Press release

26th January 2016

Crest Nicholson Holdings plc
Annual Results Announcement
for the year ended 31st October 2015

Delivering increased volumes and cash returns in a stable market

Crest Nicholson Holdings plc (Crest Nicholson) today announces its final results for the year ended 31st October 2015.

Highlights

- Volumes up 8% at 2,725 homes (2014: 2,530)
- Sales revenues up 26% to £804.8m (2014: £636.3m)
- Pre-tax profit up 32% to £154.0m (2014: £116.7m)
- Operating profit margin up to 20.3% (2014: 20.1%)
- Return on capital employed improving to 26.8% (2014: 26.0%)
- Net debt/equity ratio of 4.9% (2014: 3.6%)
- Gross development value of land pipelines up 12% to £10,466m, driven by pricing gains and evolving product mix (2014: £9,342m)
- Forward sales at mid-January of £511.8m (2014: £399.8m), 28% ahead of prior year with 37% of this year's forecast secured (2014: 41%)
- Dividend of 19.7p up 38% and covered 2.5x by earnings (2014: 14.3p and 2.75x cover); on target for 2.0x dividend cover by 2017
- On target to deliver £1bn revenue in 2016 and £1.4bn revenue and 4,000 homes by 2019

Commenting on today's statement, Stephen Stone, Chief Executive said: "I am delighted to report another set of outstanding results for Crest Nicholson, delivering much-wanted new homes for customers and strong returns for shareholders. Since the recent low point of 1,520 units in 2011, Crest Nicholson has increased its volumes by almost 80% and is establishing a strong business for the benefit of all our stakeholders. We remain on track to deliver on our targets of 4,000 homes and £1.4bn of revenue by 2019, which would represent a record level of delivery for the business and a more than 150% increase over our 2011 housing numbers.

The housing market is now more sustainable, underpinned by strong demand dynamics, a benign land market and government policies to improve access to home ownership. We remain confident that this environment provides Crest Nicholson with the opportunity to grow housing volumes and deliver strong cash returns to shareholders over the medium to long term."

	2015	2014	Change	
	£m	£m	£m	%
Units	**2,725**	**2,530**	195	**+8%**
Revenue	**804.8**	**636.3**	168.5	**+26%**
Cost of sales	**(583.5)**	**(454.3)**	(129.2)	
Gross profit	**221.3**	**182.0**	39.3	**+22%**
Administrative expenses	**(58.0)**	**(53.9)**	(4.1)	
Operating Profit	**163.3**	**128.1**	35.2	**+27%**
Operating profit %	**20.3%**	**20.1%**	*20bps*	
Profit before tax	**154.0**	**116.7**	37.3	**+32%**
Profit after tax	**124.1**	**98.8**	25.3	**+26%**
Earnings per share (pence)				
- Basic	**49.3p**	**39.3p**	10.0p	**+25%**
- Diluted	**48.4p**	**38.7p**	9.7p	**+25%**
Net debt	**£30.6m**	**£19.3m**		
Net debt/Equity	**4.9%**	**3.6%**		

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There will be a presentation to analysts today at 9.00am at 45 Moorfields, London EC2Y 9AE hosted by Stephen Stone, Chief Executive, and Patrick Bergin, Finance Director.

An audio playback facility will be available at http://www.crestnicholson.com/investor-relations or by downloading the Crest Nicholson app following the presentation.

A full calendar of financial announcements for the forthcoming period is available via the Company's Investor Relations website at http://www.crestnicholson.com/investor-relations

Chief Executive's review

In favourable market conditions we have maintained our focus on place making through high quality masterplanning, design innovation and effective partnering.

How has the Group performed this year?

This year's financial results are a record achievement for the Group and I am grateful to our employees for their significant contribution. I am pleased to report that we remain on track to hit our targets of £1bn of revenue by 2016, and £1.4bn of revenue and 4,000 homes by 2019.

The business continues to focus its operations in the South of England, building well-designed homes in good quality locations, with an emphasis on high quality design and sustainability. We are conscious of the desire of both individual purchasers and policy-makers to see an increase in the supply of new homes and we are working to ensure that Crest Nicholson makes a valuable contribution to meeting housing needs.

To help deliver on our targets, we have refocused resources on new zones in London and expanded the capacity of the Group's operating regions with our new Chiltern division, and taken serious strides to establish a PRS offer underpinned by financial institutions.

Alongside strong financial performance, I am delighted to report that we have once more demonstrated our sector leadership in sustainability. This year we were ranked as the top performing company in the NextGeneration benchmark of the 25 largest housebuilders, after having maintained second place for the previous seven years. We have also maintained our position in the FTSE4Good Index and significantly improved our score in the Carbon Disclosure Project – in recognition of our high levels of transparency and action on climate change far in advance of the industry average.

We delivered 2,725 units in 2015, an increase of 8%. Bringing forward new homes is our core focus but this is only part of the picture. The fantastic new school for Tadpole Garden Village, the transformed Electricity House in Bristol city centre, our award-winning Finberry development in Ashford and the investment we are making in our people are all examples of much wider value creation.

As always, effective partnering with public sector agencies, councils and local communities enabled us to bring a variety of projects forward. For example, with the Homes and Communities Agency (HCA) we are progressing the fourth phase of our regeneration project at Centenary Quay in Southampton, and we are working with the Defence Infrastructure Organisation (DIO) as lead developer for a new Garden Village community at the former airfield at RAF Wyton in Cambridgeshire – set to be a significant development in the UK. Also with the DIO, we have secured outline planning for a Garden Village at the Arborfield Garrison site in Berkshire.

A key growth constraint is the industry's skills gap – how are you managing this?

The Group has invested in apprenticeships for many years and we have further pledged to hire and support 200 apprentices by 2020. We have also put significant effort and resource into developing our graduate programme, which is now an industry-leading example. Our first Site Management Academy is another initiative we are proud of. It's an innovative programme designed to create 20 new site managers a year and provide a talented pipeline of future build managers and production directors.

Our investment in people is an investment in the future, benefiting the Group, individuals and the sector. I'm delighted that our approach has contributed to a 90% engagement score in our 2015 employee survey, with positive endorsement of our focus on training and development.

How are you anticipating and responding to market needs?

We already have a broad product range that incorporates new build, refurbishment and regeneration projects, but we continue to monitor emerging trends in demographics, income and affordability.

Our efforts to develop a PRS offer is a key example that has been very productive this year. Following the contract for sale in April of 97 PRS units at Bath Riverside, we contracted to deliver to M&G Real Estate a further 227 units at Kilnwood Vale near Crawley for private rental – our first purpose-designed suburban PRS model.

A supportive government policy framework, including continuing the emphasis on apprenticeships, upskilling and support for first-time buyers, will continue to be important in enabling us to respond effectively to changing market dynamics.

Can you tell us about the importance of design and customer service to Crest Nicholson?

Our design ethos and customer focus are core to Crest Nicholson and add real value to the business. Good design starts with the location – ensuring our development fits into and enhances the local context – then flows into form, function and materials with close attention to detail in delivering to our customers.

Disappointingly, our commitment to quality has not translated into the highest possible customer satisfaction levels this year. As a company traditionally rated 5-star in the HBF survey, we were extremely disappointed with our 4-star rating in 2015 – a result that was influenced by delays and quality challenges on some projects, linked to supply chain issues. While recognising that the 2–3% decline in our overall score is a slight one, we are determined to regain our 5-star status. To underpin this target, customer service performance continues to be a metric within bonus schemes across the Group, including those of the Executive Directors. Our supply chain is crucial to quality and delivery. Some of the innovations we're exploring include off-site manufacturing and partnering agreements to provide greater assurance of high quality and timely completion.

Have the changes to the structure of the company proved to be successful?

In 2014 we created the Chiltern division and promoted a number of internal candidates to the divisional board. A regional chairman was appointed to oversee the start-up of Chiltern and to provide support and guidance to two other divisions where managing director appointments were recently made. The Chiltern division has exceeded expectations: five new sites were acquired in the year and a strong team has been established.

Our London division has also had success developing sites in areas of greater affordability, such as outer London boroughs with strong commuter links where we can use our existing resources and expertise.

What are you doing on environmental matters and health and safety?

Waste reduction and resource efficiency are key priorities addressed through our Make Waste History programme. In 2015 we mapped all our waste streams to identify their root causes and created a league table of waste reduction. This is generating healthy internal competition and enabling our construction sites to benchmark performance. We also see a strong role for technology and are trialling a tablet-based system for improving site management, scheduling and resource efficiency. Our continuing focus is recognised in the Group being rated first among the top 25 housebuilders in the NextGeneration sustainability benchmark.

As the director with overall responsibility for health and safety, I have reviewed our processes in discussion with the Board and our health and safety team this year. A number of priorities and programmes have been determined to drive improvement.

In summary, how do you see the market outlook?

The five-year outlook in the sector remains strong, with good sales rates and access to mortgage finance for first-time buyers through the government-backed Help to Buy scheme. Land conditions are positive, despite ongoing constraints in the planning system, and sales price inflation is currently covering build cost inflation as demand outstrips supply. Overall, we are seeing no shortage of land-buying opportunities coming forward and the gross development values of both our short and long-term land pipelines continue to grow.

A key constraint on sector growth will be production capacity, which is why we place such emphasis on a progressive relationship with our supply chain, employee development and upskilling, and innovations across the board that bring efficiency gains.

I am confident that our current business strategy and the Group's core strengths provide a strong platform for successfully meeting our growth targets through a continuing focus on delivering a high quality product mix that responds to evolving customer needs.

Stephen Stone
Group Chief Executive

FINANCE DIRECTOR'S REVIEW

On track to deliver our target

Trading performance

Trading performance in the year ended 31st October 2015 has continued in the strong vein established from the middle of calendar year 2013. Having reached our initial post-Initial Public Offering (IPO) volume target of 2,500 homes last year, the business has continued to expand in both volume and average sale price (ASP) terms.

Sales revenues of £804.8m were 26% higher than the £636.3m reported for the prior year, primarily driven by increases in housing revenue. Unit volumes were up 8% at 2,725 (2014: 2,530) and overall ASPs up 14%. Open-market unit completions rose by 16%, whereas affordable completions were lower than the prior year, due to the timing of completions of certain apartment projects.

Contributions to turnover from land sales and commercial mixed use continue to comprise a small part of overall operations, but were nonetheless up strongly on the prior year, together accounting for £56.1m of sales (2014: £32.4m). Land sales of parcels of our larger sites form part of our routine approach to funding strategic infrastructure. Commercial activity primarily related to the balance of a construction contract for a superstore on our Centenary Quay regeneration site in Southampton and the sale of commercial space at our Tileman House development in Putney.

Sales price inflation through the year has been on a positive trend, albeit that the overall levels of price increases are not as sharp as during 2014. Build cost inflation has followed a similar pattern, with materials cost inflation moderating significantly. Given the overall shortage of skilled labour serving the industry, we continue to see rising wage and salary costs.

Gross margins for the year were 27.5% (2014: 28.6%), reflecting an anticipated movement in project mix, with a lower contribution from higher margin projects. Nonetheless, gross margins remain healthy, supported by net inflation gains and the benefits of increased acquisition margins and a growing proportion of units sourced from strategic land.

Operating profits of £163.3m (2014: £128.1m) were 27% higher than the prior year. Operating margins, at 20.3% (2014: 20.1%), reflect the reduction in administrative expenses as a percentage of sales, as the growing business drives greater overhead efficiency.

