07:00 AM THURSDAY 16 SEPTEMBER 2021

GALLIFORD TRY HOLDINGS PLC
ANNUAL RESULTS STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

Strong Financial Performance and Sustainable Growth Strategy

- **Strong operational performance** delivering improved profitability.
- **Profit before tax above previous guidance** at £11.4m (2020: pre-exceptional loss £59.7m).
- **Divisional operating margin ahead of expectations** at 2.0%, showing strong progress towards our margin improvement target.
- **Final dividend payment of 3.5p**, together with an interim dividend of 1.2p giving a total dividend of 4.7p covered by 2.0x earnings from continuing operations. Policy to increase dividend in line with earnings, with dividend cover expected to be in the range of 2.0 – 2.5 times earnings going forward.
- **Cash generative** with well-capitalised debt-free balance sheet, average month end cash for the period of £164m (2020: £141m[1]), PPP asset portfolio of £49m (2020: £41m) and no pension liabilities.
- **Positive outlook** with high quality £3.3bn order book (2020: £3.2bn) positioned across our chosen sectors.
- **Well placed to deliver our updated Sustainable Growth Strategy**, through our market leading sector positions, commitment to achieving net zero carbon[2] and refreshed sustainability and financial targets.

	2021[3,4]	2020[3] Pre-exceptional	2020[3] Post-exceptional
Revenue	**£1,125m**	£1,090m	£1,122m
Operating profit/(loss) before amortisation	**£10.1m**	£(62.2)m	£(37.1)m
Profit/(loss) before tax	**£11.4m**	£(59.7)m	£(34.6)m
Earnings/(loss) per share	**9.5p**	(47.7)p	(29.4)p
Full year dividend per share	**4.7p**	nil	nil
Net cash	**£216.2m**	£197.2m	£197.2m
Order book	**£3.3bn**	£3.2bn	£3.2bn

New Financial targets to 2026:

We publish our updated strategy today, including refreshed financial targets to 2026. Maintaining our strong focus on risk management we plan to deliver long term value for all our stakeholders.

Divisional operating margin:	3.0% across Building and Infrastructure, with a focus on bottom line growth
Revenue	growing towards £1.6bn, through disciplined contract selection and sustainable profitable growth
Cash:	strong balance sheet and operating cash generation
Dividends:	sustainable dividends, in the range 2.0 to 2.5 times earnings

Bill Hocking, Chief Executive, commented:

"I am very proud of the progress the Group has made over the last year. We have dealt with challenging circumstances and continue to successfully manage the current market conditions.

Our commitment to robust risk management, careful contract selection and operational excellence underpins our performance and prospects. The Group has an excellent order book and balance sheet. We are strongly positioned to meet the increasing demand for social and economic infrastructure in the UK and deliver growth.

Our secure foundation provides the basis for our Sustainable Growth Strategy, which aligns our financial objectives with our sustainability aspirations to deliver sustainable profitable growth.

The outlook is positive for the sector and the management team and Board look forward to the new financial year with confidence."

[1] *Average for the six months to 30 June 2020 following the disposal of the housebuilding business.*
[2] *Galliford Try has committed to achieving net zero carbon across its own operations (Scope 1 and 2 and operational Scope 3) by 2030 and has already reduced emissions by 62% since 2012. The Group is additionally targeting net zero carbon emissions across all activities by 2045 at the latest.*
[3] *All financial information presented relates to continuing operations, unless otherwise stated.*
[4] *There were no exceptional items in 2021.*

Enquiries:

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This announcement contains inside information. The person responsible for making this announcement on behalf of Galliford Try is Kevin Corbett, General Counsel & Company Secretary.

Presentation(s)

A conference call for Analysts and Investors will be held at 09:30am BST today, Thursday 16 September 2021. To register for this event please follow this link:

https://webcasting.brrmedia.co.uk/broadcast/6112a8f78f5b0057e0313e00

Should you wish to ask a question, please dial-in on +44 (0)330 336 9125 using confirmation code 1846204, it will not be possible to submit a question via the webcast link.

An open presentation and Q&A session for retail investors will be held on 20 September at 4:00pm BST via the Investor Meet Company platform. Investors can register for the event via this link:

https://www.investormeetcompany.com/galliford-try-holdings-plc/register-investor

STRATEGY

Fundamental to the business' long-term success is our belief that we create value over the long term by operating in a sustainable and responsible way. We believe strongly that the interests of all stakeholders – our people, suppliers, clients, communities and shareholders – are fully aligned and will all benefit from our focus on operating sustainably.

Our purpose is to improve people's lives by building the facilities and infrastructure that communities need, providing opportunities for our people to learn, grow and progress, working with our supply chain to promote the very best working practices and caring for the environment.

We aim to deliver high-quality buildings and infrastructure in a socially responsible way and provide sustainable returns for our shareholders.

Our strategic priorities are:

- Progressive culture, prioritising health, safety and wellbeing and creating an inclusive workplace;
- Socially Responsible Delivery, adopting sustainable resourcing and consumption practices and making a positive impact in communities;
- Quality and Innovation, delivering superior buildings and infrastructure for our clients and aligning with our supply chain; and
- Sustainable Financial Returns, for our shareholders.

Our Sustainable Growth Strategy balances financial targets with wider commitments and aspirations. Alongside our financial targets we have updated our ambitions across each of our six sustainability pillars. In respect of climate change, we are committed to achieving net zero carbon across the Group's own operations by 2030 and across all activities by 2045, supported by Science Based Targets and our involvement with the Construction Leadership Council's C02nstructZero.

The Group will deliver sustainable and profitable revenue growth through our continued focus on the public and regulated sectors, and work with high-quality private sector clients, delivering for our clients through our regional building businesses and national highways and environment businesses. We will continue to develop our capability and expertise in our core sectors and adjacent markets, supported by our investment in our people, digital capabilities and operations.

- Building operates across the UK and has proven expertise in markets with significant future opportunities, particularly education, defence, health, and the commercial sectors.
- Highways works with both National Highways (formerly Highways England) and Local Authorities in England.
- Environment specialises in water and wastewater services, primarily through frameworks in England and Scotland.
- We continue to develop our Facilities Management, Investments and co-development businesses which provide lower risk, margin enhancing, returns.

Risk management and order book

The Group's strategy is founded on strong risk management and commercial discipline, and we remain selective about the contracts that we take on. This approach is reflected in the quality of our contracts in our order book.

At 30 June 2021 the Group had a high-quality order book of £3.3bn (2020: £3.2bn) of which 91% is in the public and regulated sectors and 9% is in the private sector (2020: 81% and 19% respectively).

During the year our Building and Infrastructure divisions were successful in winning new work including:

- the £400m NEPO Civil Works framework;
- Scottish Water's £350m SR21 Non-Infrastructure framework;
- Scottish Water's £350m Delivery Vehicle 2 programme; and
- Leicestershire County Council's £48m Grantham Southern Relief Road.

In total, Building and Infrastructure were appointed to contracts and frameworks worth over £641m and £590m respectively. Frameworks provide certainty of pipeline of work with repeat clients and established terms and conditions, and amount to 87% of our order book (2020: 90%) affording good visibility of future revenues.

The Group started the new financial year with 90% of planned revenue secured for the 2022 financial year (2020: 90%).

Financial targets

The Group's strategy and sector focus means that we are well placed to support the Government's commitment to investment in infrastructure and the built environment, which will provide further opportunities for us to contribute to the UK's economic recovery from the pandemic and its decarbonisation commitments.

