

Galliford Try Investments Limited

Registered number: 05047034

Annual report and financial statements

Year ended 30 June 2011

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Galliford Try Investment Limited

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Galliford Try Investment Limited

Directors and advisers

Directors

FE Nelson
PR Cossins
AS Richards
LR Simmons
WJ Mackintosh

Company secretary

R Barraclough

Registered office

Cowley Business Park
Cowley
Uxbridge
Middlesex
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

Galliford Try Investment Limited

Directors' report for the year ended 30 June 2011

The directors present their annual report and the audited financial statements of Galliford Try Investments Limited, registered number 05047034, ("the company") for the year ended 30 June 2011. The report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Principal activities

The principal activity of the company in the year under review was management of Galliford Try Plc's involvement in private finance initiatives and other forms of public/private partnership projects. The company's role is to take an active equity participation in public/private partnership arrangements for public sector work.

Review of business and future developments

During the year the company reached financial close on the Halton Building Schools for the Future Project, where it has, in partnership with Vinci and Hochtief, invested in the Local Education Partnership to construct two secondary schools.

The investment in Hub South East Scotland Limited continues to function well. The advantages of the hub model are now beginning to be more fully understood and with evidence of this now being realised with 4 construction projects over the next year and it is hoped that further projects in the confirmed £50m pipeline will be contracted over the next 12 months.

Looking forward the company is well placed to participate in the UK's programme of infrastructure investment, where the company has already identified a number of key projects to pursue within the transport and education sectors.

Results and dividends

A summary of the results of the year's trading is given on page 5 of the financial statements.

The company's loss after taxation for the financial year was £642,000 (2010 profit of £3,847,000), which will be deducted from reserves.

The directors do not recommend the payment of a dividend (2010 £661,000).

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 where indicated.

Following shareholder 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.

Principal risks, uncertainties and key performance indicators

From the perspectives 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.

Galliford Try Investment Limited

Directors' report for the year ended 30 June 2011 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 he ought to have 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 6 December 2011 and signed on its behalf by



R Barraclough
Company secretary

Independent auditors' report to the members of Galliford Try Investments Limited

We have audited the financial statements of Galliford Try Investments Limited for the year ended 30 June 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 3, 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). 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.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

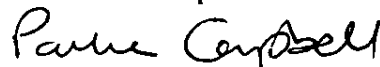
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Pauline Campbell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
8 December 2011

Galliford Try Investment Limited

Income statement for the year ended 30 June 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|---|-------|---------------|---------------|
| Continuing operations | | | |
| Revenue | | 2,233 | 8,008 |
| Cost of sales | | (823) | (2,449) |
| Gross profit/(loss) | | 1,410 | 5,559 |
| Administrative expenses | | (2,286) | (2,721) |
| Other income | | 16 | - |
| (Loss)/profit before finance costs | | (860) | 2,838 |
| Finance income | 3 | - | 14 |
| Finance costs | 3 | (23) | (4) |
| (Loss)/profit before income tax | 4 | (883) | 2,848 |
| Income tax credit | 5 | 241 | 999 |
| (Loss)/profit for the year | | (642) | 3,847 |