Finance expense and taxation

Net financing expense of £9.5m (2014: £11.4m) is £1.9m lower than the prior year, primarily due to the benefits of paying lower margins on the amended revolving credit facility and the benefit of interest credits arising as a result of shared equity loan redemptions.

Income tax expense in the year of £29.9m (2014: £17.9m) represented an effective tax rate of 19.4% (2014: 15.3%). The effective tax rate for the year ended 31st October 2014 was lower than the standard rate of UK corporation tax, in part due to the recognition of previously unrecognised temporary differences.

Earnings per share

Basic earnings per share have risen 25% to 49.3 pence from 39.3 pence in 2014. Full details are shown in Note 8 to the financial statements.

Dividend

The Board proposes to pay a final dividend of 13.3 pence per share for the financial year ended 31st October 2015 which, subject to shareholder approval, will be paid on 8th April 2016 to shareholders on the register at the close of business on 11th March 2016.

If approved, the total dividend paid in respect of 2015 earnings of 49.3 pence per share would be 19.7 pence, an increase of 38% over the 14.3 pence paid in respect of 2014 and representing dividend cover of 2.5 times, in line with the Board's stated intention to reduce dividend cover to 2.0 times by 2017.

Cash flow and financial position

The Group had net assets at 31st October 2015 of £630.7m (2014: £536.5m), an increase of 18% over the prior year.

Inventories have increased by 11%, up from £814.1m at 31st October 2014 to £904.5m at 31st October 2015, reflecting the growth trajectory in the business. Land inventory is broadly level with prior years, as land acquisitions in the year have focused on supporting our growing Chiltern division and replenishing usage in our more mature operations.

Stocks of completed units continue to be at very low levels and amounted to £40.7m (2014: £34.5m). A significant proportion of stock of completed units is represented by show homes.

Net cash flows from operations amounted to an inflow of £23.5m (2014: £38.8m outflow), reflecting strong working capital average in the year. As a consequence, the return on average capital employed achieved by the business in the year increased to 26.8% (2014: 26.0%).

Financing

During the year, the Group amended and extended its loan obligations, increasing the level and duration of its banking facilities while reducing the overall cost of borrowing.

The £200m revolving credit facility and £80m ancillary facility, with maturity dates in March 2019, were amended to £240m revolving credit facility and £120m ancillary facility, with maturity dates in January 2020. The extension of borrowing facilities provides additional funding headroom to support the established strategy for business growth and development.

At 31st October 2015 the Group had net debt of £30.6m (2014: £19.3m) and the ratio of net debt/equity was 4.9% (2014: 3.6%).

Land pipeline

The Group's contracted land pipeline is summarised in terms of units and gross development value (GDV) as set out below:

	2015		2014	
	Units	**GDV – £m**	**Units**	**GDV – £m**
Short-term housing	16,064	5,106	17,247	4,798
Short-term commercial	-	249	-	221
Total short term	**16,064**	**5,355**	**17,247**	**5,019**
Strategic land	17,712	5,111	16,219	4,323
Total land pipeline	**33,776**	**10,466**	**33,466**	**9,342**

The short-term housing pipeline now represents 5.9 years of supply, down from 6.8 years at 31st October 2014. The average selling price (ASP) of all units within the short-term portfolio, including affordable units and units being sold for private rental, is £318,000, which is 14% higher than the £278,000 at 31st October 2014.

This increase in ASP reflects both historic sales price appreciation and the mix of additions to the pipeline. We are continuing to identify and secure sites in strong locations where the prevailing ASP is higher than our current levels.

Strategic land continues to be an important source of supply. During the year four sites and 534 plots have been pulled through from the strategic into the short-term land pipeline. Notwithstanding these transfers, overall strategic land pipeline numbers have risen as new sites are contracted.

Our healthy land pipeline enables the Group to maintain its focus on investing in opportunities that deliver attractive financial returns. Having raised hurdle rates for new site acquisitions last year, additional requirements for higher margins were formalised in the summer of 2015 for projects that exhibited greater complexity or other risks.

Patrick Bergin
Group Finance Director

Forward-looking statements
This release may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this release and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, any forward-looking statements contained in this release. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this release, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in law or regulation, changes in its business strategy, political and economic uncertainty. Save as required by the Listing and Disclosure and Transparency Rules, the Company is under no obligation to update the information contained in this release.

Past performance cannot be relied on as a guide to future performance.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31st October 2015

	Note	2015 £m	2014 £m
Revenue		**804.8**	**636.3**
Cost of sales		**(583.5)**	**(454.3)**
Gross profit		**221.3**	**182.0**
Administrative expenses		**(58.0)**	**(53.9)**
Operating profit	**3**	**163.3**	**128.1**
Finance income	**5**	**5.0**	**3.9**
Finance expense	**5**	**(14.5)**	**(15.3)**
Net financing expense		**(9.5)**	**(11.4)**
Share of post-tax results of joint ventures using the equity method	**11**	**0.2**	**-**
Profit before tax		**154.0**	**116.7**
Income tax expense	**6**	**(29.9)**	**(17.9)**
Profit for the year attributable to equity shareholders		**124.1**	**98.8**
Earnings per ordinary share			
Basic	**8**	**49.3p**	**39.3p**
Diluted	**8**	**48.4p**	**38.7p**

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st October 2015

	2015 £m	2014 £m
Profit for the year attributable to equity shareholders	**124.1**	**98.8**
Other comprehensive income/(expense):		
Items that will never be recycled to the income statement:		
Actuarial gains/(losses) of DB Schemes	**8.5**	**(10.1)**
Change in deferred tax on actuarial gains/(losses) of DB Schemes	**(3.3)**	**0.3**
Other comprehensive income/(expense) for the year net of income tax	**5.2**	**(9.8)**
Total comprehensive income attributable to equity shareholders	**129.3**	**89.0**

The notes on pages 13 to 42 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st October 2015

	Note	Share capital	Share premium account	Retained earnings	Total equity
		£m	**£m**	**£m**	**£m**
Balance at 31st October 2013		**12.6**	**71.6**	**386.1**	**470.3**
Total comprehensive income for the year		-	-	89.0	89.0
Transactions with shareholders:					
Equity-settled share-based payments	21	-	-	4.0	4.0
Deferred tax on equity-settled share-based payments		-	-	(0.2)	(0.2)
Dividends paid	7	-	-	(26.6)	(26.6)
Balance at 31st October 2014		**12.6**	**71.6**	**452.3**	**536.5**
Total comprehensive income for the year		-	-	129.3	129.3
Transactions with shareholders:					
Equity-settled share-based payments	21	-	-	5.0	5.0
Deferred tax on equity-settled share-based payments		-	-	1.6	1.6
Dividends paid	7	-	-	(41.7)	(41.7)
Balance at 31st October 2015		**12.6**	**71.6**	**546.5**	**630.7**

The notes on pages 13 to 42 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st October 2015

ASSETS	Note	2015 £m	2014 £m
Non-current assets			
Intangible assets	9	29.0	29.0
Property, plant and equipment	10	2.6	2.2
Investments	11	0.5	0.2
Other financial assets	12	23.0	28.4
Deferred tax assets	17	20.9	40.3
Trade and other receivables	14	34.3	-
		110.3	100.1
Current assets			
Inventories	13	904.5	814.1
Other financial assets	12	1.2	-
Trade and other receivables	14	49.0	48.1
Cash and cash equivalents	24	187.4	142.0
		1,142.1	1,004.2
Total assets		1,252.4	1,104.3
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	15	(210.6)	(146.7)
Trade and other payables	16	(105.6)	(82.9)
Retirement benefit obligations	21	(7.5)	(23.7)
Provisions	18	(4.1)	(4.0)
		(327.8)	(257.3)
Current liabilities			
Interest-bearing loans and borrowings	15	(7.4)	(14.6)
Trade and other payables	16	(279.7)	(293.1)
Current income tax liabilities		(5.7)	-
Provisions	18	(1.1)	(2.8)
		(293.9)	(310.5)
Total liabilities		(621.7)	(567.8)
Net assets		630.7	536.5
SHAREHOLDERS' EQUITY			
Share capital	19	12.6	12.6
Share premium account	19	71.6	71.6
Retained earnings		546.5	452.3
Total equity		630.7	536.5

The notes on pages 13 to 42 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st October 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Profit for the year		**124.1**	**98.8**
Adjustments for:			
Depreciation	**10**	**1.2**	**0.9**
Net finance expense	**5**	**9.5**	**11.4**
Share-based payment expense	**21**	**5.0**	**4.0**
Share of post-tax profit of joint ventures using the equity method	**11**	**(0.2)**	**-**
Income tax expense	**6**	**29.9**	**17.9**
Operating profit before changes in working capital and provisions		**169.5**	**133.0**
(Increase)/decrease in trade and other receivables		**(35.3)**	**0.1**
Increase in inventories		**(90.4)**	**(236.4)**
Increase in trade and other payables		**4.1**	**81.8**
Decrease in retirement benefit obligations		**(9.0)**	**(9.0)**
Increase in other financial assets		**-**	**(0.2)**
Cash generated from /(used by) operations		**38.9**	**(30.7)**
Interest paid		**(8.9)**	**(8.1)**
Taxation paid		**(6.5)**	**-**
Net cash inflow/(outflow) from operating activities		**23.5**	**(38.8)**
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1.6)**	**(1.2)**
Decrease in other financial assets		**8.1**	**7.0**
Interest received		**1.1**	**0.6**
Net cash inflow from investing activities		**7.6**	**6.4**
Cash flows from financing activities			
Repayment of bank and other borrowings	**15**	**(13.8)**	**(65.1)**
Proceeds from new loans	**15**	**71.0**	**144.4**
Debt arrangement and facility fees		**(1.2)**	**(2.8)**
Dividends paid	**7**	**(41.7)**	**(26.6)**
Net cash inflow from financing activities		**14.3**	**49.9**
Net increase in cash and cash equivalents		**45.4**	**17.5**
Cash and cash equivalents at the beginning of the year		**142.0**	**124.5**
Cash and cash equivalents at end of the year	**24**	**187.4**	**142.0**

The notes on pages 13 to 42 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of preparation

Crest Nicholson Holdings plc (the 'Company') is a company incorporated, listed and domiciled in England and Wales. The address of the registered office is Crest Nicholson Holdings plc, Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group') and include the Group's interest in jointly controlled entities. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The financial statements are presented in pounds sterling and amounts stated are denominated in millions (£m).

The Group financial statements have been prepared and approved by the Directors in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee ('IFRS IC') as adopted by the European Union (together 'EU IFRS'), and with those parts of the Companies Act 2006 applicable to companies reporting under EU IFRS, and have been prepared on the historical cost basis except for other financial assets, which are stated at their fair value. The Company has elected to prepare its parent Company financial statements in accordance with UK GAAP; these are presented on pages 43 to 46.

The preparation of financial statements in conformity with IFRS requires management to make assumptions and judgements that affect the application of policies and reported amounts within the financial statements. Assumptions and judgements are based on experience and other factors that management consider reasonable under the circumstances. Actual results may differ from these estimates.

The Group's activities are financed by a combination of ordinary shares, bank borrowings and cash in hand. At 31st October 2015 the Group held cash and cash equivalents of £187.4m (2014: £142.0m) and borrowings net of cash resources of £30.6m (2014: £19.3m). The Group has operated within its banking covenants throughout the year, has bank facilities of £240.0m expiring in March 2020, with £34.0m remaining available for drawdown under such facilities at 31st October 2015. Therefore, having assessed the principal risks and all other relevant matters, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements of the Group.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.
The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

There were no new standards, amendments or interpretations that were adopted by the Group and effective for the first time for the financial year beginning 1st November 2014 that had a material impact on the Group.

