

Linden Limited

Annual report and Financial statements

For the year ended 30 June 2015

Registered number: 01108676



Linden Limited

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Linden Limited

Directors and advisers

Directors

G Fitzgerald
PD Cooper (resigned 01 October 2015)
MR Farnham
GH Locke (resigned 30 June 2015)
S Teagle
T Nicholson
A Richards
AR Hammond (appointed 1 July 2015)
PM Truscott (appointed 01 October 2015)

Company secretary

Galliford Try Secretariat Services Limited

Registered office

Cowley Business Park
Cowley
Uxbridge
Middlesex
England
UB8 2AL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2WN

HSBC Bank plc
70 Pall Mall
London
SW1Y 5EZ

Linden Limited

Strategic report for the year ended 30 June 2015

The directors present their strategic report of Linden Limited ("the Company"), for the year ended 30 June 2015.

Review of business

The principal activities of the Company are residential property development on sites within the United Kingdom.

The Company is a wholly owned subsidiary of an ultimate parent undertaking, Galliford Try plc, based in the United Kingdom for which Group financial statements are prepared. The Company's principal operating and financial risks and key performance indicators are integrated with those of the Group. These are set out in the Business Review of the Annual Report of Galliford Try plc.

Linden Homes including its joint ventures completed 2,769 properties during the financial year (2014: 2,887) and the average selling price of private houses rose by 7% to £327,000, principally because the mix of product changed towards more expensive houses. The average selling price of the affordable housing was £120,000 (2014: £124,000). Revenue included sales of land predominantly into strategic joint ventures of £51.1 million (2014: total land sales of £7.2 million). These factors contributed to a revenue increase within Linden Limited of 10.5%.

Operating margins in Linden Limited also improved from 15.1% to 17.0%:

- using more land bought at current prices and from higher margin land coming through from the strategic land portfolio;
- a continued focus on business development;
- procurement savings;
- ongoing success with land sales; and
- further increases in revenue from the affordable housing developments.

During the year, Galliford Try plc transferred their investment holding in Linden Holdings Limited to the Company at net book value. The Company waived an intercompany receivable due from Linden Holdings Limited which was treated as a capital contribution thereby increasing the investment carrying value. The Company then transferred its 100% holding in Linden Holdings Limited to another Group company at net book value.

During the year Try Homes Limited, a fellow subsidiary undertaking transferred its 50% holding in Fairfields Redevelopments Limited to the Company at net book value.

Principal risks, uncertainties and key performance indicators

From the perspective of the Company, the principal risks and uncertainties are integrated with that of Galliford Try plc and are not managed separately. These are discussed within the Group's annual report.

The directors of Galliford Try plc manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of Galliford Try plc, which includes the Company, is discussed in the Group's annual report, which does not form part of this report.

Linden Limited

Strategic report for the year ended 30 June 2015 (continued)

General

The Company's profit for the financial year was £73,546,909 (2014: £53,992,674), of which £58,837,600 which will be added to reserves and used to fund a dividend payment. The Company paid a dividend during the year of £51,100,000 and post year end has made a dividend payment of £58,837,600.

By order of the board

A.S. Wile

Galliford Try Secretariat Services Limited
Company Secretary

11 DECEMBER 2015

Linden Limited

Directors' Report for the year ended 30 June 2015

The directors present their annual report and the audited financial statements of Linden Limited ("the Company"), registered number 01108676 for the year ended 30 June 2015.

Future developments

The directors do not expect any significant changes to the principal activities of the company in the foreseeable future.

Dividends

During the year the directors have paid a dividend of £51.1 million to their parent company. Since the year end, the directors have recommended and paid a further dividend of £59.0 million to its parent company (2014: £ Nil).

Political and charitable donations

The company is exempt from disclosing political and charitable donations as it is a wholly owned subsidiary incorporated in the United Kingdom.

Financial risk management

The Company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The policies to mitigate the potential impact of these financial risks are set by the directors, who monitor their effectiveness on a monthly basis during board meetings.

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Weekly reviews of the debtors ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the Company's liquidity position.

The rates of interest earned or paid on the Group's cash balances and loans and overdrafts are monitored on an ongoing basis with regular reviews of the Galliford Try Group banking arrangements. Deposits, loans and overdrafts are made with reference to these facilities, in conjunction with projections of future cash requirements.

The Galliford Try Group actively maintains an appropriate level of cash reserves that are available for operations and planned expansions of the group as a whole. The Group ensures that sufficient cash reserves are made available to its subsidiary undertakings.

Directors

The present directors of the Company are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements, except as stated below.

AR Hammond and PM Truscott were appointed as directors of the Company on 01 July 2015 and 01 October 2015 respectively.

GH Locke and PD Cooper resigned as directors of the Company on 30 June 2015 and 01 October 2015 respectively.

Qualifying third-party and pension scheme indemnity provisions

Following shareholders' approval, the Company has provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in force throughout the year and up to the date of signing these financial statements.