The notes on pages 9-24 are an integral part of these financial statements

Galliford Try Investment Limited

Balance sheet as at 30 June 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|---|-------|----------------|----------------|
| Assets | | | |
| Non current assets | | | |
| Goodwill | 6 | 1,125 | 1,125 |
| Investments in joint ventures | 7 | 1,284 | 1,699 |
| Financial assets | | | |
| - Available for sale financial assets | 8 | 606 | 606 |
| Deferred income tax assets | 15 | 19 | 19 |
| Total non-current assets | | 3,034 | 3,449 |
| Current assets | | | |
| Trade and other receivables | 10 | 3,618 | 638 |
| Current income tax assets | 11 | 270 | 1,097 |
| Cash and cash equivalents | 12 | - | 2,086 |
| | | 3,888 | 3,821 |
| Non current assets classified as held for sale | 9 | - | 500 |
| Total current assets | | 3,888 | 4,321 |
| Total assets | | 6,922 | 7,770 |
| Liabilities | | | |
| Current liabilities | | | |
| Financial liabilities - borrowings | 14 | (2,048) | - |
| Trade and other payables | 13 | (1,691) | (3,945) |
| Total current liabilities | | (3,739) | (3,945) |
| Net current assets | | 149 | 376 |
| Total liabilities | | (3,739) | (3,945) |
| Net assets | | 3,183 | 3,825 |
| Equity | | | |
| Ordinary shares | 17 | - | - |
| Other reserves | | 2,012 | 2,012 |
| Retained earnings | | 1,171 | 1,813 |
| Total equity attributable to owners of the company | | 3,183 | 3,825 |

The notes on pages 9 to 24 are an integral part of these financial statements

The financial statements on pages 5 to 24 were approved by the Board of directors on 6th December 2011 and signed on its behalf by

A Richards
Director



Registered number
05047034

Galliford Try Investment Limited

Statement of changes in equity for the year ended 30 June 2011

| | Share capital £'000 | Other reserves £'000 | Retained earnings £'000 | Total equity £'000 |
|---------------------------------|------------------------|----------------------------|-------------------------------|-----------------------|
| At 1 July 2009 | - | 2,012 | (1,373) | 639 |
| Profit for the year | - | - | 3,847 | 3,847 |
| Transactions with owners | | | | |
| Dividends | - | - | (661) | (661) |
| At 1 July 2010 | - | 2,012 | 1,813 | 3,825 |
| Loss for the year | - | - | (642) | (642) |
| At 30 June 2011 | - | 2,012 | 1,171 | 3,183 |

The notes on pages 9 to 24 are an integral part of these financial statements

Galliford Try Investment Limited

Statement of cash flows for the year ended 30 June 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|--|-------|----------------|-----------------|
| Cash flows from operating activities | | | |
| Continuing operations | | | |
| (Loss)/Profit before finance costs | | (860) | 2,838 |
| Adjustments for | | | |
| Amortisation | | - | 196 |
| Profit on sale of investments held for sale | | (570) | - |
| Profit on sale of investments in joint ventures | | (570) | (6,620) |
| Net cash used in operations before changes in working capital | | (2,000) | (3,586) |
| (Increase)/decrease in trade and other receivables | | (2,981) | 334 |
| Decrease in payables | | (2,254) | (8,690) |
| Net cash used in operations | | (7,235) | (11,942) |
| Interest received | | - | 10 |
| Interest paid | | (23) | - |
| Income tax received | | 1,069 | 621 |
| Net cash (used in)/generated from operating activities | | (6,189) | (11,311) |
| Cash flows from investing activities | | | |
| Acquisition of investments in joint ventures | 7 | (85) | (1,694) |
| Acquisition of available for sale financial assets | | - | (605) |
| Acquisition of non-current assets held for sale | | - | (500) |
| Proceeds from non-current assets held for sale | 9 | 1,070 | - |
| Proceeds from investments in joint ventures | 7 | 1,070 | 16,857 |
| Net cash (used in)/generated from investing activities | | 2,055 | 14,058 |
| Cash flows from financing activities | | | |
| Increase in borrowings | | - | - |
| Dividends paid to Company shareholders | | - | (661) |
| Net cash generated from/(used in) financing activities | | - | (661) |
| Net increase in cash and cash equivalents | | (4,134) | 2,086 |
| Cash and cash equivalents at 1 July | 12 | 2,086 | - |
| Cash and cash equivalents at 30 June | 12 | (2,048) | 2,086 |

For the purpose of the cash flow statements, cash and cash equivalents are reported net of bank overdrafts. Bank overdrafts are excluded from the definition of cash and cash equivalents in the balance sheet.

The notes on pages 9 to 24 are an integral part of these financial statements.

