward selling homes through traditional channels and has added to this by contracting its first significant sales in the Private Rented Sector. The recent equity placing raising £50 million before expenses together with substantial headroom in the Group’s £180 million revolving credit facility means Telford Homes is in a strong position in terms of funding available to continue its growth.

Presentation of joint ventures

In the year to 31 March 2015 the Group adopted IFRS 11 ‘Joint Arrangements’ which states that joint ventures should be accounted for as equity investments rather than by proportional consolidation. The Group’s joint ventures are an integral part of the business and as such the Board believes that the financial results are most appropriately presented using proportional consolidation which means including the relevant share of the results of joint ventures in each line of the income statement and balance sheet. This therefore remains the method of presentation within the Group’s internal management accounts.

The Board has prepared an income statement and a balance sheet using proportional consolidation along with Generally Accepted Accounting Principles (GAAP) compliant versions presenting joint ventures as equity investments. The key performance indicators and other figures within this report include the Group’s share of joint venture results. The Board suggests investors follow its lead in assessing the business on the results that include a proportional share of joint ventures. Further detail is included in note 2.

Operating results

Revenue including the Group’s share of joint ventures, has increased to a record £245.6 million (2015: £173.5 million). On a Generally Accepted Accounting Principles (GAAP) basis, excluding the Group’s share of joint ventures, revenue increased to £242.7 million (2015: £140.4 million).

The increase in revenue was driven by the number of open market residential completions increasing from 374 to 482 although the average selling price of the properties completing reduced slightly to £417,000 (2015: £439,000). This reduction was due to the mix of developments completing in each year in terms of their location and not a fall in underlying prices.



KATIE ROGERS

10,774
SQFT ROOF GARDEN



STRATFORD PLAZA

E15



NUMBER OF NEW HOMES

220

MANHATTAN PLAZA

E14



FINANCIAL REVIEW



21
STOREYS

15,344
SQFT OF COMMERCIAL
SPACE FOR WORKSPACE

In February 2016, the Group exchanged contracts on the Private Rented Sector sale of The Pavilions, N1 for £66.75 million to a subsidiary of L&Q. This transaction is accounted for as a construction contract and the Group will recognise revenue and profit on a percentage of completion basis over the life of the development with completion expected in the middle of 2018. Private Rented Sector sales can therefore result in the Group recognising profits earlier than if the homes had been sold on the open market.

The Private Rented Sector sales already contracted are being forward funded by the investors and therefore they offer exceptional returns on capital. Forward funding broadly means an initial payment reimbursing the cost of the land then monthly construction payments and finally a substantial payment on completion and as such very little, if any, equity is used during construction and no debt is required. In return for these benefits the Group is accepting a moderately reduced net margin with a lower sale price being offset by savings in selling expenses and interest costs.

The Group continues to recognise revenue from the sale of subsidised affordable housing on a percentage of completion basis throughout the build programme. The contribution of subsidised affordable housing to revenue in each year differs depending on the specific timing of each development.

During the year to 31 March 2016 the Group also completed on the profitable sale of two smaller undeveloped sites for combined revenue of £6.7 million. These sales are as a result of the change in strategic direction reported last year where smaller sites have become less attractive to build out and the Group is able to leverage its size to focus on larger scale developments.

Gross profit has increased to £63.1 million from £53.9 million including the Group's share of joint ventures and increased to £61.8 million from £38.2 million excluding joint ventures.

Gross profit is stated after expensing loan interest that has been capitalised within inventories of £1.9 million (2015: £2.4 million) and, before charging this interest, the gross margin was 26.5 per cent compared to 32.4 per cent last year. This reduction was expected given that the year to 31 March 2015 included some developments that achieved particularly high margins. The margin achieved remains strong and ahead of the Group's target when appraising new sites of 24 per cent.

Administrative expenses have increased to £19.3 million (2015: £16.7 million) including the Group's share of joint ventures and £19.1 million excluding joint ventures (2015: £16.7 million). This increase is mainly due to higher employee costs and professional fees of £0.4 million incurred in relation to the acquisition of the regeneration business of United House Developments. Both cost increases are a result of securing an enhanced development pipeline and implementing a structure to achieve the future growth planned for the Group.

Selling expenses have increased slightly to £9.4 million (2015: £9.1 million) including the Group's share of joint ventures and £9.2 million excluding the Group's share of joint ventures (2015: £8.6 million). The increase in sales costs is partly due to increased revenue and a larger number of open market completions but also reflects the Group's continued forward sales success. These forward sales help to secure future profits for the Group with the corresponding sales costs being expensed as incurred, usually well in advance of the profit being recognised when the homes legally complete. During the year there were three successful launches that incurred significant selling expenses being Manhattan Plaza, Bermondsey Works and The Liberty Building. These launches secured over £120 million of future revenue but resulted in £4.5 million of sales costs being expensed in the year to 31 March 2016.

FINANCIAL REVIEW

The Group's operating margin, calculated before interest and the costs associated with the United House acquisition, reduced to 15.0 per cent (2015: 17.5 per cent). Again this reduction is as expected but, despite the expensing of a large amount of sales costs in relation to future profit recognition and administrative costs that underpin future growth, the Group still achieved its target operating margin of 15 per cent. Profit before tax including the Group's share of joint ventures has increased to a record high of £32.2 million from £25.1 million. The Board expects the year to 31 March 2017 to show no more than a slight improvement in pre-tax profits compared to this year with substantial growth beyond this. A large proportion of this is already visible due to the scale of the development pipeline and the proportion that has been forward sold.

Finance costs

Finance costs actually incurred in the year have reduced to £4.5 million from £5.4 million. This is comprised of £2.2 million (2015: £2.4 million) of interest capitalised into work in progress and £2.3 million (2015: £3.0 million) of finance costs charged directly to the income statement. Average borrowings in the year reduced from £56.0 million to £50.6 million with the majority of the interest charged on these borrowings being capitalised into work in progress.

Finance costs charged directly to the income statement primarily consist of amortised arrangement fees in relation to the new £180 million revolving credit facility and non-utilisation fees. Non-utilisation fees have increased to £1.7 million from £1.4 million. The average amount of debt unutilised in the year has increased to £129.4 million from £69.0 million. This highlights the significant capacity available to the Group in the future and also the reduced costs associated with the Group's new revolving credit facility as non-utilisation fees incurred have not increased in proportion

to the average amount unutilised. The majority of the overall reduction in finance costs charged to the income statement is due to arrangement fees. When the new revolving credit facility was signed in March 2015 arrangement fees relating to the previous facility of £0.9 million were expensed in that period whereas the current year only includes fees that relate to the new facility which are being amortised over its life until March 2019.

Dividend

Following the equity placing concluded in November 2015 the Board committed to paying a dividend equivalent to one third of earnings prior to the dilutive effect of the new shares. As a result a final dividend of 7.7 pence per share has been proposed. Together with the 6.5 pence interim dividend paid on 10 January 2016 this makes the total dividend for the year 14.2 pence (2015: 11.1 pence). The final dividend is expected to be paid on 15 July 2016 to those shareholders on the register at the close of business on 17 June 2016. Earnings per share, after the partial dilution from the equity placing during the year, increased from 33.2 pence per share to 39.3 pence per share.

Balance sheet and cash

Net assets at 31 March 2016 were £187.0 million, an increase of £66.6 million on the £120.4 million at 31 March 2015. This equates to net assets per share of 249.8 pence (31 March 2015: 199.8 pence). The considerable increase in net assets per share is partly due to an increase in retained profits but more significantly to the equity placing in November 2015 of 13,888,889 ordinary shares at 360 pence which raised £50 million prior to expenses.

0.7 miles
FROM CANARY WHARF



Computer generated images

HORIZONS

E14

£78.7m

TOTAL EXPECTED REVENUE

TOWN APARTMENTS NW5



NUMBER OF NEW HOMES

18



FINANCIAL REVIEW

The Group has continued to invest in land and work in progress with inventories, including the Group's share of joint ventures, increasing from £277.2 million to £285.6 million. Excluding joint ventures inventories reduced from £254.7 million to £239.0 million with the balance being recorded within investments in joint ventures.

The increase in investments in joint ventures is as a result of the significant land purchase at Chobham Farm North in Stratford and also the acquisition of the regeneration business of United House Developments, which included a number of joint ventures. The acquisition took place in September 2015 for £23.0 million and gave Telford Homes an interest in four significant development sites located within the Group's operating area. The purchase of one of the sites is still conditional and thus part of the consideration is held in escrow until the conditions are satisfied. The Group expects this to happen in the near future.

The Group continues to secure forward sales and benefit from the deposits received in advance of those sales completing. The Group had secured £579 million in forward sales by 1 April 2016 which will be recognised in future years. Total deposits received in advance as at 31 March 2016 increased to £70.3 million (2015: £63.7 million). Deposits are paid on exchange of contracts with a minimum 10 per cent received at that point and, where the Group is selling well ahead of completion, a further 10 per cent is paid 12 months after exchange. The full amount of the deposit paid is released to the Group to invest in the business.

Borrowings

In March 2015 the Group secured a new revolving credit facility for £180 million which was increased from £120 million. This new facility runs until March 2019 and allows the Group to be much more flexible in its approach to site acquisitions. It is governed by standard corporate covenants together with site covenants on a portfolio basis. During the year the Group has benefited from a significantly reduced rate of interest compared to the previous facility as the rate is determined by the Group's gearing which has remained low throughout the year. The margin payable on the facility can vary from 2.8 per cent to 4 per cent dependent on gearing.

During the year the Board took advantage of favourable market conditions on longer term interest rate hedge products and entered into an interest rate swap on a proportion of its future anticipated drawn debt. This has reduced the Group's exposure to interest rate increases and will become effective from 1 October 2016 expiring on 4 March 2019. The swap initially secures the interest rate the Group will pay on £50 million of debt increasing to £100 million from 4 June 2017 as the Group's debt utilisation is expected to increase over this period.

As at 31 March 2016 the Group had utilised £40 million of the facility (31 March 2015: £95 million) leaving £140 million of headroom for investment in the existing and future development pipeline. Gearing has reduced to 9.3 per cent (2015: 43.9 per cent) although this is expected to increase in future years as the Group utilises more of the facility. The headroom in the facility along with the increased equity due to the placing means the Group is in a very strong financial position to enable the significant growth expected over the next few years.

Katie Rogers
Group Financial Director
31 May 2016



CONSTRUCTION DURATION

17 months

RISK MANAGEMENT

The Group's financial and operational performance is subject to a number of risks. These risks are continually assessed by management to mitigate and minimise their effects on the business. There are also many risks which are outside of the Group's control. The key risks facing the business are:

Economic environment

Demand for properties from both investors and owner-occupiers is dependent on confidence in the local housing market and the wider economy. This confidence is heavily influenced by factors such as interest rates, the availability of mortgage finance, rental incomes, unemployment and increasing consumer costs for other goods and services. All of these are outside of the Group's control.

The Group's policy has been to sell early in the development process, where practical and possible, to minimise the risk in each site. This policy has been successful to date and forward sales are still being secured with housing associations, overseas buyers and UK buyers. PRS sales are also helping to give certainty to cash flow and profit recognition. In addition, the Sales and Marketing team have detailed knowledge of the local market and are able to formulate the best sales strategy for each development and, together with the Customer Service team, work with purchasers and prospective purchasers to ensure that all stages of the process from reservation to legal completion run as smoothly as possible.

Land acquisition

The Group needs new land to maintain a development pipeline and to enable the business to continue to operate at a certain capacity. This land needs to be sourced in appropriate locations and where optimum planning consents can be obtained. The appraisal process that determines the price paid for land is critical in maintaining margins and return on equity at acceptable levels.

The Land Acquisition and Partnerships team are responsible for sourcing land and our strong relationships with various land owners, including local authorities and affordable housing providers, play a key role in our ability to acquire new sites. Our existing partnerships are expected to continue to be a source of land and we are a member of the GLA's 'London Development Panel' enabling us to bid for public land disposals. The appraisal process for new sites includes due diligence by an experienced solicitor and authorisation of all prospective purchases at appropriate levels.

Planning process

The flow of properties through the development pipeline is dependent on achieving suitable planning permission on sites purchased without planning or subject to planning. The process is time consuming and involves a number of supporting reports and detailed consultations with many different bodies. Delays in achieving suitable planning permissions affect the number of properties that can be brought to market and impact the timing of future cash flows. Failure to achieve a suitable planning permission may lead to cost write offs or reduced margins on individual developments.

Telford Homes has extensive knowledge of local planning requirements, excellent relationships with planning authorities and takes care in the appointment of professional architects, planning consultants and engineers. Early consultations with the planning authorities are a key part of the land acquisition process. While this cannot remove planning risks it mitigates them as much as possible. A small number of sites have been acquired without the benefit of a full planning permission but within a defined strategy which includes a full assessment of the likelihood of successfully obtaining a planning permission by our experienced planning team prior to purchase. A number of sites have also been purchased subject to achieving a satisfactory consent or by purchasing an option which gives the right to acquire the site at a later date. The Board ensures that the Group is not overexposed to planning risks by limiting the total investment in sites without a planning permission at any one time.

Health and Safety

Construction sites are dangerous places and there are many different health and safety risks to consider. The health and safety of everyone associated with Telford Homes, both employees and subcontractors, is the first priority of the Group.

Investment in training, the promotion of health and safety to all employees and extensive policies and procedures all contribute to a comprehensive approach to health and safety management with the objective of minimising risk and providing a safe working environment. The Group has a dedicated Health and Safety team who conduct health and safety audits on a regular basis, together with audits conducted by an external Health and Safety advisor, and processes are modified as required with a view to seeking continuous improvement.

Construction

The construction process is critical to the efficient and timely delivery of properties to purchasers which affects both cash flow and customer satisfaction. The quality of the construction work and finish in each property affects the reputation of the Group and can impact on repeat purchase and recommendation rates.