The Group's Sustainable Growth Strategy is supported by current market conditions and will continue to benefit from our continuing focus on risk management. Our financial targets to 2026 are:

Divisional operating margin:	3.0% across Building and Infrastructure, with a focus on bottom line growth
Revenue:	growing towards £1.6bn, through disciplined contract selection and sustainable profitable growth
Cash:	strong balance sheet and operating cash generation
Dividends:	sustainable dividends, in the range 2.0 to 2.5 times earnings

Dividends and capital allocation

The Board understands the importance of dividends to shareholders, and in reviewing its dividend takes into account the Group's return to profitability, its strong balance sheet, high quality order book and encouraging longer term prospects.

The Board is committed to maintaining a strong balance sheet, which provides the Group with competitive advantage in its market and supports our growth strategy. Our capital allocation priorities are to support the Group's ongoing operational requirements and invest in strategic opportunities that enhance our capabilities and returns; maintain sufficient cash reserves to mitigate the effects of any future market downturn; and to pay sustainable dividends to shareholders. We continually review the cash requirements of the business and as the Group progresses delivery of its strategy the Board will continue to assess capital allocation and shareholder returns.

Consistent with this approach, and as set out in March 2021, the Group expects dividend per share to increase with earnings, with dividend cover expected to be in the range of 2.0-2.5 times earnings.

Having reviewed the Group's results and the outlook, the Directors are recommending a final dividend of 3.5 pence per share which, subject to approval will be paid on 10 December 2021 to shareholders on the register at 12 November 2021. Together with the interim dividend of 1.2 pence per share paid in April, this will result in a total dividend for 2021 of 4.7 pence per share.

Sustainability commitments

Fundamental to the Group's Sustainable Growth Strategy is our belief that, for long-term value creation, we must balance our financial performance with delivering the priorities of all our stakeholders. Being sustainable makes us more efficient, helps us to win work, engages our employees and benefits communities and the environment.

The six fundamental pillars of our sustainability strategy, which are mapped to the UN Sustainable Development Goals, are set out below. We have reviewed the sustainability priorities of our principal stakeholder groups and renewed our key commitments across these six pillars.

Health, safety and wellbeing

The health, safety and wellbeing of our staff, subcontractors, suppliers, clients and the public continues to be the Group's number one priority, particularly in our response to the ongoing Covid-19 pandemic.

All our workplaces have specific Covid-19 risk assessments to ensure works are carried out in full compliance with the latest Construction Leadership Council Site Operating Procedures, as well as adhering to our own strict protocols. Recent accreditation to the new ISO 45001 confirmed our focus on continual improvement in Health and Safety.

During the year, we took the opportunity to refresh our award-winning behavioural safety programme ‘Challenging Beliefs, Affecting Behaviour’ to ensure all our teams and subcontractors remain engaged in our belief that nothing we do is so important we cannot take the time to do it safely, consistent with our ambition for no harm.

We set ourselves high standards so were disappointed that our Accident Frequency Rate (AFR) increased slightly to 0.08 from 0.07. We continue to place emphasis on the proactive management measures that will return us to a lower AFR and lead to further improvements. We received eight awards from RoSPA (The Royal Society for the Prevention of Accidents), including four Order of Distinction awards for receiving 15-24 consecutive Gold awards.

Recognising the challenges of working on site, in the office or at home during Covid-19, we have increased our focus on wellbeing. As part of our award-winning 'Be Well' initiative we have introduced an extensive programme of support that is available to all of our staff and their families. Our site staff survey told us that 83% of those who responded felt supported.

Our people

Success comes from our people and our progressive culture. We seek to attract and retain talented individuals who are aligned to our purpose and uphold our values, creating an inclusive environment where they can truly be themselves and thrive. Promoting inclusivity facilitates the diversity of thought, innovative approaches and experiences that create stronger, better balanced teams which enhance our offering for our stakeholders.

Early careers are the focus of many of our recruitment activities, as they allow us to grow our own talent. Our Graduate Programme and apprenticeships and traineeships remain popular, with 7.2% of our workforce in early careers positions.

We are continuing to address the historic under-representation of women in the construction industry and in the financial year, have seen another slight increase in female representation across our business, to 23.0%. In our Gender Pay Report in April this year, we reported that our mean gender pay gap has reduced to an all-time low of 28.8%.

Our Employee Forum, chaired by the Group's Senior Independent Director, provides direct engagement with individuals from across the Group and enables us to better understand how we can be an employer of choice.

Environment and climate change

Tackling climate change is the number one sustainability priority for our clients, investors, and regulators.

We have pledged to achieve net zero carbon across our own operations by 2030, widening that scope to include all activities by 2045 at the latest. To provide a clear route to reduce greenhouse gas emissions, we have also committed to setting and achieving a science-based target verified by the Science Based Targets initiative (SBTi). In doing so, we have joined the Business Ambition for 1.5°C to limit global warming to 1.5 degrees and the UN-backed campaign Race to Zero.

We are already well advanced on our carbon reduction journey across our own operations. We manage and mitigate our environmental impacts through our ISO 14001 certified management system and have reduced carbon dioxide equivalent emissions (Scope 1, 2 and operational Scope 3) by 59% from 2015 to 2020.

We also help our clients to achieve their own carbon reduction objectives by using modern methods of construction and incorporating sustainable environmental considerations into our design standards and construction practices.

Clients

Delivering excellence for our clients is key to the long-term sustainability of our business. We look to achieve exceptional standards of service and satisfaction through continual monitoring, assessment and refinement of our delivery processes.

Our focus on delivering quality outcomes and building trusted relationships with our clients is reflected in the fact that 92% of work in our order book is repeat business, underpinned by our accreditation to the ISO 44001 Collaborative Business Relationships Standard.

Our clients expect us to design and construct assets to a high quality. We are investing in the development and deployment of new technology to help us drive continuous improvement in the quality of the assets we build.

Communities

Delivering a legacy of positive social value outcomes in the communities in which we operate is a key part of our strategy. This is the right thing to do as a responsible business and it is also an increasingly important priority for our clients. During the year, we launched an updated Social Value Calculator to monitor the positive outcomes that we are delivering to the wider community, including the impact on the local economy through job creation and spend with the local supply chain, apprenticeships, work experience, training, and volunteering.

The Group achieved an average Considerate Constructors Scheme score of 40.6 (2020: 41.1), which continues to exceed the industry average of 38.0 (2020: 37.1). We donated over £250,000 in time, materials, and money to charitable causes (2020: £195,000) and we were pleased to mark 22 years of supporting CRASH, which assists homelessness and hospice charities with construction-related projects.

Supply chain

Our approach to our supply chain establishes and maintains long-term trading relationships with key suppliers and manufacturers. We have again improved our performance in respect of the Government's Prompt Payment Code, meeting our target of paying 95% of invoices within 60 days in the most recent six month period. Our Advantage through Alignment programme provides selected suppliers with greater insight into our operations and pipeline, and provides access to our training programmes. We remain a Gold member and Partner of the Supply Chain Sustainability School. In the year, 59% of our business units' core trade spend was with our Aligned subcontractors.

We continue to retain Gold status from the Supply Chain Sustainability School, an award-winning collaboration designed to upskill its members through free training and resources covering sustainability, off-site manufacturing and BIM.

CURRENT TRADING AND OUTLOOK

The Group has made good operational progress in the year to 30 June 2021 resulting in our return to profitability and resumption of dividends. We continue to trade well and in line with the Board's expectations as we enter the new financial year and anticipate continuing to improve margins in line with our targets. Our disciplined approach to bidding and active engagement with our supply chain have proved particularly important during the recent period of materials shortages and inflation. Through our careful project management we have successfully managed and mitigated these challenges without any material impact on trading or margin.

We are encouraged by the pipeline of new opportunities across our chosen sectors in the public, regulated and private markets together with our significant contract wins during the period. The Government's plans to increase capital expenditure, together with the Group's strong balance sheet and quality order book, mean that the Group is well placed to meet its growth objectives for the new financial year.

