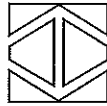


Shepherd Group

REPORT & ACCOUNTS 18 months ended 31 December 2015

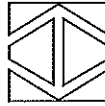
Company registration number 653663



Shepherd Group

Report & Accounts 2015 Content

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Shepherd Group

Strategic Report

Principal Activities and Review of the Business

The Company is a holding company with subsidiaries primarily engaged in the provision of modular and relocatable buildings, construction and engineering and residential property development.

Strategy

The Group Board's strategy remains to improve the quality of earnings by growing the more profitable, lower risk businesses and managing exposure to less profitable, higher risk operations.

The execution of this strategy resulted in a major restructuring of the Group in 2015 with the exit of a number of less profitable, higher risk operations. In May 2015, the Group sold the majority of the active sites of Shepherd Homes Limited to Linden Limited, and in addition all of its employees transferred to that company. On 30 September 2015, most of the trade and assets of Shepherd Construction Limited were sold to Wates Construction Limited. As part of that transaction, most of the live construction contracts and employees were transferred to Wates Construction Services Limited. On the same date, the Group also sold its investment in Shepherd Engineering Services Limited, including the Shepherd FM business, to Wates Construction Limited.

The Group's business is now firmly focused on its profitable Portakabin operations, which it will look to develop both in the UK and overseas.

The Group has retained its Shepherd Group Engineering Division, comprising Portasilo and Portastor. Towards the end of the reporting period, both of these businesses moved from a loss making position to breakeven.

The restructuring in 2015 has left a legacy of land and buildings which form part of the Group's property portfolio and also a number of construction contracts, with one to be completed (Colindale) and other completed projects falling within a Parent Company Guarantee liability period (typically 12 years from completion). Management and resources are in place to complete Colindale and to manage the remaining liability period of the completed construction contracts.

Performance

The results for the 18 month period to 31 December 2015 show a net profit on ordinary activities from continuing operations of £36.7 million (year ended June 2014 £10.1 million). However there was a significant loss relating to the discontinued operations of the Group and this resulted in an overall loss after taxation of £28.1 million in the 18 month period (2014 £10.2 million profit). In the 18 month period there was once again a strong performance by Portakabin. The losses on discontinued operations reflect losses in the contracting businesses and Shepherd Homes and in particular on one challenging contract within Shepherd Construction Limited.

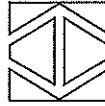
Principal Risks and Uncertainties

The primary risks and uncertainties facing the principal businesses within the Group, in addition to any risks and uncertainties caused by the prevailing economic conditions, are shown below together with mitigating action taken by management.

Portakabin

The most significant risks faced by the business continue to surround the reduction in public sector expenditure and the general performance of the economy. During the year the Group has continued to reduce its exposure to individual markets and economies through expanding its product portfolio, the number of geographic locations within which it operates and by focusing further on the private sector.

Portakabin is well placed to continue its pan-European growth, moving forward through the introduction of new products, further geographical expansion and identifying further acquisition opportunities. Growth is expected to come from both the Hire and Sales areas of the business with particular focus on growing the French and German footprints.



Shepherd Group

Strategic Report

continued

Shepherd Group Engineering

A principal area of risk continues to be the cyclical nature of business in key markets. The increasingly global business emphasis helps to mitigate some of this risk. The management of large and complex legacy projects caused operational and financial issues within the reporting period. These contracts are now completed but have highlighted the risks inherent in these markets and operational weaknesses within the businesses. Action has been taken to strengthen the management team, control procedures within the businesses, cut costs and improve competitiveness.

Divested Operations

Shepherd Construction:

Following the divestment made on 30 September 2015 to Wates Construction Limited, the Group retains a liability to remedy issues arising on completed projects many of which carry a Parent Company Guarantee (typically for 12 years from completion). This is an area of risk, although a detailed assessment of the completed contracts has been undertaken and a provision has been made covering a realistic view of the likelihood of any issues materialising in the future. The transaction with Wates Construction Limited also contained a commitment by the Group to complete two of Shepherd Construction's on-going projects and, of these, Colindale (a mixed residential and retail property development in North London) remains to be completed. Resources are in place to complete Colindale and also to manage issues arising during the remaining liability period on completed projects.

Shepherd Homes:

Following the sale to Linden Homes Limited in May 2015, the Group has retained some assets of Shepherd Homes Limited including its shared equity portfolio and some land assets. Furthermore, it continues to be responsible for some residual obligations on completed sites. The major risks and uncertainties affecting the business now centre around the planning environment in respect of maximising the value from the residual land, and the economic conditions which affect house price inflation which, in turn influences the level of recovery on the shared equity investments.

Financial Key Performance Indicators (KPIs)

The following KPIs are part of the tools used by management to monitor the business's performance:

	2015	2014	Measure
Operating Profit	£38.9m	£10.1m	Profit before Interest from continuing operations
Profit before tax	£38.1m	£11.4m	Profit before Tax from continuing operations
Return on Capital	15.8%	4.5%	Profit before Interest from continuing operations as % of Average Shareholders' Funds plus Net Borrowings
Dividend per Share	1,530p	899p	Total Proposed Dividend per Share for the Year
Dividend Cover	1.8	1.3	Profit after Tax from continuing operations / Total proposed dividend for the year
Capital Gearing	2.5%	Nil	Net Borrowings as % of Shareholders' Funds

Future Developments

The Group Board will work efficiently to fulfil its residual contracting obligations and continue to grow its more profitable, lower risk businesses. Businesses meeting or exceeding strategic expectations will continue to be nurtured and developed. Any business falling below expectations will be the subject of rigorous remedial action to achieve turnaround performance.

On Behalf of the Board

Philip Clarke
Secretary
30 March 2016



Shepherd Group

Report of the Directors

The directors submit herewith their report and the consolidated accounts for Shepherd Building Group Limited and its subsidiaries ("Shepherd Group") for the 18 month period ended 31 December 2015 together with the balance sheet of the Company as at that date.