Standards of construction and control of the building process on site are of paramount importance to the Group. Careful planning is required to assess a development programme before construction commences and this is monitored over the course of the building work. The construction teams work very closely with the Customer Service team and their interaction commences at an early stage in the development. The Customer Service team spend a substantial proportion of their time on site carrying out quality control before a purchaser sees the property for the first time.

Availability of materials and labour

The availability of materials and subcontracted labour for each site can affect both the construction programme and the cost of construction. Build cost inflation will impact directly on the margin achieved on each site where this is in excess of forecasts.

Planning of the construction programme and timely management of the tender process for each subcontracted trade reduces the risk of delays in the construction programme due to availability of materials and labour. The tender process ensures that competitive rates are achieved on every trade. Telford Homes works in partnership with all of its subcontractors and makes timely payments to encourage an equal relationship that is beneficial to all parties. Close monitoring of build cost inflation takes place and appropriate contingencies are included for individual schemes, coupled with an early fixing of build costs. This is particularly important when forward sales have been achieved.

Cash requirements and bank finance

Property development is a capital intensive business with significant initial outlays supported by bank finance and lengthy time periods before the majority of the cash inflows on each project. Forecasting of cash flows is critical to ensure the Group is not operating beyond its financial capacity. Part of this process involves the forecast of bank funding to supplement our equity and the availability of sufficient bank finance is therefore also of critical importance.

Telford Homes maintains a detailed cash flow forecast as part of its management information systems. This extends five years into the future and is subject to continual re-assessment and sensitivity analysis. The cash flow position is reviewed by the Board and by each of the Group's banking partners on a regular basis. Telford Homes has excellent relationships with the banks funding the business and has secured sufficient facilities to ensure the continuing operation of the business.

Exchange deposits of 10 to 20 per cent received from forward selling properties early in the development process also provide a useful source of equity which can be reinvested in new sites.

Political environment

Changes in laws and regulations can have a direct impact on the efficient running of the Group and the costs incurred on each development. Changes in both local and national government can have a direct bearing on the regulatory environment.

Telford Homes works closely with specialist consultants to ensure that it is up to date with current regulations and aware of any future changes so that operations can be planned accordingly.

In terms of the political environment, tackling the housing shortage is high on all political party agendas due to the significant imbalance between supply and demand and there is a general consensus that more needs to be done to reduce the lack of supply of new housing which should be positive for the housebuilding industry.

Sustainability

For a company to remain sustainable, it must address environmental, social and financial risks. Aspects of these three pillars of sustainability are woven through the reputational and operational risks outlined in this risk section and have a direct impact on the Group's ability to deliver value to its shareholders.

To manage environmental risks, Telford Homes has put in place an Environmental Management System that is accredited to BS EN ISO 14001:2004 and is audited bi-annually by a British Standards Institute certified auditor. In addition, we have adopted the Building Research Establishment SMARTER waste programme to help us track and reduce the waste produced by our sites.

On a broader scale, this year Telford Homes has undertaken a Group wide review in order to put in place a comprehensive approach to short, medium and long-term sustainability risks. The resulting vision, Building a Living Legacy, is underpinned by long-term objectives set out on pages 36 to 37 that will ensure that sustainability risks are recognised and addressed and that the resulting commercial benefits are captured and reported.

SUSTAINABILITY

Introducing 'Building a Living Legacy' our new sustainability strategy to take Telford Homes into the 2020's

Building a Living Legacy

The sustainability section of this year's annual report is split into two sections, our strategy and our performance. First we introduce 'Building a Living Legacy', our new sustainability strategy. The subsequent performance section on pages 38 to 41 sets out how we have managed health and safety and environmental risks in the year and highlights our most significant achievements.

Our Strategy

'Building a Living Legacy' is our strategy to create places that will stand the test of time by making a positive long-term contribution to London's built environment. Economic, social and environmental sustainability are central to this ambition enabling us to create thriving attractive places that support a healthy environment for the future while generating value for all stakeholders. 'Building a Living Legacy' is aligned with our business strategy and has been designed to ensure that Telford Homes moves towards the forefront of the industry on sustainability over the coming years.

In January 2016 we initiated a collaborative process to identify key sustainability risks and opportunities that arise from our operations. To do this we engaged with our employees and our development partners to identify which sustainability issues they consider to be most important for Telford Homes. In addition, we reviewed the approaches taken by our peers and assessed legislative risks associated with sustainability in order to prioritise those issues that are most material to our business. These issues were then grouped under four focus areas and long-term objectives were identified for each.





building a LIVING LEGACY

“Built by passionate people and strong relationships, we will use innovative land, design and development solutions to create a legacy of high quality sustainable homes and thriving places”

Collaborating with our partners to identify innovative building techniques and deliver the homes of the future

CREATIVE
BUILDING
SOLUTIONS

Making our money work harder through efficient use of resources across the business

BALANCED
RESOURCES

Creating thriving places that enable people to live sustainable lifestyles

LIVING
LEGACY

SMART
BUSINESS

Investing in people and relationships to ensure we deliver lasting value for all stakeholders

‘Building a Living Legacy’ provides an inspiring framework for us to manage our material sustainability risks and opportunities effectively. To set out a clear route to achieving our objectives,

we have also created a roadmap to 2024 that includes targets for each focus area. Further information on this roadmap and ‘Building a Living Legacy’ will shortly be published in a separate sustainability

brochure. The same information will also be available on our website. We will monitor and report our progress with both the strategy and the roadmap in future years.

HEALTH & SAFETY

The Board actively promotes a positive health and safety culture within the business and ensures that this is reflected in all of our policies and procedures and our approach to training and development of the people involved in our operations. Health and Safety is the first agenda item at monthly Board meetings.

The health and safety of everyone involved in our business or affected by it is a vital consideration in everything we do.

Policies and procedures

We have developed a comprehensive set of policies and procedures covering all of our operations and these are constantly updated and communicated to relevant employees and everyone else working on our sites.

Our procedures identify all of the relevant risks and hazards that are likely to be encountered in the course of our work and, more importantly, set out the appropriate precautionary control measures.

The Group's Health and Safety Management System is accredited to BS OHSAS 18001:2007 and continues to be audited every six months by the British Standards Institution (BSI) in accordance with their stringent auditing processes.

This year our occupational health and safety performance was once again recognised by the 'Royal Society for the Prevention of Accidents' (RoSPA) with another gold medal award (7 consecutive gold awards). This award and the BSI certification are recognition of the very high standard of the Group's overall approach to health and safety.

The Group has an 'Executive Safety Committee' and an 'Operational Safety Forum' made up of a number of senior employees with extensive industry experience. Both of these groups meet regularly and are instrumental in developing significant changes to the way health and safety is managed and to our policies and procedures. This ensures we are constantly up to date with any changes in working practices or regulations. John Fitzgerald is the Board director with overall responsibility for health and safety.

Training and development

Telford Homes operates in an industry where up to date qualifications, standards and knowledge are vital to the safe and successful operation of the business.

We invest in the training and development of our people through a rigorous health and safety training programme which ensures that all employees have the appropriate skills and knowledge. Training is seen as a necessity and it is important to continually assess training needs whilst anticipating changes in the external environment that will dictate new skills and knowledge that our employees may need.

The focus on high quality industry specific training allows the Group to have a fresh approach and the Board views training, particularly through apprenticeships, as an essential investment in the future of the Group and the future of the construction industry. The needs of new members of staff joining the business are carefully assessed so that any specific training requirements are identified and acted upon.



In addition the Group has a supply-chain of partners that provide all the necessary design and building services to complete each development. We demand that our suppliers employ competent people and encourage their continuing professional development. To support this we organise subsidised on-site training specifically for their employees.

As part of our vetting procedure the technical and commercial viability of each supplier is scrutinised in an attempt to ensure they are able to meet their obligations. We demand and expect the highest health and safety standards from each supplier and as a result this is considered during the tender process for new work. We continually monitor our suppliers and take the necessary steps to ensure they meet our high expectations.

Performance

The year to 31 March 2016 has seen us complete over 2 million man hours without a single RIDDOR reportable injury resulting in an 'Accident Frequency Rate' of Zero, a noteworthy achievement.

We carefully monitor the nature of any accidents and incidents that do occur to ensure we can learn from them and adjust our training requirements appropriately. The majority of our minor accidents again this year have arisen as a result of simple behavioural failings of those persons directly involved and we continue with our behavioural focused training programme that makes people aware of these simple mistakes and the impacts they can have.

Overall our health and safety performance in the year has been excellent once again and yet the Group will always seek further improvement. We ensure that as the business continues to grow, that we have systems in place to train new staff and new suppliers in our policies and procedures. I remain confident that our extensive procedures and our investment in training mean that Telford Homes is doing everything possible to minimise health and safety risks within the business now and in the future.

Steve Nicoll
Group Health & Safety Manager



ENVIRONMENT

Telford Homes is committed to designing and constructing developments that minimise ecological and carbon impact and improve energy efficiency.

Our approach means that we re-use, recycle and adopt renewable materials wherever viable and continually look for new ways to meet and exceed environmental expectations in all our activities. The Group has a clear environmental policy and we ensure that this is communicated throughout our operations.

Our environmental policy and environmental management system are regularly reviewed to ensure prevention of pollution, compliance with relevant legislation and that our activities are controlled to minimise their impact on the environment. Our environmental management system is accredited to BS EN ISO 14001:2004 and continues to be audited every six months by the British Standards Institution (BSI) in accordance with their stringent auditing processes.

Our design strategy delivers an enhanced building envelope which reduces energy requirements and contributes significantly to lowering the carbon footprint of our developments. We design, construct and deliver dwellings which at a minimum conform, but in many cases exceed, the requirements of current building regulations and standards.

Our developments are designed with energy performance in mind. Domestic heating and hot water are delivered via centralised, highly efficient combined heat and power units. These units also produce electrical energy that is used to power lighting in communal areas with any surplus being exported to the national grid. Ventilation is provided by mechanical systems which recover and recycle heat from the dwelling. Further carbon savings are achieved by the use of renewable energy technologies such as photovoltaic arrays which complement the energy generation process and assist in reducing emissions and the cost of energy provision.

We have adopted the Building Research Establishment SMARTER® waste programme which assists the construction industry to manage site waste in compliance with regulations. It is also fully aligned with the requirements of Building Research Establishment Environmental Assessment Method (BREEAM) and The Code for Sustainable Homes enabling the monitoring of on-site energy consumption, water consumption and the procurement of certified timber.

The materials we use during our construction projects contribute to our environmental performance and as such we recognise the contribution

sustainable materials make to improved environmental performance. We have already contributed significantly in this area by adopting objectives to increase the amount of recycled materials we use, particularly aggregates and crushed concrete in excavation reinstatements and piling mats. We aim to manage waste on our sites in the most efficient way by encouraging recycling on-site and recovery off-site, maximising segregation and ensuring we are working with the waste contractors with the highest diversion rates. As an example the skip company that removes the majority of our construction waste from site is able to recycle and recover 100% of this waste.



Computer generated images



Case Study

Vibe/Holy Trinity School, Dalston

Vibe is a residential development of 101 apartments, incorporating a new two-form entry primary school for the London Diocesan Board due to open in September 2016.

The development is designed and constructed to achieve low energy and carbon dioxide emissions exceeding Building Regulations Part L.

In addition to environmental features such as green roofs, low voltage LED lighting, reduced water consumption, rainwater harvesting and attenuation, one of the unique environmental aspects of the development is the innovative use of land.

The site was previously occupied by a single storey primary school on a large footprint of land, most of which was tarmac and hard surfaces. The new development maximises the use of land which in inner cities is a scarce resource to double the size of the school and provide 101 new homes on the same site. The external areas of the school are landscaped to inspire creative play and maximise the ecological diversity of the site, and the play areas at second floor level provide free play and multi-use games areas.

The school and residential homes share a communal plant room, with heat and hot water provided by high efficiency gas fired communal boilers and combined heat and power (CHP). Electricity generated is used for communal areas.

Each apartment has MVHR (mechanical ventilation and heat recovery) which pre heats incoming air while providing ventilation to the apartments, and the school is naturally ventilated by passive stack effect ventilation.

Environmental issues were managed and monitored during the construction process, including the monthly monitoring and management of energy and water consumption, separation, streaming and recycling of waste, and the reduction of air, dust and ground pollution. All building and construction materials used on the scheme were sought from environmentally managed accreditation schemes, wherever practicable, (such as EMAS/ ISO140001 accreditation), and all timber was sourced with a certified chain of custody.

The scheme is car free to promote more sustainable modes of transport and provides space for 184 bicycles. The residential homes are designed to Code for Sustainable Homes Level 4 and the school to BREEAM 'Very Good'.

As well as the use of environmental and sustainable design and construction within the development itself this mixed use scheme is also helping to create a sustainable community.

BOARD OF DIRECTORS



ANDREW WISEMAN BA (HONS), FCMA

Chairman (59)

Andrew Wiseman, together with close colleagues, founded Telford Homes Plc in December 2000 following ten years with Furlong Homes Plc initially as Financial Director then as Chief Executive for the final three years. Andrew headed the flotation of Telford Homes on AIM in December 2001, building on excellent relationships with institutional investors. In his role as Chief Executive of Telford Homes, from formation until 30 June 2011, Andrew positioned the Group as a partner of affordable housing providers as well as a first class developer of open market homes. Andrew became Chairman on 1 January 2012. He is also a Strategic Board member of AmicusHorizon, a housing association providing affordable homes in South London, Surrey, Kent and Sussex.