Our objectives are to operate sustainably, deliver controlled growth, cash generation and improved margins. The Group is confident in the future as we look to increase operating margins and enhance shareholder value whilst maintaining our disciplined approach on risk management and careful contract selection.

FINANCIAL REVIEW

The Group delivered a return to profitability, in line with our plan, and resumption of dividends. Our improving operating performance, strong financial position and quality order book provide confidence in our future performance.

The Group's revenue for the year was up 3% to £1,124.8m (2020: pre-exceptional £1,089.6m). The increase reflects the resumption of site operations following the impact of the Covid-19 lockdown in Spring 2020, partly offset by an expected reduction in Infrastructure's revenue as we transitioned into the new AMP7 programme.

The Group's operating profit before amortisation was £10.1m (2020: pre-exceptional loss of £62.2m). Building generated profit of £15.9m (2020: pre-exceptional loss of £51.9m), representing a margin of 2.0% (2020: (7.2)%), and Infrastructure generated profit of £6.0m (2020: pre-exceptional loss of £1.8m), representing a margin of 1.8% (2020: (0.5)%). The combined divisional operating margin was 2.0% (2020: pre-exceptional (5.0)%).

There was an £11.8m net loss in PPP Investments and Central Costs (2020: £8.5m). During the financial year, we did not take advantage of any Government Covid-19 support, and furlough monies received since July 2020 have been fully repaid.

The profit before tax for the year was £11.4m (2020: pre-exceptional loss of £59.7m). There were no exceptional items in 2021. Exceptional income in 2020 of £25.1m included £28.0m income in respect of the settlement of legacy contracts and £2.9m costs associated with restructuring. Further details of exceptional items are set out in note 5 to the financial statements.

The table below reconciles profit before income tax to our alternative performance measure of pre-exceptional profit before income tax, which is a key metric for us when monitoring performance of the business.

	2021	2020
	£m	**£m**
Profit/(loss) before income tax	11.4	(59.7)
Exceptional profit	-	25.1
Pre-exceptional profit/(loss) before income tax	11.4	(34.6)

As previously disclosed, the Group provided services in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Our work on these contracts formally ceased on their termination in August 2018. Costs were significantly impacted by client-driven scope changes and the Group has submitted claims and variations to the value of £95m in respect of these costs (2020: £95m). The Group has taken extensive legal advice on our entitlement, and we have been successful in two adjudications supporting the validity of the Group's position. Taking into account the requirements of IFRS 15, the Group had constrained the revenue recognised in prior periods to the extent that it was highly probable not to result in a significant reversal in the future. At 30 June 2021 the Group has updated its assessed recoverability in accordance with IFRS 15, which was unchanged, and its expected credit loss provision in accordance with IFRS 9 for which there was no change in the required provision, albeit the range of possible outcomes within our probability weighted matrix has changed.

The Group has no debt or defined benefit pension obligations, and at 30 June 2021 had a cash balance of £216.2m (2020: £197.2m). The average month-end cash balance in the year was £164m (2020: £141m for the six months to 30 June 2020 following the disposal of the housebuilding business), which is ahead of the expectations we set at the start of the year. Our operating cash generation in the year, of £64m, reflects very strong cash collection performance.

We are committed to pursuing a collaborative and open approach with all our supply chain. Our performance under the Prompt Payment Code continued to improve again, with 93% of invoices paid within 60 days in the financial year (2020: 88%), and 95% in the most recent six month period.

At 30 June 2021, we had a PPP portfolio of £49.1m (2020: £40.7m), reflecting a blended 7% discount rate (2020: 9%). This portfolio contributes to our balance sheet strength and generated interest income of £3.9m in the period.

OPERATIONAL REVIEW

BUILDING

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

	2021	2020*
Revenue (£m)	**789.2**	719.9
Operating profit/(loss) before amortisation (£m)	**15.9**	(51.9)
Operating profit margin (%)	**2.0**	(7.2)
Order book (£m)	**1,920**	2,152

*Pre-exceptional

Building generated revenue of £789.2m (2020: £719.9m), generating an operating profit before amortisation of £15.9m (2020: pre-exceptional loss of £51.9m), which represents a margin of 2.0% (2020: (7.2)%). The increase in profit reflects the encouraging performance of projects that were added to the order book in recent periods and reduced impact of Covid-19. Our FM business complements operations by providing building maintenance services and we continue to grow the capabilities of this operation.

Building won contracts and positions on frameworks worth over £641m, (2020: £1,021m). Significant appointments and wins included:

- the £10.5bn NHS Shared Business Services framework;
- the £2.1bn Construction West Midlands framework;
- a £105m contract for the commercial and PRS development at Monk Bridge for Highline Investments;
- the £60m Winchburgh Schools project contract in West Lothian for West Lothian Council; and
- the £50m refurbishment contract for the 280 Bishopsgate project in London for Arax Properties.

Building currently has an order book of £1.92bn (2020: £2.15bn), with 27% in Education, 20% in Defence and Custodial, 16% in Health, and 21% in Facilities Management.

INFRASTRUCTURE

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

	2021	2020*
Revenue (£m)	**329.2**	357.1
Operating profit/(loss) before amortisation (£m)	**6.0**	(1.8)
Operating profit margin (%)	**1.8**	(0.5)
Order book (£m)	**1,348**	1,010

*Pre-exceptional

Infrastructure's revenue was £329.2m (2020: pre-exceptional revenue of £357.1m), the reduction reflecting the expected impact of the transition into the new AMP7 water programme. The operating profit before amortisation was £6.0m (2020: pre-exceptional loss of £1.8m), resulting in a margin of 1.8% (2020: (0.5)%). The improved profit performance includes the reduced impact of Covid-19.

Infrastructure won contracts and positions on frameworks worth £590m, (2020 £377m). These included:

- Scottish Water's new Non-Infrastructure Framework for the SR21-27 investment programme, valued at £700m over a six-year timeframe;
- Six lots out of 13 across the £400m North East Procurement Organisation's (NEPO) Civil Works framework;
- Lots 3 and 6 of Thames Water's £590m AMP7 four-year framework in the London region; and
- the £85m M56 junctions 6 to 8 works for Highways England.

Infrastructure currently has an order book of £1.35bn (2020: £1.01bn), comprising 38% in Highways and 62% in Environment.

PPP INVESTMENTS

PPP Investments delivers major building and infrastructure projects through public-private partnerships, generating work for the wider Group in the process. Our Facilities Management provides FM services predominantly to projects which Galliford Try have constructed and invested in.

	2021	2020
Revenue (£m)	**6.4**	8.2
Loss from operations (£m)	**(1.8)**	(0.3)
Net interest income	**3.9**	2.9
Directors' valuation (£m)	**49.1**	40.7

With the reduction in traditional PPP/PFI bidding opportunities, PPP Investments has continued to move its focus towards co-development projects and at the year end it was preferred bidder on two PRS (Private Rented Sector) schemes with a gross development value of £120m.

At the year end, the directors' valuation of our PPP portfolio was £49.1m (2020: £40.7m), which is the fair value included in the balance sheet reflecting a blended discount rate of 7% (2020: 9%). The valuation compared with a value invested of £36.2m (2020: £34.9m). These assets generated interest income of £3.9m (2020: £5.4m) and contribute to our balance sheet strength.

BOARD

On 30 September 2020, as previously announced, Jeremy Townsend, Non-executive Director and Chair of the Audit Committee, stepped down from the Board. On Jeremy's departure, Marisa Cassoni, Non-executive Director, and then Chair of the Remuneration Committee, assumed the role of Chair of the Audit Committee. Marisa is a chartered accountant with more than 40 years' experience as a finance professional. On the same date Terry Miller, Senior Independent Director, was appointed Chair of the Remuneration Committee. Terry was previously interim Chair of the Remuneration Committee between November 2017 and February 2019.