Linden Limited

Directors' Report for the year ended 30 June 2015 (continued)

Employees

The Company is an equal opportunities employer.

It is the Company's policy to give full and fair consideration to applications for employment by disabled persons, to continue wherever possible the employment of those who became disabled and to provide equal opportunities for the training, retraining, career development and promotion of disabled persons.

The establishment and maintenance of safe working practices are of the greatest importance to the Company and special training in health and safety is provided for employees.

Within the bounds of commercial confidentiality, management disseminates information to, and consults with, all levels of staff about matters that affect the progress of the Company and are of interest and concern to them as employees. This has been achieved through road shows hosted at all the major business sites, webcasts of the annual results and through updates on the intranet. The Company also encourages employee involvement in the Company's performance by the operation of employee incentive schemes.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 Company and of the profit or loss of the Company 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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- 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.

Linden Limited

Directors' Report for the year ended 30 June 2015 (continued)

Disclosure of information to auditors

Each of the persons who is a director at the date of the approval of this report confirms that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent auditors

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

The report of the directors was approved by the board of directors on 11/12/2015 and signed by its order by:

A.S. White

Galliford Try Secretariat Services Limited
Company secretary

Independent auditors' report to the members of Linden Limited

Report on the financial statements

Our opinion

In our opinion, Linden Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

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

- the Balance sheet as at 30 June 2015;
- the Income statement for the year then ended;
- the Statement of changes in equity 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 set out on page 5, 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

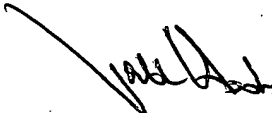
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the 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.



Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place, London
11 December 2015

Linden Limited**Income statement for the year ended 30 June 2015**

	Note	2015 £'000	2014 £'000
Turnover		786,506	711,756
Cost of sales		(602,406)	(557,253)
Gross profit		184,100	154,503
Administrative expenses		(51,043)	(50,413)
Income from shares in group undertakings		410	3,646
Operating profit		133,467	107,736
Other interest receivable and similar income	3	4,072	3,243
Interest payable and similar charges	3	(43,039)	(41,024)
Profit on ordinary activities before taxation	4	94,500	69,955
Tax on profit on ordinary activities	5	(20,953)	(15,962)
Profit for the financial year		73,547	53,993

There are no recognised gains and losses other than those shown in the income statement above and therefore no separate statement of comprehensive income has been presented.

There is no material difference between the results shown in the income statement above and their historical cost equivalents for the financial year stated above.

All results are derived from continuing operations.

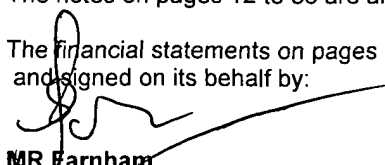
Linden Limited

Balance sheet as at 30 June 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Goodwill		300	–
Property, plant and equipment	7	817	193
Investments in subsidiaries	8	67,318	66,052
Investments in joint ventures	9	186	33
Trade and other receivables	13	27,273	44,586
Deferred income tax asset	20	45	85
Financial Assets:			
Available for sale financial assets	10	500	15,315
Total non current assets		96,439	126,264
Current assets			
Developments	11	930,683	814,368
Trade receivables	13	596,575	395,278
Cash at bank and on hand	14	1,390	52,805
Total current assets		1,528,648	1,262,451
Total assets		1,625,087	1,388,715
Liabilities			
Current liabilities			
Bank borrowings and overdrafts	18	(560,032)	(589,448)
Trade and other payables	15	(720,820)	(573,462)
Corporation tax payable	16	(6,463)	(1,553)
Other provisions		(155)	(155)
Total current liabilities		(1,287,470)	(1,164,618)
Net current assets		241,178	97,833
Non current liabilities			
Provisions for liabilities	17	(16)	(53)
Other non current liabilities	19	(193,889)	(102,854)
Total non current liabilities		(193,905)	(102,907)
Total liabilities		(1,481,375)	(1,267,525)
Net assets		143,712	121,190
Equity			
Ordinary shares	21	30,000	30,000
Retained earnings		113,712	91,190
Total equity		143,712	121,190

The notes on pages 12 to 38 are an integral part of these financial statements.

The financial statements on pages 9 to 38 were approved by the Board of directors on and signed on its behalf by:



MR Farnham
Director

Registered number: 01108676

11 DECEMBER 2015

Linden Limited

Statement of changes in equity for the year ended 30 June 2015

	Note	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
As at 1 July 2013		30,000	37,197	67,197
Profit for the financial year		–	53,993	53,993
At 1 July 2014		30,000	91,190	121,190
Dividends	6	–	(51,100)	(51,100)
Profit for the financial year		–	73,547	73,547
Share based payments		–	75	75
At 30 June 2015		30,000	113,712	143,712

Linden Limited

Notes to the financial statements for the year ended 30 June 2015

1. Accounting policies

General Information

Linden Limited ('the Company') is a limited company incorporated, and domiciled in England and Wales (Registered number: 01108676). The address of the registered office is Linden Limited, Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL. Refer to note 27 for details of the immediate and ultimate parent undertaking.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the Company operates. The amounts stated are denominated in thousands (£'000).