JON DI-STEFANO MA (ECON), ACA

Chief Executive (41)

Jon Di-Stefano joined Telford Homes Plc as Financial Director in October 2002. Prior to this he had one year with Mothercare following five years with Arthur Andersen. Jon built up a strong finance function over a number of years and played a significant role in establishing relationships with the Group's banking partners and institutional investors. Jon became Chief Executive on 1 July 2011 and since his appointment he has overseen significant profit growth and increasing shareholder value. Supported by the rest of the Board he is responsible for the Group's strategic direction including setting the land buying strategy, its area of focus, the approach to risk management and all other long term business planning.



KATIE ROGERS BA (HONS), ACA

Group Financial Director (35)

Katie Rogers joined Telford Homes Plc in 2007 as Financial Analyst following four years at PwC. Katie progressed to Group Financial Controller within a year and was appointed to the Board as Group Financial Director in July 2011. Besides leading and managing the finance team for the Group, she is responsible for long term profit forecasts and for maintaining on-going relationships with the Group's banking partners. In 2015, Katie finalised a new £180 million four year revolving credit facility with a club of banks, successfully negotiating a reduction in the cost of capital. Together with Jon, Katie also develops and maintains relationships with institutional investors through regular presentations and had a central role in the recent £50 million equity placing. She is also the director with overall responsibility for Human Resources across the Group.



DAVID CAMPBELL

Group Sales & Marketing Director (50)

David Campbell joined Telford Homes in November 2011 and was appointed as Group Sales & Marketing Director in April 2012. He is responsible for all residential and commercial property sales, targeting both domestic and overseas buyers. David has over 25 years' experience in the property development sector, operating as both a Sales & Marketing Director and Regional Managing Director for a number of major residential and mixed use developers, including the Berkeley Group, Barratt Developments and Wilson Bowden Plc. With experience as both a discipline director and managing director of traditional and urban regeneration businesses, he brings a wide appreciation of the development process and the importance of strategic planning for long term complex projects.



JOHN FITZGERALD FRICS, ICIQB

Group Managing Director (45)

John Fitzgerald began his career in 1987 with Willmott Dixon Construction followed by Willmott Dixon Housing. He has over 25 years' experience in the construction and housebuilding sector and spent the four years prior to joining Telford Homes with Furlong Homes where he was responsible for their more prestigious developments. He joined Telford Homes in February 2003 and was jointly responsible for construction until March 2005 when he was appointed Joint Group Managing Director. John was appointed a Board Director in 2007 and is now Group Managing Director with sole responsibility for production and health and safety across the business.



DAVID DURANT

Group Planning & Design Director (54)

David Durant is a co-founder of Telford Homes Plc and has over 30 years' experience in the construction and housebuilding sectors including 14 years at Furlong Homes where he was Group Technical Director from 1997 to 2000. David had been Group Managing Director since the start of the Company's operations in 2001 until 2005. Since 2005, David's role has focused on securing major planning consents, product design and maintaining key partnerships.



JAMES FURLONG

Land Director (80)

Jim Furlong has over 40 years' experience in all aspects of the construction and building industry through his involvement in roofing, civil engineering, construction and housebuilding companies which all bore the 'Furlong' name. Prior to joining Telford Homes as Land Director Jim was a driving force within Furlong Homes, where he was Chairman with specific responsibility for land acquisition. Jim's wide experience of land acquisition played a central role in the initial growth of Telford Homes and continues to be beneficial to the Group.



JANE EARL

Non-Executive Director (59)

Jane holds a degree in law and has a broad range of experience as a non-executive director, following a career in Central and Local government. She is currently non-executive Chair of Spektrix, an arts technology company and a non-executive Board member of Sentinel Housing Association. Previous non-executive positions include the Board of Planning Inspectorate and of the Valuation Office Agency. Her executive roles included Director for the Government's Asset Recovery Agency and Chief Executive of Wokingham Unitary Council. Jane has also been on the Board of various charitable organisations notably as Chief Executive of the Rich Mix Cultural Foundation in Tower Hamlets. Jane is a member of the audit and remuneration committees at Telford Homes and will chair the latter from July.



FRANK NELSON

Non-Executive Director (64)

Frank has over 25 years' experience in the construction, housebuilding and energy sectors. He was Finance Director of construction and housebuilding group Galliford Try Plc from 2000 until 2012. He was previously Finance Director of Try Group plc from 1987, leading the company through its IPO in 1989 and the subsequent merger with Galliford. Following his retirement, he took the role of interim CFO of Lamprell plc, where he helped complete a complex restructure and turnaround. He is also the Senior Independent Director at McCarthy and Stone, HICL, the large infrastructure investment fund and Eurocell. Frank chairs the audit committee and is a member of the remuneration committee.



DAVID HOLLAND

Non-Executive Director (75)

David Holland has 50 years of experience in the development and housebuilding sector having joined George Wimpey Plc in 1966. On his retirement he held the position of Group Managing Director with responsibility for worldwide housing and land development. In 1997 David held the annual position of President of the House Builders Federation. David was appointed non-executive Chairman of Telford Homes in December 2001 and stepped down from the role in January 2012 to become a non-executive director. He chairs the remuneration committee and is a member of the audit committee.

POLICY ON CORPORATE GOVERNANCE

Application of principles

Although not formally required to do so, the directors have sought to embrace the principles contained in the UK Corporate Governance Code (2014) (the Code) applicable to fully listed companies, in formulating and applying the Group's corporate governance policies. These policies are tailored to ensure that they are appropriate to the Group's circumstances given the size of the Group.

Directors

The Company and Group are managed by a Board of directors and they have the necessary skills and experience to effectively operate and control the business. There are ten directors in total of whom three are non-executive directors. David Holland, Jane Earl and Frank Nelson, the non-executive directors, are considered independent and they comprise both the audit and remuneration committees. The Board meets once a month and the directors make every effort to attend all Board meetings.

The Board is responsible for taking all major strategic decisions and also addressing any significant operational matters. In addition the Board reviews the risk profile of the Group and ensures that an adequate system of internal control is in place. Management information systems are in place to enable the directors to make informed decisions to properly discharge their duties.

The roles of the Chairman and the Chief Executive are separate. The Chairman is responsible for running the Board and he meets regularly and separately with the Chief Executive and the non-executive directors to discuss matters for the Board.

As the business has developed, the composition of the Board has been under constant review to ensure that it remains appropriate to the managerial requirements of the Group. One third of the directors retire annually in rotation in accordance with the Company's articles of association. This enables the shareholders to decide on the election of the Company's Board.

The Board takes decisions regarding the appointment of new directors as a whole and this is only done following a thorough assessment of a potential candidate's skills and suitability for the role. New directors are given a full induction to the Group where required so as to ensure they can properly fulfil their role and meet their responsibilities.

All directors are offered appropriate coaching and training to develop their knowledge and ensure they remain up to date in relevant matters for which they have responsibility as a member of the Board.

The Chairman's statement and Chief Executive's review included in this annual report give the Board's current assessment of the Group's prospects. The directors are responsible for preparing the financial statements as set out in the statement of directors' responsibilities. The responsibilities of the auditors are set out in their report.

Remuneration committee

Details concerning the composition and meetings of the remuneration committee are contained in the directors' remuneration report on pages 46 to 47.

Audit committee

During the period, the audit committee, which is chaired by Frank Nelson an independent non-executive director, has met three times with the external auditors being in attendance on all occasions. The non-executive directors meet separately with the auditors twice a year.

The committee has a responsibility for reviewing the financial statements provided to shareholders. In addition the committee reviews the business and financial risks and internal controls as described below.

The duties of the committee also include ensuring that the auditors provide a cost effective service to the Group and remain objective and independent and to consider from time to time the need for an internal audit function.

Relations with shareholders

The Company has institutional shareholders and is, where practicable, willing to enter into a dialogue with them. The Chief Executive and the Group Financial Director meet regularly with institutional investors within the confines of relevant legislation and guidance.

The Board invites communication from its private investors and encourages participation by them at the Annual General Meeting (AGM). All Board members present at the AGM are available to answer questions from shareholders. Notice of the AGM in excess of 21 clear days is given and the business of the meeting is conducted with separate resolutions, voted on initially by a show of hands and with the result of the voting being clearly indicated.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to mitigate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Group's significant risks and that it has been in place for the period ended 31 March 2016 and up to the date of approval of the annual report and accounts, and that it is regularly reviewed by the Board.

The internal control procedures are delegated to executive directors and senior management in the Group operating within a clearly defined departmental structure. The Board regularly reviews the internal control procedures in the light of the ongoing assessment of the Group's significant risks.

On a monthly basis, management accounts, including a comprehensive cash flow forecast, are reviewed by the Board in order to provide effective monitoring of financial performance. At the same time the Board considers other significant strategic, organisational and compliance issues to ensure that the Group's assets are safeguarded and financial information and accounting records can be relied upon. The Board formally monitors monthly progress on each development.

DIRECTORS' REMUNERATION REPORT

The directors present the remuneration report for the year ended 31 March 2016.

Composition of the remuneration committee

The remuneration committee comprises the independent non-executive directors, David Holland, Jane Earl and Frank Nelson. The committee makes recommendations to the Board on executive directors' service agreements and remuneration. In doing so it has undertaken relevant research to ensure that remuneration levels are competitive with the industry average. The committee met three times during the year.

Remuneration policy

It is the Group's policy to provide remuneration packages sufficient to attract, retain and motivate directors of the quality required. There were two annual bonus schemes in place for the year ended 31 March 2016, one applicable to all staff and a scheme for executive directors and senior management. Both schemes are dependent on the Group meeting certain financial performance targets.

From 1 April 2013, the remuneration committee introduced a new bonus scheme for executive directors and senior management which will operate for a minimum of five years. The new scheme has been designed to act as an appropriate incentive for the Group's senior employees and to reward their contribution to business growth. At the same time it has been designed to encourage the retention of these key employees.

Under the new scheme each executive director will earn an annual bonus equivalent to 0.6 per cent of profit before taxation subject to a minimum level of profits being achieved in each year. A proportion of the bonus earned in each year (up to 50 per cent) will be deferred and paid out to each director in equal instalments over the next three years, again subject to a minimum level of profit being achieved in these years. The maximum amount that can be earned under the new bonus scheme remains capped at 100 per cent of base salary as at the financial year end.

The Company also operates a Share Incentive Plan (SIP) in which all employees are entitled to participate. The SIP exists in order to increase employee ownership of shares and further details are given in note 18 to the financial statements.

During 2006 the Company set up a Deferred Payment Share Purchase Plan (DPSP) for the benefit of selected senior employees. Further details are given in note 18 to the financial statements. The remuneration committee is responsible for approving any offers of shares made under the DPSP.

The Board as a whole determines the remuneration of the non-executive directors after considering external market research. They do not participate in the bonus schemes or in the personal pension scheme. They are entitled to participate in the SIP.

Service contracts

The executive directors have service contracts that can be terminated on twelve months notice. These provide for termination payments equivalent to twelve months basic salary and contractual benefits.

The non-executive directors have letters of appointment that can be terminated on three months notice.

Directors' emoluments

The directors' emoluments for the year ended 31 March 2016 are as follows:

Name	Salary & fees	Bonus earned	Total benefits in kind	Pension contribution	Total 2016	Total 2015
Andrew Wiseman	142,500	150,000	14,469	14,250	321,219	295,953
Jonathan Di-Stefano	275,000	206,340	22,793	27,500	531,633	454,437
David Campbell	208,500	206,340	13,839	20,750	449,429	378,068
David Durant	169,250	168,250	13,957	16,825	368,282	358,318
John Fitzgerald	208,500	206,340	18,438	20,750	454,028	383,632
James Furlong	73,750	73,750	27,409	–	174,909	204,418
Mark Parker ¹	33,334	–	8,049	3,333	44,716	387,350
Katie Rogers	208,500	206,340	9,950	20,750	445,540	332,698
Robert Clarke ²	17,333	–	–	–	17,333	52,000
Jane Earl ³	9,167	–	–	–	9,167	–
David Holland	62,750	–	–	–	62,750	62,000
Frank Nelson	52,750	–	–	–	52,750	13,000
	1,461,334	1,217,360	128,904	124,158	2,931,756	2,921,874

¹ Mark Parker resigned from the Board on 26 May 2015

² Robert Clarke retired as non-executive director on 16 July 2015

³ Jane Earl was appointed as non-executive director on 5 February 2016

Contractual notice period, pension and deferred bonus payments totalling £356,408 were paid to Mark Parker during the year for loss of office

The executive bonus scheme account for each director is set out below:

	Executive bonus brought forward	Earned for the year	Amount released during the year	Executive bonus carried forward
Andrew Wiseman	105,493	150,000	(116,080)	139,413
Jonathan Di-Stefano	116,338	206,340	(147,865)	174,813
David Campbell	116,338	206,340	(147,865)	174,813
David Durant	116,338	168,250	(128,820)	155,768
John Fitzgerald	116,338	206,340	(147,865)	174,813
James Furlong	30,000	73,750	(83,333)	20,417
Mark Parker	116,338	–	(116,338)	–
Katie Rogers	116,338	206,340	(147,865)	174,813
	833,521	1,217,360	(1,036,031)	1,014,850

Directors' interests in shares and share options

Directors' interests in shares are disclosed in the report of the directors.

The share options held by the directors in the Telford Homes Plc Employee Share Option Scheme at 31 March 2016 and the movements during the year then ended were as follows:

	Company scheme	31 March 2015 Number	Exercised in year Number	31 March 2016 Number	Exercise price	Dates exercisable
Jonathan Di-Stefano	unapproved	60,000	–	60,000	75p	1 Oct 2005 to 1 Oct 2018
	unapproved	100,000	–	100,000	90.5p	9 Feb 2015 to 9 Feb 2022
	approved	33,000	–	33,000	90.5p	9 Feb 2015 to 9 Feb 2022
David Campbell	unapproved	67,000	–	67,000	90.5p	9 Feb 2015 to 9 Feb 2022
	approved	33,000	–	33,000	90.5p	9 Feb 2015 to 9 Feb 2022
John Fitzgerald	unapproved	160,000	(160,000)	–	75p	1 Oct 2005 to 1 Oct 2015
	approved	33,000	–	33,000	90.5p	9 Feb 2015 to 9 Feb 2022
Mark Parker	unapproved	100,000	(100,000)	–	90.5p	9 Feb 2015 to 9 Feb 2022
	approved	33,000	(33,000)	–	90.5p	9 Feb 2015 to 9 Feb 2022
Katie Rogers	unapproved	100,000	–	100,000	79p	23 May 2014 to 23 May 2021

On 12 June 2015 John Fitzgerald exercised 160,000 unapproved share options. The market price on this date was 465.5p.