Results and Dividend

The results for the year are given in the profit and loss account on page 7. The net loss after taxation amounted to £28.1 million (2014 £10.2 million). A further interim dividend of 631p per £1 ordinary share will be paid in April 2016 and the directors do not recommend a final dividend. This will result in a total of 1,530p for the 18 month period (2014 899p).

Directors

The directors of the company during the year were as follows:

Mr David J Williams (Chairman)	
Mr Alan T Fletcher	(Resigned 11 October 2014)
Mr Roderick C Altman	(Resigned 1 July 2014)
Mr Derek P Carter	
Mr Keven D Parker	
Mr Mark Perkins	(Resigned 30 September 2015)
Mr Stephen Price	
Mr A Mark Shepherd	
Mr Patrick M Shepherd	

Information relating to the retirement and re-election of directors at the forthcoming Annual General Meeting is included in the notice.

People

Shepherd Group recognises that people are our greatest asset; we promote the equal rights of all our employees, respect their diversity and encourage them to fulfil their potential. We also respect our customers, partners and suppliers by engaging with them in a fair and just manner.

The importance of good communications with employees is recognised by the directors and the Group utilises e-mail and its intranet site to ensure that its employees are aware of issues relevant to them, the Group's activities and news items more generally.

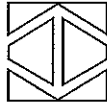
Equal Opportunities

The Group is committed to providing equal opportunities to all employees and potential employees. Its policies protect all employees and potential employees from discrimination, including discrimination on the grounds of race, gender, sexual orientation, religion, marriage or civil partnership, age, disability, pregnancy and maternity and gender reassignment.

People with disabilities are given the same opportunities in respect of employment, training, career development and promotion as those who are not disabled, subject only to the demands of the Group's operations and the abilities of disabled people to fulfil such demands. In the event of employees becoming disabled, the Group will endeavour to continue their employment and arrange appropriate training.

Provision of Information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.



Shepherd Group

Report of the Directors continued

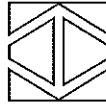
Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

Philip Clarke
Secretary

Huntington House
Jockey Lane
Huntington
York YO32 9XW
30 March 2016



Shepherd Group

Statement of Directors' Responsibilities in Respect of the Strategic Report, Directors' Report and the Financial Statements

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

The Directors have changed the company's accounting reference date from 30 June to 31 December, resulting in the extension of the current accounting period to 18 months.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



Auditor's Report

Independent Auditor's Report to the Members of Shepherd Building Group Limited

We have audited the financial statements of Shepherd Building Group Limited for the 18 month period ended 31 December 2015 set out in pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2015 and of the Group's loss for the 18 month period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

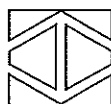
Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Chris Hearld (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
30 March 2016



Shepherd Group

Consolidated Profit and Loss Account

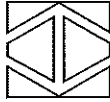
for the 18 months ended 31 December 2015

	Note	18 months ended 31 December			Year ended 30 June
		Continuing Operations	Discontinued Operations	Total	Total
		2015 £m	2015 £m	2015 £m	2014 £m
Group Turnover		408.7	470.8	879.5	686.0
Costs and Overheads less Other Income	2	(369.8)	(524.7)	(894.5)	(675.9)
Operating Profit / (Loss)		38.9	(53.9)	(15.0)	10.1
Loss on Disposal of Business	3	-	(0.1)	(0.1)	-
Exceptional Items	4	(2.2)	(19.6)	(21.8)	-
Profit / (Loss) on Ordinary Activities before Interest		36.7	(73.6)	(36.9)	10.1
Interest	5			(0.2)	0.6
Other Financial Income	22			2.1	0.7
(Loss) / Profit on Ordinary Activities before Taxation				(35.0)	11.4
Tax on (Loss) / Profit on Ordinary Activities	7			6.9	(1.2)
(Loss) / Profit for the Financial Period				(28.1)	10.2

Consolidated Statement of Total Recognised Gains and Losses

for the 18 months ended 31 December 2015

	18 months ended 31 December 2015 £m	Year ended 30 June 2014 £m
(Loss) / Profit for the Financial Period (see above)	(28.1)	10.2
Foreign currency differences arising on retranslation of overseas investments	(2.3)	(2.2)
Actuarial loss on defined benefit schemes (see note 22)	(6.1)	(3.1)
Deferred tax on actuarial loss in the period (see note 22)	1.0	0.3
Movement in investment property revaluation reserve	2.3	-
Total (Losses) / Gains Recognised since last Annual Report	(33.2)	5.2



Shepherd Group

Consolidated Balance Sheet

as at 31 December 2015

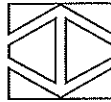
	Note	31 December 2015		30 June 2014	
		£m	£m	£m	£m
Fixed Assets					
Intangible assets	9	7.9		8.8	
Tangible assets	10	<u>180.5</u>	188.4	<u>164.0</u>	172.8
Current Assets					
Stocks	12	24.2		66.7	
Debtors <i>(£5.4m owed in more than 1 yr (2014 £22.9m))</i>	13	109.9		145.7	
Investments (unlisted)	14	-		1.3	
Cash at bank and short term deposits	15	<u>28.1</u>		<u>83.7</u>	
		<u>162.2</u>		<u>297.4</u>	
Creditors					
Due within one year	16	<u>(118.9)</u>		<u>(194.9)</u>	
Net Current Assets			43.3		102.5
Total Assets less Current Liabilities			<u>231.7</u>		<u>275.3</u>
Creditors due after more than one year	17		(33.6)		(25.5)
Provision for Liabilities					
Deferred taxation	18		-		(4.4)
Net Assets excluding net pension fund deficit			198.1		245.4
Net pension fund deficit	22		(15.2)		(16.1)
Net Assets including net pension fund deficit			<u>182.9</u>		<u>229.3</u>
Capital and Reserves					
Called up share capital	19		0.9		0.9
Capital redemption reserve	20		0.1		0.1
Revaluation reserve	20		2.3		-
Profit and loss account	20		<u>179.6</u>		<u>228.3</u>
Shareholders' Funds	20		<u>182.9</u>		<u>229.3</u>

Signed on behalf of the Board

David Williams
Chairman
30 March 2016

Keven Parker
Director
30 March 2016

Company Number 653663



Shepherd Group

Consolidated Cash Flow Statement

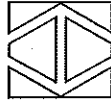
for the 18 months ended 31 December 2015