Basis of accounting

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 27 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with EU-adopted IFRS was not material on the shareholders' equity as at the date of transition and as at 30 June 2015 and on the profit or loss for the year ended 30 June 2015.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present cash flow statement.
- The requirements of paragraph 45(b) and 46 to 52 of IFRS 2, Share Based Payments
- The requirements of IFRS 7, Financial Instrument Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 fair value measurement
- The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, and the requirements in IAS 24 to disclose related party transactions between two members of the Galliford Try group.
- The requirements of paragraph 134 of IAS 36 impairment of assets.

The financial statements have been prepared on the going concern basis and under the historical cost convention. A summary of the more important accounting policies is set out below.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

1. Accounting policies (continued)

Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

(i) Estimation of costs to complete and loss provisions

In order to determine the profit and loss that the Company is able to recognise on its developments and construction contracts in a specific period, the Company has to allocate total costs of the developments and construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation. However, Company management has established internal controls to review and ensure the appropriateness of estimates made.

Basis of consolidation

These separate financial statements contain information about Linden Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Galliford Try plc, a listed company incorporated and domiciled in England and Wales.

Turnover and profit

Turnover is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. Turnover comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Sales within the Company are eliminated. Turnover also includes the Company's proportion of work carried out under jointly controlled operations. The Company's revenue relates to one class of business and is all generated in the UK.

Turnover and profit are recognised as follows:

(i) House building and land sales

Turnover from private housing sales is recognised at legal completion, net of incentives. Turnover from land sales is recognised on the unconditional exchange of contracts. Profit is recognised on a site by site basis by reference to the expected result of each site. Contracting development sales for affordable housing are accounted for as construction contracts.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

1. Accounting policies (continued)

Revenue and profit (continued)

(ii) Construction contracts

Turnover comprises the value of construction executed during the year and contracting development sales for affordable housing. The results for the year include adjustments for the outcome of contracts, including jointly controlled operations, executed in both the current and preceding years.

(a) Fixed price contracts - Turnover is recognised based upon an internal assessment of the value of works carried out. This assessment is arrived at after due consideration of the performance against the programme of works, measurement of the works, detailed evaluation of the costs incurred and comparison to external certification of the work performed. The amount of profit to be recognised is calculated based on the proportion that costs to date bear to the total estimated costs to complete. Turnover and profit are not recognised in the income statement until the outcome of the contract is reasonably certain. Adjustments arise from claims by customers or third parties in respect of work carried out and claims and variations on customers or third parties for variations on the original contract. Provision for claims against the Company is made as soon as it is believed that a liability will arise, but claims and variations made by the Company are not recognised in the income statement until the outcome is virtually certain. Provision will be made against any potential loss as soon as it is identified.

(b) Cost plus contracts - Turnover is recognised based upon costs incurred to date plus any agreed fee. Where contracts include a target price, consideration is given to the impact on revenue of the mechanism for distributing any savings or additional costs compared to the target price. Any turnover over and above the target price is recognised once the outcome is virtually certain. Profit is recognised on a constant margin throughout the life of the contract. Provision will be made against any potential loss as soon as it is identified.

Amounts recoverable on contracts and payments on account are calculated as cost plus attributable profit less any foreseeable losses and cash received to date and are included in receivables or payables as appropriate.

Interest income and expense

Interest income and expense is recognised on a time proportion basis using the effective interest method.

Dividend policy

Final dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Income tax

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

The Company surrenders tax losses and other allowances by group relief to other Galliford Try Group companies. The party accepting such surrender pays the company an amount equal to the amount of tax such accepting party would have paid but for such surrender.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

1. Accounting policies (continued)

Income tax (continued)

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax is accounted for on an undiscounted basis. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying temporary differences can be deducted.

Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income, when it is charged or credited there.

Property, plant and equipment

Land and buildings comprise mainly offices and are stated at cost less impairment. All other property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated to write off the cost of each asset to estimated residual value over its expected useful life. Freehold land and buildings are not depreciated. The annual rates of depreciation are as follows:

On cost or reducing balance:

Plant and machinery	15% to 33%
Fixtures and fittings	10% to 33%
Freehold Buildings	2% on cost

In addition to systematic depreciation, the book value of property, plant and equipment would be written down to estimated recoverable amount should any impairment in the respective carrying values be identified. The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

Repairs and maintenance expenditure is expensed as incurred on an accruals basis.

Investments in subsidiaries

Investments are stated at cost plus incidental expenses less any provision for impairment.

Investments in joint ventures

A joint venture is a contractual arrangement whereby the Company undertakes an economic activity that is subject to joint control with third parties. The Company's interest in joint ventures is accounted for as an investment on the balance sheet.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

1. Accounting policies (continued)

Available for sale financial assets

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. On initial recognition the asset is recognised at fair value plus transaction costs. Available for sale financial assets are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the year.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

Inventories and developments

Inventories are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value.