On 23 July 2015 Mark Parker exercised 100,000 unapproved share options. The market price on this date was 424.0p.

On 24 November 2015 Mark Parker exercised 33,000 approved share options. The market price on this date was 358.0p.

No share options were granted to directors or forfeited by directors in the year ended 31 March 2016 or the year ended 31 March 2015.

In total the share-based payments charge in respect of directors' share options was £nil (2015: £21,244).

By order of the Board,

David Holland
Chairman of the Remuneration Committee
31 May 2016

REPORT OF THE DIRECTORS

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2016.

Results and dividends

Telford Homes is an AIM listed public limited company incorporated and domiciled in the United Kingdom.

The principal activity of the Group is that of property development.

Profit after income tax for the year ended 31 March 2016 was £25,726,000 (2015: £19,664,000).

The directors recommend a final dividend of 7.7 pence per ordinary share which, together with the interim dividend of 6.5 pence paid on 8 January 2016, makes a total of 14.2 pence for the year (2015: 11.1 pence).

Going concern

The Group's business activities, together with factors likely to affect its future development and performance are set out in the Chairman's statement and the Chief Executive's review on pages 12 to 25 and the management of risks and uncertainties affecting the Group are set out on pages 34 to 35. The financial position of the Group, its cash flows and borrowing facilities are described in the financial review on pages 26 to 33. In addition note 22 to the financial statements includes details of the Group's financial instruments and its exposure to credit risk and liquidity risk.

The directors have assessed the Group's projected business activities and available financial resources together with detailed forecasts for cash flow and relevant sensitivity analysis. The directors believe that the Group is well placed to manage its business risks successfully.

After making appropriate enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Substantial shareholdings

Based on shareholder analysis as at 19 May 2016 and as far as the Company is aware the following represents interests in excess of 3% in its ordinary share capital:

	Number of shares held	Percentage
TD Direct investing nominees (Europe) Ltd	4,583,867	6.12%
Hargreaves Lansdown (Stockbrokers)	4,462,370	5.96%
Liontrust Investment partners LLP	3,633,943	4.85%
Schroders – Cazenove Capital Management Ltd	3,095,825	4.14%
Barclay share Nominees Ltd	2,824,661	3.77%

Telford Homes Trustees Ltd holds 2,135,575 shares (2.85%) and includes shares held on behalf of employees under the Share Incentive Plan (note 18).

Directors

Details of the directors of the Company are shown on pages 42 to 43.

Jim Furlong, John Fitzgerald and Jane Earl retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' interests

The directors of the Company are listed below together with their interest in the shares of the Company at 31 March 2016 and movements in the year:

	At 31 March 2015 Number	Share Incentive Plan Number	Market acquisitions and disposals Number	At 31 March 2016 Number
Andrew Wiseman	2,322,986	2,447	–	2,325,433
Jonathan Di-Stefano	367,715	2,446	–	370,161
David Campbell	39,796	1,192	2,000	42,988
David Durant	1,296,910	2,447	(7,000)	1,292,357
John Fitzgerald	222,718	2,020	(115,000)	109,738
James Furlong	1,314,342	2,447	(60,000)	1,256,789
Katie Rogers	79,421	2,026	–	81,447
Jane Earl ¹	–	–	–	–
David Holland	561,444	2,438	10,000	573,882
Frank Nelson	–	1,026	27,339	28,365

¹ Jane Earl was appointed as non-executive director on 5 February 2016

These interests include shares purchased under the Telford Homes Share Incentive Plan (SIP) which all employees, including directors, are eligible to participate in. All shares purchased under the SIP are matched by shares provided by the Company on a one for one basis. These 'Matching' shares are also included in the interests stated but must remain in the SIP for a period of not less than three years otherwise they are forfeited. Further details on the SIP are included in note 18 to the financial statements.

Details of share options held by directors are given in the directors' remuneration report on pages 46 to 47.

Ordinary shares

The Company issued 14,600,000 new ordinary shares during the year. 13,888,889 were in respect of the equity placing in November 2015. 542,772 were in respect of share options being exercised and a further 168,339 to satisfy the requirements of the Share Incentive Plan. Further information is disclosed in note 18.

The Company's investment in own shares relates solely to the Share Incentive Plan and further details of the total holding and movements in the holding are disclosed in note 18.

Creditors

It is Group policy to settle all debts with its creditors on a timely basis. Subcontractors are paid upon agreement of the value of works completed based on their applications for payment and the terms agreed. In general, other suppliers are paid during the month following the month of receipt of the invoice unless other terms have been specifically agreed.

At 31 March 2016 trade payables represented 9 days purchases (2015: 14 days).

Employees

The Group places considerable value on the involvement of its employees and keeps them informed of all relevant matters on a regular basis. Telford Homes is an equal opportunities employer and all applications for employment are considered fully on the basis of suitability for the job.

REPORT OF THE DIRECTORS

Charitable donations

The Group made charitable donations of £57,000 (2015: £55,000). These donations were made to a number of different charities supporting a broad range of good causes.

Annual General Meeting

The Annual General Meeting will be held at the registered office at Telford House, Queensgate, Britannia Road, Waltham Cross, Hertfordshire on 14 July 2016 at 12.30pm.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting in accordance with section 489 of the Companies Act 2006.

Each of the directors at the time this report was approved has confirmed the following:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken steps that ought to have been 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.

By order of the Board,

Richard Ellis
Company Secretary
31 May 2016

STRATEGIC REPORT

The Strategic report for the Group including a fair review of the Group, a description of the principal risks and uncertainties facing the Group, the development and performance of the Group during the financial year, the Group's position at the financial year end and an analysis of the Group's key performance indicators can be found from pages 12 to 35.

The Strategic report has been reviewed and signed off by the Board of directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 IFRS as adopted by the European Union 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 consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the directors, whose names and functions are listed on pages 42 to 43 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the report of the directors and strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GROUP INCOME STATEMENT

including proportional share of joint venture results

31 March 2016

	Non-GAAP Year ended 31 March 2016 £000	Non-GAAP Year ended 31 March 2015 £000
Revenue	245,581	173,452
Cost of sales	(182,438)	(119,592)
Gross profit	63,143	53,860
Administrative expenses	(19,250)	(16,693)
Selling expenses	(9,365)	(9,147)
Operating profit	34,528	28,020
Finance income	153	146
Finance costs	(2,478)	(3,038)
Profit before income tax	32,203	25,128
Income tax expense	(6,477)	(5,464)
Profit after income tax	25,726	19,664

Key management information is presented to the Board with the Group's share of joint venture results proportionally consolidated and therefore including the relevant share of the results of joint ventures in each line of the income statement and balance sheet. The Group's joint ventures are an integral part of the business and as such the Board believes that the financial results presented in this way are the most appropriate for assessing the true underlying performance of the business. A reconciliation between key management information and Generally Accepted Accounting Principles (GAAP) compliant information, accounting for joint ventures under IFRS 11 as equity investments, is included in note 2 of the financial statements.

GROUP BALANCE SHEET

including proportional share of joint venture results
31 March 2016

	Non-GAAP 31 March 2016 £000	Non-GAAP 31 March 2015 £000
Non current assets		
Goodwill	383	–
Property, plant and equipment	1,485	1,028
Deferred income tax assets	230	866
	2,098	1,894
Current assets		
Inventories	285,610	277,161
Trade and other receivables	31,362	11,451
Cash and cash equivalents	20,856	39,701
	337,828	328,313
Total assets	339,926	330,207
Non current liabilities		
Trade and other payables	(1,358)	(679)
Financial liabilities	(661)	(389)
	(2,019)	(1,068)
Current liabilities		
Trade and other payables	(109,363)	(113,732)
Borrowings	(38,182)	(92,559)
Financial liabilities	(194)	–
Current income tax liabilities	(3,198)	(2,460)
	(150,937)	(208,751)
Total liabilities	(152,956)	(209,819)
Net assets	186,970	120,388
Capital and reserves		
Issued share capital	7,485	6,025
Share premium	106,423	58,551
Retained earnings	73,062	55,812
Total equity	186,970	120,388

GROUP INCOME STATEMENT

31 March 2016

	Note	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Total revenue	1	245,581	173,452
Less share of revenue from joint ventures		(2,902)	(33,007)
Group revenue	1	242,679	140,445
Cost of sales		(180,869)	(102,215)
Gross profit		61,810	38,230
Administrative expenses		(19,056)	(16,675)
Selling expenses		(9,177)	(8,569)
Share of results of joint ventures	9	965	15,047
Operating profit	1	34,542	28,033
Finance income	4	117	142
Finance costs	4	(2,344)	(3,038)
Profit before income tax		32,315	25,137
Income tax expense	5	(6,589)	(5,473)
Profit after income tax		25,726	19,664
Earnings per share:			
Basic	7	39.3p	33.2p
Diluted	7	38.9p	32.6p

All activities are in respect of continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME

31 March 2016

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Movement in derivative financial instruments hedged	(466)	(616)
Movement in deferred tax on derivative financial instruments hedged	93	125
Other comprehensive expense net of tax (items that may be subsequently reclassified into profit or loss)	(373)	(491)
Profit for the year	25,726	19,664
Total comprehensive income for the year	25,353	19,173

BALANCE SHEET

31 March 2016

	Note	Group		Company	
		31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Non current assets					
Goodwill	8	304	–	–	–
Investments	9	–	–	19,464	636
Investments in joint ventures	9	42,101	2,686	1	1
Property, plant and equipment	10	1,485	1,028	1,485	1,028
Deferred income tax assets	11	190	866	492	866
		44,080	4,580	21,442	2,531
Current assets					
Inventories	12	238,976	254,704	232,868	253,088
Trade and other receivables	13	31,662	11,694	58,703	14,024
Cash and cash equivalents	14	20,709	39,659	20,620	39,136
		291,347	306,057	312,191	306,248
Total assets		335,427	310,637	333,633	308,779
Non current liabilities					
Trade and other payables	15	(1,358)	(679)	(1,108)	(679)
Financial liabilities	22	(661)	(389)	(661)	(389)
		(2,019)	(1,068)	(1,769)	(1,068)
Current liabilities					
Trade and other payables	15	(104,871)	(94,162)	(103,831)	(95,992)
Borrowings	16	(38,182)	(92,559)	(38,182)	(92,559)
Financial liabilities	22	(194)	–	(194)	–
Current income tax liabilities		(3,191)	(2,460)	(3,100)	(2,235)
		(146,438)	(189,181)	(145,307)	(190,786)
Total liabilities		(148,457)	(190,249)	(147,076)	(191,854)
Net assets		186,970	120,388	186,557	116,925
Capital and reserves					
Issued share capital	17	7,485	6,025	7,485	6,025
Share premium		106,423	58,551	106,423	58,551
Retained earnings		73,062	55,812	72,649	52,349
Total equity		186,970	120,388	186,557	116,925

These financial statements were authorised for issue by the Board of directors on 31 May 2016 and signed on its behalf by:

Jonathan Di-Stefano
Chief Executive

Katie Rogers
Group Financial Director

Company number: 4118370

STATEMENT OF CHANGES IN EQUITY

31 March 2016

Group statement of changes in equity	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2014	5,940	57,529	41,923	105,392
Profit for the year	–	–	19,664	19,664
Total other comprehensive expense	–	–	(491)	(491)
Excess tax on share options	–	–	305	305
Dividend on equity shares	–	–	(6,061)	(6,061)
Proceeds of equity share issues	85	1,022	–	1,107
Share-based payments	–	–	218	218
Purchase of own shares	–	–	(670)	(670)
Sale of own shares	–	–	924	924
Balance at 31 March 2015	6,025	58,551	55,812	120,388
Profit for the year	–	–	25,726	25,726
Total other comprehensive expense	–	–	(373)	(373)
Excess tax on share options	–	–	(75)	(75)
Dividend on equity shares	–	–	(8,443)	(8,443)
Proceeds of equity share issues	1,460	47,872	–	49,332
Share-based payments	–	–	218	218
Purchase of own shares	–	–	(598)	(598)
Sale of own shares	–	–	795	795
Balance at 31 March 2016	7,485	106,423	73,062	186,970

Company statement of changes in equity	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2014	5,940	57,529	21,782	85,251
Profit for the year	–	–	36,342	36,342
Total other comprehensive expense	–	–	(491)	(491)
Excess tax on share options	–	–	305	305
Dividend on equity shares	–	–	(6,061)	(6,061)
Proceeds of equity share issues	85	1,022	–	1,107
Share-based payments	–	–	218	218
Purchase of own shares	–	–	(670)	(670)
Sale of own shares	–	–	924	924
Balance at 31 March 2015	6,025	58,551	52,349	116,925
Profit for the year	–	–	28,776	28,776
Total other comprehensive expense	–	–	(373)	(373)
Excess tax on share options	–	–	(75)	(75)
Dividend on equity shares	–	–	(8,443)	(8,443)
Proceeds of equity share issues	1,460	47,872	–	49,332
Share-based payments	–	–	218	218
Purchase of own shares	–	–	(598)	(598)
Sale of own shares	–	–	795	795
Balance at 31 March 2016	7,485	106,423	72,649	186,557

