NATIONAL HOUSEBUILDER BELLWAY ANNOUNCES TODAY, TUESDAY 13 OCTOBER 2015, ITS PRELIMINARY RESULTS FOR THE YEAR ENDED 31 JULY 2015.

Highlights

Another record year with 47.5% earnings growth and a strong start to 2015/16

	Year ended 31 July 2015	Year ended 31 July 2014	Movement
Revenue	£1,765.4m	£1,484.8m[2]	+18.9%
Gross profit	£427.9m[1]	£315.6m[2]	+35.6%
Gross margin	24.2%[1]	21.3%	+290 bps
Operating profit	£360.4m[1]	£255.6m[2]	+41.0%
Operating margin	20.4%[1]	17.2%	+320 bps
Profit before taxation	£354.2m	£246.0m[2]	+44.0%
Earnings per share	231.5p	157.0p	+47.5%
Proposed total dividend per share	77.0p	52.0p	+48.1%

- The Group has sold a record 7,752 homes (2014 – 6,851), an increase of 13.2%.
- A disciplined approach towards investment has resulted in return on capital employed rising by 430 bps to 23.9%[1,3] (2014 – 19.6%[3]).
- The strong operating performance has contributed to earnings per share ('EPS') rising by 47.5% to 231.5p (2014 – 157.0p) and the net asset value per ordinary share ('NAV') increasing by 15.0% to 1,286p (2014 – 1,118p).
- The proposed total dividend has increased in line with earnings to 77.0p per share (2014 – 52.0p).
- The Group's owned and controlled land bank has risen to 36,211 plots (2014 – 35,434 plots) after spending £620 million on land and land creditors (2014 – £460 million).
- The Group had modest net bank debt of only £38.5 million (2014 – net cash of £3.6 million[2]) and therefore has significant capacity for future investment in land and work in progress.

Commenting on the results, Chairman, John Watson, said:

"Bellway has produced another outstanding set of results, completing a record number of new homes, whilst simultaneously making a record investment in land and opening a further two new divisions in the last twelve months.

"This successful implementation of the Group's disciplined growth strategy has enabled the Board to propose a final dividend of 52.0p per share, bringing the total dividend for the year to 77.0p.

"Bellway is well positioned to continue delivering its strategy for growth, investing in high quality locations and delivering further sustainable returns for shareholders. The outlook remains positive and the strength of the forward order book should enable the Group to achieve volume growth of up to 10% in the current financial year."

FOR FURTHER INFORMATION, PLEASE CONTACT TED AYRES, CHIEF EXECUTIVE OR KEITH ADEY, FINANCE DIRECTOR

FROM TUESDAY 13 OCTOBER – FRIDAY 16 OCTOBER ON 0191 217 0717

1 Before exceptional item (note 3).
2 Restated following the adoption of IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements' (note 1).
3 Calculated as pre-exceptional operating profit, divided by average opening and closing capital employed. Capital employed is equity, net debt and preference share capital.

CHAIRMAN'S STATEMENT

Introduction

Bellway has achieved an excellent set of results, delivering another increase in the number of homes sold, whilst further enhancing the financial performance of the Group.

Volume, average selling price and operating margin have all risen to a record level and this has resulted in a 47.5% increase in EPS to 231.5p (2014 – 157.0p).

Strategy of building shareholder value

The Group has set out a clear strategy of delivering value for shareholders by growing the net asset value whilst paying a regular and progressive dividend. The Group's strong balance sheet and operational capacity, together with favourable market conditions, means that this is best achieved through disciplined volume growth, with a continuing focus on return on capital employed.

The ongoing implementation of this strategy has resulted in the number of homes sold rising by 13.2% to a record 7,752 (2014 – 6,851) and the Group achieving a return on capital employed of 23.9%[1,3] (2014 – 19.6%[3]). The resultant increase in earnings has led to an increase of 15.0% in the NAV to 1,286p (2014 – 1,118p).

Dividend

The Board are proposing to raise the final dividend by 44.4% to 52.0p per share, which if approved, will bring the total dividend for the year to 77.0p per share. The proposed increase in the total dividend of 48.1% is commensurate with the growth in earnings, providing a regular and progressive cash return to shareholders. The total dividend cover of 3.0 times (2014 – 3.0 times) enables substantial funds to be reinvested in high quality land opportunities, thereby ensuring the continued expansion of the business.

For the foreseeable future, the Board expects to maintain a similar dividend cover, but will retain the ability to remain flexible and respond to market cycles. This approach should ensure that the combination of dividend and capital growth generates superior, long term and sustainable returns for shareholders.

People and supply chain

This exceptional set of results could not have been achieved without the skill, hard work and dedication of all those who have worked for and with Bellway over the past year. On behalf of the Board, I would like to express gratitude for the invaluable contribution made by them all, that has enabled the Group to continue to deliver its strategy for growth.

John Watson
Chairman
12 October 2015

CHIEF EXECUTIVE'S OPERATING REVIEW

Enhancing value through ongoing growth

With sales of 7,752 homes, Bellway has capacity to continue its growth strategy, investing in high quality locations to help satisfy the demand for new housing.

In order to assist in delivering this growth, the Group opened a new South West division, located in Bristol, in February 2015 and has subsequently opened its seventeenth operating division, located in Kings Hill, Kent, in August 2015. As well as the capacity within this existing structure, Bellway has the ability to expand the divisional network further, should opportunities arise, by continuing to acquire land in areas of high demand.

In addition to increasing the number of divisions, Bellway has a strong balance sheet, enabling the Group to continue its controlled investment in land and work in progress in order to deliver further volume growth. The Group has expended a record sum of £620 million on land and land creditors and has continued to strengthen its divisional land and planning teams. This investment has resulted in a high quality land bank which should facilitate future growth.

Whilst investing in land, stringent capital disciplines and a robust investment appraisal process continue to form part of the Group's strategy to maximise returns for shareholders.

Housing market

The housing market remains strong, supported by an improvement in the availability of affordable, higher loan-to-value mortgage products. Customer confidence is robust, with low unemployment and this, together with a national requirement for new homes, is supporting high customer demand.