Where a development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development including direct costs and directly attributable overheads. To the extent that the Company anticipates selling a development in its current state then net realisable value is taken as open market value at the balance sheet date less any anticipated selling costs.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (typically more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within cost of sales.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against cost of sales in the income statement. Short term trade receivables do not carry any interest and are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the Company's cash management.

Bank deposits with an original term of more than three months are classified as short term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

Bank and other borrowings

Interest bearing bank loans and overdrafts and other loans are originally recognised at fair value net of transaction costs incurred. Such borrowings are subsequently stated at amortised cost with the difference between initial fair value and redemption value recognised in the income statement over the period to redemption.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method.

Re-financing costs associated with new borrowing arrangements are included within the borrowing amount and amortised over the period of the loan.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate.

Provisions for liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

1. Accounting policies (continued)

Retirement benefit obligations

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge disclosed in note 24 represents contributions payable by the Company to the fund. Contributions to the Group's defined contribution scheme are determined as a percentage of employees earnings and are charged to the income statement on an accruals basis.

The Company participates in a group operated defined benefit pension scheme, the assets of which are held separately from those of the Company in independently administered funds. As the Company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme.

2. Employees and directors

Employee benefit expense for the Company for the year is:

	2015 £'000	2014 £'000
Wages and salaries	50,426	43,273
Redundancy and termination costs	1	228
Social security costs	5,830	4,970
Retirement benefit costs	2,973	4,320
	59,230	52,791

The average monthly number of people including executive directors employed is:

	2015 Number	2014 Number
By activity:		
Production and sales	589	575
Administration and support	365	302
Management	125	98
Average number of employees during the period	1,079	975

The disclosure above includes employees who are employed by Galliford Try Employment Limited, a fellow subsidiary company, who are seconded to Linden Limited and their costs are recharged to the Company accordingly.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

2. Employees and directors (continued)

Highest paid director

	2015 £'000	2014 £'000
Aggregate emoluments	542	391
Company pension contributions to money purchase schemes	28	46
	570	437

Directors' aggregate emoluments

	2015 £'000	2014 £'000
Aggregate emoluments	2,584	2,191
Company pension contributions to money purchase schemes	179	172
	2,763	2,363

The emoluments of G Fitzgerald are paid by Galliford Try plc. He is also a director of fellow subsidiaries of Galliford Try plc and it is not possible to make an accurate apportionment in respect of his emoluments to this subsidiary. Accordingly, the above details include no emoluments in respect of this director. His emoluments are disclosed in the annual report of Galliford Try plc.

3. Interest payable and similar charges / Other interest receivable and similar income

	2015 £'000	2014 £'000
Other interest receivable and similar income		
- Interest receivable external	2	224
- from group undertakings	112	571
- from joint ventures	3,284	1,364
- from associated undertakings	159	–
- Unwind of discount on shared equity receivables	505	1,084
- Other interest income	10	–
Other interest receivable and similar income	4,072	3,243
Interest payable and similar charges		
- on bank overdrafts	–	(1,580)
- to group undertakings	(41,047)	(37,469)
- other interest payable	(1,992)	(1,975)
Interest payable and similar charges	(43,039)	(41,024)
Net finance costs	(38,967)	(37,781)

Linden Limited**Notes to the financial statements for the year ended 30 June 2015 (continued)****4. Profit on ordinary activities before taxation**

The following items have been included in arriving at the profit on ordinary activities before taxation:

	2015	2014
	£'000	£'000
Employee benefits expense	59,230	52,791
Depreciation of property, plant and equipment		
- Owned assets	187	151
Profit on sale of available for sale financial assets	(103)	(547)
Other operating lease rentals payable		
- Property	1,366	1,023
Developments recognised as an expense	599,837	554,514
Repairs and maintenance expenditure on property, plant and equipment	375	554

Services provided by the Company's auditors

During the year the Company obtained the following services from the Company's auditors at costs as detailed below:

	2015	2014
	£'000	£'000
Fees payable to the Company's auditors for the audit of the financial statements	121	78

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

5. Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Current tax for the year	(18,681)	(15,902)
Deferred tax (expense) / credit	(11)	7
Adjustments in respect of prior years		
Current tax	(2,229)	—
Deferred tax	(32)	(67)
Income tax expense	(20,953)	(15,962)

The total income tax expense for the year of £20,953,018 (2014: expense £15,961,542) is higher than (2014: lower than) blended standard rate of corporation tax in the UK of 20.75% (2014: 22.50%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	94,500	69,955
Profit before income tax multiplied by the blended standard rate in the UK of 20.75% (2014: 22.50%)	(19,609)	(15,740)
Expenses not deductible for tax purposes	(29)	(566)
Non taxable income	85	820
Share of LLP's tax	861	(409)
Adjustments in respect of prior years	(2,261)	(67)
Income tax expense	(20,953)	(15,962)

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for the previous financial year were taxed at a blended standard rate of 22.5%. The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this financial year are taxed at a blended standard rate of 20.75%.