CASH FLOW STATEMENT

31 March 2016

	Group		Company	
	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Cash flow from operating activities				
Operating profit	34,542	28,033	33,295	11,696
Depreciation	610	603	610	603
Share-based payments	218	218	218	218
(Profit) loss on sale of tangible assets	(44)	15	(44)	15
Decrease (increase) in inventories and work in progress	17,914	(96,134)	22,406	(97,501)
Increase in receivables	(19,969)	(4,250)	(44,946)	(6,156)
Increase in payables	11,499	19,530	8,380	15,534
Share of results from joint ventures	(965)	(15,047)	–	–
	43,805	(67,032)	19,919	(75,591)
Interest paid and debt issue costs	(4,017)	(6,603)	(4,017)	(6,603)
Income tax paid	(5,468)	(4,324)	(5,243)	(4,085)
Dividend received from subsidiaries	–	–	1,770	520
(Investment in) distribution from joint ventures	(19,888)	24,465	2,437	32,186
Cash flow from operating activities	14,432	(53,494)	14,866	(53,573)
Cash flow from investing activities				
Purchase of tangible assets	(1,067)	(492)	(1,067)	(492)
Proceeds from sale of tangible assets	44	–	44	–
Consideration paid for business combination	(18,562)	–	(18,562)	–
Interest received	117	142	117	142
Cash flow from investing activities	(19,468)	(350)	(19,468)	(350)
Cash flow from financing activities				
Proceeds from issuance of ordinary share capital	49,332	1,107	49,332	1,107
Purchase of own shares	(598)	(670)	(598)	(670)
Sale of own shares	795	924	795	924
Increase in bank loans	–	95,000	–	95,000
Repayment of bank loans	(55,000)	(29,559)	(55,000)	(29,559)
Dividend paid	(8,443)	(6,061)	(8,443)	(6,061)
Cash flow from financing activities	(13,914)	60,741	(13,914)	60,741
Net (decrease) increase in cash and cash equivalents	(18,950)	6,897	(18,516)	6,818
Cash and cash equivalents brought forward	39,659	32,762	39,136	32,318
Cash and cash equivalents carried forward	20,709	39,659	20,620	39,136

STATEMENT OF ACCOUNTING POLICIES

31 March 2016

Basis of preparation

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention as modified for reassessment of derivatives at fair value and on a going concern basis.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates. The most significant estimates made by the directors in these financial statements are set out in 'Critical accounting judgements and key sources of estimation uncertainty'.

The Group adopted IFRS 10, IFRS 11, IFRS 12 and IAS 28 (revised) from 1 April 2014 and as a result, proportional consolidation of joint venture results is no longer allowed. Under these accounting standards, key line items such as statutory revenue, cost of sales, inventory and debt no longer include the Group's portion of joint venture balances. Instead, the Group's share of the statutory results from joint ventures is accounted for under the equity method. Therefore the Group's share of the results in joint ventures is presented in one line in the income statement and the statutory balance sheet includes one line representing the Group's investment in joint ventures.

Joint ventures are an integral part of the business and the Board has included an income statement and a balance sheet using proportional consolidation for the results of joint ventures within the Group's financial statements. These are presented in addition to the Generally Accepted Accounting Principles (GAAP) compliant versions of the income statement and balance sheet which present joint ventures as equity investments.

Accounting policies

The accounting policies set out below have been applied consistently for all periods presented in these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and the Group's share of results of joint ventures. The results of subsidiaries and joint ventures acquired or disposed of during the year are included in the financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Exemptions

The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented an income statement or statement of comprehensive income for the Company alone.

Joint ventures

A joint venture 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. Joint ventures are accounted for using the equity method of accounting. Under this method, the Group's share of post-tax results of joint ventures is included in the Group's operating profit in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet.

As joint ventures are an integral part of the business, total revenue, including the Group's share of joint venture revenue, is presented on the face of the income statement and reconciled to Group revenue which is the GAAP compliant revenue amount.

Revenue and profit recognition

Properties for open market sale

Revenue and profit is recognised at the point of legal completion of each property. Revenue is the contract price of each property net of any incentives and profit is calculated based on an assessment of the overall revenues and costs expected on that particular development. The assessment of total revenues and total costs expected on each development requires a degree of estimation although in the majority of cases, at the point of handover of open market properties, the development will be nearing completion and therefore profits are more certain.

Construction contracts

Contracts are treated as construction contracts when they have been specifically negotiated for the construction of a development or a number of properties and the risks and rewards of the construction transfer to the customer over time. These contracts can be for the construction of open market homes sold as private rental schemes or for the construction of affordable homes sold to affordable housing providers. Revenue is only recognised on a construction contract where the outcome can be estimated reliably. Revenue and costs are recognised by reference to the stage of completion of contract activity at the balance sheet date. This is normally measured by an assessment of work performed to date on a proportion of overall cost basis.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

On the balance sheet, the Group reports the net contract position for each contract either as an asset or liability. A contract represents an asset where costs incurred plus recognised profits exceed progress billing and a contract represents a liability where the opposite is the case. These are disclosed as 'Amounts recoverable on contracts'.

Sale of freehold assets

Revenue and profit are recognised at the point of legal completion of each freehold asset sale.

Grant income

Grants received are recognised as revenue in the income statement to match with the related costs that they are intended to compensate.

Selling expenses

Selling expenses are charged to the income statement as incurred.

Employee benefits

In accordance with IAS 19 employee benefits are recognised as an expense in the period they are earned by the employee. Under the Group's annual bonus scheme for executive directors and senior management there is a deferred element to be paid in future years. This deferred element is recognised as an expense over the remaining period dependant on the employees continued service.

Borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value, being proceeds received net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

Borrowing costs directly relating to the development of properties that take a substantial period of time to get ready for sale, are capitalised within inventories. Capitalisation of borrowing costs commences from the date of initial expenditure on a given development and continues until the properties are ready for sale.

The capitalisation of borrowing costs is suspended where there are prolonged periods when development activity on a site is interrupted. Capitalisation is not normally suspended during a period when substantial technical and administrative work is being carried out.

All other borrowing costs are charged to the income statement using the effective interest method. Borrowing costs paid are classified as operating activities in the cash flow statement.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Hedge accounting – interest rate swaps

The Group has adopted hedge accounting for its interest rate swaps designated as cash flow hedges. The hedge is used to mitigate financial exposure to movements in interest rates. Changes in intrinsic fair value are recognised in other comprehensive income to the extent that the cash flow hedge is determined to be effective. All other changes in fair value are recognised immediately in the income statement. The hedged item is the London Interbank Offered Rate (LIBOR) element of a variable rate bank loan. The accumulated gains and losses previously recognised in other comprehensive income are classified into the income statement as a financial expense over the life of the loan. This has the effect of fixing the LIBOR element of the interest rate recognised in the income statement to the hedge rate over the life of the swap. The effectiveness of the hedge is tested prospectively and retrospectively on an annual basis.

Operating leases

Operating lease rentals are charged to the income statement on a straight line basis over the life of the lease.

Pension costs

Contributions paid to group personal pension schemes (defined contribution), in respect of employees, are charged to the income statement as incurred.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates calculated to write down the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements	– shorter of term of lease and 10 years
Plant and machinery	– 2 to 5 years
Motor vehicles	– 3 years

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash-generating unit (CGU) containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Investments

Interests in subsidiary undertakings and joint ventures are valued at cost less impairment.

STATEMENT OF ACCOUNTING POLICIES

31 March 2016

Business combination

The Group accounts for business combinations on the date control is transferred to the Group. The Group applies the acquisition method of accounting for business combinations. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at the fair value at the acquisition date. Acquisition related costs are expensed as incurred.

Inventories

Development properties are included in inventories and are stated at the lower of cost and net realisable value. Cost comprises costs of acquisition and development, including directly attributable fees and expenses, direct labour costs and borrowing costs. Included within development properties are freehold interests held in completed developments. The cost of these interests are estimated at initial recognition on the basis of a multiple of annual ground rents and are not subsequently revalued. These are held for future sale.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provision of the instrument.

Trade receivables and other receivables

Trade receivables on normal terms do not carry any interest and are stated at their nominal value reduced by appropriate allowances for estimated unrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short-term cash deposits) which mature within three months or less from the date of acquisition.

Borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value, being proceeds received net of transaction costs and are subsequently measured at amortised costs, using the effective interest rate method.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value.

Land creditors

Land creditors are recognised at the point the Group has a commitment to purchase land and all substantive contractual conditions have been satisfied. The liability is initially valued at fair value and discounted to present value. Subsequently the difference between the nominal value and the initial fair value is amortised over the length of the payment period and charged to inventory, increasing the value of the land creditor so that at the date of maturity the land creditor equals the payment required.

Deposits received in advance

Deposits received on exchange of contracts of open market properties are held within trade and other payables until legal completion of the related property.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Planning costs

Planning costs are capitalised and recognised as an asset in work in progress when there is probable future economic benefit expected to arise from those costs.

Current assets and liabilities

Assets that are expected to be realised in, or are intended for sale or consumption in, the Group's normal operating cycle are treated as current even to the extent these are expected to be realised after twelve months from the balance sheet date. Liabilities that are expected to be settled in the Group's normal operating cycle are treated as current even though these may be due for settlement after twelve months from the balance sheet date.

Contingent liabilities

Disclosures are made for each class of contingent liabilities at the balance sheet date detailing, where practicable, an estimate of its financial effect and an indication of uncertainties associated with the timing or amount of the outflow, unless the possibility of a financial outflow is remote.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the profits for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are tax deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Share-based payments

In accordance with IFRS 2, the fair value of equity settled share options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured as at the date the options are granted using the Black-Scholes-Merton pricing model and is charged equally over the vesting period. The amount recognised as an expense is adjusted each reporting period to reflect the actual number of options that are expected to vest.

With respect to share-based payments, a deferred tax asset is recognised on the relevant tax base. The tax base is then compared to the cumulative share-based payment expense recognised in the income statement. Deferred tax arising on the excess of the tax base over the cumulative share-based payment expense recognised in the income statement has been recognised directly in equity.

Own shares

Shares held by employee benefit trusts in order to satisfy awards under the Group's share plans are included net within equity until such time as the shares are vested to the relevant employees.

Critical accounting judgements and key sources of estimation uncertainty

Construction contract revenue and profit recognition

Contract revenue is recognised from the date of exchange of construction contracts, and once there is reasonable certainty that all conditions will be met, at a rate equivalent to the value of work undertaken in respect of land development. Contract profit on construction contracts is recognised in proportion to revenue only to the extent that the total eventual profit on the contract can be foreseen with reasonable certainty.

Assessing the percentage complete on each contract involves estimation of total expected costs to be incurred until the end of the contract. Recognition of profit also involves estimation of the total expected revenues from each site and therefore the expected profit margin that will be achieved. The expected profit margins for individual sites are updated on a regular basis and are reviewed by the board as part of our established controls procedures. Judgement is required to assess whether the total eventual profit on each site can be foreseen with reasonable certainty (note 13).

Carrying value of land and work in progress

Inventories include land and work in progress in respect of development sites. On each development judgement is required to assess whether the cost of land and any associated work in progress is in excess of its net realisable value (note 12).

Future adoption of new and revised Standards and Interpretations

At the date of the authorisation of these financial statements, there are a number of standards, amendments and interpretations that have been published but are not yet effective for the year ended 31 March 2016 and have not been adopted early.

The following standards are expected to impact the Group.

IFRS15 'Revenue from contracts with customers' is expected to impact the timing of the recognition of selling expenses.

IFRS 16 'Leases' is expected to impact the recognition of leases currently recognised as operating leases.

IAS Amendments to IAS 7, Statement of cash flows on disclosure initiative is expected to impact the disclosure of liabilities arising from financing activities.

A full assessment of these will be undertaken once the standards are EU endorsed.

The following standards are relevant to the Group but are not expected to have any material impact.

IFRS 9 'Financial instruments'.

Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

1 Operating profit

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Operating profit is stated after charging (crediting):		
Depreciation		
– owned assets	610	353
Operating lease rentals		
– property	377	318
– motor vehicles	659	633
(Profit) loss on sale of tangible assets	(44)	15

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
The following has been charged in respect of auditors' remuneration:		
Audit and related services (PricewaterhouseCoopers LLP)		
Statutory audit of the Company and Group financial statements	117	87
The audit of joint arrangement and subsidiary accounts pursuant to legislation	14	13
Audit related assurance services	–	3
Other services including non-audit services (PricewaterhouseCoopers LLP)		
Tax compliance services	40	26
Interim review	19	18
All other non-audit services	120	19

Amounts payable to the Company's auditors and their associates in respect of services to the Company, other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Included within non-audit services are non-recurring fees of £118,000 for financial due diligence in relation to the acquisition of the regeneration business of United House Developments Limited.

Grant income

The Group has been allocated £0.4 million of grant from the Mayors Housing Covenant 2015 - 2018 programme of which £nil had been received at 31 March 2016. Grant income is recognised as revenue in the income statement on a percentage of completion basis to match with the costs it is intended to compensate. The total grant allocation is made up of individual site by site allocations the receipt of which is dependent upon constructing the planned affordable housing on each site.

Revenue

Our accounting policies for revenue recognition on open market sales, construction contracts and freehold assets are outlined on page 58 to 59. The revenue recognised in the year was as follows:

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Open market revenue	203,172	106,432
Contract revenue	37,901	33,072
Freehold sales	270	–
Other	1,336	941
Group revenue	242,679	140,445
Share of revenue from joint ventures	2,902	33,007
Total revenue	245,581	173,452

2 Segmental reporting

The Group has only one reportable segment being housebuilding in the United Kingdom. Financial analysis is presented on this basis to the chief operating decision makers for the Group, these being the Board of directors.