Consolidation

The consolidated financial statements include the financial statements of Crest Nicholson Holdings plc, its subsidiary undertakings and the Group's share of the results of joint ventures and joint operations. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

(a) Subsidiaries

Subsidiaries are entities in which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The profits and losses of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used by the Group to account for the acquisition of subsidiaries. On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities and the resulting gains and losses that arise after the Group has gained control of the subsidiary are charged to the post-acquisition income statement or statement of comprehensive income. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group.

(b) Joint ventures
A joint venture is a contractual arrangement in which the Group and other parties undertake an economic activity that is subject to joint control and these parties have rights to the net assets of the arrangement. The Group reports its interest in joint ventures using the equity method of accounting. Under this method, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's share of results of the joint venture after tax is included in a single line in the consolidated income statement. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses, the carrying amount is reduced to nil and recognition of further losses is discontinued, unless there is a long-term receivable due from the joint venture in which case, if appropriate, the loss is recognised against the receivable. Unrealised gains on transactions between the Group and its joint ventures are eliminated on consolidation. Accounting policies of joint ventures have been changed where necessary, to ensure consistency with policies adopted by the Group.

(c) Joint operations
A joint operation is a joint arrangement that the Group undertakes with other parties, in which those parties have rights to the assets and obligations of the arrangement. The Group accounts for joint operations by recognising its share of the jointly controlled assets and liabilities and income and expenditure on a line-by-line basis in the consolidated statement of financial position and consolidated income statement.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired entity at the date of the acquisition. Goodwill arising on acquisition of subsidiaries and businesses is capitalised as an asset. The goodwill balance has been allocated to the strategic land holdings within the Group. Goodwill is assessed for impairment at each reporting date. Any impairment loss is recognised immediately in the consolidated income statement.

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

Revenue and profit recognition
Revenue comprises the fair value of the consideration received or receivable, net of value-added tax, rebates and discounts but excludes the sale of properties taken in part exchange. Surpluses or deficits on the disposal of part exchange properties are recorded directly within gross margin.

Revenue is recognised on house sales at legal completion. For affordable housing sales and other sales in bulk, revenue is recognised upon practical completion and when substantially all risks and rewards of ownership are transferred to the buyer.

Revenue is recognised on land sales and commercial property sales from the point of unconditional exchange of contracts. Where unconditional exchange of contracts has occurred but the Group still has significant obligations to perform under the terms of the contract, such as infrastructure works, revenue is recognised when the obligations are performed.

Profit is recognised on a plot-by-plot basis, by reference to the margin forecast across the related development site. Due to the development cycle often exceeding one financial year, plot margins are forecast, taking into account the allocation of site-wide development costs such as infrastructure, and estimates required for the cost to complete such developments.

Provision is made for any losses foreseen in completing a site as soon as they become apparent.

Seasonality
In common with the rest of the UK house building industry, activity occurs throughout the year, with peaks in sales completions in spring and autumn. This creates seasonality in the Group's trading results and working capital.

Operating leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rentals are charged to the consolidated income statement or work-in-progress on a straight line basis over the period of the lease.

Taxation
Income tax comprises current tax and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit is PBT per the consolidated income statement after adjusting for income and expenditure that is not subject to tax, and for items that are subject to tax in other accounting periods. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated using tax rates that have been substantively enacted by the consolidated statement of financial position date.

Dividends
Dividends are recorded in the Group's financial statements in the period in which they are approved by the shareholders. Interim dividends are recognised when paid.

Employee benefits
(a) Pensions
The Group operates a DB Scheme (closed to new employees since October 2001 and to future service accrual since April 2010) and also makes payments into a defined contribution scheme for employees.

In respect of defined benefit schemes, the net obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, such benefits measured at discounted present value, less the fair value of the scheme assets. The rate used to discount the benefits accrued is the yield at the statement of financial position date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit method. The operating and financing costs of such plans are recognised separately in the consolidated income statement; service costs are spread systematically over the lives of employees and financing costs are recognised in the periods in which they arise. The Group recognises expected scheme gains and losses via the consolidated income statement and actuarial gains and losses are recognised in the period they occur directly in other comprehensive income, with associated deferred tax.

Payments to the defined contribution schemes are accounted for on an accruals basis.

(b) Share-based payments
The fair value of equity-settled, share-based compensation plans is recognised as an employee expense with a corresponding increase in equity. The fair value is measured as at the date the options are granted and the charge amended if vesting does not take place due to non-market conditions not being met. The fair value is spread over the period during which the employees become unconditionally entitled to the shares and is adjusted to reflect the actual number of options that vest. At the statement of financial position date, if it is expected that non-market conditions will not be satisfied, the cumulative expense recognised in relation to the relevant options is reversed. The proceeds received are credited to share capital (nominal value) and share premium when the options are exercised.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Depreciation is calculated to write off the cost of the assets on a straight line basis to their estimated residual value over its expected useful life at the following rates:

Fixtures and fittings	10%
Computer equipment	33%

The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each statement of financial position sheet date.

Inventories
Inventories are stated at the lower of cost and NRV. Land includes land under development, undeveloped land and land option payments. Work-in-progress comprises direct materials, sub-contract work, labour costs, site overheads, associated professional fees and other attributable overheads, but excludes interest costs.

Options purchased in respect of land are recognised initially at cost within inventories. Regular reviews are completed for impairment in the value of these options, and provisions made accordingly to reflect loss of value. The impairment reviews consider the period elapsed since the date of the purchase of the option, given that the option contract has not been exercised at the review date. Further, the impairment reviews consider the remaining life of the option, taking into account any concerns over whether the remaining time available will allow successful exercise of the option.

Land inventories and the associated land payables are recognised in the statement of financial position from the date of unconditional exchange of contracts. Where land is purchased on deferred settlement terms then the land and the land payable are discounted to their fair value. The land payable is then increased to the settlement value over the period of financing, with the financing element being charged as interest expense through the income statement.

Trade and other receivables
Trade and other receivables are stated at their fair value at the date of recognition and subsequently at amortised cost less impairment.

Other financial assets
Other financial assets (which comprise shared equity receivables) are classified as being available for sale and initially recognised at fair value. Changes in fair value relating to the expected recoverable amount are recognised in the income statement; changes in fair value arising from a change of discount factor are recognised in other comprehensive income and accumulated in equity, until the asset is divested. On disposal of these assets, the difference between the carrying value and the consideration received plus cumulative fair value movements previously recognised in equity is recognised in the income statement.

Cash and cash equivalents
Cash and cash equivalents are cash balances in hand and in the bank. For the purpose of the cash flow statement, bank overdrafts are considered part of cash and cash equivalents as they form an integral part of the Group's cash management.

Interest-bearing loans and borrowings
Borrowings are recognised initially at fair value, net of direct transaction costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise or included within interest accruals.

Trade and other payables
Trade payables are generally not interest bearing and are stated at their nominal amount which is considered to be their fair value. Trade payables on deferred terms are initially recorded at their fair value, with the discount to nominal value being charged to the income statement as interest over the duration of the deferred payment.

Provisions
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Accounting estimates and judgements
The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Management considers the key estimates and judgements made in the financial statements to be related to:

Carrying value of land, work-in-progress and profit recognition
Inventories of land, work-in-progress and completed units are stated in the statement of financial position at the lower of cost and NRV. Due to the nature of development activity and, in particular, the length of the development cycle, the Group has to allocate site-wide development costs such as infrastructure between units being built and/or completed in the current year and those for future years. It also has to make estimates of the cost to complete such developments. These estimates are reflected in the margin recognised on developments in relation to sales recognised in the current and future years and the carrying value of the land and work-in-progress. There is a degree of inherent uncertainty in making such estimates. The Group has established internal controls that are designed to ensure an effective assessment is made of inventory carrying values and the costs to complete developments.

Other financial assets

The fair value of future anticipated cash receipts takes into account the Directors' view of an appropriate discount rate, future house price movements, receipt timings and default rates. Directors review the assumptions at each period end. See Note 12 for additional details.

Management considers other estimates and judgements made in the financial statements to be related to:

Goodwill

The carrying value of goodwill is substantially dependent on the ability of the Group to successfully progress its strategic land holdings. Changes to the planning regime could undermine current assumptions about the sites which are expected to be successfully developed.

Pension liabilities

Management has employed the services of an actuary in setting these estimates, however, they recognise the risk that both expected investment returns and ultimate scheme payments may differ substantially from current forecasts.

Deferred tax

Management assesses whether there will be sufficient future profits to utilise deferred tax assets recognised at the statement of financial position date.

Share-based payments

Assumptions are made in determining the fair value of employee services received in exchange for the grant of options under share-based payments awards at the date of grant, and of the likely outcome of non-market conditions.

Standards and interpretations effective for the first time

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1st November 2014, none of which has had a significant effect on the Group's financial statements:

- IFRS 10 Consolidated Financial Statements.
- IFRS 11 Joint Arrangements.
- IFRS 12 Disclosure of Interests in Other Entities.
- IAS 27 (Revised 2011) Separate Financial Statements.
- IAS 28 (Revised 2011) Associates and Joint Ventures.
- Amendment to IAS 32 Financial Instruments: assets and liability offsetting.
- Amendment to IAS 36 Impairment of Assets.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement.
- Amendments to IFRS 10, 11 and 12 on transition guidance.
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities.

Standards and interpretations in issue but not yet effective, or yet to be endorsed by the EU

The below standards and amendments have not been applied in these financial statements:

- IFRS 9 Financial instruments and the amendment on general hedge accounting. Effective for the period beginning 1st November 2018.
- IFRS 14 Regulatory deferral accounts. Effective for the period beginning 1st November 2016.
- IFRS 15 Revenue from Contracts with Customers. Effective for the period beginning 1st November 2018.
- Amendment to IFRS 10 Consolidated Financial Statements. Effective for the period beginning 1st November 2016.
- Amendment to IFRS 11 Joint Arrangements. Effective for the period beginning 1st November 2016.
- Amendment to IAS 1 Presentation of Financial Statements. Effective for the period beginning on 1st November 2016.
- Amendment to IAS 16 Property, Plant and Equipment. Effective for the period beginning on 1st November 2016.
- Amendment to IAS 19 Employee Benefits. Effective for the period beginning on 1st November 2015.
- Amendment to IAS 27 Separate Financial Statements. Effective for the period beginning on 1st November 2015.
- Amendment to IAS 28 Investments in Associates and Joint Ventures. Effective for the period beginning on 1st November 2016.
- Amendment to IAS 38 Intangible Assets. Effective for the period beginning on 1st November 2016.

The above standards and the amendments will be adopted in the financial statements in the year they become effective and their adoption is not expected to have a significant effect on the Group's financial statements.

2 SEGMENTAL ANALYSIS

The Executive Management Team, which is accountable to the Board, has been identified as the chief operating decision-maker for the purposes of determining the Group's operating segments. The Executive Management Team approves investment decisions, allocates Group resources and performs divisional performance reviews. The Group operating segments are considered to be its divisions (including the regional divisions, as well as the Major Projects and Strategic Land divisions), each of which has its own management board. All divisions are engaged in residential-led, mixed use developments in the United Kingdom and therefore, having regard to the aggregation criteria in IFRS 8, the Group has one reportable operating segment.