In addition to the changes in rates of corporation tax disclosed above, further changes to the UK Corporation tax system were announced in the July 2015 UK Budget Statement. These included reductions to the main rate of corporation tax to 19% from April 2017 and 18% from April 2020. These rate reductions had not been substantively enacted at the balance sheet date and, therefore, the relevant deferred tax balances have not been remeasured. The effect on the deferred tax balances, had the new rates been applied for this financial year, would not have been significant.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

6. Dividends

	2015 £'000	£ per share
Paid in the year	51,100	1,703

During the year, the directors of the Company waived the intercompany balance due from Galliford Try Homes Limited of £1.1 million. This transaction has been recorded as a distribution to its parent, Galliford Try Homes Limited. The Company also paid a cash dividend of £50.0 million to its parent company during the year.

Since the year end, the directors have paid a dividend of £58.8 million at £1,961.00 per share, on 30 October 2015 to its parent company

7. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 01 July 2014	135	128	1,116	1,379
Additions	17	8	786	811
At 30 June 2015	152	136	1,902	2,190
Accumulated depreciation				
At 01 July 2014	56	119	1,011	1,186
Charge for the year	10	10	167	187
At 30 June 2015	66	129	1,178	1,373
Net book amount				
At 30 June 2015	86	7	724	817
At 30 June 2014	79	9	105	193

There are no assets held under finance lease (2014: £Nil).

The cost of land and building primarily relates to freehold properties and leasehold improvements.

There has been no impairment of property, plant and equipment during the year (2014: £Nil).

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

8. Investments in subsidiaries

	£'000
Cost	
At 01 July 2014	70,120
Capital contributions	29,109
Transfers to group undertakings	(27,843)
At 30 June 2015	71,386
Aggregate impairment	
At 01 July 2014	(4,068)
At 30 June 2015	(4,068)
Net book value	
At 30 June 2015	67,318
At 30 June 2014	66,052

During the year, Galliford Try plc transferred 100% of its investment held in Linden Holdings Limited at net book value to the Company. The Company waived an intercompany receivable due from Linden Holdings Limited which was treated as a capital contribution thereby increasing the investment carrying value. The Company then transferred its 100% holding in Linden Holdings Limited to another Group company at net book value.

During the year Try Homes Limited, a fellow subsidiary undertaking transferred its 50% holding in Fairfield's Redevelopments Limited to the Company. The transactions above have been recorded as an equivalent transaction within intercompany payables.

The carrying value of investments has been reviewed and the directors are satisfied that there is no impairment.

The Company holds 100% of the ordinary £1 shares in its subsidiaries, unless otherwise stated. All the subsidiary companies were incorporated in England and Wales.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

8. Investments in subsidiaries (continued)

The subsidiary undertakings of the Company are:

Entity Name	Proportion of capital held
Fairfield Developments Limited*	
Linden (Ashlar) Court*	100%
Linden (St Bernard's) Limited*	100%
Linden Barnet LLP	100%
Linden (Biddenham) LLP	100%
Linden (Shinfield) LLP	100%
Linden Boorley Green LLP	100%
Linden Cornwall Limited	100%
Linden Devon Limited	100%
Linden Guildford Limited	100%
Linden Homes Eastern LLP	100%
Linden Kingsteignton Limited	100%
Linden London LLP	100%
Linden London (Hammersmith) Limited	100%
Linden London Developments Limited*	100%
Linden Midlands Limited*	100%
Linden North Limited*	100%
Linden Partnerships Limited	100%
Linden Properties Western Limited*	100%
Linden South West Limited*	100%
Linden Albans LLP	100%
Linden (York Road) LLP	100%
Rasen Estates Limited	100%
Redplay Limited	100%
Rosemullion Homes Limited	100%
Try Homes Central Limited*	100%

* Shares of these subsidiary companies are owned directly by the Company.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

9. Investments in joint ventures

	£'000
Cost	
At 01 July 2013	33
At 01 July 2014	33
Additions	153
At 30 June 2015	186

Joint ventures

At 30 June 2015 the Company held interests in the following joint ventures which are incorporated in England and Wales:

Name	Year end	% shareholding of ordinary shares of £1
Crest / Galliford Try (Epsom) LLP	31 October	50%
Linden (Battersea Bridge Road) LLP	30 September	50%
Linden (Vencourt) LLP	30 June	50%
Linden and Dorchester Limited	30 June	50%
Linden and Dorchester Portsmouth Limited	30 June	50%
Linden (Hartfield Road) LLP	30 June	50%
Linden Homes Westinghouse LLP	31 March	50%
Linden Wates (Cranleigh) Limited	31 December	50%
Linden Wates Developments (Chichester) Limited	31 December	50%
Linden Wates (Dorking) Limited	31 December	50%
Linden Wates (Horsham) LLP	30 June	50%
Linden Wates (Kempshott) Limited	31 December	50%
Linden Wates (Ravenscourt Park) Limited	31 December	50%
Linden Wates (Ridgewood) Limited	31 December	50%
Rissington Management Company Limited	31 December	50%
Shoo 22 Limited	30 June	38%
The Piper Building Limited	31 December	50%
Linden Wates (The Frythe) Limited	31 December	50%
Linden Wates (West Hampstead) Limited	31 December	50%
Linden Wates Developments (Folders Meadow) Limited	31 December	50%
Linden / Downland Graylingwell LLP	31 March	50%
Shoo 22 Limited	31 March	50%
Ramsden Regeneration LLP	31 March	50%

Linden Limited**Notes to the financial statements for the year ended 30 June 2015 (continued)****10. Available for sale financial assets**

	2015 £'000
At 1 July 2013	17,693
Unwind of discount on shared equity receivables	1,084
Impairment	(1,078)
Disposals	(2,384)
At 01 July 2014	15,315
Unwind of discount on shared equity receivables	505
Impairment	227
Disposals	(15,547)
At 30 June 2015	500

The available for sale assets comprise of shared equity receivables. The shared equity receivables are largely with repayment dates that can vary and variable repayment amounts, provided as part of the sales transaction and are secured by a second legal charge on the related property. The assets are recorded at fair value, being the estimated future receivable by the Company, discounted back to present values. The fair value of the future anticipated receipts takes into account the directors' view of future house price movements, the expected timing of receipts and credit risk. These assumptions are reviewed at the end of each financial reporting year. The difference between the anticipated future receipt and the initial fair value is credited over the estimated deferred term to finance income, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. Credit risk, which is largely mitigated by holding a second charge over the property is accounted for in determining the fair values and appropriate discount rates are applied. The directors' review the financial assets for impairment at each balance sheet date.

During the year the Company's investment in shared equity receivables decreased by £14,815,000 (2014: £2,378,000) and £505,083 (2014: £1,084,000) arose on the unwind of the discount applied on initial recognition of the receivables at fair value which has been shown as finance income in the income statement. The shared equity receivables are secured by a charge over the related property.

An impairment of £227,425 (2014: £1,078,000) arose in the year due to variances between the valuation assumptions used for future house prices compared to the actual outturn. This amount has been charged to the income statement.

Disposals in the year of £15,547,218 (2014: £2,384,000) relate to the repayment of shared equity receivables and sale of the portfolio to a third party generating a profit of £103,000 (2014: £547,000).

Linden Limited**Notes to the financial statements for the year ended 30 June 2015 (continued)****11. Developments**

	2015 £'000	2014 £'000
Land	714,055	582,353
Work in progress	216,628	232,015
	930,683	814,368

12. Construction contracts

	2015 £'000	2014 £'000
Contracts in progress at balance sheet date:		
Amounts recoverable on construction contracts included in trade and other receivables	3,363	5,350
	3,363	5,350

The aggregate amount of cost incurred plus recognised profits (less recognised losses) for all contracts in progress at the balance sheet date was £116,239,133 (2014: £118,931,918)

Retentions held by customers for contract work amounted to £3,362,874 (2014: £2,834,219).

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

13. Trade and other receivables

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade receivables	66,003	22,689
Amounts recoverable on construction contracts	3,363	5,350
Amounts owed by group undertakings	355,956	279,196
Amounts owed by joint ventures	138,719	65,450
Other debtors	12,050	4,904
Recoverable value-added tax	4,031	3,555
Prepayments and accrued income	16,453	14,134
	596,575	395,278

	2015 £'000	2014 £'000
Amounts falling due in more than one year:		
Amounts owed by joint ventures	27,273	42,058
Other debtors	—	2,528
	27,273	44,586

Amounts owed by group undertakings do not bear interest, have no fixed date of repayment and are repayable on demand.

Trade and other receivables do not contain any assets that are past due or impaired (2014: £nil).

14. Cash at bank and in hand

	2015 £'000	2014 £'000
Cash at bank and in hand	1,390	52,805

The effective interest rate received on cash balances is 0.8% (2014: 0.7%)

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

15. Trade and other payables

	2015 £'000	2014 £'000
Development land payables	172,509	113,799
Trade payables	50,349	51,077
Amounts owed to group undertakings	353,749	291,975
Amounts owed to joint ventures	20,029	13,448
Other taxation and social security, payable	2,057	1,175
Other creditors	104	8
Accrued liabilities and deferred income	122,023	101,980
	720,820	573,462

Amounts owed to fellow group undertakings are non-interest bearing, unsecured and repayable on demand.