Management information is presented to the Board of directors with the Group's share of joint venture results proportionally consolidated to reflect the true underlying performance of the Group and the importance of joint ventures to the business. The results disclosed within the Group's financial statements do not proportionally consolidate joint venture results and instead they are accounted for on an equity basis. A reconciliation between management information and the GAAP compliant information in the financial statements is as follows:

	Management information £000	Remove share of joint ventures £000	GAAP £000
Year ended 31 March 2016			
Revenue	245,581	(2,902)	242,679
Cost of sales	(182,438)	1,569	(180,869)
Gross profit	63,143	(1,333)	61,810
Administrative expenses	(19,250)	194	(19,056)
Selling expenses	(9,365)	188	(9,177)
Share of results of joint ventures	–	965	965
Operating profit	34,528	14	34,542
Net finance costs	(2,325)	98	(2,227)
Profit before income tax	32,203	112	32,315
Income tax expense	(6,477)	(112)	(6,589)
Profit after income tax	25,726	–	25,726
Inventories	285,610	(46,634)	238,976
Other assets	54,316	42,135	96,451
Total liabilities	(152,956)	4,499	(148,457)
Net assets	186,970	–	186,970
Year ended 31 March 2015			
Revenue	173,452	(33,007)	140,445
Cost of sales	(119,592)	17,377	(102,215)
Gross profit	53,860	(15,630)	38,230
Administrative expenses	(16,693)	18	(16,675)
Selling expenses	(9,147)	578	(8,569)
Share of results of joint ventures	–	15,047	15,047
Operating profit	28,020	13	28,033
Net finance costs	(2,892)	(4)	(2,896)
Profit before income tax	25,128	9	25,137
Income tax expense	(5,464)	(9)	(5,473)
Profit after income tax	19,664	–	19,664
Inventories	277,161	(22,457)	254,704
Other assets	53,046	2,887	55,933
Total liabilities	(209,819)	19,570	(190,249)
Net assets	120,388	–	120,388

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

3 Employee benefit expense

The average monthly number of persons employed by the Group and Company, including executive directors, during the year analysed by activity was as follows:

	Year ended 31 March 2016 Number	Year ended 31 March 2015 Number
Construction	104	103
Administration	115	109
	219	212

The employment costs of all employees included above were:

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Wages and salaries	16,501	14,026
Social security costs	1,910	1,668
Other pension costs – group personal pension arrangements	688	605
Share-based payments (note 18)	218	218
	19,317	16,517

The Company operates a group personal pension scheme for its employees. At 31 March 2016 payments of £94,411 were due to the scheme (2015: £74,983).

Six current directors are accruing benefits under group personal pension arrangements (2015: Six).

Key management remuneration

Key management personnel, as defined under IAS 24 (Related Party Disclosures), have been identified as the directors as all key decisions are reserved for the Board, along with the Company Secretary / Director of Legal Services who attends all board meetings. These figures include the full remuneration of key management personnel during the year.

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Wages and salaries (including bonuses)	3,259	2,749
Social security costs	421	327
Other pension costs	163	145
Share-based payments	–	21
	3,843	3,242

Included within wages and salaries and pension during the year ended 31 March 2016 are contractual notice period and deferred bonus payments totalling £356,000 payable for loss of office (2015: £nil).

Detailed disclosures of directors' individual remuneration, pension entitlement and share options for those directors who served in the year are given in the directors' remuneration report on pages 46 to 47.

4 Finance income and costs

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Finance income		
Interest income on short-term bank deposits	101	129
Other interest income	16	13
	117	142
Finance costs		
Interest payable on bank loans and overdrafts	(1,721)	(1,517)
Amortisation of facility fees	(623)	(1,521)
	(2,344)	(3,038)
Net finance costs	(2,227)	(2,896)

Included within amortisation of facility fees for the year ended 31 March 2015 were accelerated facility fees of £934,000 relating to the previous facility which was fully repaid in the year ended 31 March 2015. These fees were expensed in full when the new revolving credit facility was signed on 4 March 2015. There was no accelerated amortisation of facility fees in the year ended 31 March 2016.

Further information on borrowings is given in note 22.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

5 Taxation

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
United Kingdom corporation tax on profits for the year	6,550	5,330
Adjustment in respect of prior periods	8	76
Total current taxation	6,558	5,406
Deferred taxation (note 11)	31	67
Income tax expense	6,589	5,473

In addition to the amount charged to the income statement, deferred tax of £341,000 relating to share-based payments and financial instruments hedged has been charged directly to equity and £359,000 relating to current tax has been credited directly to equity (2015: £81,000 and £349,000 credited).

Reconciliation of effective tax rate

The tax assessed for the year is higher (2015: higher) than the theoretical amount that would arise using the tax rate applicable to profits of the consolidated entities. The differences are explained below:

Profit before income tax	32,315	25,137
Profit on ordinary activities before taxation at the rate of corporation tax	6,463	5,279
Effects of:		
Joint ventures results reported net of tax	22	–
Losses not recognised	–	1
Adjustment in respect of prior periods	8	76
Expenses not deductible for tax purposes	113	142
Tax effect of share-based payments	(13)	(21)
Tax relief on land remediation costs	(4)	(4)
Income tax expense	6,589	5,473

The applicable tax rate was 20.0% (2015: 21.0%).

Deferred tax expected to reverse in the year to 31 March 2017 has been measured using the effective rate that will apply in the United Kingdom for the period of 20%.

6 Dividend paid

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Prior year final dividend paid in July 2015 of 6.0p (July 2014: 5.1p)	3,618	3,029
Interim dividend paid in January 2016 of 6.5p (January 2015: 5.1p)	4,825	3,032
	8,443	6,061

The final dividend proposed for the year ended 31 March 2016 is 7.7 pence per ordinary share. This dividend was declared after 31 March 2016 and as such the liability of £5,763,000 has not been recognised at that date.

7 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held in the Share Incentive Plan. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Earnings per share have been calculated using the following figures:

	Year ended 31 March 2016	Year ended 31 March 2015
Weighted average number of shares in issue	65,498,340	59,246,624
Dilution – effect of share schemes	572,176	1,067,436
Diluted weighted average number of shares in issue	66,070,516	60,314,060
Profit on ordinary activities after taxation	£25,726,000	£19,664,000
Earnings per share:		
Basic	39.3p	33.2p
Diluted	38.9p	32.6p

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

8 Goodwill

	Group £000	Company £000
Net carrying amount at 1 April 2015	–	–
Additions through business combination	304	–
Net carrying amount at 31 March 2016	304	–

Goodwill has arisen during the year ended 31 March 2016 as a result of the acquisition of the regeneration business of United House Developments Limited. The total consideration on acquisition was £18,562,000 compared to the net assets acquired of £18,258,000 resulting in goodwill of £304,000. For further details refer to note 20.

9 Investments

Company

Investments in subsidiary undertakings

	2016 £000	2015 £000
At 31 March valued at cost	19,464	636

The subsidiary undertakings of the Group comprise:

	Share of ordinary capital held by the Group	Country of registration	Accounting date	Principal activity
Telford Homes (Creekside) Limited	100%	Scotland	31 March	Property development
Island Gardens Limited	100%	England	31 December	Property development
Telford Homes Regeneration Developments Holdings Limited	100%	England	31 March	Property development
Telford Homes Balfron Towers Limited	100%	England	31 December	Property development
Telford Homes City North Limited	100%	England	31 March	Property development
Telford Homes Chrisp Street Limited	100%	England	31 December	Property development
Chrisp Street Developments Limited	100%	England	31 March	Property development

On 30 June 2015 the Group acquired and took control of the regeneration business of United House Developments ('UHD') from United House Group Holdings Limited ('UHGH'). The regeneration business of UHD consists of a group of companies that have various interests in four significant development opportunities in North and East London. This acquisition gave the Group 100% interests in Telford Homes Regeneration Developments Holdings Limited, Telford Homes Balfron Towers Limited, Telford Homes City North Limited, Telford Homes Chrisp Street Limited and Chrisp Street Developments Limited.

During the year ended 31 March 2016 Telford Homes Contracting Limited was dissolved. There have been no other additions or disposals of investments in subsidiary undertakings during the year ended 31 March 2016 or the year ended 31 March 2015.

The directors have taken advantage of the exemption available under Section 479A of the Companies Act 2006 relating to the requirement for the audit of individual accounts for the Group's subsidiary undertakings.

Investments in joint ventures

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
At 31 March valued at cost	42,101	2,686	1	1

The joint ventures which principally affect profits and net assets of the Group comprise:

	Share of ordinary capital held by the Group	Country of registration	Accounting date	Principal activity
Bishopsgate Apartments LLP	50%	England	31 March	Property development
Mulatel LLP	50%	England	31 March	Property development
Chobham Farm North LLP	50%	England	31 March	Property development
St Leonards Developments LLP	50%	England	31 December	Property development
City North (Telford Homes) Limited	50%	England	31 March	Property development

On 30 June 2015 as a result of the acquisition of the regeneration business of United House Developments ('UHD') from United House Group Holdings Limited ('UHGH'), the Group acquired an interest in the joint ventures City North (Telford Homes) Limited and St Leonards Developments LLP. There have been no other additions or disposals of investments in joint ventures during the year ended 31 March 2016.

On 17 October 2014 a new joint venture Chobham Farm North LLP was entered into with Notting Hill Housing Group to acquire and develop a site in Stratford. There were no other additions or disposals of investments in joint ventures during the year ended 31 March 2015.

A full list of subsidiary undertakings and joint ventures not disclosed within this note are included on page 89.

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31 March 2016

9 Investments continued

Investments in joint ventures are accounted for under the equity method. The financial information of the joint ventures are summarised below and reconciled to the Group balance sheet.

Year ended 31 March 2016	Bishopsgate Apartments LLP £000	Mulatel LLP £000	Chobham Farm North LLP £000	St Leonards Developments LLP £000	City North (Telford Homes) Ltd £000	Total £000
Revenue	3,388	2,504	–	360	–	6,252
Operating profit (loss)	1,858	523	(79)	207	(500)	2,009
Finance income (expense)	3	–	–	106	(1,699)	(1,590)
Profit (loss) before tax	1,861	523	(79)	313	(2,199)	419
Current assets	100	63	52,082	2,609	40,685	95,539
Cash	37	244	6	–	8	295
Current liabilities	(11)	(169)	(2,325)	(2)	(487)	(2,994)
Amounts due to members	–	(2)	(49,842)	(2,294)	–	(52,138)
Net assets (liabilities)	126	136	(79)	313	40,206	40,702
Remove joint venture partners share of net assets	(63)	(68)	40	(157)	(20,103)	(20,351)
Remove share of amounts due (to) from joint venture partners	–	1	24,921	1,147	–	26,069
Remove pre-acquisition reserves	–	–	–	–	1,551	1,551
Consolidation adjustments	1	(2)	(77)	280	(6,072)	(5,870)
Investments in joint ventures	64	67	24,805	1,583	15,582	42,101

Year ended 31 March 2015	Bishopsgate Apartments LLP £000	Mulatel LLP £000	Chobham Farm North LLP £000	Other £000	Total £000
Revenue	64,235	1,262	–	600	66,097
Operating profit (loss)	28,837	347	–	(10)	29,174
Finance income	7	–	–	–	7
Profit (loss) before tax	28,844	347	–	(10)	29,181
Current assets	1,923	488	43,447	–	45,858
Cash	77	7	–	–	84
Current liabilities	(1,653)	(184)	(38,738)	–	(40,575)
Amounts due from (to) members	2,048	47	(4,709)	–	(2,614)
Net assets	2,395	358	–	–	2,753
Remove joint venture partners share of net assets	(1,198)	(180)	–	–	(1,378)
Remove share of amounts due (to) from joint venture partners	(1,024)	(24)	2,354	–	1,306
Consolidation adjustments	2	3	–	–	5
Investments in joint ventures	175	157	2,354	–	2,686

After removing the share of joint ventures not owned by the Group and consolidation adjustments, the share of results of joint ventures figure included in the Group income statement for the year ended 31 March 2016 is £965,000 (2015: £15,047,000).

10 Property, plant and equipment

Group and Company	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2014	807	2,003	68	2,878
Additions	20	472	–	492
Disposals	(17)	(472)	–	(489)
At 31 March 2015	810	2,003	68	2,881
Additions	493	574	–	1,067
Disposals	–	(433)	–	(433)
At 31 March 2016	1,303	2,144	68	3,515
Depreciation				
At 1 April 2014	263	1,443	19	1,725
Charge	97	483	23	603
Disposals	(3)	(472)	–	(475)
At 31 March 2015	357	1,454	42	1,853
Charge	120	467	23	610
Disposals	–	(433)	–	(433)
At 31 March 2016	477	1,488	65	2,030
Net book value				
At 31 March 2015	453	549	26	1,028
At 31 March 2016	826	656	3	1,485

Authorised capital expenditure that was contracted, but not provided for, in these financial statements amounted to £nil (2015: £nil).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

11 Deferred income tax

Group and Company	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Deferred tax assets	550	914	548	914
Deferred tax liabilities	(360)	(48)	(56)	(48)
Deferred tax assets	190	866	492	866

As permitted by IAS 12 (Income Taxes), certain deferred tax assets and liabilities have been offset as they arise in the same tax jurisdiction and are settled on a net basis.