	18 months ended 31 December 2015		Year ended 30 June 2014	
	£m	£m	£m	£m
Cash Flow from Operating Activities (see note 21)		(8.5)		16.2
Returns on Investments and Servicing of Finance				
Interest (paid) / received		(0.3)		1.6
Taxation		(2.2)		(2.1)
Capital Expenditure				
Purchase of tangible fixed assets	(60.5)		(40.4)	
Sale of tangible fixed assets	4.3		2.7	
		(56.2)		(37.7)
Acquisitions and Disposals				
Decrease in Trade Investments	0.8		1.1	
Decrease in JV Investments	-		0.7	
Disposal of businesses (see note 3)	12.0		-	
Purchase of business	-		(13.8)	
		12.8		(12.0)
Equity Dividends Paid		(13.2)		(7.5)
Cash Flow Before Financing		(67.6)		(41.5)
Financing				
Decrease in cash on deposit	-		83.3	
Increase in bank medium term loan	12.7		20.0	
Repayment of debt acquired with Oecon investment	-		(5.3)	
		12.7		98.0
(Decrease) / Increase in Cash		(54.9)		56.5

Analysis of Change in Net Funds

for the 18 months ended 31 December 2015

	Opening Funds	Fund Movements	Foreign Exchange Movements	Closing Funds
	2014 £m	£m	£m	2015 £m
Net Cash at Bank and Short Term Deposits	83.7	(54.9)	(0.7)	28.1
Term loans	(20.0)	(12.7)	-	(32.7)
Cash at bank and short term deposits	63.7	(67.6)	(0.7)	(4.6)
Cash flow before use of liquid resources and financing		(67.6)		



Shepherd Group

Parent Company Balance Sheet

as at 31 December 2015

	Note	31 December 2015		30 June 2014	
		£m	£m	£m	£m
Fixed Assets					
Tangible assets	10	-		0.3	
Investment in subsidiary companies	11	<u>27.7</u>		<u>42.6</u>	
			27.7		42.9
Current Assets					
Debtors	13	5.3		3.5	
Cash at bank and short term deposits	15	<u>13.5</u>		<u>19.6</u>	
			18.8		23.1
Creditors					
Due within one year	16	<u>(9.1)</u>		<u>(26.4)</u>	
Net Current Assets / (Liabilities)			9.7		(3.3)
Creditors due after more than one year	17		(15.0)		-
Net Assets			<u>22.4</u>		<u>39.6</u>
Capital and Reserves					
Called up share capital	19		0.9		0.9
Capital redemption reserve	20		0.1		0.1
Profit and loss account	20		<u>21.4</u>		<u>38.6</u>
Shareholders' Funds	20		<u>22.4</u>		<u>39.6</u>

Signed on behalf of the Board

David Williams
Chairman
30 March 2016

Keven Parker
Director
30 March 2016

Company Number 653663



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 month period ended 31 December 2015

1. Accounting Policies

Basis of Preparation

The accounts have been prepared in accordance with applicable UK accounting standards and using the historical cost convention.

With regards to the Parent Company, as permitted by paragraph 3 of FRS 8 (Related Party Transactions), transactions with related group entities are not disclosed.

The directors have changed the company's accounting reference date from 30 June to 31 December, resulting in the extension of the current accounting period to 18 months. This change has been made as the directors believe it is in the best interests of the company. They have a reasonable expectation that the Company and the Group have 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 financial statements.

The accounts of Shepherd Construction Limited and Shepherd Homes Limited have been prepared on a going concern basis as whilst both companies have disposed of the majority of their business and assets, they both retain assets and obligations which they will continue to fulfil for the foreseeable future.

Basis of Consolidation

The Group accounts consolidate the accounts of Shepherd Building Group Limited and all of its subsidiary companies. The results of businesses acquired during the year are consolidated from the date of acquisition. The results of businesses disposed of during the year are included up to the date of disposal. The Group's share of the results of joint ventures are included in the consolidated profit and loss account and its interests in their net assets are included within fixed assets. A list of the names of subsidiaries and joint ventures is shown in note 11.

Uniform accounting policies are followed throughout the Group and the accounting reference date of all material subsidiary companies have also moved from the previous date of 30 June to 31 December.

No profit and loss account is presented for Shepherd Building Group Limited itself as provided by section 408 of the Companies Act 2006. The loss for the year is shown in note 20.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related hedge instrument.

Realised differences on exchange are dealt with through the profit and loss account, together with unrealised differences arising from trading transactions. Unrealised differences on exchange arising from investment in foreign subsidiary companies are dealt with through reserves.

The profit and loss accounts of foreign subsidiary companies are translated into sterling at the average rate for the year and their balance sheets are translated at the closing market rates ruling at the balance sheet date.

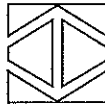
Turnover

Housing, commercial and industrial development sales are recognised as turnover when legal completion occurs except where the development is subject to a forward sale in which case turnover is recognised according to the stage of completion of the development as determined by reference to construction progress.

Turnover on long-term contracts is recognised according to the stage of completion of the contract.

Turnover from other activities reflects the sales value of products delivered and includes hire income.

The majority of Group turnover is generated in the UK.



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 month period ended 31 December 2015

1. Accounting Policies continued

Depreciation of Tangible Fixed Assets

Depreciation is provided against the original cost of all tangible fixed assets except freehold land. Provision is made by way of equal annual instalments over the estimated useful lives of the assets, which are mainly 50 years for buildings, 3 to 10 years for plant, equipment and vehicles and 9 years for hire fleet units. Properties held on short leases are depreciated over the unexpired term of the lease, or over a shorter period if this is prudent.

Revenue Fittings

Where client specified fixtures and fittings are incorporated into hire fleet units, the cost of those fixtures and fittings is charged to the profit and loss account on a straight line basis over the period of the initial hire contract. Any such costs which have not yet been charged to the profit and loss account at the balance sheet date are included in debtors.