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011

1 Accounting policies

General Information

Galliford Try Investments Limited ('the company') is a limited company incorporated, listed and domiciled in England and Wales (Registered Number 05047034). The address of the registered office is Cowley Business Park, Cowley, Uxbridge, UB8 2AL.

The financial statements are 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 EU adopted International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss. The Company has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the EU, relevant to its operations and effective on 1 July 2010. These are the Company's first IFRSs financial statements and IFRS 1 'First-time adoption of International Financial Reporting Standards' has been applied.

An explanation of how the transition to the recognition and measurement requirements of IFRSs has affected the reported financial position and financial performance of the company is provided in a separated note (Note 23). This note includes reconciliations of equity and profit and loss for the comparative period reported under previous GAAP to these reported for those periods under the recognition and measurement requirement of IFRSs.

New standards, amendments and interpretations issued but not effective for the current financial year and not early adopted are as follows:

- IAS 24 (revised), 'Related party disclosures'
- Amendment to IFRS 7, Financial instruments: Disclosures
- Amendment to IFRS 1 on hyperinflation and fixed dates
- Amendment to IAS 1, 'Presentation of financial statements' on OCI

The new standard and amendments above are not anticipated to significantly impact the Company's financial statements.

New standards, amendments and interpretations issued but not effective and yet to be endorsed by the EU are as follows:

- IFRS 13, 'Fair value measurement'
- IAS 27 (revised 2011) 'Separate financial statements'
- Amendment to IAS 12, 'Income taxes' on deferred tax

The company has yet to assess the full impact of these new standards and amendments. Initial indications are that they will not significantly impact the financial statements of the company.

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 readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

1 Accounting policies (continued)

Critical accounting estimates and judgments (continued)

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 policy

Impairment of goodwill

The determination of the value of any impairment of goodwill requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected from these cash-generating units including the anticipated growth rate of revenue and costs and requires the determination of a suitable discount rate to calculate the present value of the cash flows.

Revenue and profit

Revenue comprises the value of fee income, interest and management fees earned by the company during the year in the ordinary course of business. PFI success fee income receivable on contract award is recognised in the income statement over the life of the PFI contract. Management fees are earned from the company's role in managing its joint venture investments. Management fees and interest are recognised as earned. Turnover is stated net of Value Added Tax.

Bid costs for PFI/PPP contracts

Bid costs relating to PFI/PPP projects are not carried in the balance sheet as recoverable until the Company has been appointed preferred bidder or has received an indemnity in respect of the investment or costs, and regards recoverability of the costs as virtually certain.

Finance income and expense

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

Income tax

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

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.

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.

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

1 Accounting policies (continued)

Goodwill

Goodwill is recognised as an asset and reviewed for impairment at least annually or when there is a triggering event by considering the net present value of future cash flows. Any impairment is charged immediately to the income statement and is not subsequently reversed.

Goodwill arising before the date of transition to IFRS has been retained at the previous UK GAAP amounts following impairment tests. Goodwill written off to reserves under UK GAAP prior to 1998 has not been restated.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Companies of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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. As the Company does not provide consolidated accounts, the Company's interest in joint ventures are shown at cost less any provision for diminution in value. Where joint ventures do not adopt accounting periods that are coterminous with the Company's, results and net assets are based upon unaudited accounts drawn up to the Company's accounting reference date.

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 period.

The Company operates schemes under which part of the agreed sales price for a residential property can be deferred until the earlier of 10 years, remortgage or resale of the property. The fair value of these assets is calculated by taking into account forecast inflation in property prices and discounting back to present value using the effective interest rate. Provision is also made for estimated default to arrive at the initial fair value. The unwind of the discount included on initial recognition at fair value is recognised as finance income in the year.

Leases

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

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 asset's 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'.

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

1 Accounting policies (continued)

Trade receivables (continued)

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.

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.

Retirement benefit obligations

For defined contribution schemes operated by the Company, amounts payable are charged to the income statement as they accrue.