Consolidated income statement

for the year ended 30 June 2021

	Notes	2021 Total £m	2020 Pre-Exceptional items £m	2020 Exceptional items (note 5) £m	2020 Total £m
Revenue	4	**1,124.8**	1,089.6	32.0	1,121.6
Cost of sales		**(1,049.7)**	(1,085.9)	(6.3)	(1,092.2)
Gross profit		**75.1**	3.7	25.7	29.4
Administrative expenses		**(67.1)**	(68.0)	(0.6)	(68.6)
Operating profit/(loss)		**8.0**	(64.3)	25.1	(39.2)
Share of post tax profits/(losses) from joint ventures		**0.5**	(0.2)	–	(0.2)
Finance income	6	**4.1**	5.8	–	5.8
Finance costs	6	**(1.2)**	(1.0)	–	(1.0)
Profit/(loss) before income tax		**11.4**	(59.7)	25.1	(34.6)
Income tax (expense)/credit	7	**(1.0)**	6.8	(4.8)	2.0
Profit/(loss) from continuing operations for the year		**10.4**	(52.9)	20.3	(32.6)
(Loss)/profit from discontinued operations, net of income tax for the year	20	**(2.7)**	353.0	–	353.0
Profit for the year		**7.7**	300.1	20.3	320.4
Earnings/(loss) per share					
Basic					
> Profit from continuing operations attributable to ordinary shareholders	9	**9.5p**	(47.7)p		(29.4)p
> Profit attributable to ordinary shareholders	9	**7.0p**	270.9p		289.2p
Diluted					
> Profit from continuing operations attributable to ordinary shareholders	9	**9.1p**	(47.7)p		(29.4)p
> Profit attributable to ordinary shareholders	9	**6.8p**	270.9p		289.2p

There were no exceptional items in the year.

Consolidated statement of comprehensive income

for the year ended 30 June 2021

	Notes	**2021 £m**	2020 £m
Profit for the year		**7.7**	320.4
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligations – discontinued operations		**–**	2.0
Total items that will not be reclassified to profit or loss		**–**	2.0
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of cash flow hedges:			
> Movement arising during the financial year – discontinued operations		**–**	0.8
> Reclassification adjustments for amounts included in profit or loss – discontinued operations		**–**	(0.4)
Movement in fair value of PPP and other investments – continuing operations	11	**7.3**	(1.8)
Deferred tax on items recognised in equity that may be reclassified – discontinued operations		**–**	(0.1)
Total items that may be reclassified subsequently to profit or loss		**7.3**	(1.5)
Other comprehensive income for the year net of tax		**7.3**	0.5
Total comprehensive income for the year		**15.0**	320.9

Balance sheet

		30 June 2021 £m	30 June 2020 £m
Assets			
Non-current assets			
Intangible assets		**5.7**	7.8
Goodwill	10	**77.2**	77.2
Property, plant and equipment		**4.4**	3.8
Right-of-use assets		**19.5**	22.8
Investments in subsidiaries		**–**	–
Investments in joint ventures		**0.2**	0.2
PPP and other investments	11	**49.1**	40.7
Retirement benefit asset		**–**	1.0
Deferred income tax assets	16	**14.3**	4.3
Total non-current assets		**170.4**	157.8
Current assets			
Trade and other receivables	12	**243.3**	247.5
Current income tax assets		**8.8**	23.1
Cash and cash equivalents	13	**216.2**	197.2
Total current assets		**468.3**	467.8
Total assets		**638.7**	625.6
Liabilities			
Current liabilities			
Trade and other payables	14	**(485.4)**	(458.8)
Lease liabilities		**(7.3)**	(9.5)
Provisions for other liabilities and charges		**–**	(13.9)
Total current liabilities		**(492.7)**	(482.2)
Non-current liabilities			
Lease liabilities		**(11.9)**	(12.8)
Provisions for other liabilities and charges		**–**	(10.1)
Total non-current liabilities		**(11.9)**	(22.9)
Total liabilities		**(504.6)**	(505.1)
Net assets		**134.1**	120.5
Equity			
Ordinary shares		**55.5**	55.5
Other reserves	18	**118.4**	85.7
Retained earnings	18	**(39.8)**	(20.7)
Total equity attributable to owners of the Company		**134.1**	120.5

Consolidated statement of changes in equity

for the year ended 30 June 2021

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Consolidated statement						
At 30 June 2019		55.5	197.7	4.8	421.3	679.3
Adjustment as a result of transition to IFRS 16[1]		–	–	–	(1.0)	(1.0)
Adjusted equity at 1 July 2019		55.5	197.7	4.8	420.3	678.3
Profit for the year		–	–	–	320.4	320.4
Other comprehensive income		–	–	–	0.5	0.5
Total comprehensive income for the year		–	–	–	320.9	320.9
Transactions with owners:						
Dividends	8	–	–	–	(38.9)	(38.9)
Distribution of Galliford Try Homes Ltd	20	–	–	–	(840.0)	(840.0)
Capital re-organisation[2]	18	–	(197.7)	80.9	116.8	–
Share-based payments – discontinued operations		–	–	–	0.2	0.2
At 30 June 2020		**55.5**	**–**	**85.7**	**(20.7)**	**120.5**
Profit for the year		**–**	**–**	**–**	**7.7**	**7.7**
Other comprehensive income		**–**	**–**	**–**	**7.3**	**7.3**
Total comprehensive income for the year		**–**	**–**	**–**	**15.0**	**15.0**
Transactions with owners:						
Dividends	8	**–**	**–**	**–**	**(1.3)**	**(1.3)**
Purchase of shares		**–**	**–**	**–**	**(1.1)**	**(1.1)**
Share-based payments – continuing operations		**–**	**–**	**–**	**1.0**	**1.0**
Recycling of retained earnings to merger reserve on reversal of impairment of investment in Galliford Try Limited	18	**–**	**–**	**32.7**	**(32.7)**	**–**
At 30 June 2021		**55.5**	**–**	**118.4**	**(39.8)**	**134.1**

1 The Group adopted IFRS 16 Leases on 1 July 2019 using the modified retrospective approach with any reclassification and adjustments arising from the initial application recognised as an adjustment to opening equity.

2 Galliford Try Holdings plc was incorporated on 19 September 2019. On 3 January 2020, as part of the overall process to dispose of the Group's housebuilding operations to Vistry Group plc, a scheme of arrangement was completed under section 26 of the Companies Act 2006 which resulted in the admission of Galliford Try Holdings plc to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange. Consequently, the previously consolidated share premium and merger reserve balances of Galliford Try Limited (previously known as Galliford Try plc) were replaced by the equivalent balances of Galliford Try Holdings plc (note 20).