3 OPERATING PROFIT

Operating profit from continuing activities is stated after charging:

	2015	2014
	£m	**£m**
Staff costs (Note 4)	**57.3**	**51.1**
Depreciation (Note 10)	**1.2**	**0.9**
Operating lease rentals:		
Land and buildings	**3.0**	**3.0**
Other operating lease rentals	**1.2**	**1.2**

Auditors' remuneration:	**£000**	**£000**
Audit of these consolidated financial statements	**43**	**41**
Audit of financial statements of subsidiaries pursuant to legislation	**125**	**128**
Non-audit fees:		
Review of half year results	**30**	**21**
Other services relating to taxation	**-**	**27**

In addition to the above, PwC provided advice to the Trustees of the Group's Defined Benefit pension scheme, the cost of this advice of £0.1m was paid for by the Group, as agreed between the Trustees and the Group as employer for the scheme. PwC also provides audit services to the Crest Nicholson Group Pension and Life Assurance Scheme. The fees associated with these of services £15,775 (2014: £15,275) are met by the assets of the scheme.

4 STAFF NUMBERS AND COSTS

		2015	2014
(a)	**Average monthly number of persons employed by the Group**	**Number**	**Number**
	Development	**792**	**711**

The Directors consider all employees of the Group to be employed within the same category of Development.

		2015	2014
(b)	**Staff costs (including Directors and key management)**	**£m**	**£m**
	Wages and salaries	**44.5**	**40.0**
	Social security costs	**5.4**	**5.2**
	Other pension costs	**2.4**	**1.9**
	Share-based payments (Note 21)	**5.0**	**4.0**
		57.3	**51.1**

(c) Key management remuneration

Key management comprises the Executive Management Team, which includes the Executive Directors of the Board and Non-Executive Directors as they are considered to have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management remuneration, including Directors, comprised:

	2015 £m	2014 £m
Salaries and short-term employee benefits	**3.9**	**3.7**
Other pension costs	**0.1**	**0.1**
Share-based payments	**2.2**	**1.7**
	6.2	**5.5**

(d) Directors' remuneration

Directors' remuneration comprised:

	2015 £m	2014 £m
Salaries and short-term employee benefits	**1.9**	**2.0**
Other pension costs	**0.1**	**0.1**
Share-based payments	**1.2**	**1.0**
	3.2	**3.1**

Further information relating to Directors' remuneration, incentive plans, share options and pension entitlement appears in the Directors' remuneration report.

5 FINANCE INCOME AND EXPENSE

Finance income	2015 £m	2014 £m
Interest income	**1.1**	**0.6**
Imputed interest on other financial assets (Note 12)	**3.9**	**3.3**
	5.0	**3.9**

Finance expense	2015 £m	2014 £m
Interest on bank loans and overdrafts	**8.9**	**8.1**
Revolving credit facility issues costs pre refinancing amortisation	**-**	**2.5**
Revolving credit facility issue costs post refinancing amortisation	**0.7**	**0.3**
Imputed interest on deferred land payables	**3.6**	**3.3**
Net interest on defined benefit pension plan obligations (Note 21)	**1.3**	**1.1**
	14.5	**15.3**
Net financing expense	**9.5**	**11.4**

6 INCOME TAX EXPENSE

	2015 £m	2014 £m
Current tax		
UK Corporation tax on profits for the year	**12.2**	**-**
Total current tax	**12.2**	**-**
Deferred tax		
Origination and reversal of temporary differences in the current year	**17.6**	**21.3**
Prior year adjustment	**0.1**	**-**
Deferred tax arising on previously unrecognised temporary differences	**-**	**(3.4)**
Total deferred tax (Note 17)	**17.7**	**17.9**
Total tax in income statement	**29.9**	**17.9**

The total tax charge for the year is lower (2014: lower) than the standard rate of UK corporation tax of 20.42% (2014: 21.83%). The differences are explained below:

	2015	2014
	£m	£m
Profit before tax	154.0	116.7
Tax on profit at 20.42% (2014: 21.83%)	31.4	25.5
Effects of:		
Expenses not deductible for tax purposes	0.1	0.1
Enhanced tax deductions	(2.4)	(2.2)
Income not taxable	-	(2.1)
Deferred tax change in rate	0.7	-
Prior year adjustment	0.1	-
Deferred tax arising on previously unrecognised temporary differences	-	(3.4)
Total tax in income statement	29.9	17.9

7 DIVIDENDS

Amounts recognised as distributions to equity shareholders in the year:

	2015	2014
Dividends recognised as distributions to equity shareholders in the year:	£m	£m
Prior year final dividend per share of 10.2p (2014: 6.5p)	25.6	16.3
Current year interim dividend per share of 6.4p (2014: 4.1p)	16.1	10.3
	41.7	26.6

	2015	2014
Dividends declared as distributions to equity shareholders in the period:	£m	£m
Final dividend for the year ended 31st October 2015 of 13.3 pence per share (2014: 10.2 pence per share)	33.4	25.6

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 17th March 2016, and in accordance with IAS 10 'Events after the Reporting Period', has not been included as a liability in these financial statements.

8 EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted average number of shares is increased by the average number of potential ordinary shares held under option during the period. This reflects the number of ordinary shares which would be purchased using the difference in value between the market value of shares and the share option exercise price. The market value of shares has been calculated using the average ordinary share price during the year. Only share options which have met their cumulative performance criteria have been included in the dilution calculation.

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

	Earnings	Weighted average number of Ordinary shares	Per share amount
	£m	Number	Pence
Year ended 31st October 2015			
Basic earnings per share	124.1	251,530,176	49.3
Dilutive effect of share options	-	4,985,822	
Diluted earnings per share	124.1	256,515,998	48.4
Year ended 31st October 2014			
Basic earnings per share	98.8	251,428,643	39.3
Dilutive effect of share options	-	4,097,336	
Diluted earnings per share	98.8	255,525,979	38.7

9 INTANGIBLE ASSETS

Goodwill	2015	2014
	£m	£m
Cost at beginning and end of the year	47.7	47.7
Impairment at beginning and end of the year	(18.7)	(18.7)
At beginning and end of the year	29.0	29.0

Goodwill arose on the acquisition of Castle Bidco Limited on 24th March 2009. Goodwill is allocated to acquired strategic land holdings (cash-generating units) within the Group. The recoverable amount is equal to the higher of value in use and fair value less costs of disposal. The Directors have therefore assessed value in use, being the present value of the forecast cash flows from the expected development and sale of properties on the strategic land. The forecast looks at the likelihood and scale of permitted development, forecast build costs and forecast selling prices, using a discount rate of 9.05% (2014: 9.05%), covering a period of 22 years from 2009 (being the minimum period that management expects to benefit from the acquired strategic land holdings) and based on current market conditions. The recoverable value of the cash-generating units is substantially in excess of the carrying value of goodwill. Sensitivity analysis has been undertaken by changing discount rates, profit margins and other variables applicable to the cash-generating units. None of the sensitivities, either individually or combined, resulted in the fair value of the goodwill being reduced to below its current book value amount.

10 PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	£m	£m
Cost		
At beginning of the year	9.2	8.4
Additions	1.6	1.2
Disposals	(0.4)	(0.4)
At end of the year	10.4	9.2
Accumulated depreciation		
At beginning of the year	7.0	6.5
Charged in the year	1.2	0.9
Disposals	(0.4)	(0.4)
At end of the year	7.8	7.0
Carrying value		
At end of the year	2.6	2.2

Property, plant and equipment consists of computer equipment, £1.8m (2014: £1.3m) and office fittings and furniture £0.8m (2014: £0.9m).

11 INVESTMENTS

Interests in joint ventures

Below are the joint ventures that the Directors consider are material to the Group. All material joint ventures place of business is in Great Britain, are 50% owned and are accounted for using the equity method.

	2015	2014
	£m	**£m**
Entity		
Crest Nicholson Bioregional Quintain LLP	**0.2**	**0.2**
Kitewood (Cossall) Limited	**0.3**	**-**
Bonner Road LLP	**-**	**-**
Crest/Galliford Try (Epsom) LLP	**-**	**-**
	0.5	**0.2**

- Crest Nicholson Bioregional Quintain LLP was set up to develop a site in Brighton. The site was completed in 2010.
- In April 2015 the Group acquired a 50% interest in the ordinary share capital of Kitewood (Cossall) Limited, which was set up to develop a site in London. The company purchased the land and works have commenced for the construction of 123 apartments, currently forecast for completion in 2017. The Group provides funding to the company to facilitate construction, and also receives a project management fee.
- Bonner Road LLP; in August 2015 the Group entered into a partnership agreement with Your LifeSpace Ltd to procure and develop a site in London. The LLP will apply for planning during 2016 on the site for residential purposes, with construction currently forecast to commence in 2017. The development will be jointly funded by both partners equally, accruing interest on loaned sums, and will share profits equally. The Group will receive a project management fee.
- Crest/Galliford Try (Epsom) LLP was set up to develop three sites in Epsom. The LLP purchased the land and is responsible for developing the infrastructure on the sites. The risks and rewards of development will accrue to the development partners, Crest Nicholson and Galliford Try. All works are currently forecast to be completed in 2016.

Summarised financial information for joint ventures

The tables below provides financial information for joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Crest Nicholson Holdings plc's share of those amounts.

	Crest Nicholson Bioregional Quintain LLP		**Kitewood (Cossall) Limited**		**Bonner Road LLP**		**Crest/Galliford Try (Epsom) LLP**		**TOTAL**	
Summarised statement of financial position	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Current assets										
Cash and cash equivalents	**0.3**	**0.1**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.3**	**0.2**
Other current assets	**-**	**0.1**	**12.3**	**-**	**52.0**	**-**	**0.7**	**13.9**	**65.0**	**14.0**
Non-current assets	**0.1**	**0.2**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.2**
Current liabilities										
Financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**(13.7)**	**-**	**(13.7)**	**-**
Other current liabilities	**(0.1)**	**(0.1)**	**(0.6)**	**-**	**(0.2)**	**-**	**(2.1)**	**(29.1)**	**(3.0)**	**(29.2)**
Non-current liabilities					**-**					
Financial liabilities	**-**	**-**	**(11.1)**	**-**	**(52.0)**	**-**	**-**	**-**	**(63.1)**	**-**
Net assets/(liabilities)	**0.3**	**0.3**	**0.6**	**-**	**(0.2)**	**-**	**(15.1)**	**(15.1)**	**(14.4)**	**(14.8)**

	Crest Nicholson Bioregional Quintain LLP		Kitewood (Cossall) Limited		Bonner Road LLP		Crest/Galliford Try (Epsom) LLP		TOTAL	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Reconciliation to carrying amounts:										
Opening net assets/(liabilities) at 31st October 2014	**0.3**	**3.7**	**-**	**-**	**-**	**-**	**(15.1)**	**(15.1)**	**(14.8)**	**(11.4)**
Profit/(loss) for the year	**-**	**-**	**0.6**	**-**	**(0.2)**	**-**	**-**	**-**	**0.4**	**-**
Dividends paid	**-**	**(3.4)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.4)**
Closing net assets/(liabilities) at 31st October 2015	**0.3**	**0.3**	**0.6**	**-**	**(0.2)**	**-**	**(15.1)**	**(15.1)**	**(14.4)**	**(14.8)**
Group's share and proportion of control in joint venture	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**		
Group's share in joint venture	**0.2**	**0.2**	**0.3**	**-**	**(0.1)**	**-**	**(7.6)**	**(7.6)**	**(7.2)**	**(7.4)**
Fully provided in Group accounts	**-**	**-**	**-**	**-**	**-**	**-**	**7.6**	**7.6**	**7.6**	**7.6**
Recognised against receivable from joint venture	**-**	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**	**0.1**	**-**
Group's share in joint venture	**0.2**	**0.2**	**0.3**	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.2**
Amount due from Crest Nicholson Group	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Amount due to Crest Nicholson Group	**-**	**-**	**8.0**	**-**	**25.9**	**-**	**-**	**-**	**33.9**	**-**
Summarised income statement										
Revenue	**-**	**0.8**	**3.2**	**-**	**-**	**-**	**4.6**	**-**	**7.8**	**0.8**
Expenditure	**-**	**(0.8)**	**(2.1)**	**-**	**-**	**-**	**(4.6)**	**1.1**	**(6.7)**	**0.3**
Operating profit before financing costs	**-**	**-**	**1.1**	**-**	**-**	**-**	**-**	**1.1**	**1.1**	**1.1**
Interest expense	**-**	**-**	**(0.3)**	**-**	**(0.2)**	**-**	**-**	**(1.1)**	**(0.5)**	**(1.1)**
Income tax expense	**-**	**-**	**(0.2)**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**-**
Profit/(loss) for the period	**-**	**-**	**0.6**	**-**	**(0.2)**	**-**	**-**	**-**	**0.4**	**-**
Group's share and proportion of control in joint venture	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**		
Group's share in joint venture	**-**	**-**	**0.3**	**-**	**(0.1)**	**-**	**-**	**-**	**0.2**	**-**