2 Employees and directors

| Employee benefit expense for the Company during the year | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Wages and salaries | 1,460 | 1,634 |
| Redundancy and termination costs | 47 | - |
| Social security costs | 180 | 190 |
| Retirement benefit costs | 186 | 253 |
| | 1,873 | 2,077 |

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

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

2 Employees and directors (continued)

| Average monthly number of people (including executive directors) employed | 2011 £'000 | 2010 £ 000 |
|---|---------------|---------------|
| By activity | | |
| Production and sales | 9 | 9 |
| Administration | 5 | 6 |
| Management | 4 | 4 |
| | 18 | 19 |

Remuneration of key management personnel

The key management personnel comprise the Executive Board. The remuneration of the key management personnel of the Company is set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures.

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Salaries and short term employee benefits | 534 | 569 |
| Retirement benefit costs | 70 | 64 |
| | 604 | 633 |

| | 2011 £'000 | 2010 £ 000 |
|--|---------------|---------------|
| Number of directors to whom retirement benefits are accruing under pension schemes | | |
| Defined contribution scheme | 4 | 4 |

| Highest paid director | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Salaries and short term employee benefits | 183 | 186 |
| Retirement benefit costs | 19 | 18 |
| | 202 | 204 |

The emoluments of FE Nelson who is a director of Galliford Try plc are disclosed in that company's financial statements in respect of his services to the Group as a whole. Mr Nelson is a director of a number of fellow subsidiaries of Galliford Try plc and no recharge of his costs are made to the Company. It is not possible to make an accurate apportionment in respect of his emoluments to these subsidiaries; hence, the financial statements include no emoluments in respect of Mr Nelson.

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

3 Net finance (costs)/income

| | 2011 £'000 | 2010 £'000 |
|--------------------------------------|---------------|---------------|
| Interest receivable on bank deposits | - | 14 |
| Finance income | - | 14 |
| Interest payable on borrowings | - | (4) |
| Interest payable to group companies | (23) | - |
| Finance costs | (23) | (4) |
| Net finance (costs)/income | (23) | 10 |

4 (Loss)/profit before income tax

The following items have been included in arriving at (loss)/profit before income tax

| | Notes | 2011 £'000 | 2010 £'000 |
|--|-------|---------------|---------------|
| Employee benefit expense | 2 | 1,873 | 2,077 |
| Profit on sale of investments held for sale | 9 | 570 | - |
| Profit on sale of investments in joint ventures | 7 | 570 | 6,620 |
| Other operating lease rentals payable | | | |
| - Plant and machinery | | 15 | - |
| - Property | | 74 | 78 |
| Repairs and maintenance expenditure on property, plant and equipment | | 24 | - |

Services provided by the Company's auditors and network firms

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

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Fees payable to Company's auditors for the audit of the financial statements | 7 | 5 |

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

5 Income tax

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Analysis of income in year | | |
| Current year's income tax credit | 241 | 999 |
| The total income tax credit for the year of £241,000 (2010 £999,000) is higher (2010 higher) than the year end standard rate of corporation tax in the UK of 26% (2010 28%) The differences are explained below | | |
| | 2011 £'000 | 2010 £'000 |
| (Loss)/profit before income tax | (883) | 2,848 |
| (Loss)/profit before income tax multiplied by the year end standard rate in the UK | | |
| of 26% (2010 28%) | 230 | (797) |
| Effects of | | |
| Expenses not deductible for tax purposes | - | (57) |
| Non taxable income | - | 1,853 |
| Change in rate of current income tax | 11 | - |
| Income tax credit | 241 | 999 |

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 27.5% and will be taxed at 26% in the future.

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these further rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes expected to be enacted in the Finance Act 2011 would be to reduce the deferred tax asset provided at the balance sheet date by £1,000. This £1,000 decrease in the deferred tax asset would decrease profit by £1,000 with no change to other comprehensive income. This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 26% to 25% with effect from 1 April 2012.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by £2,000 (being £1,000 recognised in 2013 and £1,000 recognised in 2014).