Statement of cash flows

for the year ended 30 June 2021

	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Profit for the year		**7.7**	320.4
Adjustments for:			
Loss/(profit) for the year from discontinued operations	20	**2.7**	(353.0)
Income tax expense/(credit) – continuing operations	7	**1.0**	(2.0)
Net finance income – continuing operations	6	**(2.9)**	(4.8)
Profit/(loss) before finance costs for continuing operations		**8.5**	(39.4)
Adjustments for continuing operations:			
Depreciation and amortisation		**13.3**	13.8
Profit on sale of PPP and other investments		**–**	(0.6)
Share-based payments		**1.0**	–
Share of post-tax (profits)/losses from joint ventures		**(0.5)**	0.2
(Decrease)/increase in provisions		**(0.3)**	23.2
Net cash generated from/(used in) operations before changes in working capital		**22.0**	(2.8)
Decrease in trade and other receivables		**9.4**	128.5
Increase/(decrease) in trade and other payables		**27.4**	(257.1)
Net cash generated from/(used in) operations		**58.8**	(131.4)
Interest received		**4.1**	4.9
Interest paid		**(1.2)**	(1.0)
Net surplus returned on wind up of defined benefit pension scheme		**1.0**	–
Income tax received		**4.5**	7.5
Net cash generated from/(used in) operating activities from continuing operations		**67.2**	(120.0)
Net cash used in operating activities from discontinued operations		**(3.6)**	(32.1)
Net cash generated from/(used in) operating activities		**63.6**	(152.1)
Cash flows from investing activities			
Dividends received from joint ventures and associates		**0.5**	–
Amounts advanced to joint ventures		**(5.2)**	(2.4)
Acquisition of PPP and other investments		**(1.9)**	(6.6)
Proceeds from disposal of PPP and other investments and loan repayments		**0.7**	5.8
Acquisition of property, plant and equipment		**(2.1)**	(1.4)
Net cash (used in)/generated from investing activities from continuing operations		**(8.0)**	(4.6)
Net cash (used in)/generated from investing activities from discontinued operations		**(23.7)**	362.6
Net cash (used in)/generated from investing activities		**(31.7)**	358.0
Cash flows from financing activities			
Repayment of lease liabilities		**(10.5)**	(10.0)
Purchase of own shares		**(1.1)**	–
Dividends paid to Company shareholders	8	**(1.3)**	(38.9)
Net cash used in financing activities from continuing operations		**(12.9)**	(48.9)
Net cash used in financing activities from discontinued operations		**–**	(101.4)
Net cash used in financing activities		**(12.9)**	(150.3)
Net increase in cash and cash equivalents		**19.0**	55.6
Cash and cash equivalents at 1 July	13	**197.2**	141.6
Cash and cash equivalents at 30 June	13	**216.2**	197.2

1 Galliford Try Holdings plc was incorporated on 19 September 2019. On 3 January 2020 its entire share capital was admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange (note 20).

Notes to the consolidated financial statements

1 Basis of preparation

The financial information set out in this preliminary announcement does not constitute Galliford Try Holdings plc's statutory accounts for the years ended 30 June 2021 and 31 June 2020. Statutory accounts for the year ended 30 June 2021 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The Auditor has reported on those accounts; their report was unqualified, did not draw attention by way of emphasis, and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. Statutory accounts for the year ended 30 June 2020 have been delivered to the Registrar of Companies. The Auditor has reported on those accounts; their report was unqualified, did not draw attention by way of emphasis, and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The financial information contained in this results announcement has been prepared on the basis of the accounting policies set out in the statutory statements for the year ended 30 June 2021. Whilst the financial information included in this announcement has been computed in accordance with the recognition and measurement requirements of international accounting standards in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, this announcement does not itself contain sufficient disclosures to comply with IFRS.

2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2020.

3 Segmental reporting

Segmental reporting is presented in the consolidated financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis. As the Group has no material activities outside the UK, segment reporting is not required by geographical region.

The Chief Operating Decision-Makers (CODM) have been identified as the Group's Chief Executive and Finance Director. The CODM review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments of the continuing Group to be Building, Infrastructure, PPP Investments and Central (primarily representing central overheads).

The CODM assess the performance of the operating segments based on a measure of adjusted earnings before finance costs, amortisation, exceptional items and taxation. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are included in the result for each operating segment that is reviewed by the CODM. Other information provided to them is measured in a manner consistent with that in the financial statements.

Income statement

Year ended 30 June 2021	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Revenue	**789.2**	**329.2**	**6.4**	**–**	**1,124.8**
Operating profit/(loss) before amortisation of intangible assets	**15.9**	**6.0**	**(1.8)**	**(10.0)**	**10.1**
Share of post tax profits from joint ventures	**–**	**–**	**0.5**	**–**	**0.5**
Finance income	**–**	**0.1**	**3.9**	**0.1**	**4.1**
Finance costs	**(0.3)**	**(0.6)**	**–**	**(0.3)**	**(1.2)**
Profit/(loss) before amortisation and taxation	**15.6**	**5.5**	**2.6**	**(10.2)**	**13.5**
Amortisation of intangible assets	**(1.0)**	**–**	**–**	**(1.1)**	**(2.1)**
Profit before taxation	**14.6**	**5.5**	**2.6**	**(11.3)**	**11.4**
Income tax expense					**(1.0)**
Profit for the year					**10.4**

Year ended 30 June 2020	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Pre-exceptional revenue	719.9	357.1	8.2	4.4	1,089.6
Exceptional items (note 5)	–	32.0	–	–	32.0
Revenue	719.9	389.1	8.2	4.4	1,121.6
Pre-exceptional operating loss before amortisation of intangible assets	(51.9)	(1.8)	(0.3)	(8.2)	(62.2)
Exceptional items (note 5)	(2.0)	27.3	–	(0.2)	25.1
Operating (loss)/profit before amortisation and taxation	(53.9)	25.5	(0.3)	(8.4)	(37.1)
Share of post tax profits from joint ventures	–	–	(0.2)	–	(0.2)
Finance income	–	–	4.3	1.5	5.8
Finance costs	(2.7)	(5.8)	(1.4)	8.9	(1.0)
(Loss)/profit before amortisation and taxation	(56.6)	19.7	2.4	2.0	(32.5)
Amortisation of intangibles	(1.0)	–	–	(1.1)	(2.1)
(Loss)/profit before taxation	(57.6)	19.7	2.4	0.9	(34.6)
Income tax credit					2.0
(Loss) for the year					(32.6)

Inter-segment revenue, which is priced on an arm's length basis, is eliminated from revenue above. In the year to 30 June 2021, this amounted to £39.4m (2020: £51.8m) for continuing operations, of which £nil (2020: £16.9m) was in Building, £24.7m (2020: £21.9m) was in Infrastructure and £14.7m (2020: £13.0m) was in central costs.

Balance sheet

30 June 2021	Notes	**Building £m**	**Infrastructure £m**	**PPP Investments £m**	**Central £m**	**Total £m**
Goodwill and intangible assets		**42.9**	**37.2**	**–**	**2.8**	**82.9**
Working capital employed		**(82.3)**	**(132.0)**	**40.0**	**9.3**	**(165.0)**
Net cash	13	**87.0**	**44.6**	**(10.0)**	**94.6**	**216.2**
Net assets		**47.6**	**(50.2)**	**30.0**	**106.7**	**134.1**
Total Group liabilities						**(504.6)**
Total Group assets						**638.7**

30 June 2020	Notes	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Goodwill and intangible assets		43.9	37.2	–	3.9	85.0
Working capital employed		(160.7)	(26.1)	37.7	(12.6)	(161.7)
Net cash	13	111.1	(66.3)	(10.0)	162.4	197.2
Net assets		(5.7)	(55.2)	27.7	153.7	120.5
Total Group liabilities						(505.1)
Total Group assets						625.6

4 Revenue

Nature of revenue streams

(i) Building and Infrastructure segments

Our Construction business operates nationwide, working with clients predominantly in the public and regulated sectors, such as health, education and defence markets within the Building segment and road, and water markets within the Infrastructure segment (as well as private commercial clients). Projects include the construction of assets (with services including design and build, construction only and refurbishment) in addition to the maintenance, renewal, upgrading and managing of services across utility and infrastructure assets.

Revenue stream	**Nature, timing of satisfaction of performance obligations and significant payment terms**
Fixed price	A number of projects within these segments are undertaken using fixed-price contracts. Contracts are typically accounted for as a single performance obligation. Even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract, given that each is highly dependent on the other. The Group typically receives payments from the customer based on a contractual schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un-invoiced amounts are presented as contract assets. Management does not expect a financing component to exist.