Commitments and contingent liabilities in respect of joint ventures	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Commitments - joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Commitment to provide funding	**-**	**-**	**5.4**	**-**	**4.0**	**-**	**-**	**-**	**9.4**	**-**
Contingent liabilities - joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Subsidiary undertakings

The subsidiary undertakings that are significant to the Group and traded during the year are set out below. The Group's interest is in respect of ordinary issued share capital that is wholly owned and all the subsidiary undertakings are incorporated in Great Britain and included in the consolidated financial statements.

Subsidiary	**Nature of business**
Castle Bidco Limited	Holding Company
Crest Nicholson plc	Holding Company
Crest Nicholson Operations Limited	Residential and commercial property development

A full list of the Group's undertakings is set out in Note 26.

12 OTHER FINANCIAL ASSETS

	2015	**2014**
	£m	**£m**
At beginning of the year	**28.4**	**31.9**
Additions	**-**	**0.2**
Disposals	**(8.1)**	**(7.0)**
Imputed interest	**3.9**	**3.3**
At end of the year	**24.2**	**28.4**
Of which:		
Non-current assets	**23.0**	**28.4**
Current assets	**1.2**	**-**
	24.2	**28.4**

Other financial assets carried at fair value are categorised as level 3 (inputs not based on observable market data) within the hierarchical classification of IFRS 13 Revised.

Other financial assets comprise shared equity loans secured by way of a second charge on the property. The loans can be repaid at any time within the loan agreement, the amount of which is dependent on the market value of the asset at the date of repayment. The assets are recorded at fair value, being the estimated amount receivable by the Group, discounted to present day values.

The fair value of future anticipated cash receipts takes into account Directors' views of an appropriate discount rate (incorporating purchaser default rate), future house price movements and the expected timing of receipts. These assumptions are given below and are reviewed at each year end.

Assumptions	**2015**	**2014**
Discount rate, incorporating default rate	**10.5%**	**10.5%**
House price inflation for the next three years	**3.0%**	**3.0%**
Timing of receipt	**10 to 15 years**	**10 to 13 years**

Sensitivity – effect on value of other financial assets (less)/more	**2015 Increase assumptions by 1 % / year £m**	**2015 Decrease assumptions by 1 % / year £m**
Discount rate, incorporating default rate	**(0.9)**	**0.9**
House price inflation for the next three years	**0.5**	**(0.5)**
Timing of receipt	**(1.3)**	**1.2**

The difference between the anticipated future receipt and the initial fair value is charged over the estimated deferred term to financing, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. The imputed interest credited to financing for the year ended 31st October 2015 was £3.9m (2014: £3.3m).

At initial recognition, the fair values of the assets are calculated using a discount rate, appropriate to the class of assets, which reflects market conditions at the date of entering into the transaction. The Directors consider at the end of each reporting period whether the initial market discount rate still reflects up to date market conditions. If a revision is required, the fair values of the assets are remeasured at the present value of the revised future cash flows using this revised discount rate. The difference between these values and the carrying values of the assets is recorded against the carrying value of the assets and recognised directly in the statement of comprehensive income.

13 INVENTORIES

	2015	2014
	£m	£m
Work-in-progress: land, building and development	**863.8**	**779.6**
Completed buildings including show homes	**40.7**	**34.5**
	904.5	**814.1**

Included within inventories is a fair value provision of £66.9m (2014: £90.7m) which arose on the acquisition of Castle Bidco Limited in 2009 and will unwind to cost of sales in future years as the units against which the original fair value provision was recognised are sold. Inventories of £390.0m (2014: £384.0m) is estimated to be recovered in more than 12 months. Inventories of £565.4m (2014: £437.1m) were recognised as expensed in the year.

14 TRADE AND OTHER RECEIVABLES

	2015	2014
	£m	£m
Non-current		
Trade receivables	**0.4**	**-**
Due from joint ventures	**33.9**	**-**
	34.3	**-**
Current		
Trade receivables	**25.2**	**24.0**
Recoverable on contracts	**13.6**	**12.5**
Other receivables	**7.9**	**8.7**
Prepayments and accrued income	**2.3**	**2.9**
	49.0	**48.1**

Current trade receivables of £11.2m have been collected since year end (2014: £5.7m). The remaining balance is due according to contractual terms. Receivables are stated after provision for doubtful debts of £nil (2014: £nil).

15 INTEREST-BEARING LOANS AND BORROWINGS

	2015	2014
	£m	£m
Non-current		
Revolving credit facility	**206.0**	**135.0**
Revolving credit facility issue costs	**(2.9)**	**(2.4)**
Other loans	**7.5**	**14.1**
	210.6	**146.7**
Current		
Other loans	**7.4**	**14.6**

There were undrawn amounts of £34.0m (2014: £65.0m) under the revolving credit facility at the statement of financial position date. See Note 20 for additional disclosures.

16 TRADE AND OTHER PAYABLES

	2015 £m	2014 £m
Non-current		
Land payables on contractual terms	**96.0**	**82.4**
Other payables	**8.0**	**-**
Accruals	**1.6**	**0.5**
	105.6	**82.9**
Current		
Land payables on contractual terms	**64.4**	**104.4**
Other trade payables	**33.3**	**30.0**
Payments on account	**18.2**	**17.5**
Due to joint ventures	**-**	**3.8**
Taxes and social security costs	**2.3**	**1.6**
Other payables	**11.1**	**20.7**
Accruals	**150.4**	**115.1**
	279.7	**293.1**

During the year the Group clarified its description of land payables on contractual terms to only include direct land vendor liabilities. Other indirect land related liabilities (mainly s106 obligations) have been classified within accruals. 2014 comparatives have been reclassified resulting in a move of £27.7m from land payables on contractual terms to accruals; total payables are unchanged.

17 DEFERRED TAX ASSETS

	2015 £m	2014 £m
At beginning of the year	**40.3**	**58.1**
Income statement movements	**(17.7)**	**(17.9)**
Equity movements	**(1.7)**	**0.1**
At end of the year	**20.9**	**40.3**

	2015 £m	2014 £m
The deferred tax asset comprises:		
Tax losses	**1.1**	**13.9**
Inventories fair value	**14.3**	**19.9**
Share-based payments	**3.3**	**1.2**
Other temporary differences	**0.8**	**0.5**
Pension deficit	**1.4**	**4.8**
Deferred tax asset	**20.9**	**40.3**

At the statement of financial position date the substantively enacted future corporation tax rates were 20% (FY2015 to FY2016), 19% (FY2017 to FY2019) and 18% beyond. The deferred tax assets have been evaluated at the rates at which they are expected to reverse based on current forecasts (accounting period ends: 31st October 2016: 20%, 31st October 2017: 19.42%, 31st October 2018: 19%, 31st October 2019: 19%, 31st October 2020: 18.42% and 31st October 2021 and subsequent: 18%).

Inventories fair value represents temporary differences on the carrying value of inventory fair valued on the acquisition of Castle Bidco Limited in 2009. These temporary differences are expected to be recoverable in full and are therefore recognised as deferred tax assets in the above amounts.

The Directors believe that future taxable profits will be sufficient to fully utilise the deferred tax losses.

18 PROVISIONS

	Rental and other obligations in respect of commercial properties £m	Other £m	Total £m
Non-current			
At 31st October 2013	**4.1**	**-**	**4.1**
Utilised in the year	**(0.1)**	**-**	**(0.1)**
At 31st October 2014	**4.0**	**-**	**4.0**
Charged to the income statement	**0.1**	**-**	**0.1**
At 31st October 2015	**4.1**	**-**	**4.1**
Current			
At 31st October 2013	**2.5**	**2.2**	**4.7**
Charged/(credited) to the income statement	**0.3**	**(2.2)**	**(1.9)**
At 31st October 2014	**2.8**	**-**	**2.8**
Credited to the income statement	**(1.6)**	**-**	**(1.6)**
Utilised in the year	**(0.1)**	**-**	**(0.1)**
At 31st October 2015	**1.1**	**-**	**1.1**

The rental and other obligations in respect of commercial properties provision covers the shortfall on commercial head leases, rates and related service charges for the period the Group anticipates the lease being onerous. The Group has head leases expiring up to September 2020. Other provisions relate to the unwind of investment fair value on joint ventures that arose on the acquisition of Castle Bidco Limited in 2009 and unwound fully in the prior year.

19 SHARE CAPITAL

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
Ordinary shares as at 31st October 2013	**251,427,287**	**5**	**12,571,364**	**71,635,216**
New share capital	**4,026**	**5**	**201**	**9,743**
Ordinary shares as at 31st October 2014	**251,431,313**	**5**	**12,571,565**	**71,644,959**
New share capital	**229,887**	**5**	**11,495**	**15,944**
Ordinary shares as at 31st October 2015	**251,661,200**	**5**	**12,583,060**	**71,660,903**

During the year the Company issued the following new ordinary shares of 5 pence each to satisfy share options under the Company's share incentive schemes.

	Shares issued Number	Exercise price pence	Share capital £	Share premium account £
2013 LTIP	**47,360**	**-**	**2,368**	**-**
2014 LTIP	**8,419**	**-**	**421**	**-**
2013 SAYE	**6,373**	**247**	**319**	**15,423**
2014 SAYE	**199**	**267**	**10**	**521**
2013 deferred bonus plan	**160,624**	**-**	**8,031**	**-**
2014 deferred bonus plan	**6,912**	**-**	**346**	**-**
	229,887		**11,495**	**15,944**

During the previous year the Company issued 4,026 new ordinary shares of 5 pence each to satisfy share options under the Save as You Earn (SAYE) scheme which became exercisable at a price of 247 pence per share.

For details of outstanding share options at 31st October 2015 see Note 21.

20 FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, bank loans and overdrafts, trade receivables, other financial assets and trade payables. The main objective of the Group's policy towards financial instruments is to maximise returns on the Group's cash balances, manage the Group's working capital requirements and finance the Group's ongoing operations.

Capital management

The Group's policies seek to match long-term assets with long-term finance and ensure that there is sufficient working capital to meet the Group's commitments as they fall due, comply with the loan covenants and continue to sustain trading.

The Groups capital comprises shareholders' funds and net borrowings.

The Group seeks to manage its capital through control of expenditure, dividend payments and through its banking facilities.