Whilst it is inevitable that interest rates will rise at some point in the future, new homes remain affordable and the lending institutions continue to adopt a responsible approach towards mortgage applications. The continuation of the Help to Buy shared equity scheme in England until March 2020, provides visibility over the medium term and this should help to ensure that mortgages for new homes remain both affordable and accessible in the foreseeable future.

Trading performance

Against this backdrop of a positive housing market, the Group recorded an average of 153 reservations per week (2014 – 148 per week), an increase of over 3%, compared to the prior year. The Group started the year with a very strong order book comprising 4,363 homes and as a result of this significant forward sales position, there was a reduced number of plots available for sale on certain sites in the first half of the year. Increased investment in work in progress has resulted in greater availability of product and as a consequence, the private reservation rate gathered pace in the second half of the financial year.

The strong reservation rate has been underpinned by a slight reduction in the cancellation rate, with this falling to just 10.8% (2014 – 10.9%), a reflection of continued underlying customer confidence. Incentives are still used to secure sales on some sites, although demand is such that these are used sparingly.

The table below shows the number and average selling price of homes completed in the year, analysed geographically between private and social homes:-

	Homes sold (number)						Average selling price (£000)					
	Private		Social		Total		Private		Social		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
North	**3,070**	2,958	**626**	265	**3,696**	3,223	**212.0**	192.2	**87.2**	81.4	**190.9**	183.0
South	**3,108**	2,851	**948**	777	**4,056**	3,628	**290.9**	272.3	**132.5**	121.3	**253.8**	240.0
Group	**6,178**	5,809	**1,574**	1,042	**7,752**	6,851	**251.7**	231.5	**114.5**	111.2	**223.8**	213.2

The Group has been able to increase the number of homes sold by 13.2% to 7,752, thereby exceeding the previous record of 7,638 homes set in 2007. All areas of the country have performed well, with London, in particular, showing a strong performance. The number of legal completions in the London boroughs rose by 19.8% to 1,481 (2014 – 1,236) as a result of high demand and significant land investment in this part of the country in recent years. Similarly, land investment in the north of the country, where demand is also strong, has helped the Group to achieve a 14.7% increase in the number of completions from its 7 northern divisions. The Group's divisions in Manchester and the Thames Valley, which opened in the prior financial year, are becoming more established and have both contributed to this performance, delivering 260 and 165 legal completions respectively.

The pricing environment continues to be positive, supported by high demand in London and the south east, where the requirement for affordably priced new homes is most pronounced. The average selling price of private homes sold has risen by 8.7% to £251,680 (2014 – £231,480), with this increase being primarily driven by continued investment in higher value locations, together with some underlying pricing improvements. Within the London boroughs, the average selling price of private homes was £306,949, which is still affordable in the context of the London market.

The overall average selling price for the Group has risen by 5.0% to £223,821 (2014 – £213,182), with this increase being slightly diluted due to a higher number of social housing completions, which represented 20.3% of the total number of homes sold (2014 – 15.2%).

Construction and material costs

The Group has invested significantly in new sites and work in progress in order to help satisfy the strong sales demand.

There remain constraints regarding the availability of certain labour trades, with these pressures continuing to be most pronounced in and around the south east of the country. Notwithstanding this, the rate of increase in subcontract costs has reached a more modest level. Strong divisional relationships assist the Group in securing continuity of labour and overall, we have managed our construction plans in such a way that there have been only limited delays.

There is still some inevitable, industry-wide upward pressure on material costs, most notably for bricks, blocks and some timber products. These cost increases are beginning to abate and are well controlled, with the vast majority of materials subject to Group procurement arrangements.

We endeavour to adopt a collaborative approach with both subcontractors and suppliers and as signatories of the Prompt Payment Code, we remain committed to paying in accordance with contractual conditions.

Investing in land

The quality of the Group's land bank is vital to both the future success of the business and also the Group's ability to continue delivering volume growth at attractive rates of return in the short to medium term.

Our land buyers have continued to identify and acquire attractive opportunities that meet or exceed the Group's minimum acquisition criteria in respect of both gross margin and return on capital employed. The Group has strengthened its divisional land teams, both through new appointments and by adding further divisions, encouraging them to develop strong local contact bases. As a result, Bellway has spent £620 million on land opportunities and this has contributed to the increase in the Group's owned and controlled land holdings to 36,211 plots.

The table below analyses the Group's land holdings at 31 July:-

	2015	2014
Owned and controlled plots	**36,211**	35,434
Comprising:-		
DPP: plots with implementable detailed planning permission	21,411	19,434
Pipeline: plots pending an implementable DPP	14,800	16,000
Strategic plots with a positive planning status	**6,000**	4,500

These land holdings include 21,411 plots (2014 – 19,434 plots) that have the benefit of an implementable detailed planning permission ('DPP') and on which, subject to sales demand and the availability of materials and labour, construction can commence immediately. The Group acquired, or obtained a DPP on 9,729 plots, having progressed 6,909 of these plots through planning applications, resulting in a successful outcome. All plots included in the current year's sales forecast have the benefit of DPP.

In addition to the Group's investment in land with DPP, Bellway also owns or controls a further 14,800 plots (2014 – 16,000 plots) within the 'pipeline' section of its land bank. Pipeline land comprises land with a variety of different contractual and planning statuses. It is frequently secured conditionally and typically, an implementable DPP is expected to be forthcoming within the next three years. Securing land in this manner provides a degree of certainty of supply, often with a reduced capital outlay, thereby assisting the Group in achieving its targets in respect of return on capital employed.

The Group also has an interest in some 6,000 plots (2014 – 4,500 plots) of strategic land which are often located on greenfield sites at the edge of urban settlements. The plots reported represent only those which currently have a positive planning prognosis, that is, those that are either the subject of a current planning application or those which are identified in emerging local plans. Longer term strategic land is, by its nature, inherently uncertain, often requiring significant speculative promotion costs to be incurred. It is, however, a useful third tier of the Group's land bank, regularly allowing divisions to deliver attractive margins on sites that eventually secure a planning consent.