16. Current income tax liabilities

	2015 £'000	2014 £'000
Corporation tax payable	6,463	1,553

17. Provisions for other liabilities and charges

	2015 £'000
Current	
At 01 July 2014	155
At 30 June 2015	155
Non current	
At 1 July 2014	53
Current year movement	(37)
At 30 June 2015	16

Linden Limited**Notes to the financial statements for the year ended 30 June 2015 (continued)****18. Financial liabilities - borrowings**

	2015	2014
	£'000	£'000
Current		
Bank borrowings and overdrafts - secured	560,032	589,448

The bank overdrafts are secured by a fixed charge over certain of the Company's and Group's developments. They currently incur interest at 2.0%- 2.3% (2014: 2.25% - 2.55%) over LIBOR.

19. Other non current liabilities

	2015	2014
	£'000	£'000
Development land payables	189,100	100,518
Accrued liabilities and deferred income	4,789	2,336
	193,889	102,854

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

20. Deferred taxation

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2014: 21%).

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 2015 was:

	2015 £'000	2014 £'000
Deferred tax asset	45	85

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

	2015 £'000	2014 £'000
At 1 July 2014	85	117
Income statement		
Adjustment to prior year's deferred income tax	(32)	–
Current year deferred income tax	(8)	(32)
At 30 June 2015	45	85

Deferred income tax assets have been recognised in respect of all the losses and other temporary differences because it is probable that these will be recovered.

21. Ordinary shares

	Number of shares	Ordinary shares £'000
Allotted and fully paid ordinary shares of £1		
At 01 July 2014	30,000	30,000
At 30 June 2015	30,000	30,000

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

22. Financial commitments

The Company has entered into non-cancellable contracts for the operational leasing of land and buildings and plant and machinery. The leases have various terms, escalation clauses and renewal rights. The maximum commitments for payments under these contracts are as follows:

	2015 Property £'000	2014 Property £'000
Amounts due:		
Within one year	1,371	953
Later than one year and less than five years	5,419	3,790
After five years	4,111	2,700
	10,901	7,443

Galliford Try plc, together with certain of its subsidiaries, has entered into arrangements with HSBC Bank plc, The Royal Bank of Scotland plc, Abbey National Treasury Services plc and Barclays Bank plc to guarantee the borrowings of Group companies.

23. Guarantees and contingent liabilities

The parent company Galliford Try plc and group subsidiary companies have entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued on behalf of the group undertakings, including joint arrangements and joint ventures, in the normal course of the business amounting to £312.3 million (2014: £201.0 million).

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Company's financial position.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

24. Retirement benefit obligations

The Company's principal funded pension scheme is the Galliford Try Final Salary Pension Scheme (based on final pensionable salary) with assets held in separate trustee administered funds which was closed to all future service accrual on 31 March 2007. The Company is unable to identify its share of the assets and liabilities of the group defined benefit scheme. This is because of historical changes within the group and the pension scheme, which means that it is not possible to accurately identify the original employer of all active and deferred pensioners. Hence, the Company accounts for contributions as if they were to a defined contribution pension scheme. The Company operates a pension salary sacrifice scheme which means that all employee pension contributions are now paid as employer contributions on their behalf. All staff employees are entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a Company contribution based on a scale dependent on the employees age and the amount they choose to contribute.

Pension costs for the schemes were as follows:

	2015 £'000	2014 £'000
Defined benefit schemes - Expense recognised in the income statement	378	378
Defined contribution schemes	2,595	3,942
Total included within employee benefit expenses	2,973	4,320

Defined benefit schemes

The following disclosures relate to the Galliford Try defined benefit scheme in which the Company participates.

An independent actuary performs detailed triennial valuations together with periodic interim reviews. The most recent completed formal valuation of the Galliford Try Final Salary Pension Scheme was carried out as at 1 July 2012 by Mercer the scheme actuary. The accounting results for the Galliford Try Final Salary Pension Scheme have been calculated using a roll forward approach, based on the liabilities calculated for the 1 July 2012 actuarial valuation.

The deficit recovery funding plan agreed with the Trustees in 2013 required the Company to pay contributions of £466,667 per calendar month until February 2019, with potential additional payments being linked to dividend payments of the Company. The Galliford Try Final Salary Pension Scheme closed to future accrual with effect from 31 March 2007.

The most recent actuarial valuation of the Galliford Group Special Scheme was prepared using the attained age method as at 1 April 2013. A deficit recovery funding plan was agreed with the Trustees to meet the funding shortfall, which required the Company to pay contributions of £16,000 per calendar month until September 2014. These contributions have all been paid. The funding deficit has been recovered and the payments have stopped.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

24. Retirement benefit obligations (continued)

Principal assumptions

The principal actuarial assumptions used in the calculation of the disclosure items are as follows:

	30 June 2015	30 June 2014	30 June 2013
Rate of increase in salaries	n/a	n/a	n/a
Pension increases (limited price indexation)	3.25%	3.30%	3.30%
Discount rate applied to plan liabilities	3.75%	4.20%	4.50%
Retail price inflation	3.35%	3.40%	3.40%
Consumer price inflation	2.35%	2.40%	2.40%

Life expectancy assumptions (for the Galliford Try Final Salary Pension Scheme)

For the Galliford Try Final Salary Pension Scheme, the life expectancies as at 30 June 2014 are based on S1PA tables (90% scaling factor applied for males), with a future improvement in mortality assumption in line with CMI 2012 tables, with a long term rate of improvement of 1.5% p.a. The life expectancies as at 30 June 2013 were based on S1PA tables (90% scaling factor applied for males), with a future improvement in mortality assumption in line with CMI 2011 tables, with a long-term rate of improvement of 1.5% p.a.