The revolving credit facility imposes certain minimum capital requirements on the Group. These requirements are integrated into the Group's internal forecasting process and are regularly reviewed. The Group has, and is forecasting, to operate within these capital requirements.

Financial risk

The main risks associated with the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Board is responsible for managing these risks and the policies adopted are as set out below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or other counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash deposits, as most receivables are secured on land and buildings.

The group has cash deposits of £187.4m (2014: £142.0m) which are held by providers of its banking facilities. These are primarily provided by HSBC Bank Plc, Barclays Bank Plc, Lloyds Bank Plc and The Royal Bank of Scotland, being four of the UK's leading financial institutions. The security and suitability of these banks is monitored by treasury on a regular basis.

Other financial assets, as described in Note 12, of £24.2m (2014: £28.4m) are receivables on extended terms granted as part of a sales transaction and are secured by way of a legal charge on the relevant property and therefore credit risk is considered low.

The carrying value of trade and other receivables are mainly amounts due from housing association sales, land sales and commercial sales and equate to the Group's exposure to credit risk which is set out in Note 14. Amounts due from joint ventures of £33.9m (2014: £nil) is funding provided on two joint venture developments which are being project managed by the Group and are subject to contractual arrangements. Within trade and other receivables the other largest single amount outstanding at the year end is £6.2m (2014: £4.2m) which is within agreed terms.

In managing risk the Group assesses the credit risk of its counter parties before entering into a transaction. No credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance of any counterparties, including in respect of receivables not yet due. No material financial assets are past due, or are considered to be impaired as at the statement of financial position date (2014: none).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Cash flow forecasts are produced to monitor the expected cash flow requirements of the Group against the available facilities. The principal risks within these cashflows relate to achieving the level of sales volume and prices in line with current forecasts.

The following are the contractual maturities of the financial liabilities of the Group at 31st October 2015:

2015	Carrying value	Contractual cash flows	Within 1 year	1-2 years	2-3 years	More than 3 years
	£m	£m	£m	£m	£m	£m
Revolving credit facility	**206.0**	**207.6**	**1.6**	**-**	**-**	**206.0**
Get Britain Building loans	**5.5**	**5.6**	**5.6**	**-**	**-**	**-**
LIFF loans	**9.4**	**10.2**	**2.2**	**2.1**	**2.0**	**3.9**
Other financial liabilities carrying interest	**73.6**	**77.4**	**29.8**	**23.6**	**24.0**	**-**
Financial liabilities carrying no interest	**291.2**	**302.8**	**235.3**	**31.4**	**14.9**	**21.2**
At 31st October 2015	**585.7**	**603.6**	**274.5**	**57.1**	**40.9**	**231.1**

Get Britain Building loans and LIFF loans are development specific loans from the HCA and are repayable on the earlier of legal completion of related units or long stop dates. Other financial liabilities carrying interest are land acquisitions using promissory notes. The timing and amount of future cash flows given in the table above is based on the Directors' best estimate of the likely outcome.

2014	Carrying value	Contractual cash flows	Within 1 year	1-2 years	2-3 years	More than 3 years
	£m	£m	£m	£m	£m	£m
Revolving credit facility	**135.0**	**136.5**	**1.5**	**-**	**-**	**135.0**
Get Britain Building loans	**19.3**	**19.9**	**14.8**	**5.1**	**-**	**-**
LIFF loans	**9.4**	**10.4**	**0.3**	**2.1**	**2.1**	**5.9**
Other financial liabilities carrying interest	**55.7**	**57.3**	**28.9**	**28.4**	**-**	**-**
Financial liabilities carrying no interest *	**301.2**	**314.2**	**249.4**	**26.7**	**5.4**	**32.7**
At 31st October 2014	**520.6**	**538.3**	**294.9**	**62.3**	**7.5**	**173.6**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk reflects the Group's exposure to fluctuations to interest rates in the market. The risk arises because the Group's revolving credit facility is subject to floating interest rates based on LIBOR, and the Get Britain Building and LIFF loans are subject to the EU Reference rate. The Group accepts a degree of interest rate risk, and monitors rate changes to ensure they are within acceptable limits and in line with banking covenants. For the year ended 31st October 2015 it is estimated that an increase of 1% in interest rates applying for the full year would decrease the Group's PBT by £1.8m (2014: £1.2m).

At 31st October 2015, the interest rate profile of the financial liabilities of the Group was:

Sterling bank borrowings, loan notes and long-term creditors	2015	2014
	£m	£m
Floating rate financial liabilities	**220.9**	**163.7**
Financial liabilities carrying interest	**73.6**	**55.7**
Financial liabilities carrying no interest*	**291.2**	**301.2**
	585.7	**520.6**

For financial liabilities that have no interest payable but for which imputed interest is charged, consisting of land payables, the weighted average period to maturity is 60 months (2014: 71 months).

The maturity of the financial liabilities is:	2015	2014
	£m	£m
Repayable within one year*	266.6	288.6
Repayable between one and two years	53.2	58.3
Repayable between two and five years	48.9	22.0
Repayable after five years	217.0	151.7
	585.7	520.6

*During the year the Company clarified its description of land payables on contractual terms to only include direct land vendor liabilities. Other indirect land-related liabilities (mainly s106 contributions) have been classified within accruals. The 2014 comparatives have been reclassified resulting in a move of £27.7m from land payables on contractual terms to accruals, and accruals have been added to the 2014 comparatives.

Fair Values

Financial assets

The Group's financial assets comprise cash equivalents, other financial assets and trade and other receivables. The carrying amounts of financial assets equate to their fair value. At 31st October 2015 cash equivalents consisted of sterling cash deposits of £187.4m (2014: £142.0m), with solicitors and on current account, £24.2m (2014: £28.4m) of other financial assets, £47.1m (2014: £45.2m) of trade, other receivables and amounts recoverable on contracts, and £33.9m (2014: £nil) of amounts due from joint ventures.

Financial liabilities

The Group's financial liabilities comprise term loans, other loans, trade payables, payments on account, loans from joint ventures and accruals. The carrying amount of the revolving credit facility, other loans, trade payables, payments on account, loans from joint ventures and accruals equate to their fair value. The fair values of the revolving credit facility, other loans and loan notes are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the statement of financial position date.

The fair values of the facilities determined on this basis are:

2015	Nominal interest rate	Face value £m	Carrying value £m	Fair value £m	Maturity
Revolving credit facility	3 mth LIBOR + 2.50%	206.0	206.0	206.0	2020
LIFF loans	EU reference rate + 2.2%	7.5	7.5	7.5	2019
Total non-current interest bearing loans		213.5	213.5	213.5	
Get Britain Building loans	EU reference rate + 2.2% to 4.0%	5.5	5.5	5.5	2016
LIFF loans	EU reference rate + 2.2%	1.9	1.9	1.9	2016
Total current interest bearing loans		7.4	7.4	7.4	

2014	Nominal interest rate	Face value £m	Carrying value £m	Fair value £m	Maturity
Revolving credit facility	3 mth LIBOR + 3.75%	135.0	135.0	135.0	2019
Get Britain Building loans	EU reference rate + 2.2% to 4.0%	4.7	4.7	4.7	2016
LIFF loans	EU reference rate + 2.2%	9.4	9.4	9.4	2019
Total non-current interest bearing loans		149.1	149.1	149.1	
Get Britain Building loans	EU reference rate + 2.2% to 4.0%	14.6	14.6	14.6	2015
Total current interest bearing loans		14.6	14.6	14.6	

Financial assets and liabilities by category

Financial assets	2015 £m	2014 £m
Sterling cash deposits	**187.4**	**142.0**
Trade receivables	**25.6**	**24.0**
Amounts due from joint ventures	**33.9**	**-**
Recoverable on contracts	**13.6**	**12.5**
Other receivables	**7.9**	**8.7**
Total loans and receivables	**268.4**	**187.2**
Other financial assets	**24.2**	**28.4**
Total available-for-sale financial assets	**24.2**	**28.4**
Total financial assets	**292.6**	**215.6**

Financial liabilities	2015 £m	2014 £m
Revolving credit facility	**206.0**	**135.0**
Other loans	**14.9**	**28.7**
Land payments on contractual terms	**160.4**	**186.8**
Amounts due to joint ventures	**-**	**3.8**
Other trade payables	**33.3**	**30.0**
Other payables	**19.1**	**20.7**
Accruals	**152.0**	**115.6**
Financial labilities at amortised cost	**585.7**	**520.6**

There were no gains or losses recorded on financial assets or liabilities in the year; the amount of interest income and expense on each of the above can be seen in Note 5.

21 EMPLOYEE BENEFITS

(a) Retirement benefit obligations

Defined contribution scheme

The Group operates a defined contribution scheme for new employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions to this scheme for the year were £1.9m (2014: £1.7m). At the statement of financial position date there were no outstanding or prepaid contributions (2014: £nil).

Defined benefit scheme

The Company sponsors the Crest Nicholson Group Pension and Life Assurance Scheme, a funded DB Scheme in the UK. The Scheme is administered within a trust that is legally separate from the Company. Trustees are appointed by both the Company and the Scheme's members and act in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustees are also responsible for the investment of the Scheme's assets.

The Scheme closed to future accrual from 30 April 2010. Accrued pensions in relation to deferred members are revalued at statutory revaluation in the period before retirement. Benefits also increase either at a fixed rate or in line with inflation while in payment. The Scheme provides pensions to members on retirement and to their dependants on death.

The Company pays contributions in relation to the funding deficit as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme, whereas the accounting assumptions must be best estimates.

Responsibility for making good any deficit within the Scheme lies with the Company and this introduces a number of risks for the Company. The major risks are: interest rate risk inflation risk, investment risk and longevity risk. The Company and Trustees are aware of these risks and manage them through appropriate investment and funding strategies.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. The last actuarial valuation was carried out with an effective date of 31st January 2015. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

The results of the actuarial valuation as at 31st January 2015 have been projected to 31st October 2015 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

The investment strategy in place for the Scheme is to invest in a mix of return seeking, index linked and fixed interest investments. At 31st October 2015, the allocation of the Scheme's invested assets was 76% in return seeking investments, 4% in corporate bonds, 18% in index linked gilts and 2% in cash. Details of the investment strategy can be found in the Scheme's Statement of Investment Principles, which the Trustees update as the policy evolves.

The amounts recognised in the statement of financial position are as follows:	**2015 £m**	**2014 £m**	**2013 £m**
Present value of scheme liabilities	**(165.3)**	**(173.4)**	**(160.0)**
Fair value of scheme assets	**157.8**	**149.7**	**138.5**
Net amount recognised at year end	**(7.5)**	**(23.7)**	**(21.5)**

A deferred tax asset of £1.4m (2014: £4.8m) has been recognised in the consolidated statement of financial position.