Whilst divisions are charged with acquiring land that meets or exceeds minimum financial criteria, we also take into consideration a range of other factors when considering whether to invest, including local market conditions, product type and the planning prognosis of the site. The planning environment remains generally positive and by adopting a collaborative approach with local planning authorities, it is possible to acquire land unconditionally and achieve a successful planning outcome with limited risk to capital. This is particularly the case for brownfield land where it is often easier to secure a favourable planning outcome and where the challenges of re-development often present an attractive opportunity for Bellway to achieve higher returns. For these reasons, Bellway continues to seek brownfield opportunities where it is appropriate to do so and as a result, approximately 66% of our owned and controlled land bank has previously had an alternative use. The government's stated intention to ensure that all local authorities establish a local plan by March 2017 should further assist in improving the planning environment.

Investing in our people

Bellway is a significant local and national employer and aims to be a company that people are proud to work for, where they can enjoy a long, rewarding and fulfilling career.

Bellway has increased investment in training, raising the number of employee training hours by around 20% over the past year. This training has concentrated particularly on health and safety and core skills for customer facing staff. Bellway also continues to recruit and train more graduates and apprentices, increasing the number in our employment to 73 at 31 July (2014 – 62), with a further 87 apprentices (2014 – 96) employed directly by our subcontractors.

The Group relies heavily on the ability of its site managers and assistant site managers and therefore continues to develop the breadth of skills required for these key roles, with 34% of these employees now having achieved NVQ Level 6. It is particularly pleasing to note that a record 33 site managers were awarded NHBC Pride in the Job Awards (2014 – 29), a reflection of the dedication to quality and high standards achieved by these valued employees.

The strong market conditions have meant the Group has continued to expand its workforce, employing an average of 2,164 people throughout the year to 31 July 2015 (2014 – 1,959), an increase of 10.5%. There has been an increase in demand for high quality individuals across the industry. Notwithstanding this, employee turnover within the organisation has reduced slightly to 19.1% (2014 – 20.8%). We encourage long term commitment, with nearly a fifth of our employees having worked for the Group for more than 10 years. In addition, during the year, 14 employees were invited to attend our annual long service award ceremony in recognition of those with at least 20 years' service with the Group.

We recognise the importance of our employees in helping the Group to achieve its strategy for growth. We will be further developing our plans over the coming year to help us recruit, develop, reward and retain our employees.

Bellway4Good

Bellway can be relied upon by its customers, employees, suppliers, shareholders and local communities to operate in an ethical manner. Our financial success is reinforced by a responsible approach towards business and our reputation is critical to the creation of long-term value for shareholders.

We manage our corporate responsibility ('CR') activities through our 'Bellway4Good' steering committee, focussing our efforts on the core areas that most concern both the Group and its stakeholders. During the past year, we have made significant progress against a range of measurable commitments in three key areas, i.e. environment, sustainable construction and adding value to communities and the economy. One such commitment was to look for ways to increase the amount of waste diverted from landfill sites and our efforts in this area have resulted in diversion rates increasing to 92.9% this year (2014 – 89.3%).

We also make wide ranging donations to local and national charities, encouraging our employees to become involved in many fundraising activities. This year we are proud to have donated a total of £146,010 (2014 – £97,637) to numerous charities, community groups and good causes, including our two nominated national charities, British Heart Foundation and Construction Youth Trust. In addition, our employees raised a further £37,530 through fundraising activities ranging from dress down days to sponsored challenges, bringing the overall Bellway contribution for the year to £183,540.

Putting the customer first

Ensuring that Bellway's customers enjoy the best possible home purchase experience is very important to what we do. We endeavour to attract high quality employees and we are supportive of their ongoing coaching, training and development needs. This year we have expanded our training programme to cover our entire customer facing teams.

The Group puts great effort into providing its customers with an excellent service throughout the whole buying process and beyond. Our efforts are reflected in the results of the Home Builders' Federation Customer Satisfaction Survey, in which 9 out of 10 customers have stated that they "would recommend Bellway to a friend". The results of these independent surveys are studied closely and used in internal training programmes to help us to continue to improve in areas where we strive to meet and exceed our customers' expectations.

Bellway retains its ability to construct a wide variety of house types, thereby enabling it to respond to local planning and demographic requirements. Whilst adopting this approach, the Group has also been developing a new standard house type range which has been introduced on an experimental basis. The aim is that these homes will reflect the requirements of modern day living, incorporating the best design features, with continuing evolution in response to ongoing customer feedback. The new range will provide a wide choice of floor plans for customers but with elevations designed to be sympathetic to the local vernacular.

Building new homes safely

The Group strives to maintain high standards of health and safety across its construction sites and adopts safe working practices to ensure the well-being of all site operatives.

We have continued our efforts in encouraging best practice with regards to dust suppression by engaging in site based training and providing relevant literature to our subcontractors. We have also supported poster campaigns to promote healthy living for site workers, encouraging individuals to take part in a 'Stoptober' campaign to help give up smoking and improve the awareness of the negative effects of alcohol.

All sites are inspected on a regular basis, both by our internal health and safety managers and by externally appointed consultants. We measure health and safety performance by calculating the number of reportable incidents arising from these site inspections. For the year ended 31 July 2015, the Group achieved an improved NHBC Health and Safety score of 0.936 (2014 – 0.986), with a low score reflecting fewer reportable health and safety contraventions. The result is considerably below the NHBC all builder average score of 2.805 (2014 – 1.678) and is indicative of our continued efforts in this important area. It is also pleasing to note that lost time arising from incidents on our sites is continuing to reduce, with the seven day reportable incident rate, measured in accordance with the Health and Safety Executive guidelines, reducing by 3.7% to 430.75 incidents per 100,000 site operatives (2014 – 447.09).

The Group's high standards in health and safety were recognised in the 2015 NHBC Health and Safety Awards where nine site managers were awarded for their performance, one of which went on to become a regional winner.

Current trading and outlook

Continued investment in work in progress and the acquisition of land, together with the favourable market conditions, enabled the Group to start the 2015/16 financial year with a healthy order book, comprising 4,568 homes (2014 – 4,363 homes), with a value of £1,087.9 million (2014 – £924.3 million).

In the nine weeks since 1 August the Group has taken an average of 149 reservations per week (2014 – 128), an increase of 16% compared to the same period last year, with greater availability of product for sale and positive market sentiment contributing to this strong performance. As a result, the value of the order book at 4 October rose to £1,032.9 million (28 September 2014 – £975.4 million), representing 4,432 homes (28 September 2014 – 4,435 homes).