	30 June 2015	30 June 2014
Male member age 65 (current life expectancy)	23.9	23.8
Male member age 45 (life expectancy at age 65)	26.1	26.0
Female member age 65 (current life expectancy)	25.5	25.4
Female member age 45 (life expectancy at age 65)	27.8	27.7

Assets in the Scheme

The fair value of the assets, and present value of the obligations at 30 June of the Group's defined benefit arrangements are as follows:

	2015 Value £'000	2015	2014 Value £'000	2014
Equities	30,233	14%	28,455	14%
Bonds	67,728	32%	65,161	33%
Gilts	47,935	22%	75,421	38%
Diversified growth funds	27,432	13%	26,920	14%
Liability driven investment	39,339	18%	—	—%
Cash and other	1,000	1%	946	1%
Total market value of assets	213,667		196,903	
Present value of liabilities	(212,557)		(195,808)	
Surplus in the scheme	1,110		1,094	

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

24. Retirement benefit obligations (continued)

Assets in the Scheme (continued)

Where investments are held in bonds, gilts and cash, the expected long term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is expected on equity investments, which is based on more realistic future expectations than on the returns that have been available historically.

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of scheme liabilities to changes in the principal assumptions is set out below.

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1 %	Decrease by £4.2 million
Rate of inflation	Increase by 0.1 %	Increase by £2.4 million
Increase in pension payments	Increase by 0.1 %	Increase by £1.9 million
Life expectancy	Increase by one year	Increase by £6.7 million

Accounting results

The amounts recognised in the income statement are as follows:

	2015 £'000	2014 £'000
Net interest (income) / expense on net defined benefit asset	(197)	(94)
Expenses	400	408
Expenses recognised in income statement	203	314

The actual return on scheme assets was of £19,486,000 (2014: £14,648,000).

The amounts recognised in the statement of comprehensive income are as follows:

	2015 £'000	2014 £'000
Total amount of actuarial (gains) / losses in the year	5,800	5,001
Cumulative actuarial losses	43,398	37,624

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

24. Retirement benefit obligations (continued)

	2015 £'000	2014 £'000
Movement in the present value of defined benefit obligations		
The beginning of the year	195,808	182,683
Interest cost	8,060	8,078
Experience gains / (losses)	100	550
Actuarial gains arising from changes in financial assumptions	16,530	11,564
Actuarial (losses) / gains arising from changes in demographic assumptions	400	(638)
Benefit payments	(8,341)	(6,429)
The end of the year	212,557	195,808
Movement in fair value of scheme assets		
The beginning of the year	196,903	183,183
Interest income	8,256	8,172
Return on plan assets, excluding interest income	11,230	6,476
Employer contributions	6,019	5,909
Expenses	(400)	(408)
Benefit payments	(8,341)	(6,429)
The end of the year	213,667	196,903

Movement in fair value of net asset

	2015 £'000	2014 £'000
The beginning of the year	1,094	500
Net interest income	197	94
Return on plan assets, excluding interest income	11,230	6,476
Experience (losses) / gains	(100)	(550)
Actuarial (losses) / gains	(16,930)	(10,927)
Employer contributions	6,019	5,909
Expenses	(400)	(408)
The end of year	1,110	1,094

The contributions expected to be paid to the defined benefit scheme by the Galliford Try Group during the year ended 30 June 2016 are £5.8 million

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

25. Related party transactions

Transactions between the Company and other group undertakings are disclosed as follows:

	Sales to related parties		Purchases from related parties	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trading transactions				
Joint ventures	56,149	19,389	–	25

	Amounts owed by related parties		Amounts owed to related parties	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trading transactions				
Joint ventures	14,459	41,363	20,029	13,448

	Interest income from loans to related parties		Loans to related parties	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Non-trading transactions				
Joint ventures	3,284	1,364	139,084	66,145

Sales to related parties are based on terms that would be available to unrelated third parties. Receivables are due within one year (2014: one year) and are unsecured and interest free. Payables are due within one year (2014: one year) and are interest free.

Linden Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

26. Post balance sheet events

No matters have arisen since the year end that requires disclosure in the financial statements.

27. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Galliford Try Homes Limited which is registered in England and Wales. The ultimate parent undertaking and controlling party is Galliford Try plc, which is registered in England and Wales. This is the only company into which the Company's results are consolidated. Copies of the consolidated group financial statements of Galliford Try plc are publicly available from Galliford Try plc, Cowley Business Park, High Street, Cowley, Uxbridge, Middlesex, UB8 2AL.