Cost-reimbursable	A number of projects within these segments are undertaken using open-book/cost-reimbursable (possibly with a pain/gain share mechanism) contracts. Contracts are typically accounted for as a single performance obligation, with the majority of these contracts including a build phase only. The Group typically receives payments from the customer based on actual costs incurred. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un-invoiced amounts are presented as contract assets. Management does not expect a financing component to exist.
Facilities management*	Contracts undertaken within the Building segment that provide full life-cycle solutions to clients, are accounted for as a single performance obligation, with revenue recognised over time and typically on a straight-line basis.

* Facilities management represents less than 5% of the total Building segment turnover.

(ii) Investments segment

Through public private partnerships, the business leads bid consortia and arranges finance, makes debt and equity investments (which are recycled) and manages construction through to operations.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
PPP Investments	The Group has investments in a number of PPP Special Purpose Vehicles (SPVs), delivering major building and infrastructure projects. The business additionally provides management services to the SPVs under Management Service Agreements (MSA). Revenue for these services is typically recognised over time as and when the service is delivered to the customer. Revenue for reaching project financial close (such as success fees) is recognised at a point in time, at financial close (when control is deemed to pass to the customer).

Disaggregation of revenue

The Group considers the split of revenue by operating segment to be the most appropriate disaggregation. All revenue has been derived from performance obligations settled over time (2020: £0.8m was considered to be settled at a point in time, with all remaining revenue recognised over time).

Revenue on existing contracts, where performance obligations are unsatisfied or partially unsatisfied at the balance sheet date, is expected to be recognised as follows:

Revenue – year ended 30 June 2021	**2022 £m**	**2023 £m**	**2024 onwards £m**	**Total £m**
Building	**550.5**	**117.1**	**4.7**	**672.3**
Infrastructure	**239.3**	**72.8**	**14.4**	**326.5**
Total Construction	**789.8**	**189.9**	**19.1**	**998.8**
PPP Investments	**1.8**	**1.8**	**24.4**	**28.0**
Total transaction price allocated to performance obligations yet to be satisfied	**791.6**	**191.7**	**43.5**	**1,026.8**

Revenue – year ended 30 June 2020	2021 £m	2022 £m	2023 onwards £m	Total £m
Building	519.3	172.9	10.3	702.5
Infrastructure	203.1	49.6	27.3	280.0
Total Construction	722.4	222.5	37.6	982.5
PPP Investments	1.9	1.6	25.1	28.6
Total transaction price allocated to performance obligations yet to be satisfied	724.3	224.1	62.7	1,011.1

Any element of variable consideration is estimated at a value that is highly probable not to result in a significant reversal in the cumulative revenue recognised.

5 Exceptional items

	2021 £m	2020 £m
Revenue – impact of legacy contracts[1]	**–**	32.0
Cost of sales – charge on legacy contracts[1]	**–**	(4.0)
Cost of sales – restructure costs[2]	**–**	(2.3)
Administrative expenses – restructure costs[2]	**–**	(0.6)
Operating profit	**–**	25.1

There were no exceptional items in the year. The items in respect of the prior year were as follows:

1 The Group agreed settlement terms with a client in respect of the final account of a major infrastructure project and the settlement income of £32.0m was recognised (in revenue) net of final cost estimates of £4.0m (in cost of sales) as exceptional items.

2 Following the disposal of the housebuilding divisions and the impact of the Covid-19 pandemic during 2020, the Group completed a restructure exercise to reflect the revised size and structure of the business, resulting in £2.9m of redundancy costs (of which £2.3m was recorded in cost of sales and £0.6m was recorded in administrative expenses).

6 Net finance income

	2021 £m	2020 £m
Interest receivable on bank deposits	**0.1**	0.3
Interest receivable from PPP Investments and joint ventures	**3.9**	5.4
Other interest receivable	**0.1**	0.1
Finance income	**4.1**	5.8
Other (including interest on lease liabilities)	**(1.2)**	(1.0)
Finance costs	**(1.2)**	(1.0)
Net finance income	**2.9**	4.8

7 Income tax charge

	Notes	2021 £m	2020 £m
Analysis of expense in year			
Current year's income tax			
Current tax		**0.5**	(7.1)
Deferred tax[1]	16	**5.0**	0.3
Adjustments in respect of prior years			
Current tax		**(4.8)**	8.2
Deferred tax	16	**0.3**	(3.4)
Income tax expense/(credit)		**1.0**	(2.0)
Tax on items recognised in other comprehensive income			
Tax recognised in other comprehensive income		**–**	–
Total taxation		**1.0**	(2.0)

1 Includes impact of change in rate of tax.

The total income tax expense for the year of £1.0m (2020: credit of £2.0m) is lower (2020: tax credit was lower) than the blended standard rate of corporation tax in the UK of 19.0% (2020: 19.0%).

In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the corporation tax rate would increase from 19% to 25%. This new law was substantively enacted in the Finance Bill 2021 and received Royal Assent on 10 June 2021. Where appropriate, deferred taxes at the balance sheet date have been measured using the appropriate tax rates (based on when the underlying balance is expected to crystallise) and reflected in these financial statements. The Group has assessed that a deferred tax asset equal to the value of unutilised tax credits expected to be utilised over the next three financial years is appropriate, as, based on the already secured work for that timeframe, management have assessed it is probable that the Group will have sufficient taxable profits to enable the deferred tax asset to be recovered. Any remaining unutilised tax credits have not been recognised (note 16).

8 Dividends[1]

	2021		2020	
	£m	pence per share	£m	pence per share
Previous year final	**–**	**–**	38.9	35.0
Current year interim	**1.3**	**1.2**	–	–
Dividend recognised in the year	**1.3**	**1.2**	38.9	35.0

The following dividends were declared by the Company in respect of each accounting period presented:

	2021		2020	
	£m	pence per share	£m	pence per share
Interim	**1.3**	**1.2**	–	–
Final	**3.9**	**3.5**	–	–
Dividend relating to the year	**5.2**	**4.7**	–	–

The directors are proposing a final dividend in respect of the financial year ended 30 June 2021 of 3.5 pence per share (2020: nil), bringing the total dividend in respect of 2021 to 4.7 pence per share (2020: nil). The final dividend will absorb approximately £3.9m of equity. Subject to shareholders' approval at the AGM to be held on 12 November 2021, the dividend will be paid on 10 December 2021 to shareholders who are on the register of members at the close of business on 12 November 2021.

1 The Company became the ultimate holding company of the Group on 3 January 2020 and the dividend of 35.0 pence per share was paid in December 2019 by the previous ultimate holding company of the Group (Galliford Try Limited, previously known as Galliford Try plc).

9 Earnings per share

Basic and diluted earnings/(losses) per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held by the Trust, which are treated as cancelled.

Under normal circumstances, the average number of shares is diluted by reference to the average number of potential ordinary shares held under option in the year. The dilutive effect amounts to the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option price. Only shares that have met their cumulative performance criteria are included in the dilution calculation. The Group has two classes of potentially dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and the contingently issuable shares under the Group's long-term incentive plans. A loss per share cannot be reduced through dilution, hence this dilution is only applied where the Group has reported a profit.

The earnings and weighted average number of shares used in the calculations are set out below.