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

6 Goodwill

| | |
|--|-------|
| | £'000 |
| Cost at 1 July 2009, 1 July 2010 and 30 June 2011 | 1,958 |
| Accumulated amortisation and aggregate impairment at 1 July 2009, 1 July 2010 and 30 June 2011 | (833) |
| Net book amount | |
| At 30 June 2010 and 30 June 2011 | 1,125 |

7 Investment in joint ventures

| | 2011 £'000 | 2010 £'000 |
|-------------------|---------------|---------------|
| At 1 July | 1,699 | 10,242 |
| Additions | 85 | 1,694 |
| Disposal | (500) | (10,237) |
| At 30 June | 1,284 | 1,699 |

At 30 June 2011 the Company held interests in the following principal joint venture which is incorporated in England and Wales

| Name | Year end | % shareholding | Principal activity |
|---|----------|-------------------|--|
| Projco (St Andrews Hospital) Limited (Scotland) | 31 March | 50 | Construction and facilities management |
| WLHC ProjectCo Limited | 31 March | 50 | Construction and facilities management |

(a) Additions

On 30 September 2010, the company subscribed for a further £85,000 of subordinated debt in Projco (St Andrews Hospital) Limited

(b) Disposals

On 17 December 2010, the company disposed half of its 100% investment (together with the subordinated loan instrument) in WLHC ProjectCo Limited for £2.1 million giving rise to a profit of £1.1 million (see note 9)

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011

(continued)

8 Available for sale financial assets

| | 2011 £'000 | 2010 £'000 |
|-------------------|---------------|---------------|
| At 1 July | 606 | 1 |
| Additions | - | 605 |
| At 30 June | 606 | 606 |

The available for sale assets relate to PPP/PFI investments

The company has an investment in Ealing Care Alliance (Holdings) Limited comprising 1,600 shares of £1 each issued at par (representing 16% of the ordinary share capital) During the year ended 30 June 2010, the Company subscribed for £604,800 in Ealing Care Alliance (Holdings) Limited

The company has an investment in Education Link (Holdings) Limited comprising 29,602 ordinary shares of £1 each (representing 33% of the ordinary share capital) The company also holds subordinated loan stock of £266,415 and a shareholder's loan of £100,000 This investment was fully written off during the year ended 30 June 2009

9 Non current assets classified as held for sale

| Company | 2011 £'000 | 2010 £'000 |
|-------------------|---------------|---------------|
| At 1 July | 500 | - |
| Additions | - | 500 |
| Disposal | (500) | - |
| At 30 June | - | 500 |

On 17 December 2010, the company disposed of 50% of its investment (together with the subordinated loan instrument) in WLHC ProjectCo Limited for £2.1 million giving rise to a profit of £1.1 million (see note 7)

10 Trade and other receivables

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year | | |
| Trade receivables | 1 | 78 |
| Amounts owed by group undertakings | 3,199 | 336 |
| Amounts owed by joint venture undertakings | 21 | 152 |
| Other receivables | 20 | - |
| Prepayments and accrued income | 377 | 72 |
| | 3,618 | 638 |

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011

(continued)

11 Current income tax assets

| | 2011 £'000 | 2010 £'000 |
|---------------------------|---------------|---------------|
| Current income tax assets | 270 | 1,097 |

The company surrender 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.

12 Cash and cash equivalents

| | 2011 £'000 | 2010 £'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | - | 2,086 |

| | 2011 £m | 2010 £m |
|--------------------------------------|----------------|--------------|
| Net cash | | |
| Cash and cash equivalents (as above) | - | 2,086 |
| Current borrowings | | |
| Bank overdraft | (2,048) | - |
| Net (debt) / cash | (2,048) | 2,086 |

13 Trade and other payables

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Trade payables | 54 | 573 |
| Amounts due to group undertakings | 68 | 1,090 |
| Other taxation and social security payable | - | 5 |
| Other payables | - | 5 |
| Accruals and deferred income | 1,569 | 2,272 |
| | 1,691 | 3,945 |

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011

(continued)

14 Financial liabilities – borrowings

| | 2011 £'000 | 2010 £'000 |
|--------------------------|---------------|---------------|
| Current | | |
| Bank overdraft - secured | 2,048 | - |

The bank overdraft is secured by a fixed charge over certain of the Group's developments. They currently incur interest at 2.25-2.6% (2010: 0.9%) over LIBOR.