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year, where applicable, are included in the consolidated statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	2015 £m	**2014 £m**
Administration expenses	**0.5**	**0.3**
Net interest expense	**0.8**	**0.8**
Charge recognised in the income statement	**1.3**	**1.1**
Remeasurements of the net liability:		
Return on scheme assets	**1.6**	**(1.1)**
Loss arising from changes in financial assumptions	**1.2**	**10.8**
Gain arising from changes in demographic assumptions	**(7.1)**	**-**
Experience (gain)/loss	**(4.2)**	**0.4**
(Credit)/charge recorded in other comprehensive income	**(8.5)**	**10.1**
Total defined benefit scheme (credit)/cost	**(7.2)**	**11.2**

The principal actuarial assumptions used were:	**2015 %**	**2014 %**
Liability discount rate	3.9	3.9
Inflation assumption - RPI	3.2	3.2
Inflation assumption - CPI	2.4	2.4
Rate of increase in salaries	0.0	0.0
Revaluation of deferred pensions	2.4	2.4
Increases for pensions in payment:		
benefits accrued in respect of GMP	3.0	3.0
benefits accrued in excess of GMP pre-97	3.0	3.0
benefits accrued post-97	3.1	3.1
Proportion of employees opting for early retirement	0.0	0.0
Proportion of employees commuting pension for cash	100.0	100.0

	2015	2014
Mortality assumption – pre-retirement	AC00	SAPS S1 PxA CMI_2011 ltr1.5%
Mortality assumption - male post-retirement	SAPS S2 PMA CMI_2014 ltr 1.5%	SAPS S1 PMA CMI_2011 ltr 1.5%
Mortality assumption - female post retirement	SAPS S2 PFA CMI_2014 ltr 1.5%	SAPS S1 PFA CMI_2011 ltr 1.5%
Future expected lifetime of current pensioner at age 65:		
Male aged 65 at year end	22.6	23.2
Female age 65 at year end	24.7	25.7
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end	24.7	24.8
Female age 45 at year end	27.0	27.2

Changes in the present value of assets over the year:	**2015 £m**	**2014 £m**
Fair value of assets at beginning of the year	149.7	138.5
Interest income	6.0	6.1
Return on assets (excluding amount included in net interest expense)	(1.6)	1.1
Contributions from the employer	9.0	9.0
Benefits paid	(4.8)	(4.7)
Administration expenses	(0.5)	(0.3)
Fair value of assets at end of the year	157.8	149.7

Changes in the present value of liabilities over the year:

	2015 £m	**2014 £m**
Liabilities at beginning of the year	173.4	160.0
Interest cost	6.8	6.9
Remeasurement (gains)/losses:		
Actuarial losses arising from changes in financial assumptions	1.2	10.8
Actuarial gains arising from changes in demographic assumptions	(7.1)	-
Experience (gains)/losses	(4.2)	0.4
Benefits paid	(4.8)	(4.7)
Liabilities at end of the year	165.3	173.4

The split of the scheme's liabilities by category of membership is as follows:	**2015 £m**	**2014 £m**
Deferred pensioners	94.1	109.6
Pensions in payment	71.2	63.8
	165.3	173.4

	2015 Years	**2014 Years**
Average duration of the scheme's liabilities at the end of the year	17.0	18.0
This can be subdivided as follows:		
Deferred pensioners	21.0	21.0
Pensions in payment	12.0	12.0

The major categories of scheme assets are as follows:

	2015	**2014**
	£m	**£m**
Return seeking:		
UK Equities	13.7	15.6
Overseas Equities	23.7	31.1
Other (hedge funds, multistrategy and absolute return funds)	76.2	24.5
Return seeking subtotal	113.6	71.2
Debt instruments:		
Corporates	6.7	39.3
Index Linked	26.4	23.3
Debt instrument subtotal	33.1	62.6
Other:		
Property	-	0.7
Cash	2.6	6.3
Insured annuities	8.5	8.9
Other subtotal	11.1	15.9
Total market value of assets	157.8	149.7

All scheme assets with the exception of cash and insured annuities are quoted assets.

The Scheme has no investments in the Group or in property occupied by the Group.

The Group expects to contribute £0.75m per month until 30th November 2017, and £0.75m per month from 1st December 2017 until 31st August 2021, subject to scheme funding.

Sensitivity of the liability value to changes in the principal assumptions:

If the discount rate was 0.25 percent higher/(lower), the scheme's liabilities would decrease by £6.7m (increase by £7.1m) if all the other assumptions remained unchanged.

If the inflation assumption was 0.25 percent higher/(lower), the scheme's liabilities would increase by £3.8m (decrease by £3.7m) if all the other assumptions remained unchanged.

If life expectancies were to increase by 1 year, the scheme's liabilities would increase by £5.7m if all the other assumptions remained unchanged.

(b) Share-based payments

The Group operates an LTIP, employee share option scheme (ESOS), SAYE and a deferred bonus plan.

Expected volatility for all plans/schemes (where applicable) is based on the historical share price movements of Crest Nicholson Holdings plc since the company listed in February 2013 (2014: expected volatility (where applicable), based on historic share price movements of comparable companies, given that Crest Nicholson Holdings plc was only listed in February 2013).

Long-term incentive plan

The Group's LTIP is open to the Executive Directors and senior management with awards being made at the discretion of the Remuneration Committee. Awards under the plan vest over three years and are subject to three years' service, and return on capital and profit performance conditions. Options granted under the plan are exercisable between three and 10 years after the date of grant. Awards may be satisfied by shares held in the employee benefit trust (EBT), the issue of new shares (directly or to the EBT) or the acquisition of shares in the market.

	2015	**2015**	**2015**	**Total**	**2014**	**2014**	**Total**
Date of grant	8th Mar 2013	14th Feb 2014	27th Feb 2015		8th Mar 2013	14th Feb 2014	
Options granted	2,226,041	1,246,861	1,270,176		2,226,041	1,246,861	
Fair value at measurement date	£2.62	£3.49	£4.02		£2.62	£3.49	
Share price on date of grant	£2.80	£3.81	£4.45		£2.80	£3.81	
Exercise price	£0.00	£0.00	£0.00		£0.00	£0.00	
Vesting period	3 years	3 years	3 years		3 years	3 years	
Expected dividend yield	2.50%	2.50%	3.20%		2.50%	2.50%	
Expected volatility	33.00%	28.90%	30.00%		33.00%	28.90%	
Risk free interest rate	0.40%	0.40%	0.86%		0.40%	0.40%	
Valuation model	Binomial	Binomial	Binomial		Binomial	Binomial	
Contractual life from	8th Mar 2013	14th Feb 2014	27th Feb 2015		8th Mar 2013	14th Feb 2014	
Contractual life to	7th Mar 2023	13th Feb 2024	26th Feb 2025		7th Mar 2023	13th Feb 2024	
Movements in the year							
Options at beginning of the year	2,026,405	1,200,020	-	3,226,425	2,140,612	-	2,140,612
Granted during the year	-	-	1,270,176	1,270,176	-	1,246,861	1,246,861
Exercised during the year	(47,360)	(8,419)	-	(55,779)	-	-	-
Lapsed during the year	(50,334)	(89,487)	(49,341)	(189,162)	(114,207)	(46,841)	(161,048)
Options at end of the year	1,928,711	1,102,114	1,220,835	4,251,660	2,026,405	1,200,020	3,226,425
Exercisable at end of the year	-	-	-	-	-	-	-
Charge to income	£1.7m	£1.2m	£0.7m	£3.6m	£1.7m	£0.9m	£2.6m

The weighted average exercise price of LTIP options was £nil (2014: £nil).

Employee share option scheme

This is a limited scheme which represents the balance of shares from the previous management incentive plan, which vested at admission. The balance of shares are held by the Group's Employee Share Ownership Trust and certain options have been granted to Executive Directors and other employees. Options granted under the plan are exercisable between two and 10 years after the date of grant. The options are valued at the admission price or share price on date of grant. There are no performance criteria but recipients must remain employed by the Group on the applicable vesting date.

	2015	**2015**	**Total**	**2014**	**2014**	**2014**	**Total**
Date of grant	6th Mar 2013	17th Aug 2015		11th Feb 2013	6th Mar 2013	6th Mar 2013	
Options granted	615,000	1,500		1,070,131	92,500	615,000	
Fair value at measurement date	£0.00	£0.00		£0.00	£0.00	£0.00	
Share price on date of grant	£2.69	£5.68		£2.20	£2.69	£2.69	
Exercise price	£0.00	£0.00		£0.00	£0.00	£0.00	
Vesting period	3 years	2 years		1 years	2 years	3 years	
Expected dividend yield	N/A	N/A		N/A	N/A	N/A	
Expected volatility	N/A	N/A		N/A	N/A	N/A	
Risk free interest rate	N/A	N/A		N/A	N/A	N/A	
Valuation model	N/A	N/A		N/A	N/A	N/A	
Contractual life from	6th Mar 2013	17th Aug 2015		11th Feb 2013	6th Mar 2013	6th Mar 2013	
Contractual life to	5th Mar 2023	16th Aug 2025		10th Feb 2023	5th Mar 2023	5th Mar 2023	
Movements in the year							
Options at beginning of the year	539,000	-	539,000	846,478	92,500	597,000	1,535,978
Granted during the year	-	1,500	1,500	-	-	-	-
Exercised during the year	(539,000)	-	(539,000)	(846,478)	(92,500)	-	(938,978)
Lapsed during the year	-	-	-	-	-	(58,000)	(58,000)
Options at end of the year	-	1,500	1,500	-	-	539,000	539,000
Exercisable at end of the year	-	-	-	-	-	-	-
Charge to income	£0.3m	-	£0.3m	-	£0.1m	£0.6m	£0.7m

The weighted average exercise price of employee share options was £nil (2014: £nil).

Save as You Earn

Executive Directors and eligible employees are invited to make regular monthly contributions to a Sharesave scheme operated by Equiniti. On completion of the three year contract period employees are able to purchase ordinary shares in the Company based on the market price at the date of invitation less a 20% discount. There are no performance conditions.

	2015	**2015**	**2015**	**Total**	**2014**	**2014**	**Total**
Date of grant	22nd May 2013	15th Jul 2014	16th Jul 2015		22nd May 2013	15th Jul 2014	
Options granted	805,805	569,998	257,264		805,805	569,998	
Fair value at measurement date	£0.82	£0.70	£1.03		£0.82	£0.70	
Share price on date of grant	£3.09	£3.44	£5.63		£3.09	£3.44	
Exercise price	£2.47	£2.76	£4.51		£2.47	£2.76	
Vesting period	3 years	3 years	3 years		3 years	3 years	
Expected dividend yield	2.50%	2.50%	3.00%		2.50%	2.50%	
Expected volatility	32.00%	28.90%	29.00%		32.00%	28.90%	
Risk free interest rate	0.55%	1.61%	1.16%		0.55%	1.61%	
Valuation model	Binomial	Binomial	Binomial		Binomial	Binomial	
Contractual life from	1st Aug 2013	1st Aug 2014	1st Aug 2015		1st Aug 2013	1st Aug 2014	
Contractual life to	1st Feb 2017	1st Feb 2018	1st Feb 2019		1st Feb 2017	1st Feb 2018	
Movements in the year							
Options at beginning of the year	695,720	559,697	-	1,255,417	780,304	-	780,304
Granted during the year	-	-	257,264	257,264	-	569,998	569,998
Exercised during the year	(6,373)	(199)	-	(6,572)	(4,026)	-	(4,026)
Lapsed during the year	(72,233)	(91,804)	(9,974)	(174,011)	(80,558)	(10,301)	(90,859)
Options at end of the year	617,114	467,694	247,290	1,332,098	695,720	559,697	1,255,417
Exercisable at end of the year	-	-	-	-	-	-	-
Charge to income	£0.2m	£0.1m	-	£0.3m	£0.2m	-	£0.2m

	Weighted average exercise Price 2015	**Weighted average exercise Price 2014**
Options at beginning of the year	£2.60	£2.47
Granted during the year	£4.51	£2.76
Exercised during the year	£2.48	£2.47
Lapsed during the year	£2.74	£2.50
Options at end of the year	£2.95	£2.60

Deferred bonus plan
Under the terms of certain bonus schemes, some parts of bonus payments must be deferred into share options. The options carry no performance criteria and vest over one or three years. Options granted under the plan are exercisable between one and 10 years after the date of grant. Deferred bonus plan option numbers are based on the share price on date of grant.