Pensions

The Group operates a pension scheme providing benefits on both a defined benefit and defined contribution basis although the defined benefit sections are now closed to future accrual. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured as required by FRS 17 at bid price and scheme liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bonds of an appropriate term.

In the case of the defined benefit sections of the pension scheme the pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full and the movement in this figure is split between operating charges and finance items, which are included in the Profit and Loss Account, and actuarial gains and losses which are shown in the Statement of Total Recognised Gains and Losses. In the case of the elements of the scheme providing benefits on a defined contribution basis the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Goodwill

Goodwill, being the excess of the fair value of consideration paid for acquired businesses over the fair value of net assets acquired, is capitalised and amortised over its useful economic life. Goodwill is immediately written off to the profit and loss account to the extent that the balance sheet carrying value exceeds the recoverable amount.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19, and where appropriate the liability has been discounted to reflect the time value of money.

Research and Development

Research and development expenditure is charged to income in the year in which it is incurred. The amount expensed in the 18 month period was £2.5 million (2014: £1.4 million).

Dividends on Shares presented within Equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 month period ended 31 December 2015

1. Accounting Policies continued

Stocks

LAND AND DEVELOPMENT

Housing, commercial and industrial development and building land are valued at the lower of cost and net realisable value and are stated after deducting cash received on account. All interest payable on money borrowed for the purchase of land and to finance development is written off during the year in which it is incurred.

Profit arising on the sale of land or property development is not included until legal completion has taken place except where the development is subject to a forward sale in which case profit is recognised on a prudent basis according to the stage of completion of the development which is defined by the proportion of construction costs incurred to date. Provision is made in full for estimated future losses, if any.

MANUFACTURING AND OTHER STOCK

Stock is valued at the lower of cost and net realisable value. The value of work-in-progress and finished goods includes production costs and other appropriate overheads which are attributable to the stage of manufacture which has been reached.

Construction Work-in-Progress

Construction work-in-progress is valued at cost plus attributable profits less any losses. Cost comprises direct contract costs together with an addition for company general overheads. In the case of long-term contracts which provide for payments on account an appropriate proportion of profit is included on a prudent basis, whilst full provision is made for any estimated future losses.

In the balance sheet, amounts recoverable under long-term contracts are included within debtors, after deducting cash received on account. Where cash received on individual contracts is greater than the value attributed, the difference is included within creditors.

Pre-Contract Costs

All costs incurred up to the date when the directors consider it is virtually certain that a contract has been secured are written off to the profit and loss account. At the point when virtual certainty of contract award has been achieved, costs previously written off are not reinstated, but costs incurred following that date are valued as construction work-in-progress to the extent that they are considered recoverable.

Cash and Liquid Resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at their carrying values. Liquid resources comprise term deposits of less than one year (other than cash) and investments in money market managed funds.

Loan Funding

The Group has a £50 million committed loan facility in a club arrangement between HSBC Bank PLC and Lloyds Bank PLC and any drawings under these facilities are held in creditors.



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

2. Costs and Overheads less Other Income and Exceptional Items

	18 months ended 31 December			Year ended
	Continuing	Discontinued	Total	30 June
	Operations	Operations		Total
	2015	2015	2015	2014
	£m	£m	£m	£m
Change in stocks of finished goods and work in progress	13.5	25.1	38.6	12.7
Own work capitalised	(23.0)	-	(23.0)	(15.5)
Other operating income	(1.8)	(1.1)	(2.9)	(4.7)
Raw materials and consumables	51.1	78.2	129.3	117.9
Employment costs (see note 6)	127.0	88.8	215.8	149.1
Depreciation and amortisation	34.6	2.7	37.3	22.2
Auditors' fees	0.2	0.1	0.3	0.3
- for audit work pursuant to legislation	-	-	-	0.1
- for other services relating to tax	-	-	-	-
Operating lease rentals	3.2	2.0	5.2	3.2
- plant and machinery	8.4	0.1	8.5	5.2
- other	-	-	-	-
Other external and operating charges	156.6	328.8	485.4	385.4
	<u>369.8</u>	<u>524.7</u>	<u>894.5</u>	<u>675.9</u>

3. Disposal of Businesses

On 28th May 2015 the Group disposed of most of the trade and assets of Shepherd Homes Limited to Linden Homes Limited for cash and deferred consideration payable in July 2016 and July 2017. The deferred consideration is held in debtors within the Group Balance Sheet.

On 30th September 2015 the Group disposed of most of the trade and assets of Shepherd Construction Limited together with 100% of the share capital of Shepherd Engineering Services Limited to Wates Construction Limited for cash.

	18 months ended 31 December			Total	
	Shepherd	Shepherd	Shepherd Homes		
	Construction	Engineering	Services Ltd		
	Construction	Engineering	Services Ltd	Shepherd Homes	Total
	Ltd	Ltd	Ltd	Ltd	
	2015	2015	2015	2015	2015
	£m	£m	£m	£m	£m
Operating losses up to the date of disposal	(54.1)	1.3	(1.1)	(53.9)	(53.9)
Exceptional losses (see note 4)	(7.8)	(11.1)	(0.7)	(19.6)	(19.6)

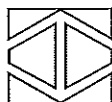
	18 months ended 31 December		Total
	Shepherd Construction & Shepherd Engineering Services	Shepherd Homes	
Analysis of profit / (loss) on disposal			
Sale Proceeds	9.8	28.0	37.8
Net (assets) / liabilities sold	1.8	(29.9)	(28.1)
Disposal costs	(8.8)	(1.0)	(9.8)
Overall profit / (loss) on disposal	<u>2.8</u>	<u>(2.9)</u>	<u>(0.1)</u>

Impact on Cash Flow Statement

	Total
	£m
Sale proceeds received to date	22.3
Cash transferred on disposal	(0.5)
Disposal fees and other costs	(9.8)
	<u>12.0</u>