15 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 26% (2010: 28%).

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:

| | 2011 £'000 | 2010 £'000 |
|----------------------------|---------------|---------------|
| Deferred income tax assets | 19 | 19 |

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

| | 2011 £'000 | 2010 £'000 |
|------------------------------------|---------------|---------------|
| At 1 July | 19 | 19 |
| Income statement | | |
| Current year's deferred income tax | - | - |
| At 30 June | 19 | 19 |

| Deferred income tax assets | Accelerated tax depreciation £m | Other £m | Total £'000 |
|----------------------------------|---------------------------------------|-------------|----------------|
| At 1 July 2009 | 1 | 18 | 19 |
| Income taken to income statement | - | - | - |
| At 30 June 2010 | 1 | 18 | 19 |
| Income taken to income statement | - | - | - |
| At 30 June 2011 | 1 | 18 | 19 |

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

16 Financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company operates within financial risk policies and procedures approved by Galliford Try Plc's Board (the Board). It is, and has been throughout the year, the Company's policy that no trading in financial instruments shall be undertaken. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's financial instruments principally comprise bank borrowings, cash and liquid resources, receivables and payables that arise directly from its operations and its acquisitions.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financial risk factors

All material activities of the Company take place within the UK and consequently there is little direct exchange risk other than payments to overseas suppliers who require settlement in their currency. The Company has no material currency exposure at 30 June 2011 (2010: Nil).

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from movement in cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company policy is to accept a degree of interest rate risk as long as the effect of various changes in rates remains within prescribed ranges.

Credit risk arises from cash and cash equivalents, borrowings with banks and financial institutions, as well as credit exposures to receivables and committed transactions. The Company has a credit risk exposure to the providers of its banking facilities. These are primarily provided by HSBC Bank plc, The Royal Bank of Scotland plc and Barclays Bank PLC, being three of the UK's leading financial institutions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company finances its operations through a mixture of retained profits and bank borrowings. Group management monitors rolling forecasts of the Company's liquidity reserve (which comprises undrawn borrowing facilities (see below) and cash and cash equivalents) on the basis of expected cash flow. On a daily basis throughout the year, the bank balances or borrowings in all the Company's operating companies are aggregated into a total cash or borrowing figure in order that the Group can obtain the most advantageous interest rate.

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011

(continued)

16 Financial instruments (continued)

Fair values of non-derivative financial assets and financial liabilities

| Fair value of other financial assets and financial liabilities | | 2011 | | 2010 | |
|--|----|------------|------------|------------|------------|
| | | Book value | Fair value | Book value | Fair value |
| | | £'000 | £'000 | £'000 | £'000 |
| Primary financial instruments held or issued to finance the Company's operations | | | | | |
| Short term borrowings | 14 | (2,048) | (2,048) | - | - |
| Trade and other payables | 13 | (1,691) | (1,691) | (3,940) | (3,940) |
| Trade and other receivables | 10 | 3,241 | 3,241 | 566 | 566 |
| Cash and cash equivalents | 12 | - | - | 2,086 | 2,086 |

Prepayments and accrued income are excluded from the trade and other receivables balances and statutory liabilities and payments received on account on construction contracts are excluded from trade and other payables balances, as this analysis is required only for financial instruments