The movement on the deferred income tax account is as follows:

	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Brought forward	866	852	866	852
Charged to the income statement	(31)	(67)	(33)	(67)
(Charged) credited directly to equity	(341)	81	(341)	81
Recognised through goodwill	(304)	–	–	–
	190	866	492	866

The movement in deferred tax assets and liabilities during the year is as follows:

Group

	Capital allowances £000	Share-based payments £000	Financial instrument transactions £000	Losses carried forward £000	Fair value adjustments £000	Total £000
At 1 April 2014	39	861	(48)	–	–	852
Credited (charged) to the income statement	7	(74)	–	–	–	(67)
(Charged) credited directly to equity	–	(44)	125	–	–	81
At 31 March 2015	46	743	77	–	–	866
(Charged) credited to the income statement	(18)	(15)	–	2	–	(31)
(Charged) credited directly to equity	–	(434)	93	–	–	(341)
Recognised through goodwill	–	–	–	–	(304)	(304)
At 31 March 2016	28	294	170	2	(304)	190

Company

	Capital allowances £000	Share-based payments £000	Financial instrument transactions £000	Losses carried forward £000	Fair value adjustments £000	Total £000
At 1 April 2014	39	861	(48)	–	–	852
Credited (charged) to the income statement	7	(74)	–	–	–	(67)
(Charged) credited directly to equity	–	(44)	125	–	–	81
At 31 March 2015	46	743	77	–	–	866
Charged to the income statement	(18)	(15)	–	–	–	(33)
(Charged) credited directly to equity	–	(434)	93	–	–	(341)
At 31 March 2016	28	294	170	–	–	492

The cumulative net deferred tax credited directly to equity for both Group and Company amounts to £444,000 (2015: £785,000).

12 Inventories

	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Development properties	238,976	254,704	232,868	253,088

All inventories are considered to be current in nature. The operating cycle is such that a proportion of inventories will not be realised within twelve months. It is not possible to determine with accuracy when specific inventory will be realised as this will be subject to a number of issues such as consumer demand and planning permission delays.

Included within development properties for the Group are freehold interests held for future sale of £5,703,000 (2015: £5,067,000). During 31 March 2016 the Group recognised £780,000 of new freehold interests and disposed of £144,000 of freehold interests receiving sales proceeds of £270,000 (2015: the Group made no freehold sales and recognised £542,000 of new freehold interests). Included within development properties for the Company are freehold interests held for future sale of £4,476,000 (2015: £3,864,000).

The value of inventories expensed in cost of sales by the Group in the year ended 31 March 2016 was £179,807,000 (2015: £100,338,000). Costs capitalised by the Group during the year include interest of £2,186,000 (2015: £2,411,000), which is capitalised based on the site specific cost of borrowings.

During the year the Group conducted a review of the net realisable value of its inventories. Where the estimated net realisable value has changed due to movements in cost and revenue estimates and this was less than the carrying value within the balance sheet the Group has written down the value of inventories. The total amount recognised as an expense was £135,000 (2015: £713,000).

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31 March 2016

13 Trade and other receivables

	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current receivables				
Amounts recoverable on contracts	22,618	4,235	22,564	4,219
Amounts owed by Group undertakings	–	–	1,939	–
Amounts owed by joint ventures	2,465	1,431	28,337	3,785
Trade receivables	104	195	104	195
Other receivables	4,966	3,961	4,418	3,953
Prepayments and accrued income	1,509	1,872	1,341	1,872
	31,662	11,694	58,703	14,024

Amounts recoverable on contracts

Total contract revenue of £37,901,000 (2015: £33,072,000) has been recognised by the Group in the year.

In relation to contracts in progress at the balance sheet date:

	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Contracts where costs incurred plus recognised profits exceed receipts to date included in receivables	22,618	4,235	22,564	4,219
Contracts where receipts to date exceed costs incurred plus recognised profits included in payables	(7,790)	(4,107)	(7,790)	(4,107)
	14,828	128	14,774	112
Total costs incurred plus recognised profit on contracts	166,165	174,399	141,801	150,073
Receipts to date	(151,337)	(174,271)	(127,027)	(149,961)
	14,828	128	14,774	112

At 31 March 2016 retentions held by customers for contract work performed by the Group included within amounts recoverable on contracts amounted to £1,644,000 (2015: £1,833,000).

14 Cash and cash equivalents

	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Cash at bank and in hand	20,709	39,659	20,620	39,136

15 Trade and other payables

	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current payables				
Trade payables	10,571	13,255	10,571	13,255
Amounts due to joint ventures	42	–	42	1,047
Amounts due to subsidiaries	–	–	–	2,307
Amounts recoverable on contracts (note 13)	7,790	4,107	7,790	4,107
Deposits received in advance	70,277	63,744	70,277	63,721
Social security and other taxes	640	1,003	640	581
Accrued expenses	15,551	12,053	14,511	10,974
	104,871	94,162	103,831	95,992
Non current				
Due in more than one year and less than five years				
Accrued expenses	1,358	679	1,108	679
Total trade and other payables	106,229	94,841	104,939	96,671

16 Borrowings

	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Bank loans	40,000	95,000	40,000	95,000
Transaction costs	(1,818)	(2,441)	(1,818)	(2,441)
	38,182	92,559	38,182	92,559

Further information on borrowings is given in note 22.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

17 Share capital

Group and Company	31 March 2016 £000	31 March 2015 £000
Authorised		
100,000,000 (2015: 100,000,000) ordinary shares of 10p each	10,000	10,000
Allotted, called up and fully paid		
74,850,000 ordinary shares of 10p each (2015: 60,250,000)	7,485	6,025

During the year 542,772 shares were issued at prices ranging from 64p to 200p as a result of share options being exercised.

On 16 November 2015 13,888,889 ordinary shares were issued at 360p as a result of a share placing.

On 31 March 2016, 168,339 ordinary shares were issued at 350.5p to Telford Homes Trustees Limited to satisfy the requirements of the Share Incentive Plan (note 18).

Ordinary shares may be issued in the future to satisfy the exercise of outstanding share options (note 18).

Details of own shares held within employee benefit trusts are disclosed in note 18.

All shares rank equally in respect of shareholder rights.

18 Employee Share Schemes

Telford Homes Plc Employee Share Option Scheme

A charge is made to the income statement to reflect the calculated fair value of employee share options. This charge is calculated at the date of grant of the options and is charged equally over the vesting period.

The Group operates both an approved share option scheme and an unapproved share option scheme. Awards under each scheme are made periodically to new employees. All schemes are equity-settled and options can normally be exercised three years after the grant date.

The Group has used the Black-Scholes-Merton formula to calculate the fair value of outstanding options. Individual calculations have been performed for groups of share options with differing exercise prices and dates. The assumptions applied to the Black-Scholes-Merton formula for share options issued and the fair value per option are set out below.

	2016	2015
Expected life of options based on options exercised to date	4 years	4 years
Volatility of share price based on three year share price history	25%	24%
Dividend yield	4.0%	1.9%
Risk free interest rate	0.5%	0.5%
Weighted average share price at date of grant	383p	294p
Weighted average exercise price	383p	294p
Weighted average fair value per option	£0.47	£0.46

Expected volatility was determined by considering the volatility levels historically for the Group. Volatility in more recent years is considered to have more relevance than earlier years for the period reviewed.

The charge calculated for the year ended 31 March 2016 is £27,000 (2015: £59,000).

A reconciliation of option movements during each period is shown below:

	2016		2015	
	Number 000's	Weighted average exercise price	Number 000's	Weighted average exercise price
Outstanding at 1 April	1,352	104p	1,903	84p
Granted in the year	183	383p	100	294p
Forfeited in the year	(20)	247p	(20)	91p
Exercised in the year	(543)	84p	(631)	75p
Outstanding at 31 March	972	165p	1,352	104p
Exercisable at 31 March	689	91p	1,182	82p

The aggregate fair value of options granted in the year was £86,000 (2015: £46,000)

A total of 542,772 share options were exercised at a weighted average price of 84p in the year ended 31 March 2016 (2015: 630,888 shares at 75p).

At 31 March 2016 outstanding options granted over 10p ordinary shares were as follows:

Share option scheme	Option price	Number	Dates exercisable
Group approved	64p	82,500	20 July 2012 to 20 July 2019
	90.5p	80,000	9 Feb 2015 to 9 Feb 2022
	200p	50,000	15 Mar 2016 to 15 Mar 2023
	294p	90,000	28 May 2017 to 28 May 2024
	383p	140,400	4 Dec 2018 to 4 Dec 2025
Group unapproved	75p	60,000	1 Oct 2005 to 1 Oct 2018
	79p	160,000	23 May 2014 to 23 May 2021
	90.5p	267,000	9 Feb 2015 to 9 Feb 2022
	383p	42,200	4 Dec 2018 to 4 Dec 2025

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

18 Employee Share Schemes *continued*

Telford Homes Plc Share Incentive Plan

During the year ended 31 March 2004 Telford Homes Plc set up a Share Incentive Plan (SIP) for the benefit of all of the employees of the Group. This SIP has been approved by the Inland Revenue and confers certain tax advantages for participating employees.

The SIP provides for employees to purchase shares up to a value of £1,800 in each tax year. These shares are known as 'Partnership shares'. Partnership shares are matched on a one for one basis by 'Matching shares' provided by the Group subject to the shares remaining in the SIP for a period not less than three years. Dividends are paid on both Partnership and Matching shares and these are allocated to employees as 'Dividend shares'.

The Group has set up a trust to administer the SIP and to hold shares on behalf of individual employees. This trust is an entirely separate entity to the Group and is managed by a corporate trustee, Telford Homes Trustees Limited. The costs associated with the trust are paid for by the Group and the Group finances all share purchases.

The trust has distributed shares as Partnership shares and Dividend shares to employees participating in the scheme. These shares remain in the trust until such time as an employee withdraws from the SIP. Further shares have been allocated to employees as Matching shares and the cost of these shares is being written off over the three year holding period. The charge in the year ended 31 March 2016 is £191,000 (2015: £159,000).

During the year ended 31 March 2016 the trust acquired 168,339 shares at 350.5p. At 31 March 2016 the trust remains interested in 140,335 shares (2015: 166,578) which have not been allocated to employees and a further 212,988 (2015: 281,532) that have been allocated to employees as Matching shares but have not yet vested. Shares in which the trust remains interested do not rank for dividends and all shares that have not yet vested do not count in the calculation of the weighted average numbers of shares used to calculate earnings per share.

Shares held by the SIP are recognised as a deduction from shareholders' funds. The value of these shares at 31 March 2016 was £718,640 (2015: £841,181). Movements in retained earnings relating to the SIP are shown in the statement of changes in equity.

Telford Homes Plc 2006 Deferred Payment Share Purchase Plan

During the year ended 31 March 2007 Telford Homes Plc set up a Deferred Payment Share Purchase Plan (DPSPP) for the benefit of selected senior employees. An employee benefit trust (the Telford Homes Plc 2006 Employee Benefit Trust) was set up with Abacus Corporate Trustee Limited acting as trustee.

Participants in the DPSPP are offered a loan by the trustee to enable them to subscribe for a specified number of shares in the Group at market value. This loan is interest free repayable on or before the repayment date which is normally 20 years from the date of the loan or on leaving employment or disposing of the shares. The loan has a limited recourse such that repayment is limited to the value of the shares on the repayment date. The Group will lend the trustee sufficient funds to enable the trustee to provide the loans to individual participants. All shares acquired under the DPSPP will be subject to a three year vesting period and are held by the trustee for the benefit of the participants. Offers to participants will be made periodically at the discretion of the directors of Telford Homes Plc.

In September 2006 selected employees were offered, and subscribed for, a total of 550,000 shares at the market value of 260p. These shares were issued on 9 November 2006. On this date the Group provided a loan to the trustee of £1,430,000 to enable the trustee to provide a loan to each of the participants. This loan is repayable at the earlier of the sale of the vested shares and November 2026 and has been recognised as a deduction from shareholders' funds in the statement of changes in equity. In the year ended 31 March 2016, £201,000 of this loan has been repaid leaving an outstanding balance of £762,000 (2015: £963,000).

In December 2007 selected employees were offered, and subscribed for, a total of 160,000 shares at the market value of 244p. These shares were issued on 14 December 2007. On this date the Group provided a loan to the trustee of £390,400 to enable the trustee to provide a loan to each of the participants. This loan is repayable at the earlier of the sale of the vested shares and December 2027 and has been recognised as a deduction from shareholders' funds in the statement of changes in equity. In the year ended 31 March 2016, £64,000 of this loan has been repaid leaving an outstanding balance of £323,000 (2015: £387,000).

Shares held in Trust

At 31 March 2016 employee benefit trusts held interests in 778,777 shares at a nominal value of 10p this represents 1.0% of the Company's allocated share capital (2015: 983,110 shares at 10p nominal value representing 1.6%).

19 Commitments and contingent liabilities

Commitments

At 31 March, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Property leases		Other leases	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Within one year	467	444	554	653
Between one and five years	1,866	1,778	287	641
Over five years	896	1,437	–	–
	3,229	3,659	841	1,294

Operating lease payments represent rentals payable by the Company for its office premises and motor vehicles.

Contingent liabilities

On 27 September 2013 the Company purchased its Horizons development in Tower Hamlets. The site was acquired for consideration equating to a variable percentage of the open market sales proceeds that are achieved from the future development. The total payments are expected to be approximately £24.2 million (2015: £24.2 million). An advance of £4.0 million (2015: £4.0 million) has been paid to date and the remainder will be settled directly from open market sales proceeds on individual legal completions.

On occasions the Group enters into contracts to purchase land subject to conditions being satisfied such as obtaining a planning consent. At 31 March 2016 the Company had entered into conditional contracts to the value of £22.7 million for which the conditions had not been fully satisfied (2015: £12.2 million).

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31 March 2016

20 Business combinations

On 30 June 2015 the Group acquired and took control of the regeneration business of United House Developments ('UHD') from United House Group Holdings Limited ('UHGH'). The regeneration business of UHD consists of a group of companies that have various interests in four significant development opportunities in North and East London.

An amount of £22.97 million was paid on 19 September once the Group had undertaken a detailed diligence process. This includes an amount which is held in escrow relating to one of the four developments, Gallions Quarter, where completion is conditional on UHGH securing a legal interest in the site. In addition it also includes payments for expenditure during the period from 30 June 2015 to 19 September 2015. The consideration for the business combination as at 30 June was £18.56 million.