Profit and Loss Comparison with Prior Year

	18 months ended 31 December			Year ended 30 June		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	Operations	Operations		Operations	Operations	
	2015	2015	2015	2014	2014	2014
	£m	£m	£m	£m	£m	£m
Turnover	408.7	470.8	879.5	243.2	442.8	686.0
Costs and Overheads less Other Income	(369.8)	(524.7)	(894.5)	(233.5)	(442.4)	(675.9)
Operating Profit / (Loss)	38.9	(53.9)	(15.0)	9.7	0.4	10.1
Loss on Disposal of Business	-	(0.1)	(0.1)	-	-	-
Exceptional Items	(2.2)	(19.6)	(21.8)	-	-	-
Profit / (Loss) on Ordinary Activities before Interest	<u>36.7</u>	<u>(73.6)</u>	<u>(36.9)</u>	<u>9.7</u>	<u>0.4</u>	<u>10.1</u>



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

4. Exceptional Items

	18 months ended 31 December			Year ended
	Continuing Operations	Discontinued Operations	Total	30 June Total
	2015	2015	2015	2014
	£m	£m	£m	£m
Restructuring costs	2.2	4.3	6.5	-
Exceptional closure costs	-	9.5	9.5	-
Exceptional contract loss	-	5.8	5.8	-
	<u>2.2</u>	<u>19.6</u>	<u>21.8</u>	<u>-</u>

5. Interest

	18 months ended	Year ended
	31 December	30 June
	2015	2014
	£m	£m
Interest receivable on cash and short term deposits	0.3	0.5
Interest payable on loans	(0.6)	(0.3)
Other interest receivable	0.1	0.4
	<u>(0.2)</u>	<u>0.6</u>

6. Directors and Employees

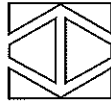
	18 months ended 31 December			Year ended
	Continuing Operations	Discontinued Operations	Total	30 June Total
	2015	2015	2015	2014
	£m	£m	£m	£m
Employment costs (including directors)				
Wages and salaries	109.0	72.3	181.3	124.5
Social security costs	14.2	8.3	22.5	15.6
Severance costs in operating profit	-	-	-	1.0
Other pension costs (see note 22)	3.8	8.2	12.0	8.0
	<u>127.0</u>	<u>88.8</u>	<u>215.8</u>	<u>149.1</u>

The average number of employees during the year was 3,002 (2014 3,235).

The remuneration of the directors of the parent company total £6.9 million in the 18 months ended 31 December 2015 (2014 £2.8 million) including £0.1 million (2014 £0.1 million) contributions to the Group defined contribution pension scheme.

The aggregate emoluments of the highest paid director were £2.0 million in the 18 months ended 31 December 2015 (2014 £0.6 million). He was a member of the Group pension scheme during the period and contributions of £25,000 were paid on his behalf in the period.

During the year 3 directors accrued pension benefits in a defined contribution section of the Group pension scheme (2014 4).



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

7. Taxation	18 months ended 31 December 2015		Year ended 30 June 2014	
	£m	£m	£m	£m
i) Analysis of (credit) / charge for the period				
Current tax:				
UK tax		(0.4)		0.6
Overseas tax		2.0		0.8
Adjustment relating to previous years		(0.4)		(0.5)
Total current tax (note 7(ii))		<u>1.2</u>		<u>0.9</u>
Deferred tax:				
Origination and reversal of timing differences	(8.6)		0.4	
(Increase) / Decrease in discount	<u>0.5</u>		<u>(0.1)</u>	
Total deferred tax		(8.1)		0.3
Tax (credit) / charge on profit on ordinary activities		<u>(6.9)</u>		<u>1.2</u>

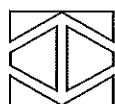
ii) Factors affecting tax charge for the period

The tax assessed for the year reconciles to the standard rate of corporation tax in the UK of 20.5% (2014 22.5%) as follows:

	2015 £m	2014 £m
(Loss) / Profit on ordinary activities before tax	<u>(35.0)</u>	<u>11.4</u>
(Loss) / Profit on ordinary activities multiplied by standard rate of UK corporation tax of 20.5% (2014 22.5%)	(7.2)	2.6
Effects of:		
Movement in provisions and expenses not deductible for tax purposes	3.5	(0.7)
Capital allowances lower than depreciation	5.8	0.2
Patent Box relief	(1.1)	-
Non taxable disposal profit	(2.4)	-
Reserves written off on disposal	2.8	-
Tax losses offset	-	(0.1)
Tax losses carried forward	1.4	-
Overseas financing income	(0.3)	(0.1)
Overseas tax rate in excess of UK rate	0.7	0.2
Impairment and amortisation of goodwill	0.1	0.1
Adjustment to tax charge in respect of previous periods	(0.4)	(0.5)
FRS 17	(1.7)	(0.8)
Current tax charge for the period (note 7(i))	<u>1.2</u>	<u>0.9</u>

8. Dividends	18 months ended 31 December 2015	Year ended 30 June 2014
	£m	£m
Final dividend paid (in respect of previous year)	5.4	5.2
Interim dividends paid (current year)	<u>7.8</u>	<u>2.3</u>
	<u>13.2</u>	<u>7.5</u>

A further interim dividend of £5.4 million will be paid in April 2016. No final dividend is proposed.



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

9. Intangible Fixed Assets

	Goodwill	
	2015	2014
Cost	£m	£m
Opening	12.3	6.0
Additions	-	6.3
Closing	<u>12.3</u>	<u>12.3</u>
Amortisation		
Opening	3.5	2.9
Charge for the period	0.9	0.6
Closing	<u>4.4</u>	<u>3.5</u>
Net Book Value	<u>7.9</u>	<u>8.8</u>

Goodwill arising on acquisition of subsidiary companies and businesses is capitalised as an asset and amortised over its useful economic life. The useful economic life of goodwill is assessed separately for each acquisition. The remaining anticipated useful life of goodwill ranges from 4 to 18 years.