Notwithstanding the ongoing constraints regarding the availability of labour, the strength of this forward order book should give rise to the Group achieving further volume growth of up to 10% in the current financial year.

The Board intends to pursue its strategy of disciplined volume growth and will consider further expanding Bellway's existing network of seventeen operating divisions by making further investment in areas of high demand. Whilst adopting this approach, the Group will retain the ability to remain flexible and respond to changes in market conditions which should allow Bellway to continue to deliver sustainable, long term returns for shareholders.

Ted Ayres
Chief Executive
12 October 2015

FINANCIAL REVIEW

Operating performance

The continued focus on volume growth, together with a rise in the average selling price of 5.0%, has resulted in housing revenue rising by 18.8% to £1,735.1 million (2014 – £1,460.5 million). This together with non-housing revenue of £30.3 million (2014 – £24.3 million[2]), has resulted in total revenue increasing by 18.9% to £1,765.4 million (2014 – £1,484.8 million[2]).

The gross margin has risen by 290 bps to 24.2%[1] (2014 – 21.3%), with this improvement driven by investment in financially attractive land opportunities, set against a backdrop of a positive pricing environment where the use of customer incentives is low.

Despite the significant demand for experienced and skilled employees, the administrative cost base has fallen to just 3.8% of revenue (2014 – 4.1%), as improved operational efficiencies have been achieved throughout the organisation. Overall, the administrative overhead has risen to £67.5 million (2014 – £60.0 million[2]) with this benefiting from a one-off profit of £2.8 million arising in the first half of the year, principally from the sale of a non-core residential estate maintenance business.

The strong operating performance has led to a 41.0% increase in operating profit to just over £360.4 million[1] (2014 – £255.6 million[2]) and a 320 bps improvement in the operating margin to 20.4%[1] (2014 – 17.2%), a record for the Group. The operating margin in the second half of the year was 20.8%[1] and this is a broad indicator as to what might be achieved in the year ahead.

Shared equity loan disposal

In addition to the strong operating performance, the Group successfully disposed of its entire interest in historic shared equity assets for cash consideration of £32.5 million. The one-off profit arising on the sale of these assets of £6.9 million has been treated as an exceptional item (note 3).

The disposal of these assets will assist Bellway in delivering its disciplined growth strategy, enabling underperforming capital to be reallocated into additional land opportunities. The ensuing construction and sale of extra new homes should deliver higher returns and therefore enhanced value for shareholders.

Finance expense

The net finance expense has risen to £13.1 million (2014 – £9.9 million[2]), principally due to an increase in bank interest, with this having risen to £6.5 million (2014 – £2.9 million). This reflects a higher average drawn debt position, together with additional arrangement fees arising from an increase in the Group's total banking facilities from £300 million to £400 million.

Non-bank interest of £6.6 million (2014 – £7.0 million[2]) mainly includes imputed interest arising on land acquired on deferred terms.

Profitability

Overall, profit before taxation has risen by 44.0% to £354.2 million (2014 – £246.0 million[2]). The Group incurred a tax charge of just under £71.1 million (2014 – £54.6 million[2]), representing an effective tax rate of 20.1% (2014 – 22.2%), compared with the statutory tax rate of 20.7% (2014 – 22.3%), resulting in profit after taxation rising by 47.9% to £283.1 million (2014 – £191.4 million).

This ongoing increase in profitability has resulted in EPS rising by 47.5% to 231.5p (2014 – 157.0p), a record for the Group.

Cash flow and debt

Notwithstanding the significant investment in land, the Group ended the year with very modest net bank debt of £38.5 million (2014 – net cash of £3.6 million[2]), representing gearing of only 2.4% (2014 – nil).

The Group generated cash from operations of £98.1 million (2014 – £128.2 million[2]), whilst increasing the investment in land and work in progress in order to facilitate future growth. Furthermore, this cash generation has been achieved, despite a £55.4 million reduction in the amounts due to land vendors to £192.6 million (2014 – £248.0 million). Bellway continues to assess the cost of land acquired on deferred payment terms on a site by site basis and given the available bank facility head room, divisional land teams are often able to secure an attractive discount in return for up-front payments.

In addition, the Group has made dividend payments of £74.6 million (2014 – £45.1 million) and this, together with corporation tax payments of £61.9 million (2014 – £42.7 million) and other cash outflows of £3.7 million (2014 – £28.7 million[2]) has resulted in an overall increase in net bank debt of £42.1 million.

The Group's total longer term debt, comprising net bank borrowings, together with land creditors, fell to just £231.1 million (2014 – £244.4 million[2]), representing a very modest 14.7% of net asset value (2014 – 17.9%[2]).

Balance sheet

The Group's inventory has risen by £338.7 million to £2,135.3 million (2014 – £1,796.6 million[2]), an increase of 18.9%, reflecting the significant investment made by Bellway in order to deliver its strategy of volume growth. The carrying value of land with a DPP has risen to £1,040.9 million (2014 – £875.3 million) and the carrying value of pipeline and strategic land has risen to £256.0 million (2014 – £241.1 million[2]).

In aggregate the Group's owned and controlled land bank now represents 36,211 plots (2014 – 35,434), a supply of 4.7 years (2014 – 5.2 years) at the current rate of output. Continued focus on capital efficiency has resulted in a further reduction in the number of legacy plots, subject to an exceptional impairment provision, to less than 3% (2014 – 4%) of the total land bank.

Significant investment in site activity has resulted in work in progress rising by 24.0% to £763.7 million (2014 – £615.8 million[2]). The strength of sales demand means that reservations are typically taken early in the construction process. The result is that legal completion takes place almost simultaneously with build completion, thereby leading to efficient management of working capital.

Bellway retains a modest deficit on its defined benefit pension scheme of only £7.5 million (2014 – £7.9 million), having made contributions of £4.0 million (2014 – £2.5 million) during the year.

Delivering enhanced returns

The net assets of the Group increased by 15.4% to £1,575.9 million (2014 – £1,366.1 million), with this rate of growth being achieved after accounting for the cash dividend payment of £74.6 million (2014 – £45.1 million), which reduced the net assets of the Group. The NAV per share has increased by 15.0% to 1,286p (2014 – 1,118p), driven by the rise in profitability of the Group, with this supported by a strong focus on both operational and balance sheet efficiency.