The consideration paid for the acquisition, the fair value of the assets acquired and liabilities assumed at the acquisition date is as follows:

Consideration as at 30 June 2015	£000
Cash	18,562
Total consideration paid	18,562

Recognised amounts of identifiable assets acquired and liabilities assumed which were consolidated as at 30 June 2015 were:

	£000
Non current assets	
Investments in joint ventures	16,043
Current assets	
Inventories	2,352
Trade and other receivables	467
Non current liabilities	
Deferred tax liability	(304)
Current liabilities	
Trade and other payables	(300)
Total fair value of net assets	18,258
Goodwill	304
Total	18,562

Acquisition related costs of £393,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 March 2016.

Revenue and profit recognised since the date of acquisition are minimal and not significant to the Group.

The fair value of inventories acquired including the Group's share of joint venture inventories was £18,153,000. Included within this value is an uplift on cost of £1,917,000. The method for determining the fair value of inventory is to use the expected selling price less costs to complete, costs of disposal and expected margin for each development.

All other assets and liabilities were valued at fair value which corresponds to the previous book value.

21 Related party transactions

The Board and certain members of senior management are related parties within the definition of IAS 24 (Related Party Disclosures).

Property purchases by directors of Telford Homes Plc

In November 2012 David Durant exchanged contracts on the purchase of an apartment from the Company at its Stratford Plaza development which legally completed during the year ended 31 March 2016. The purchase price was £342,000 which the Company had received in full as at 31 March 2016 (2015: deposit of £68,400).

In November 2012 Andrew Wiseman exchanged contracts on the purchase of an apartment from the Company at its Stratford Plaza development. The contract was novated to a family member and completed during the year under the original contract terms. The purchase price was £345,800 which the Company had received in full as at 31 March 2016 (2015: deposit of £69,160).

The directors are of the opinion that these sales were made at open market prices. Both purchases were approved at the Annual General Meeting on 11 July 2013.

In June 2015 David Campbell exchanged contracts on the purchase of an apartment from the Company at its Bermondsey Works development. The purchase price was £351,625 and the Company had received a deposit of £35,163 as at 31 March 2016 with a further £35,163 due by 30 June 2016 and the balance due on legal completion.

The directors are of the opinion that this sale was made at the open market price. This purchase was approved at the Annual General Meeting held on 16 July 2015.

There have been no other transactions between key management personnel and the Group other than remuneration in the year ended 31 March 2016 and the year ended 31 March 2015.

Transactions between the Group and its joint ventures

The amounts outstanding from joint ventures to the Group and Company for trading balances at 31 March 2016 totalled £2,465,000 (2015: £1,431,000). A total of £25,872,000 was owed to the Company at 31 March 2016 from joint ventures in respect of shareholder advances (2015: £2,354,000). The Company owed £42,000 to joint ventures at 31 March 2016 (2015: £1,047,000).

The Company invoiced joint ventures £9,171,000 in the year to 31 March 2016 for construction services (2015: £3,944,000). The Company was invoiced £nil by joint ventures in the year to 31 March 2016 (2015: £nil).

Amounts owed to joint ventures and balances between the Company and its subsidiaries are non-interest bearing and are repayable when the counterparty has sufficient cash to repay the loans.

Transactions between the Company and its subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. The amounts owed by subsidiaries to the Company at 31 March 2016 totalled £1,939,000 (2015: £nil) and the Company owed subsidiaries £nil (2015: £2,307,000).

The Company invoiced subsidiaries £1,942,000 in the year to 31 March 2016 for construction services (2015: £29,000). The Company was invoiced £nil in the year to 31 March 2016 by subsidiaries (2015: £nil).

Joint ventures and subsidiaries do not transact with each other.

NOTES TO THE FINANCIAL STATEMENTS

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22 Financial instruments

Categories of financial assets and financial liabilities are as follows:

	Group		Company	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Financial assets				
<i>Loans and receivables:</i>				
Amounts owed by Group undertakings	–	–	1,939	–
Amounts owed by joint ventures	2,465	1,431	28,337	3,785
Trade receivables	104	195	104	195
Other receivables	4,966	3,961	4,418	3,953
Cash and cash equivalents	20,709	39,659	20,620	39,136
	28,244	45,246	55,418	47,069
Financial liabilities				
<i>Liabilities held at fair value:</i>				
Interest rate swap	855	389	855	389
<i>Amortised cost:</i>				
Trade payables and accrued expenses	26,122	25,308	25,082	24,229
Amounts due to joint ventures	42	–	42	1,047
Amounts due to subsidiaries	–	–	–	2,307
Bank loans	40,000	95,000	40,000	95,000
	67,019	120,697	65,979	122,972

None of these financial assets are either past due or impaired.

The Group has an interest rate swap designated as a cash flow hedge. The hedge is used to mitigate the financial exposure to movements in interest rates. The Group has no direct exposure to exchange rate movements as any purchases or sales outside of the United Kingdom are denominated in sterling.

Interest rate swap

The fair value of interest rate swaps at 31 March 2016 was a £855,000 liability (2015: £389,000 liability). This is measured using valuations acquired from third party banks and is a level two valuation. Hedge accounting was applied and no ineffectiveness arose in the period. The notional principal amount of the interest rate swap is £50.0 million increasing to £100.0 million on 4 June 2017 (2015: £50.0 million).

Trade and other receivables and trade payables

The fair value of trade and other receivables, amounts owed by and to Group undertakings and joint ventures, trade payables and land creditors at 31 March 2016 is equal to the carrying value stated in the balance sheet at that date. There are no amounts included within trade and other receivables currently overdue (2015: £nil). All trade and other receivables and trade payables are due within one year.

Borrowings

The Group uses loan finance, all of which is denominated in sterling, to acquire development land and undertake site construction. On 4 March 2015 the Group signed a new revolving credit facility for £180 million which extends to March 2019 with a club of four banks being The Royal Bank of Scotland, HSBC, Santander and Allied Irish Bank. The debt drawn under this facility is secured against the assets of the Group and is monitored by financial covenants. At 31 March 2016 the Group had utilised £40.0 million of this facility leaving an unutilised balance of £140.0 million. Interest is being charged on this facility at LIBOR plus a margin which ranges from 2.8% to 4.0% depending on the Group's level of gearing.

All borrowings are treated as current even though these may be due for settlement after twelve months from the balance sheet date as they are expected to be settled in the Group's normal operating cycle. For all borrowings fair value is materially equivalent to the original book value.

Market risk

The Group is exposed to the financial risk of changes in interest rates both in terms of changes in the base rate and LIBOR and in terms of individual banks attitude to market risk and their application of either base rate or LIBOR to new facilities and the margin applied to each new facility.

In order to assess the risk interest costs are forecast on a monthly basis over a five year period using estimates of likely changes in rates and actual costs are compared to this forecast. Volatility of interest costs remained at an acceptable level in the year ended 31 March 2016 as LIBOR remains at a historically low level. Interest on all facilities currently held is charged at floating interest rates and the Group assesses the requirement for fixing interest rates on a regular basis.

From 1 October 2014 the Group reduced its exposure to movements in interest rates by entering into an interest rate swap. The Group receives interest on the swap at LIBOR and pays a fixed rate of 1.115%. The effective date of the swap is 1 October 2014 and the maturity date is 30 September 2016 securing the interest rate paid on £50 million of the Group's £180 million revolving credit facility for this period.

On 15 January 2016 the Group entered into additional interest rate swap. The Group receives interest on the swap at LIBOR and pays a fixed rate of 1.080%. The effective date of the swap is 1 October 2016 and the maturity date is 4 March 2019 securing the interest rate paid on £50 million, increasing to £100 million from 4 June 2017, of the Group's £180 million revolving credit facility for this period.

The effect on the income statement of a 1% rise and a 1% fall in interest rates has been calculated to assess interest rate sensitivity. Based on average monthly borrowings in the year, a 1% rise in interest rates would have a negative effect of £288,000 before tax (2015: £366,000), a 1% fall in interest rates gives the same but opposite effect.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and meet its liabilities as they fall due whilst maintaining an appropriate capital structure to reduce the costs of capital. The Group considers its capital to be all of the components of equity and borrowings.

The Group ensures that there are appropriate controls over the purchase of land and levels of work in progress in the business in order to appropriately manage its capital. In addition, the other methods by which the Group can manage its short-term and long-term capital structure include adjusting the level of ordinary dividends paid to shareholders, issuing new share capital and arranging debt.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations.

Trade and other receivables includes amounts recoverable on contracts which are due from housing associations and balances due from other Group undertakings. The Group considers the credit quality of the various debtors to be good in respect of the amounts outstanding and therefore credit risk is considered to be low.

Surplus cash is held in secure bank deposit accounts with The Royal Bank of Scotland, HSBC, Santander and Lloyds.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

22 Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows over a five year period and performing sensitivity analysis on these forecasts. The forecasts are necessarily subject to a number of assumptions and judgements and these are tested on a reasonable basis by the sensitivity analysis. These forecasts and the related sensitivity analysis are reviewed by the directors in detail on a monthly basis. In addition all of the forecasts and supporting calculations are made available to each bank funding the Group on a monthly basis. The current forecasts show positive cash balances beyond the next twelve months even where this is subjected to sensitivity testing.

The Group utilises bank facilities to ensure that adequate funding is available to cover working capital requirements and the directors consider that existing facilities are sufficient to cover funding requirements in the foreseeable future both where these have already been utilised and where they are currently unutilised.

The Group's bank facilities are subject to a number of general and financial covenants which are tested periodically by each bank. In all cases the directors have assessed whether the Group will remain in compliance with the covenants for at least twelve months after signing the financial statements and are satisfied that it is highly unlikely there will be any breach of covenants.

The maturity profile of the anticipated future cash flows based on the earliest date on which the Group can be required to pay financial liabilities on an undiscounted basis (including future interest payments using the latest applicable rates) is as follows:

	Trade payables and accrued expenses £000	Borrowings £000	Derivative liabilities £000	Total £000
Within one year	26,122	1,544	194	27,860
More than one year and less than two years	542	1,544	–	2,086
More than two years and less than five years	816	41,415	661	42,892
31 March 2016	27,480	44,503	855	72,838

	Trade payables and accrued expenses £000	Borrowings £000	Derivative liabilities £000	Total £000
Within one year	25,308	3,800	389	29,497
More than one year and less than two years	256	3,800	–	4,056
More than two years and less than five years	423	102,283	–	102,706
31 March 2015	25,987	109,883	389	136,259

The maturity profile of the anticipated future cash flows based on the earliest date on which the Company can be required to pay financial liabilities on an undiscounted basis (including future interest payments using the latest applicable rates) is as follows:

	Trade payables and accrued expenses £000	Borrowings £000	Derivative liabilities £000	Total £000
Within one year	25,082	1,544	194	26,820
More than one year and less than two years	542	1,544	–	2,086
More than two years and less than five years	566	41,415	661	42,642
31 March 2016	26,190	44,503	855	71,548

	Trade payables and accrued expenses £000	Borrowings £000	Derivative liabilities £000	Total £000
Within one year	24,229	3,800	389	28,418
More than one year and less than two years	256	3,800	–	4,056
More than two years and less than five years	423	102,283	–	102,706
31 March 2015	24,908	109,883	389	135,180

INDEPENDENT AUDITORS' REPORT

to the members of Telford Homes Plc

Report on the financial statements

Our opinion

In our opinion:

- Telford Homes Plc'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 31 March 2016 and of the Group's profit and the Group's and the Company'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 IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Group income statement and Group statement of comprehensive income for the year ended 31 March 2016;
- the Group and Company balance sheet as at 31 March 2016;
- the Group and Company statement of changes in equity for the year then ended;
- the Group and Company cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Report of the Directors 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 Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (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 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.

Owen Mackney (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
31 May 2016

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Richard Colin Ellis

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SIGNIFICANT UNDERTAKINGS

The subsidiary undertakings and joint ventures not disclosed in note 9 which the Company holds a significant interest in at 31 March 2016 are set out below.

	Share of ordinary capital held (direct/ indirect)	Country of registration	Accounting date	Principal activity
Beechwood Road Management Limited	100%	England	30 April	Property management
Bermondsey Works Management Limited	100%	England	31 May	Property management
Broadway Chambers Management Limited	100%	England	30 June	Property management
Cotall and Stainsby Management Limited	100%	England	31 December	Property management
Creeside Village West Limited	100%	England	28 February	Property management
Frampton Park Management Limited	100%	England	30 September	Property management
Horizons Tower Limited	100%	England	31 August	Property management
KDL Residents Limited	100%	England	30 September	Property management
Lime Quay Management Limited	100%	England	31 December	Property management
Limeharbour Residents Limited	100%	England	28 February	Property management
Manhattan Plaza Management Limited	100%	England	31 March	Property management
Old Castle (E1) Limited	100%	England	28 February	Property management
PQ Management Limited	100%	England	30 June	Property management
Stratford Central Management Limited	100%	England	31 March	Property management
Telford (Stratford Management) Limited	100%	England	31 March	Property management
Bishopsgate Apartments No.2 LLP	50%	England	31 March	Non-trading company
City North Finsbury Park Limited	50%	England	31 March	Property development
City North Finsbury Park Residential Management Company Limited	50%	England	31 March	Property development
City North Islington Limited	50%	England	31 March	Non-trading company
Telford Homes (Stratford Commercial) Limited	50%	Scotland	31 March	Property development
Telford Homes (Stratford) Limited	50%	Scotland	31 March	Property development
Balfon Tower Developments LLP	25%	England	31 December	Property development

FINANCIAL CALENDAR

Annual General Meeting

14 July 2016

Final dividend payment date

15 July 2016

Interim trading update for 6 months to 30 September 2016

12 October 2016

Interim results for 6 months to 30 September 2016

30 November 2016

Interim dividend payment date

6 January 2017

Trading update year to 31 March 2017

12 April 2017

Final results for year to 31 March 2017

31 May 2017

Designed and produced by

**ACCRUE
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