10. Tangible Fixed Assets

	Investment Property £m	Land and buildings £m	Plant and equipment £m	Total £m
Cost				
Opening	-	51.0	318.5	369.5
Additions	-	1.2	59.1	60.3
Assets sold as part of business disposal	-	(0.4)	(7.4)	(7.8)
Disposals	-	(0.9)	(27.4)	(28.3)
Revaluation	2.3	-	-	2.3
Exchange and other adjustments	10.7	(10.4)	(4.2)	(3.9)
Closing	<u>13.0</u>	<u>40.5</u>	<u>338.6</u>	<u>392.1</u>
Depreciation				
Opening	-	17.5	188.0	205.5
Charge for the year	-	1.8	34.6	36.4
Assets sold as part of business disposal	-	(0.1)	(4.9)	(5.0)
Disposals	-	-	(23.4)	(23.4)
Exchange and other adjustments	1.1	(1.7)	(1.3)	(1.9)
Closing	<u>1.1</u>	<u>17.5</u>	<u>193.0</u>	<u>211.6</u>
Net Book Value at 31 December 2015	<u>11.9</u>	<u>23.0</u>	<u>145.6</u>	<u>180.5</u>
Net Book Value at 30 June 2014	<u>-</u>	<u>33.5</u>	<u>130.5</u>	<u>164.0</u>

Land and buildings are predominantly freehold properties, with the exception of leasehold properties with a net book value of £1.5 million (2014 £1.2 million) of which the majority are held on long lease - over 50 years. The fixed assets of the parent company at net book value comprised plant and equipment of £34,000 (2014 £0.3million).

Assets held for lease have a net book value of £126.2 million (2014: £105.3 million). Income received under operating lease agreements during the 18 month period ended 31 December 2015 was £184.7 million (year ended June 2014: £110.2 million).

Capital expenditure of the Group contracted but not provided at 31 December 2015 was £0.2 million (2014 £0.6 million).



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

11. Investment in Subsidiary Companies and Joint Ventures

	Company	
	2015	2014
	£m	£m
Investment in subsidiary companies		
Shares in subsidiaries, mainly at cost	8.9	35.9
Loans to subsidiaries	18.8	6.7
	<u>27.7</u>	<u>42.6</u>
	Group	
	2015	2014
	£m	£m
Investment in joint ventures		
Opening	-	0.6
Loan repayments	-	(0.6)
Closing	<u>-</u>	<u>-</u>

The company's principal subsidiaries at 31 December 2015 are shown below, all being wholly owned and incorporated in Great Britain except where otherwise stated. All shares held by Shepherd Building Group Limited are ordinary shares, and where ownership is not directly held by Shepherd Building Group Limited the company's name is inset beneath that of its parent company.

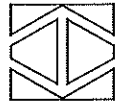
Mill Mount Properties Limited	Shepherd Industries Limited
Rushden Properties Limited	Portakabin Limited
Shepherd Construction Limited	Portakabin (Ireland) Limited (incorporated in Ireland)
Shepherd Securities PFI Limited	Foremans Relocatable Building Systems Limited
PFI Securities (Hull) Limited	Konstrukta Hire Limited
PFI Securities (Rochdale) Limited	Portakabin (Scotland) Limited
PFI Securities (Liverpool) Limited	Portakabin BV (incorporated in The Netherlands)
PFI Securities (Fire Stations NE1) Limited	Portakabin GmbH (incorporated in Germany)
Shepherd Development Company Limited	Portakabin SAS (incorporated in France)
Access Park Selby Limited	Portakabin Modulaire SAS (incorporated in France)
Crossways Commercial Estates Limited	Yorkon Limited
Emersons Green Limited	Portakabin Europe Limited
Emersons Green Management Company Limited	Portakabin Financing Coöperatief W.A. (incorporated in the Netherlands)
Quibit Management Company Limited	Portakabin Financing 2 BV (incorporated in Netherlands)
Zone F Limited	Portakabin Holdings GmbH (incorporated in Germany)
Shepherd Group Built Environment Limited	Portakabin Mobilraum GmbH (incorporated in Germany)
SES Building Services Limited	Portakabin Produktions GmbH (incorporated in Germany)
SES MENA Limited	Portasilo Limited
Shepherd Homes Limited	Portasilo Bulk Handling (Asia) Limited
Shepherd Group Properties Limited	Portasilo Bulk Handling (India) Private Limited (incorporated in India)
	Portastor Limited

In addition there are non trading companies owned by Shepherd Building Group Limited or its subsidiaries as set out in note 25.

The Group's interest in joint ventures, with the percentage of ordinary shares held, is shown below.

Shepval Development Company Limited (50%)	Shepval Developments (Doncaster) Limited (50%)
Regional & Local Education Partnership Limited (74%)	

	Group	
	2015	2014
	£m	£m
12. Stocks		
Land and development	11.2	50.8
Manufacturing and other stock	13.0	15.9
	<u>24.2</u>	<u>66.7</u>



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

13. Debtors	Company		Group	
	2015 £m	2014 £m	2015 £m	2014 £m
Trade debtors	0.1	0.1	56.9	40.3
Amounts recoverable on contracts	-	-	13.4	72.0
Revenue fittings	-	-	24.3	20.3
Corporation tax	2.1	0.5	0.6	-
Deferred tax (see note 18)	0.4	-	5.2	-
Amounts due from subsidiary companies	0.6	1.4	-	-
Other debtors, prepayments and accrued income	2.1	1.5	9.5	13.1
	<u>5.3</u>	<u>3.5</u>	<u>109.9</u>	<u>145.7</u>

Amounts recoverable on contracts include £1.8 million (2014 £20 million) and trade debtors £3.6 million (2014 £2.9 million) which is recoverable in more than 12 months.

14. Investments	Group	
	2015 £m	2014 £m
Opening Cost	1.3	2.4
Additions in the year	0.3	0.2
Write off during the year	(0.5)	-
Disposal in the year	<u>(1.1)</u>	<u>(1.3)</u>
Closing Cost	<u>-</u>	<u>1.3</u>

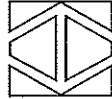
The investment relates mainly to amounts invested in Special Purpose Vehicles (SPVs) associated with PFI contracts. The Group has now disposed of all such investments.