The record operating margin of 20.4%[1] (2014 – 17.2%), together with a capital turn of almost 1.2 times (2014 – 1.1 times) has helped the Group to achieve a pre-tax return on capital employed of 23.9%[1,3] (2014 – 19.6%[3]). Appropriate use of bank debt and land creditors within the capital structure has contributed to these returns, with the Group achieving a post-tax return on equity of 19.4% (2014 – 14.9%).

Whilst managing a strong and conservative balance sheet, the Group has continued to deliver substantial value for shareholders through a combination of further growth in NAV and a regular and progressive dividend policy.

Keith Adey
Finance Director
12 October 2015

GROUP INCOME STATEMENT
For the year ended 31 July 2015

	Note	2015 Pre-exceptional item £000	2015 Exceptional item (note 3) £000	2015 Total £000	2014 Total Restated (note 10) £000
Revenue	2	**1,765,405**	**-**	**1,765,405**	1,484,817
Cost of sales	3	**(1,337,464)**	**6,865**	**(1,330,599)**	(1,169,202)
Gross profit		**427,941**	**6,865**	**434,806**	315,615
Administrative expenses		**(67,489)**	**-**	**(67,489)**	(60,000)
Operating profit		**360,452**	**6,865**	**367,317**	255,615
Finance income	4	**643**	**-**	**643**	807
Finance expenses	4	**(13,719)**	**-**	**(13,719)**	(10,724)
Share of result of joint ventures		**(50)**	**-**	**(50)**	304
Profit before taxation		**347,326**	**6,865**	**354,191**	246,002
Income tax expense	5	**(69,621)**	**(1,421)**	**(71,042)**	(54,578)
Profit for the year *		**277,705**	**5,444**	**283,149**	191,424

* All attributable to equity holders of the parent.

	Note			2015	2014
Earnings per ordinary share – Basic	6			**231.5p**	157.0p
Earnings per ordinary share – Diluted	6			**230.8p**	156.3p

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2015

	2015 £000	2014 £000
Profit for the period	**283,149**	191,424
Other comprehensive expense		
Items that will not be recycled to the income statement:		
Remeasurement losses on defined benefit pension plans	**(3,239)**	(1,052)
Income tax on other comprehensive expense	**648**	210
Other comprehensive expense for the period, net of income tax	**(2,591)**	(842)
Total comprehensive income for the period *	**280,558**	190,582

* All attributable to equity holders of the parent.

GROUP STATEMENT OF CHANGES IN EQUITY
At 31 July 2015

	Note	Issued capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000	Non-controlling interest £000	Total equity £000
Balance at 1 August 2013		15,221	165,132	-	1,492	1,037,059	1,218,904	(66)	1,218,838
Total comprehensive income for the period									
Profit for the period		-	-	-	-	191,424	191,424	-	191,424
Other comprehensive expense *		-	-	-	-	(842)	(842)	-	(842)
Total comprehensive income for the period		-	-	-	-	190,582	190,582	-	190,582
Transactions with shareholders recorded directly in equity:									
Dividends on equity shares	7	-	-	-	-	(45,102)	(45,102)	-	(45,102)
Shares issued		52	1,813	-	-	-	1,865	-	1,865
Purchase of own shares		-	-	-	-	(764)	(764)	-	(764)
Redemption of preference shares	9	-	-	20,000	-	(20,000)	-	-	-
Credit in relation to share options and tax thereon		-	-	-	-	645	645	-	645
Total contributions by and distributions to shareholders		52	1,813	20,000	-	(65,221)	(43,356)	-	(43,356)
Balance at 31 July 2014		15,273	166,945	20,000	1,492	1,162,420	1,366,130	(66)	1,366,064
Total comprehensive income for the period									
Profit for the period		-	-	-	-	283,149	283,149	-	283,149
Other comprehensive expense *		-	-	-	-	(2,591)	(2,591)	-	(2,591)
Total comprehensive income for the period		-	-	-	-	280,558	280,558	-	280,558
Transactions with shareholders recorded directly in equity:									
Dividends on equity shares	7	-	-	-	-	(74,614)	(74,614)	-	(74,614)
Shares issued		41	2,067	-	-	-	2,108	-	2,108
Credit in relation to share options and tax thereon		-	-	-	-	1,796	1,796	-	1,796
Total contributions by and distributions to shareholders		41	2,067	-	-	(72,818)	(70,710)	-	(70,710)
Balance at 31 July 2015		**15,314**	**169,012**	**20,000**	**1,492**	**1,370,160**	**1,575,978**	**(66)**	**1,575,912**

* Additional breakdown is provided in the Group Statement of Comprehensive Income.

GROUP BALANCE SHEET
At 31 July 2015

	Note	2015	2014 Restated (note 10)
		£000	£000
ASSETS			
Non-current assets			
Property, plant and equipment		**14,774**	12,304
Investment property		**1,609**	6,371
Investments in joint ventures		**28,997**	26,794
Other financial assets	3	**-**	32,186
Deferred tax assets		**2,761**	2,697
		48,141	80,352
Current assets			
Inventories		**2,135,298**	1,796,607
Trade and other receivables		**64,454**	51,762
Cash and cash equivalents	8	**41,491**	33,603
		2,241,243	1,881,972
Total assets		**2,289,384**	1,962,324
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations		**7,452**	7,932
Trade and other payables		**52,561**	66,346
Deferred tax liabilities		**333**	-
		60,346	74,278
Current liabilities			
Interest bearing loans and borrowings		**80,000**	30,000
Corporation tax payable		**37,730**	29,752
Trade and other payables		**535,396**	462,230
		653,126	521,982
Total liabilities		**713,472**	596,260
Net assets		**1,575,912**	1,366,064
EQUITY			
Issued capital		**15,314**	15,273
Share premium		**169,012**	166,945
Capital redemption reserve	9	**20,000**	20,000
Other reserves		**1,492**	1,492
Retained earnings	9	**1,370,160**	1,162,420
Total equity attributable to equity holders of the parent		**1,575,978**	1,366,130
Non-controlling interest		**(66)**	(66)
Total equity		**1,575,912**	1,366,064