		2021			2020	
	Earnings £m	**Weighted average number of shares**	**Per share amount pence**	Earnings £m	Weighted average number of shares	Per share amount pence
Continuing operations						
Basic EPS – pre-exceptional						
Earnings attributable to ordinary shareholders pre-exceptional items	**10.4**	**109,976,145**	**9.5**	(52.9)	110,798,602	(47.7)
Basic EPS						
Earnings attributable to ordinary shareholders post-exceptional items	**10.4**	**109,976,145**	**9.5**	(32.6)	110,798,602	(29.4)
Effect of dilutive securities:						
Options	**n/a**	**3,804,698**	**n/a**	n/a	–	n/a
Diluted EPS – pre-exceptional	**10.4**	**113,780,843**	**9.1**	(52.9)	110,798,602	(47.7)
Diluted EPS	**10.4**	**113,780,843**	**9.1**	(32.6)	110,798,602	(29.4)
Total operations						
Basic EPS – pre-exceptional						
Earnings attributable to ordinary shareholders pre-exceptional items	**7.7**	**109,976,145**	**7.0**	300.1	110,798,602	270.9
Basic EPS						
Earnings attributable to ordinary shareholders post-exceptional items	**7.7**	**109,976,145**	**7.0**	320.4	110,798,602	289.2
Effect of dilutive securities:						
Options	**n/a**	**3,804,698**	**n/a**	n/a	–	n/a
Diluted EPS – pre-exceptional	**7.7**	**113,780,843**	**6.8**	300.1	110,798,602	270.9
Diluted EPS	**7.7**	**113,780,843**	**6.8**	320.4	110,798,602	289.2

The discontinued operations loss per share for the year was 2.5p (2020: earnings per share of 318.6p) and the diluted loss per share for the year was 2.3p (2020: earnings per share of 318.6p).

10 Goodwill

	£m
Cost	
At 30 June 2019	160.3
Addition	6.9
Disposal	(90.0)
At 30 June 2020 and 30 June 2021	**77.2**
Aggregate impairment at 1 July 2019	(0.7)
Disposal	0.7
At 30 June 2020 and 30 June 2021	**–**

Net book amount	
At 30 June 2021	**77.2**
At 30 June 2020	77.2
At 30 June 2019	159.6

The addition in the prior year related to the acquisition of Strategic Teams Group (STG) and the disposal was in respect of the sale of the Group's housebuilding divisions to Vistry Group plc on 3 January 2020 (note 20).

Goodwill is allocated to the Group's CGUs identified according to business segment. The goodwill is attributable to the following business segments:

	2021 £m	2020 £m
Building	**40.0**	40.0
Infrastructure	**37.2**	37.2
	77.2	77.2

Impairment review of goodwill and key assumptions

Goodwill is tested for impairment at least annually. The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on future financial budgets approved by the Board, based on past performance and its expectation of market developments. The key assumptions within these budgets relate to revenue and the future profit margin achievable, in line with our strategy and targets. Future budgeted revenue is based on management's knowledge of actual results from prior years and latest forecasts for the current year, along with the existing secured works and management's expectation of the future level of work available within the market sector. In establishing future profit margins, the margins currently being achieved are considered in conjunction with expected inflation rates in each cost category. In Building and Infrastructure, the margins currently being achieved are expected to increase in line with the strategy set out in the Strategic report included within the Annual Report for the year ended 30 June 2021.

11 PPP and other investments

	2021 £m	2020 £m
At 1 July	**40.7**	41.6
Additions	**1.9**	6.6
Disposal of housebuilding divisions	**–**	(0.5)
Disposals and subordinated loan repayments	**(1.0)**	(5.2)
Movement in fair value	**7.5**	(1.8)
At 30 June	**49.1**	40.7

These comprise PPP/PFI investments and investments in other listed securities (acquired during the prior year as a result of the shares held in the Employee Benefit Trust in Galliford Try Limited, formerly Galliford Try plc, which resulted in the receipt of shares in Vistry Group plc, held at fair value, following the sale of the housebuilding divisions to Vistry Group plc on 3 January 2020). Of the total fair value movement in the year of £7.5m, £7.3m relates to PPP investments and has been recorded in equity whilst £0.2m relates to the residual Vistry Group plc shares held and has been recorded in the income statement.

12 Trade and other receivables

	Notes	**2021 £m**	2020 £m
Amounts falling due within one year:			
Trade receivables		**51.8**	49.4
Less: provision for impairment of receivables		**(0.1)**	(1.6)
Trade receivables – net		**51.7**	47.8
Contract assets[1]	15	**159.1**	172.0
Amounts due from joint ventures		**6.1**	0.9
Other receivables		**12.8**	9.8
Prepayments		**13.6**	17.0
		243.3	247.5

1 Contract assets of £159.1m at 30 June 2021 includes a life-time expected credit loss allowance of £14.0m (2020: £14.0m).

13 Cash and cash equivalents

	2021 £m	2020 £m
Cash at bank and in hand and per the statement of cash flows	**216.2**	197.2

Cash at bank above includes £nil (2020: £nil) of restricted cash and the Group has no bank borrowings or loans.

Net cash excludes IFRS 16 lease liabilities.

14 Trade and other payables

	Notes	**2021 £m**	2020 £m
Trade payables		**90.9**	108.1
Contract liabilities	15	**99.1**	112.3
Other taxation and social security payable		**30.5**	18.6
Other payables		**1.2**	1.2
Accruals		**263.7**	218.6
		485.4	458.8

15 Contract balances

Contract assets and liabilities are included within “trade and other receivables” and “trade and other payables” respectively on the face of the balance sheet. Where there is a corresponding contract asset and liability in relation to the same contract, the balance shown is the net position. The timing of work performed (and thus revenue recognised), billing profiles and cash collection results in trade receivables (amounts billed to date and unpaid), contract assets (unbilled amounts where revenue has been recognised) and customer advances and deposits (contract liabilities), where no corresponding work has yet to be performed, being recognised on the Group’s balance sheet.

The reconciliation of the Group opening to closing contract balances is shown below:

	2021		2020	
	Contract asset £m	Contract liability £m	Contract asset £m	Contract liability £m
At 30 June 2020	172.0	(112.3)	332.8	(264.0)
Balances removed due to business disposals[1]	**–**	**–**	(68.3)	127.6
Revenue recognised in the year (continuing operations)[2]	**1,073.5**	**51.3**	1,051.3	70.3
Net cash received in advance of performance obligations being fully satisfied	**–**	**(38.1)**	–	(46.2)
Transfers in the year from contract assets to trade receivables	**(1,086.4)**	**–**	(1,143.8)	–
30 June 2021	**159.1**	**(99.1)**	172.0	(112.3)

1 Disposal of housebuilding divisions (note 20).

2 Of the revenue recognised in the prior year, £32m was in respect of the final agreement for Aberdeen Western Peripheral Road (AWPR). The revenue was previously constrained due to uncertainty of the ongoing negotiation as at 30 June 2019.

16 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method and is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 30 June was:

	2021 £m	2020 £m
Deferred income tax assets – non-current	**15.0**	5.3
Deferred income tax assets	**15.0**	5.3
Deferred income tax liabilities – non-current	**(0.7)**	(1.0)
Deferred income tax liabilities	**(0.7)**	(1.0)
Net deferred income tax	**14.3**	4.3

The movement for the year in the net deferred income tax account is as shown below:

	2021 £m	2020 £m
At 1 July	**4.3**	1.3
Current year's deferred income tax – continuing operations[1]	**(8.9)**	(0.3)
Current year's deferred income tax – discontinued operations	**–**	0.3
Adjustment in respect of prior years – continuing operations	**(0.3)**	3.4
Adjustment in respect of prior years – discontinued operations	**–**	(0.1)
(Expense) recognised in equity – discontinued operations	**–**	(0.1)
Transfer from current tax assets and change in rates of deferred income tax[1]	**19.2**	–
Acquisition of subsidiaries[2]	**–**	(1.0)
Disposal of subsidiaries[3]	**–**	0.8
At 30 June	**14.3**	4.3

1 Includes impact of change in rate of tax.

2 The acquisition of STG during the year to 30 June 2020, which was subsequently disposed as part of the housebuilding divisions on 3 January 2020.