Borrowing facilities

The Company utilises the Galliford Try plc's bank facilities which had the following undrawn committed borrowing facilities available at 30 June which are restricted by the value of developments available to be secured under the terms of the facility

| | 2011 | | 2010 | |
|---------------------------|---------------|---------------|---------------|---------------|
| | Floating rate | Floating rate | Floating rate | Floating rate |
| | £'000 | £'000 | £'000 | £'000 |
| Expiring | | | | |
| Within one year | - | - | 30,000 | 30,000 |
| Between one and two years | - | - | 258,700 | 258,700 |
| In more than two years | 302,400 | 302,400 | - | - |
| | 302,400 | 302,400 | 288,700 | 288,700 |

In May 2011 the Galliford Try Group successfully completed the refinancing of its core bank facility, agreeing a four year £325 million revolving credit facility with HSBC Bank plc, Barclays Bank PLC and The Royal Bank of Scotland plc. The new facility provides long term finance and bonding facilities providing working capital with a comfortable margin for the Group's projected requirements until 2015. The new facility is subject to covenants over interest cover, gearing, adjusted gearing taking account of land creditor debt and minimum consolidated tangible assets as well as security against the Group's house building development sites. Interest is calculated by aggregating margin, LIBOR and relevant costs. The refinancing extends the Group's debt maturity profile substantially, from February 2012 to May 2015.

The facilities expiring within one year are on demand facilities provided by HSBC Bank plc and Barclays Bank plc that form part of the overall facility above. These facilities are subject to an annual review. All these facilities incur commitment fees at market rates.

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011

(continued)

17 Ordinary shares

| Allotted and fully paid ordinary shares of £1 each | Number of shares | £'000 |
|--|------------------|-------|
| At 1 July 2010 and 30 June 2011 | 1 | - |

18 Financial and capital commitments

| | 2011 | | 2010 | |
|--|-------------------|--|-------------------|--|
| | Property £'000 | Vehicles, plant and equipment £'000 | Property £'000 | Vehicles, plant and equipment £'000 |
| Amounts due | | | | |
| Within one year | 69 | 8 | 69 | 15 |
| Later than one year and less than five years | 144 | 13 | 213 | 4 |
| | 213 | 21 | 621 | 19 |

19 Guarantees and contingent liabilities

There were contingent liabilities under composite guarantees given by the parent company and the subsidiaries in respect of the HSBC, Barclays, and Royal Bank of Scotland bank facilities of group companies. At 30 June 2011 such facilities had been utilised to the extent of £22,552,000 (2010 £101,344,000). There were also contingent liabilities in respect of composite guarantees of other bank and performance bonds entered into by the Group in the normal course of business which, at 30 June 2011, were £117,928,000 (2010 £109,397,000).

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.

Galliford Try Investment Limited

Notes to the financial statements for the year ended 30 June 2011

(continued)

23 Reconciliation of net assets and profit under UK GAAP to IFRS

Galliford Try Investments Limited reported under UK GAAP in its previously published financial statements for the year ended 30 June 2010. The analysis below shows a reconciliation of net assets and profit as reported under UK GAAP as at 30 June 2010 to the revised net assets and profit under IFRS as reported in these financial statements. In addition, there is a reconciliation of net assets under UK GAAP to IFRS at the transition date for this company being 1 July 2009.

Reconciliation of profit before interest

| | 2010 £'000 |
|--|---------------|
| Profit before interest as reported under UK GAAP | 2,839 |
| Employee benefits | (1) |
| Profit before interest as reported under IFRS | 2,838 |

Reconciliation of profit

| | 2010 £'000 |
|--------------------------------------|---------------|
| Profit as reported under UK GAAP | 3,848 |
| Employee benefits | (1) |
| Profit as reported under IFRS | 3,847 |

Reconciliation of equity

| | 2009 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Total equity as reported under UK GAAP | 661 | 3,848 |
| Employee benefits (IAS 19) | (22) | (23) |
| Total equity as reported under IFRS | 639 | 3,825 |

Employee Benefits

Under IAS 19 holiday pay is specifically stated as being an employee benefit, for which a fair value liability is required to be recognised. The impact of recognising a liability for holiday pay is £22,000 as at 30 June 2009 and £23,000 as at 30 June 2010.