GROUP CASH FLOW STATEMENT
For the year ended 31 July 2015

	Note	2015	2014 Restated (note 10)
		£000	£000
Cash flows from operating activities			
Profit for the year		**283,149**	191,424
Depreciation charge		**2,776**	2,976
Exceptional profit	3	**(6,865)**	-
Profit on sale of property, plant and equipment		**(247)**	(154)
Profit on sale of investment properties		**(1,980)**	(95)
Finance income	4	**(643)**	(807)
Finance expenses	4	**13,719**	10,724
Share-based payment expense		**1,544**	923
Share of post tax result of joint ventures		**50**	(304)
Income tax expense		**71,042**	54,578
Increase in inventories		**(338,691)**	(305,590)
Increase in trade and other receivables		**(6,141)**	(11,938)
Increase in trade and other payables		**47,940**	186,500
Proceeds from sale of available for sale portfolio – exceptional item	3	**32,462**	-
Cash from operations		**98,115**	128,237
Interest paid		**(6,783)**	(5,354)
Income tax paid		**(61,895)**	(42,683)
Net cash inflow from operating activities		**29,437**	80,200
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(5,402)**	(3,846)
Proceeds from sale of property, plant and equipment		**403**	296
Proceeds from sale of investment properties		**6,742**	904
Increase in loans to joint ventures		**(1,190)**	(2,480)
Interest received		**404**	633
Net cash inflow / (outflow) from investing activities		**957**	(4,493)
Cash flows from financing activities			
Increase in bank borrowings		**50,000**	-
Redemption of preference shares		**-**	(20,000)
Proceeds from the issue of share capital on exercise of share options		**2,108**	1,865
Purchase of own shares by employee share option plans		**-**	(764)
Dividends paid	7	**(74,614)**	(45,102)
Net cash outflow from financing activities		**(22,506)**	(64,001)
Net increase in cash and cash equivalents		**7,888**	11,706
Cash and cash equivalents at beginning of year		**33,603**	21,897
Cash and cash equivalents at end of year	8	**41,491**	33,603

NOTES

1. Basis of preparation

Bellway p.l.c. is a company incorporated in England and Wales.

The financial information set out above does not constitute the Group's statutory financial statements for the years ended 31 July 2015 or 2014, but is derived from those financial statements. Statutory financial statements for 2014 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditor, KPMG LLP, has reported on those financial statements; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The preparation of the financial statements in conformity with Adopted IFRSs 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 the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group's activities are financed principally by a combination of ordinary shares and bank borrowings less cash in hand. At 31 July 2015, net debt was £38.5 million having consumed cash of £42.1 million during the year. The Group has operated within all of its banking covenants throughout the year. In addition, the Group had bank facilities of £400.0 million, expiring in tranches up to March 2020, with £320.0 million available for drawdown under such facilities at 31 July 2015.

The directors consider that the Group is well placed to manage business and financial risks in the current economic environment and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Whilst the financial information included in this announcement has been prepared in accordance with Adopted IFRSs, this announcement does not itself contain sufficient information to comply with Adopted IFRSs. The Group expects to send its Annual Report and Accounts 2015 to shareholders on 9 November 2015.

The Group adopted the following standards during the current financial year:

- IFRS 10 'Consolidated Financial Statements'. This standard provides a single control model for the inclusion of entities in consolidated financial statements.

- IFRS 11 'Joint Arrangements'. This standard removes the choice of consolidation method and prescribes that the equity method must be used for joint ventures, and that the Group's share of the assets, liabilities and transactions of joint operations are consolidated as if they were assets, liabilities and transactions of the Group.

- IFRS 12 'Disclosure of Interests in Other Entities'. This standard requires additional disclosures in relation to subsidiaries, joint arrangements, associates and unconsolidated entities.

Following the adoption of these standards the 'Basis of consolidation' accounting policy has been amended as set out below.

The adoption of IFRS 10 and IFRS 11 has resulted solely in presentational changes to the financial statements, with the comparative information contained within these financial statements restated to reflect these presentational changes (note 10). There has been no change to profit or equity for the comparative period as a result of adopting these new standards, although there have been some immaterial changes in other performance measures including gross profit and margin, operating profit and margin, and ROCE.

The adoption of IFRS 12 has resulted in additional disclosures in relation to subsidiaries and joint arrangements.

The other standards and interpretations that are applicable for the first time in the Group's financial statements for the year ended 31 July 2015 have no effect on these financial statements.

NOTES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group made up to 31 July. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of these entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint arrangements are those entities over whose activities the Group has joint control, established by contractual agreement. A joint arrangement can take two forms:

(i) Joint venture - These entities are consolidated using the equity method of accounting.
(ii) Joint operation - The Group's share of the assets, liabilities and transactions of such entities are consolidated as if they were assets, liabilities and transactions of the Group.

2. Segmental analysis

The Board regularly reviews the Group's performance and balance sheet position for its entire operations, which are entirely based in its country of domicile, the UK, and receives financial information for the UK as a whole. As a consequence, the Group has one reportable segment which is UK house building.

As there continues to be only one reportable segment whose revenue, profits, expenses, assets, liabilities and cash flows are measured and reported on a basis consistent with the Group financial statements, no additional numerical disclosures are necessary.

3. Exceptional item

Exceptional items are those which, in the opinion of the Board, are material by size or nature, non-recurring, and of such significance that they require separate disclosure on the face of the income statement.

On 22 May 2015 the Group sold its remaining shared interest assets for cash consideration of £32.462 million. This resulted in a profit on disposal of £6.865 million. This has been treated as an exceptional item.

There were no exceptional items in the year ended 31 July 2014.

4. Finance income and expenses

	2015	2014 Restated (note 10)
	£000	£000
Interest receivable on bank deposits	**340**	502
Other interest income	**303**	305
Finance income	**643**	807
Interest payable on bank loans and overdrafts	**6,888**	3,361
Interest on deferred term land payables	**6,580**	5,700
Interest element of movement in pension scheme deficit	**251**	358
Preference dividends	**-**	1,305
Finance expenses	**13,719**	10,724

NOTES (continued)

5. Taxation

The effective rate of taxation for the year is 20.1% (2014 – 22.2%). The taxation charge for the year is calculated by applying the standard corporation tax rate of 20.7% (2014 – 22.3%) to the profit before taxation adjusted for non-taxable items and enhanced deductions.

6. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing earnings by the weighted average number of ordinary shares in issue during the year (excluding the weighted average number of ordinary shares held by the Bellway Employee Share Trust (1992) (the 'Trust') which are treated as cancelled).

Diluted earnings per ordinary share uses the same earnings figure as the basic calculation. The weighted average number of shares has been adjusted to reflect the dilutive effect of outstanding share options allocated under employee share schemes where the market value exceeds the option price. Diluted earnings per ordinary share is calculated by dividing earnings by the diluted weighted average number of ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are outlined below:

	Earnings 2015 £000	**Weighted average number of ordinary shares 2015 Number**	**Earnings per share 2015 p**	Earnings 2014 £000	Weighted average number of ordinary shares 2014 Number	Earnings per share 2014 p
For basic earnings per ordinary share	**283,149**	**122,315,198**	**231.5**	191,424	121,919,049	157.0
Dilutive effect of options and awards		**380,546**	**(0.7)**		535,130	(0.7)
For diluted earnings per ordinary share	**283,149**	**122,695,744**	**230.8**	191,424	122,454,179	156.3

7. Dividends on equity shares

	2015 £000	2014 £000
Amounts recognised as distributions to equity holders in the year :		
Final dividend for the year ended 31 July 2014 of 36.0p per share (2013 – 21.0p)	**43,996**	25,566
Interim dividend for the year ended 31 July 2015 of 25.0p per share (2014 – 16.0p)	**30,625**	19,543
Dividends forfeited	**(7)**	(7)
	74,614	45,102
Proposed final dividend for the year ended 31 July 2015 of 52.0p per share (2014 – 36.0p)	**63,712**	43,989

The 2015 proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 11 December 2015 and, in accordance with IAS 10 'Events after the Reporting Period', has not been included as a liability in these financial statements. The proposed final dividend, subject to shareholder approval, will be paid on 13 January 2016 to all ordinary shareholders on the Register of Members on 4 December 2015. The ex-dividend date is 3 December 2015. At the record date for the final dividend for the year ended 31 July 2014 shares were held by the Trust on which dividends had been waived.

NOTES (continued)

8. Analysis of net cash / (debt)

	At 1 August 2014 Restated (note 10) **£000**	**Cash flows** **£000**	**At 31 July 2015** **£000**
Cash and cash equivalents	33,603	7,888	**41,491**
Bank loans	(30,000)	(50,000)	**(80,000)**
Net cash / (debt)	3,603	(42,112)	**(38,509)**

9. Reserves

Own shares held

The Group holds shares within the Trust for participants of certain share-based payment schemes. During the period the Trust made a market purchase of nil shares (2014 – 50,000 shares at an average price of 1,529.7p) and transferred 70,627 (2014 – nil) shares to employees and directors. The number of shares held within the Trust, and on which dividends have been waived, at 31 July 2015 was 17,816 (2014 – 88,443). These shares are held within the financial statements at a cost of £0.273 million (2014 – £1.033 million). The market value of these shares at 31 July 2015 was £0.430 million (2014 – £1.336 million).

Redemption of preference shares

On 7 April 2014 the Group redeemed 20,000,000 £1 preference shares, being all of the preference shares in issue. An amount of £20 million, equivalent to the nominal value of the shares redeemed, was transferred to a capital redemption reserve on the same date.

NOTES (continued)

10. Restatement of comparative figures

Following the adoption of IFRS 10 and IFRS 11, as set out in the Basis of Preparation (note 1), certain joint arrangements that were previously proportionally consolidated are now equity accounted. The resulting presentational changes made to the income statement and balance sheet are set out below.

	31 July 2014 Previously reported £000	Adjustments £000	**31 July 2014 Restated £000**
Income statement			
Revenue	1,486,394	(1,577)	**1,484,817**
Cost of sales	(1,170,027)	825	**(1,169,202)**
Gross profit	316,367	(752)	**315,615**
Administrative expenses	(60,241)	241	**(60,000)**
Operating profit	256,126	(511)	**255,615**
Finance income	807	-	**807**
Finance expenses	(10,996)	272	**(10,724)**
Share of results of joint ventures	-	304	**304**
Profit before taxation	245,937	65	**246,002**
Income tax expense	(54,513)	(65)	**(54,578)**
Profit for the year	191,424	-	**191,424**
Balance sheet			
ASSETS			
Non-current assets			
Property, plant and equipment	12,493	(189)	**12,304**
Investment property	6,371	-	**6,371**
Investments in joint ventures	-	26,794	**26,794**
Other financial assets	32,186	-	**32,186**
Deferred tax assets	2,762	(65)	**2,697**
	53,812	26,540	**80,352**
Current assets			
Inventories	1,822,682	(26,075)	**1,796,607**
Trade and other receivables	72,876	(21,114)	**51,762**
Cash and cash equivalents	35,136	(1,533)	**33,603**
	1,930,694	(48,722)	**1,881,972**
Total assets	1,984,506	(22,182)	**1,962,324**
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	(7,932)	-	**(7,932)**
Trade and other payables	(67,725)	1,379	**(66,346)**
	(75,657)	1,379	**(74,278)**
Current liabilities			
Interest bearing loans and borrowings	(30,000)	-	**(30,000)**
Corporation tax payable	(29,752)	-	**(29,752)**
Trade and other payables	(483,033)	20,803	**(462,230)**
	(542,785)	20,803	**(521,982)**
Total liabilities	(618,442)	22,182	**(596,260)**
Net assets	1,366,064	-	**1,366,064**

Principal risks and uncertainties

Risk is a natural constituent of any business and the management of risk is a key operating component of the Group. The manner in which this is carried out is highly important to the long-term success of the business. The Group has identified, evaluated and put in place strategies to mitigate the principal risks faced by the business, which are shown in the table below:

Area and description of risk and how it has changed during the year	Relevance of risk to strategy	Mitigation of risk
Land The possibility that the Group is unable to source suitable land at satisfactory margins and ROCE. The land market remained competitive during the year. The Group has strengthened its divisional land teams, both through new appointments and by adding a further division, encouraging them to develop strong local contact bases.	• Failure to buy land at the right margins would have a detrimental effect on future profitability and ROCE. • Insufficient land would affect the Group's volume growth targets. • Having too much capital concentrated in land can dilute ROCE, especially with larger sites which can take many years to develop.	• The Group prepares thorough pre-purchase due diligence and pre-purchase viabilities on all of its proposed land purchases and keeps these under regular review to ensure capital is invested appropriately. • Authorisation of land purchases is made in accordance with robust Group procedures. • We are careful about our exposure to large sites where there is a risk of having too much capital tied up. Smaller sites tend to generate a better ROCE and there is a lower risk of loss of value if the housing market declines.
Planning Possible delays and the complexity of the planning process. The number of planning permissions granted is increasing.	• If the Group has too much capital tied up in land where obtaining an implementable DPP is time-consuming and problematic, this can hamper and slow the Group's growth prospects and have an adverse effect on profitability and ROCE.	• Centralised and divisional planning specialists provide advice and support to the divisions to assist with securing planning permissions. • The medium-term 'pipeline' and strategic land banks are carefully managed to maintain the appropriate balance in terms of quantity and location.
Construction Shortages of appropriately skilled personnel, including sub-contractors, and shortages of building materials at competitive prices. This risk is at a similar level as last year as the labour market has remained competitive, particularly in and around the south east of the country. There is still some upward pressure on material costs, albeit they are beginning to abate and the vast majority of materials are subject to Group procurement arrangements.	• Failure to have appropriately skilled personnel and sub-contractors available in the right place, together with sufficient materials when needed, at competitive prices, could cause delays in the construction process and affect the Group's growth aspirations.	• Identifying training needs and allocating appropriate resources to training. • Ensuring systems are in place for engaging, monitoring and controlling work carried out by sub-contractors. • Ensuring competitive remuneration policies are in place. • Ensuring Group purchasing arrangements are in place to secure materials at competitive prices. • Improving forward planning of the purchasing function to ensure increased lead times do not affect availability of materials.
Health and Safety There are significant risks to health and safety inherent in the construction process. This risk has not changed during the year.	• Notwithstanding the moral obligation and the requirement to act in a responsible manner, injuries to employees, sub-contractors and site visitors could delay construction and result in reputational damage, criminal prosecution and civil litigation which could negatively affect the Group's reputation.	• The Board considers health and safety issues at each Board meeting. • Regular visits to sites by senior management (independent of our divisions) and external consultants to monitor health and safety standards and performance against the Group's health and safety policies and procedures.
Environment Housebuilding can have a negative effect on the environment. This risk has not changed during the year.	• The impact of our operations on the environment must be managed in a responsible and sustainable manner, ensuring that they do not have a detrimental effect on the Group's reputation and ability to sell homes.	• The Group has a range of procedures in place to address issues around ecology, biodiversity, resource use, waste management and sustainable sourcing, with the objective that a development should create an attractive and sustainable new environment. See our website at www.bellway.co.uk/corporate-responsibility for further information.
Sales There are a number of risks that could affect the Group's ability to generate sales as follows: • a reduction in the size of the market place; • the ability of prospective purchasers to access credit facilities; • mortgage availability; • interest rate changes; • changes in government housing policy; and • failure to maximise sales in a strong market. This risk has not changed during the year as the	• Building too many homes in one area or of the wrong type could affect the Group's ability to meet its growth aspirations. To generate sales the Group may have to increase the use of incentives, which affects margin and average selling price. • Operating in areas of low demand could impair the Group's ability to generate sales in a rising market. • The number of legal completions may be constrained by the high demand for labour and material resources as a result of the	• In consultation with Head Office and the regional chairmen, local divisional management determine product range and pricing strategy commensurate with regional market conditions. • Use of sales incentives, where appropriate, to encourage the selling process, such as part-exchange. • Use of government-backed schemes to encourage home ownership, where appropriate.

Area and description of risk and how it has changed during the year	Relevance of risk to strategy	Mitigation of risk
government announced the extension of the Help to Buy scheme in England until 2020.	improved housing market.	• Ensuring that construction rates are managed to ensure stock availability matches sales rates. • Customer care performance is closely monitored at divisional and Group level and appropriate remedial action taken if performance begins to deteriorate. • The Group is a national housebuilder and so the risk associated with over-concentration in one geographic or product area is diluted.
Personnel Inability to attract and retain appropriate personnel. This risk has not changed during the year as the labour market has remained competitive.	• Failure to attract and retain employees will severely affect the Group's ability to perform successfully in a highly competitive market.	• The Group offers competitive salary and benefits packages and keeps these under regular review. • Divisional training plans are in place. • Succession planning is in place for key posts. • Graduate and apprentice training programmes are in place across the Group.
Information Technology Failure to have suitable information systems in place, together with system loss mitigation structures and appropriate contingency plans. This risk has not changed during the year.	• Poor performance of the Group's IT systems could affect operational efficiency, the control environment and profitability.	• Group-wide systems are in operation which are centrally controlled with an outsourced support function in place. • The Group is continuing to invest in its IT systems across a broad spectrum of the business.
Treasury Management Failure to effectively manage the treasury function at an acceptable cost. There has been no change to this risk during the year.	• Failure to manage the treasury function at an acceptable cost could lead to a loss of opportunities to invest in new sites. This could lead to a reduction in the value of the business, its profitability and investor confidence.	• Central negotiation and control of banking facilities to ensure liquidity and debt levels are appropriate. • Facilities derived from various sources. • Careful management and regular monitoring of cash forecasts.
Legal and regulatory compliance Failure to comply with current legislation, regulatory requirements and entering into inappropriately worded contracts. This risk has not changed during the year.	• Breaches of law and regulatory codes and entering into inappropriately worded contracts could lead to fines, possible imprisonment and significant reputational loss or to being disadvantaged by onerous contractual obligations .This could diminish customer and investor confidence leading to losses and a reduction in the value of the business.	• Central secretariat and legal functions advise and support divisions on compliance and ensure policies and procedures are kept up to date to minimise risk of non-compliance.

In addition, the Board ensures that adequate insurance cover is maintained to underpin and support the many areas in which the Group is exposed to risk of loss.

Certain statements in this announcement are forward-looking statements which are based on Bellway p.l.c.'s expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. Such forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, Bellway p.l.c. undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.