3 Disposal of housebuilding divisions on 3 January 2020 (note 20).

The Group has recorded a deferred tax asset in respect of unutilised tax credits resulting from historic trading contract losses. This asset was previously recorded within current tax assets and was transferred in the year. The Group has assessed that an asset equal to the value of unutilised tax credits expected to be utilised over the next three financial years is appropriate, as, based on the already secured work for that timeframe and the approved Group budgets, management have assessed it is probable that the Group will have sufficient taxable profits to enable the deferred tax asset to be recovered. These losses can be carried forward indefinitely and have no expiry date.

Any remaining unutilised tax credits have not been recognised and the Group has approximately £95m of unrecognised trading losses.

17 Share-based payments

The Group operates performance-related share incentive plans for Executives, details of which are set out in the Directors' Remuneration report. The Group also operates sharesave schemes. The total charge for the year relating to employee share-based payment plans was £1.0m (2020: £nil), all of which related to equity-settled share-based payment transactions. After deferred tax, the total charge was £1.0m (2020: £nil).

18 Other reserves and retained earnings

Group	Notes	Other reserves £m	Retained earnings £m
At 30 June 2019		4.8	421.3
Adjustment as a result of transition to IFRS 16 on 1 July 2019		–	(1.0)
Restated at 1 July 2019		4.8	420.3
Profit for the year		–	320.4
Dividends paid	8	–	(38.9)
Actuarial gains recognised related to retirement benefit obligations – discontinued operations		–	2.0
Share-based payments – continuing and discontinued operations		–	0.2
Movement in fair value of PPP and other investments	11	–	(1.8)
Movement in fair value of derivative financial instruments		–	0.4
Deferred and current tax on movements in equity	16	–	(0.1)
Capital reorganisation1	20	227.4	(29.7)
Disposal of housebuilding divisions to Vistry Group plc	20	–	(840.0)
Impairment of investment in Galliford Try Limited and associated recycling of merger reserve to retained earnings		(146.5)	146.5
At 30 June 2020		85.7	(20.7)
Profit for the year		**–**	**7.7**
Dividends paid	8	**–**	**(1.3)**
Share-based payments	17	**–**	**1.0**
Movement in fair value of PPP and other investments	11	**–**	**7.3**
Purchase of own shares		**–**	**(1.1)**
Reversal of impairment of investment in Galliford Try Limited and associated recycling of merger reserve to retained earnings		**32.7**	**(32.7)**
At 30 June 2021		**118.4**	**(39.8)**

The Group's other reserves relates to a merger reserve amounting to £118.4m (2020: £85.7m).

1 Following the disposal of the housebuilding divisions of Galliford Try Limited (formerly Galliford Try plc), effective from 3 January 2020, the entire issued share capital of Galliford Try Holdings plc was admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, with a corresponding cancellation of all shares of Galliford Try Limited (formerly Galliford Try plc).

19 Guarantees and contingent liabilities

Galliford Try Holdings plc has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of Group undertakings, including joint arrangements, amounting to £146.8m (2020: £157.4m).

20 Discontinued operations

On 3 January 2020, the Group completed the disposal of the Linden Homes and Partnerships & Regeneration divisions of Galliford Try plc (in addition to certain other assets and liabilities transferred to Vistry Group plc as part of this transaction), following the implementation of a Group restructuring and scheme of arrangement under Part 26 of the Companies Act 2006 becoming effective on 2 January 2020. Additionally, with effect from 8:00 a.m. on 3 January 2020, 111,053,489 Galliford Try Holdings plc shares with a nominal value of 50p each, being the entire issued share capital of Galliford Try Holdings plc, were admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, with a corresponding cancellation of all shares of Galliford Try plc.

As a result of this disposal, the Linden Homes and Partnerships & Regeneration segments were classified as discontinued operations.

The (loss)/profit of these discontinued operations are as follows:

Year ended 30 June 2021	Central £m	Total £m
Revenue	**–**	**–**
Operating loss and loss before taxation	**(2.7)**	**(2.7)**
Income tax expense	**–**	**–**
Loss after tax of discontinued operations	**(2.7)**	**(2.7)**

These costs were primarily residual professional fees and other costs relating to the transaction and discontinued operations. The Group is not expecting to incur any further costs in respect of these discontinued operations.

Year ended 30 June 2020 – discontinued operations	Linden Homes £m	Partnerships & Regeneration £m	Central £m	Total £m
Revenue	303.1	348.8	–	651.9
Profit/(loss) from operations	50.1	18.7	(27.9)	40.9
Share of joint ventures' interest and tax	(6.6)	–	–	(6.6)
Profit/(loss) before finance costs, amortisation and tax	43.5	18.7	(27.9)	34.3
Net finance (costs)/income	(17.5)	(0.7)	17.5	(0.7)
Amortisation costs	–	(1.0)	–	(1.0)
Profit/(loss) before taxation	26.0	17.0	(10.4)	32.6
Income tax expense				(7.8)
Profit after tax of discontinued operations				24.8

The Linden Homes and Partnerships & Regeneration segments (which comprise the housebuilding operations) and certain other assets and liabilities were transferred to Vistry Group plc on 3 January 2020 (including the £100m Private Placement notes and two of the Group's defined benefit pension schemes).

Gain on sale and distribution of the discontinued operations	2020 £m
Net proceeds received	476.3
Transaction costs	(18.9)
Total net disposal consideration	457.4
Carrying amount of net assets sold	(969.2)
	(511.8)
Fair value of distribution of Galliford Try Homes Limited	840.0
Net gain on sale before income tax	328.2
Income tax expense on gain	–
Net gain on sale after income tax	328.2
Net profit from discontinued operations for the year per Income Statement	353.0

The total proceeds received of £476.3m consisted of £300.0m in cash, the transfer of the £100.0m Private Placement 10-year sterling notes to the buyer and a further working capital adjustment of £76.3m. The Group incurred total third-party adviser fees, professional fees and stamp duty in respect of the transaction of £18.9m, resulting in net disposal proceeds of £457.4m. The carrying amount of net assets immediately prior to the disposal in respect of the discontinued operations was £969.2m.

As indicated above, Linden Homes was disposed via a distribution to shareholders. The owner of each Galliford Try share (in Galliford Try Limited, formerly Galliford Try plc) received 0.57406 shares in Vistry Group plc (formerly Bovis Homes plc) as well as one replacement share in Galliford Try Holdings plc. Under IFRIC 17 Distributions of Non-cash Assets to Owners, this distribution is reflected at fair value, with the difference between the fair value of the assets distributed and their carrying value (within the total housebuilding net assets carrying value of £969.2m) reflected in profit or loss. Based on the market value of the shares in Vistry Group plc at the time of completion (of £13.12), the fair value of the assets distributed was £840.0m.

Finally, as a result of the transaction, incorporating the disposal of the housebuilding divisions, the completion of the court-approved scheme of arrangement, reorganisation of the Group structure with the insertion of Galliford Try Holdings plc as the ultimate parent of the Group (under Part 26 of the Companies Act 2006) and the subsequent capital reduction of Galliford Try Limited, the Group's consolidated share premium and other reserves were reduced by £197.7m to nil and increased by £80.9m to £85.7m respectively, with the net balance recycled through retained earnings.

This resulted in a net gain on sale from the transaction of £328.2m, which in addition to the trading profit for the year of £24.8m, resulted in a net profit for the year from discontinued operations of £353.0m, as reflected in the Income Statement.