15. Cash at bank and on deposit	Company		Group	
	2015 £m	2014 £m	2015 £m	2014 £m
Cash on demand	13.5	11.6	28.1	75.7
Secured deposit	-	8.0	-	8.0
Total cash	<u>13.5</u>	<u>19.6</u>	<u>28.1</u>	<u>83.7</u>

16. Creditors due within one year	Company		Group	
	2015 £m	2014 £m	2015 £m	2014 £m
Payments received on account	-	-	5.6	6.7
Trade creditors	-	0.1	44.1	127.4
Amounts due to subsidiary companies	0.3	23.1	-	-
Current corporation tax	-	-	-	0.1
Other taxes and social security	1.0	0.4	8.4	12.3
Other creditors	-	-	0.1	0.2
Accruals and deferred income	7.8	2.8	60.7	48.2
	<u>9.1</u>	<u>26.4</u>	<u>118.9</u>	<u>194.9</u>

17. Creditors due after more than one year	Company		Group	
	2015 £m	2014 £m	2015 £m	2014 £m
Trade creditors	-	-	0.9	5.5
Bank term loan	15.0	-	32.7	20.0
	<u>15.0</u>	<u>-</u>	<u>33.6</u>	<u>25.5</u>

Bank loans relate to a drawing under the Group's £50m committed bank loan facility which is in a club arrangement with HSBC Bank Plc and Lloyds Bank Plc and which matures in July 2017.



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

18. Provision for Deferred Taxation

	Company		Group	
	2015 £m	2014 £m	2015 £m	2014 £m
Accelerated capital allowances	-	-	1.1	6.5
Other timing differences	(0.4)	-	(5.9)	(1.2)
Undiscounted provision for deferred tax	(0.4)	-	(4.8)	5.3
Discount	-	-	(0.4)	(0.9)
Discounted provision for deferred tax	(0.4)	-	(5.2)	4.4
Opening Provision	-	-	4.4	4.5
Balance relinquished with disposal	-	-	0.2	-
Balance acquired with acquisition	-	-	-	0.2
Deferred tax charge in profit and loss account for the period (note 7(i))	(0.4)	-	(8.1)	0.3
FRS 17 deferred tax in profit and loss account but held behind pension fund deficit	-	-	(1.7)	(0.6)
Closing (asset) / liability	(0.4)	-	(5.2)	4.4

19. Share Capital

	2015 £m	2014 £m
Allotted, called up and fully paid		
860,219 (2014 860,219) ordinary shares of £1 each	0.9	0.9

20. Reconciliation of movement in Shareholders' Funds

	2015			2014	
	Share Capital £m	P&L Reserve £m	Other Reserves £m	TOTAL £m	TOTAL £m
Company					
Loss for the financial period	-	(54.9)	-	(54.9)	(14.1)
Dividends Received	-	50.9	-	50.9	24.0
Dividends Paid	-	(13.2)	-	(13.2)	(7.5)
Movement during the period	-	(17.2)	-	(17.2)	2.4
Opening position	0.9	38.6	0.1	39.6	37.2
Closing position	0.9	21.4	0.1	22.4	39.6
Group					
(Loss) / Profit for the financial period	-	(28.1)	-	(28.1)	10.2
Dividends paid	-	(13.2)	-	(13.2)	(7.5)
Actuarial loss after tax	-	(5.1)	-	(5.1)	(2.8)
Movement in revaluation reserves	-	-	2.3	2.3	-
Foreign exchange movement	-	(2.3)	-	(2.3)	(2.2)
Movement during the period	-	(48.7)	2.3	(46.4)	(2.3)
Opening position	0.9	228.3	0.1	229.3	231.6
Closing position	0.9	179.6	2.4	182.9	229.3



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

21. Reconciliation of Operating Profit to Cash Flow from Operating Activities

	18 months ended 31 December 2015	Year ended 30 June 2014
	£m	£m
Operating (loss) / profit	(15.0)	10.1
Exceptional Items	(21.8)	-
FRS 17 profit adjustment included in operating (loss) / profit	(6.4)	(2.9)
Depreciation and amortisation charges	37.3	22.2
Profit on sale of tangible fixed assets	(1.3)	(1.7)
Changes in stocks	2.5	20.7
Changes in debtors	1.4	0.3
Changes in creditors	(5.2)	(32.5)
Cash flow from operating activities	<u>(8.5)</u>	<u>16.2</u>

22. Pensions

The fund is a funded defined benefit pension scheme (closed to future accrual) but with active money purchase sections.

The latest actuarial valuation of the fund was undertaken as at 31 December 2012 and this indicated a funding deficit of £46.4 million. The Group has agreed a deficit recovery plan with the Trustee involving annual cash deficit contributions of £2.8 million. This valuation has been used as the basis for FRS17 calculations. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Employer contributions to the defined benefit element of the fund in the year ended 31 December 2016 are estimated to be £3.4 million. Additional employer contributions will be required if there are any augmentations during the year.

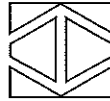
In addition the group also makes contributions on behalf of eligible employees to other pension schemes which operate on a defined contribution basis. At 31 December 2015 there were unpaid contributions of £0.3 million (2014 £0.2 million) to the defined benefit scheme and £0.4 million to the defined contribution schemes (2014 £0.3 million).

The principal assumptions used by the independent qualified actuaries at the balance sheet date (expressed as weighted averages) are as follows:

	2015	2014
Rate of increase in pensionable salary	4.1%	4.2%
Rate of increase of pensions in payment	3.0%	3.1%
Discount rate for scheme liabilities	3.7%	4.2%
Inflation assumption (RPI)	3.1%	3.2%
Inflation assumption (CPI)	2.0%	2.2%
Expected rate of return on assets at the start of the year	N/A	5.9%

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member will live for the following number of years beyond the age of 65:

	2015 Years		2014 Years	
	Male	Female	Male	Female
Member currently aged 65	23.2	25.2	23.2	25.1
Member reaching 65 in 2035 (2034)	23.8	26.1	23.7	26.0



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

22. Pensions (continued)

The amounts recognised in the balance sheet are as follows:

	2015	2014
	£m	£m
Present value of funded defined benefit obligations	(193.7)	(191.8)
Fair value of defined benefit scheme assets	<u>174.7</u>	<u>171.4</u>
Deficit	(19.0)	(20.4)
Related deferred tax asset	<u>3.8</u>	<u>4.3</u>
Net deficit	<u>(15.2)</u>	<u>(16.1)</u>

In addition to those assets and liabilities quoted above there are assets and liabilities of £39.2 million (2014 £34 million) relating to additional voluntary contributions and the defined contribution section of the Group scheme.

Movements in the present value of the defined benefit scheme obligations

	2015	2014
	£m	£m
Opening obligations		
Current service cost	191.8	186.2
Contributions by members	0.4	0.2
Actuarial losses	11.7	8.4
Benefits paid	5.5	7.5
Closing obligations	<u>(15.7)</u>	<u>(10.5)</u>
	<u>193.7</u>	<u>191.8</u>

Movements in the fair value of defined benefit scheme assets

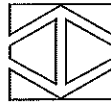
	2015	2014
	£m	£m
Opening defined benefit scheme assets	171.4	166.2
Expected return on defined benefit scheme assets	13.8	9.1
Actuarial (losses) /gains	(0.6)	4.4
Employer contributions	5.8	2.2
Benefits paid	<u>(15.7)</u>	<u>(10.5)</u>
Closing defined benefit scheme assets	<u>174.7</u>	<u>171.4</u>

The amounts recognised in the Profit and Loss account are:

	18 months ended 31 December	Year ended 30 June
	2015	2014
	£m	£m
Analysis of other pension costs charged in arriving at operating profit		
Current service cost	<u>(0.4)</u>	<u>(0.2)</u>
Defined benefit pension charge behind operating profit	<u>(0.4)</u>	<u>(0.2)</u>

In addition the following figures have been included in the profit and loss account under other financial income.

Expected return on pension scheme assets	13.8	9.1
Interest on pension scheme liabilities	<u>(11.7)</u>	<u>(8.4)</u>
Net interest receivable	<u>2.1</u>	<u>0.7</u>
Net credit to profit and loss account for defined benefit sections	1.7	0.5
Contributions made to defined contribution schemes	<u>(11.6)</u>	<u>(7.8)</u>
Total pension charge to Profit and Loss account	<u>(9.9)</u>	<u>(7.3)</u>



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

22. Pensions (continued)

The amounts held in each of the major categories of scheme assets are as follows:

	2015	2014
	£m	£m
Equities	35.5	42.3
Government bonds	29.5	31.0
Property	11.2	9.6
Cash and net current assets	1.6	2.1
Multi asset credit funds	23.6	23.9
Diversified growth funds	47.4	41.0
LDI fund	25.9	21.5
Total	<u>174.7</u>	<u>171.4</u>

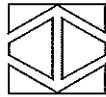
Shepherd Building Group Limited employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the asset allocation for the fund at the start of the year.

The amounts recognised in the STRGL are:

	2015	2014
	£m	£m
Total actuarial losses	(6.1)	(3.1)
Cumulative amount of losses recognised in STRGL	(77.9)	(71.8)

History of the Scheme	2015	2014	2013	2012	2011
	£m	£m	£m	£m	£m
Defined benefit obligations	193.7	(191.8)	(186.2)	(179.6)	(160.5)
Defined benefit section assets	174.7	171.4	166.2	160.7	162.2
(Deficit) / surplus	(19.0)	(20.4)	(20.0)	(18.9)	1.7
Experience adjustments on defined benefit liabilities	5.2	1.6	(0.2)	(2.9)	(0.3)
Experience adjustments on defined benefit section assets	(0.6)	4.4	4.9	(7.4)	1.0

In addition to those assets and liabilities quoted above there are assets and liabilities of £39.2 million (2014 £34 million, 2013 £43.5 million, 2012 £29.5 million, 2011 £25.1 million) relating to additional voluntary contributions and the defined contribution section of the Group scheme.



Shepherd Group

Notes to the Consolidated Financial Statements

for the 18 months ended 31 December 2015

23. Guarantees and Other Financial Commitments

The principal banking facilities of the Group are covered by multilateral guarantees by the holding company and its subsidiaries. Guarantees and counter-indemnities have also been given in relation to certain subsidiary companies for the due performance of contracts and the repayment of advances in the normal course of business. No liability is expected to arise under any of the above undertakings.

At 31 December 2015 the Group had the following annual commitments under operating leases:

	2015		2014	
	Property £m	Other £m	Property £m	Other £m
Operating leases expiring:				
Within one year	0.3	0.6	0.1	0.7
In two to five years	1.4	1.6	1.6	2.0
In more than five years	2.9	-	2.5	-
	<u>4.6</u>	<u>2.2</u>	<u>4.2</u>	<u>2.7</u>

24. Related Party Transactions

Directors received dividends from the company during the 18 months period to 31 December 2015 amounting to £1.3 million (year ended 30 June 2014 £0.7 million).

25. Dormant Companies

The Group holds 100% of the share capital of the following non trading entities:

Held in Shepherd Building Group Limited

Computerskills Limited
 Mechplant Limited
 Paton Plant Limited
 Portasilo Research Limited
 SG Management Services Limited
 Shepherd FM Limited
 Shepherd Group Limited
 Shepherd Hire Limited
 Shepherd Homes (Northern) Limited
 Shepherd Homes (Yorkshire) Limited
 Shepherd Park and Leisure Homes Limited
 Shepherd Retirement Homes Limited
 The Shepherd Group Pension Trust Limited

Held in Foremans Relocatable Building Systems Limited

Foremans Hire Limited

Held in Portakabin Limited

Portakabin Hire Limited

Held in Foremans Relocatable Building Systems Limited

Foremans Hire Limited

Held in Portakabin Limited

Portakabin Hire Limited

Held in Shepherd Development Company Limited

CCE Management Company Limited
 Cyan Park Limited
 Grange Mill Lane Limited

Held in Shepherd Homes Limited

George Longden Limited
 R & ET Stansfield Limited

Held in Shepherd Group Building Environment Limited

Shepherd Aligned Limited
 Shepherd Design Limited



Shepherd Group

Corporate Information

Directors

David John Williams
Patrick Michael Shepherd
Derek Paul Carter
Keven David Parker
Stephen Price
Alastair Mark Shepherd

Chairman
Deputy Chairman

Secretary

Philip John Clarke

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Company Registered Number 653663

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