	2015	**2015**	**2015**	**Total**	**2014**	**Total**
Date of grant	14th Feb 2014	27th Feb 2015	27th Feb 2015		14th Feb 2014	
Options granted	155,752	138,112	119,107		155,752	
Fair value at measurement date	£3.81	£4.45	£4.45		£3.81	
Share price on date of grant	£3.81	£4.45	£4.45		£3.81	
Exercise price	£0.00	£0.00	£0.00		£0.00	
Vesting period	3 years	3 years	1 years		3 years	
Expected dividend yield	N/A	N/A	N/A		N/A	
Expected volatility	N/A	N/A	N/A		N/A	
Risk free interest rate	N/A	N/A	N/A		N/A	
Valuation model	N/A	N/A	N/A		N/A	
Contractual life from	14th Feb 2014	27th Feb 2015	27th Feb 2015		14th Feb 2014	
Contractual life to	13th Feb 2024	26th Feb 2025	26th Feb 2025		13th Feb 2024	
Movements in the year						
Options at beginning of the year	155,752	-	-	155,752	-	-
Granted during the year	4,872	138,112	119,107	262,091	155,752	155,752
Exercised during the year	(160,624)	-	(6,912)	(167,536)	-	-
Lapsed during the year	-	-	(5,959)	(5,959)	-	-
Options at end of the year	-	138,112	106,236	244,348	155,752	155,752
Exercisable at end of the year	-	-	-	-	-	-
Charge to income	£0.1m	£0.4m	£0.3m	£0.8m	£0.5m	£0.5m

The weighted average exercise price of deferred bonus plan share options was £nil (2014: £nil).

Total Share Incentive Schemes

Movements in the year	**2015**	**2014**
Options at beginning of the year	5,176,594	4,456,894
Granted during the year	1,791,031	1,972,611
Exercised during the year	(768,887)	(943,004)
Lapsed during the year	(369,132)	(309,907)
Options at end of the year	5,829,606	5,176,594
Exercisable at end of the year	-	-
Charge to income	£5.0m	£4.0m

The weighted average share price at the date of exercise of share options exercised during the year was £4.08 (2014: £3.78).

22 CONTINGENT LIABILITIES

There are performance bonds and other engagements, including those in respect of joint venture partners, undertaken in the ordinary course of business from which it is anticipated that no material liabilities will arise.

23 OPERATING LEASES

At 31st October 2015, total outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	2015 £m	2014 £m
Land and buildings		
Within one year	**2.5**	**3.0**
Less: minimum sub-lease income	**(0.7)**	**(1.0)**
Between two and five years	**8.1**	**8.7**
Less: minimum sub-lease income	**(1.1)**	**(0.9)**
After five years	**2.8**	**2.4**
	11.6	**12.2**
Other		
Within one year	**1.4**	**1.3**
Between two and five years	**1.9**	**1.3**
	3.3	**2.6**

24 MOVEMENT IN NET DEBT

	2015 £m	Movement £m	2014 £m
Cash and cash equivalents	**187.4**	**45.4**	**142.0**
Bank loans	**(218.0)**	**(56.7)**	**(161.3)**
Net debt	**(30.6)**	**(11.3)**	**(19.3)**

25 RELATED-PARTY TRANSACTIONS

The Company's Non-Executive Directors have associations other than the Company. From time to time the Group may buy products or services from organisations with which a Non-Executive Director has an association. Where this occurs, it is on normal commercial terms and without the direct involvement of the Non-Executive Director.

The Group has historical joint venture arrangements with subsidiaries of Quintain Estates and Developments plc on normal trading terms. William Rucker (Chairman of the Company) was also Chairman of Quintain Estates and Developments plc until 25th September 2015.

The Group has entered into the following related-party transactions:

(i) Transactions with joint ventures, which are disclosed in Note 11. The Group has provided book-keeping services to certain joint ventures which have been recharged at cost £24k (2014: £24k).

(ii) The Board and certain key management are related parties. Detailed disclosure for Board members is given within the Directors' remuneration report.

(iii) Stephen Stone, Chief Executive, is a Non-Executive Director of the HBF. The Group paid subscription and other fees during the year to the HBF of £90k (2014: £105k).

(iv) Pam Alexander, Independent Non-Executive Director, is a Non-Executive Director of the Academy of Urbanisation. The Group paid subscription and other fees during the year to the Academy of Urbanisation of £17k (2014: £17k).

26 GROUP UNDERTAKINGS

In accordance with s409 Companies Act 2006, the following is a list of all the Group's undertakings at 31st October 2015.

Subsidiary undertakings

At 31st October 2015 the Group had an interest in the below subsidiary undertakings, which are included in the consolidated financial statements.

Entity name	Registered office	Place of incorporation	Yearend date	Shareholding (direct or indirect)
Bartley Wood Management Services No.2 Limited	1	5	31st March	100%
Bath Riverside Estate Management Company Limited	2	5	31st October	100%
Bath Riverside Liberty Management Company Limited	2	5	31st October	100%
Block F1 Whitelands Park Limited	1	5	31st October	100%
Block F2 Whitelands Park Limited	1	5	31st October	100%
Block F3 Whitelands Park Limited	1	5	31st October	100%
Block L1-L3 Whitelands Park Limited	1	5	31st October	100%
Brenville Limited	1	5	31st October	100%
Bristol Parkway North Limited	1	5	31st October	100%
C N Nominees Limited	1	5	31st October	100%
Camberley (Commercial) Limited	1	6	31st October	100%
Camberley Res No.1 Limited	1	5	31st October	100%
Camberley Res No.2 Limited	1	5	31st October	100%
Camberley Res No.3 Limited	1	5	31st October	100%
Camberley Res No.4 Limited	1	5	31st October	100%
Camberley Res No.5 Limited	1	5	31st October	100%
Cardiff Freeport Limited	1	5	31st October	100%
Castle Bidco Limited*	1	5	31st October	100%
Clevedon Developments Limited	1	5	31st October	100%
Clevedon Investment Limited	1	5	31st October	100%
CN Properties Limited	1	5	31st October	100%
Crest (Claybury) Limited	1	5	31st October	100%
Crest (Napsbury) Limited	1	5	31st October	100%
Crest Construction Limited	1	5	31st October	100%
Crest Construction Management Limited	1	5	31st October	100%
Crest Developments Limited	1	5	31st October	100%
Crest Estates Limited	1	5	31st October	100%
Crest Homes (Chiltern) Limited	1	5	31st October	100%
Crest Homes (Eastern) Limited	1	5	31st October	100%
Crest Homes (Midlands) Limited	1	5	31st October	100%
Crest Homes (Nominees) Limited	1	5	31st October	100%
Crest Homes (Northern) Limited	1	5	31st October	100%
Crest Homes (South East) Limited	1	5	31st October	100%
Crest Homes (South West) Limited	1	5	31st October	100%
Crest Homes (South) Limited	1	5	31st October	100%
Crest Homes (Wessex) Limited	1	5	31st October	100%
Crest Homes (Westerham) Limited	1	5	31st October	100%
Crest Homes Limited	1	5	31st October	100%
Crest Homes Management Limited	1	5	31st October	100%
Crest Manhattan Limited	1	5	31st October	100%
Crest Nicholson (Bath Western) Limited	1	5	31st October	100%
Crest Nicholson (Bath) Holdings Limited	1	5	31st October	100%
Crest Nicholson (Chiltern) Limited	1	5	31st October	100%
Crest Nicholson (Eastern) Limited	1	5	31st October	100%
Crest Nicholson (Epsom) Limited	1	5	31st October	100%
Crest Nicholson (Londinium) Limited	1	5	31st October	100%
Crest Nicholson (London) Limited	1	5	31st October	100%
Crest Nicholson (Midlands) Limited	1	5	31st October	100%
Crest Nicholson (Rainsford Road) Limited	1	5	31st October	100%
Crest Nicholson (South East) Limited	1	5	31st October	100%
Crest Nicholson (South West) Limited	1	5	31st October	100%
Crest Nicholson (South) Limited	1	5	31st October	100%
Crest Nicholson (Wainscott)	1	5	31st October	100%

Entity name	Registered office	Place of incorporation	Yearend date	Shareholding (direct or indirect)
Crest Nicholson (Wessex) Limited	1	5	31st October	100%
Crest Nicholson Developments (Chertsey) Limited	1	5	31st October	100%
Crest Nicholson Greenwich Limited	1	5	31st October	100%
Crest Nicholson Operations Limited	1	5	31st October	100%
Crest Nicholson Overseas Limited	1	5	31st October	100%
Crest Nicholson plc	1	5	31st October	100%
Crest Nicholson Projects Limited	1	5	31st October	100%
Crest Nicholson Properties Limited	1	5	31st October	100%
Crest Nicholson Properties Scarborough No 2 Limited	1	6	31st October	100%
Crest Nicholson Quest Trustee Limited	1	5	31st October	100%
Crest Nicholson Regeneration Limited	1	5	31st October	100%
Crest Nicholson Residential (London) Limited	1	5	31st October	100%
Crest Nicholson Residential (Midlands) Limited	1	5	31st October	100%
Crest Nicholson Residential (South East) Limited	1	5	31st October	100%
Crest Nicholson Residential (South) Limited	1	5	31st October	100%
Crest Nicholson Residential Limited	1	5	31st October	100%
Crest Nominees Limited	1	5	31st October	100%
Crest Partnership Homes Limited	1	5	31st October	100%
Crest Strategic Projects Limited	1	5	31st October	100%
Dialled Despatches Limited	1	5	31st October	100%
Eastern Perspective Management Company Limited	1	5	31st October	100%
Grassphalte-Gaze Limited	1	5	31st October	100%
Landscape Estates Limited	1	5	31st October	100%
Mertonplace Limited	1	5	31st October	100%
Nicholson Estates (Century House) Limited	1	5	31st October	100%
Nicholson Estates GN Tower No 2 Limited	1	6	31st October	100%
Nicholson Homes Limited	1	5	31st October	100%
Park Central Management (Central Plaza) Limited	1	5	31st October	100%
Ellis Mews (Park Central) Management Limited	1	5	31st October	100%
Park Central Management (Zone 11) Limited	1	5	31st October	100%
Park Central Management (Zone 12) Limited	1	5	31st October	100%
Park Central Management (Zone 1A North) Limited	1	5	31st October	100%
Park Central Management (Zone 1A South) Limited	1	5	31st October	100%
Park Central Management (Zone 1B) Limited	1	5	31st October	100%
Park Central Management (Zone 3/1) Limited	1	5	31st October	100%
Park Central Management (Zone 3/2) Limited	1	5	31st October	100%
Park Central Management (Zone 3/3) Limited	1	5	31st October	100%
Park Central Management (Zone 3/4) Limited	1	5	31st October	100%
Park Central Management (Zone 4/41 & 42) Limited	1	5	31st October	100%
Park Central Management (Zone 4/43/44) Limited	1	5	31st October	100%
Park Central Management (Zone 5/53) Limited	1	5	31st October	100%
Park Central Management (Zone 5/54) Limited	1	5	31st October	100%
Park Central Management (Zone 5/55) Limited	1	5	31st October	100%
Park Central Management (Zone 6/61-64) Limited	1	5	31st October	100%
Park Central Management (Zone 7/9) Limited	1	5	31st October	100%
Park Central Management (Zone 8) Limited	1	5	31st October	100%
Park Central Management (Zone 9/91) Limited	1	5	31st January	100%
Riverside Dacorum No 2 Limited	1	6	31st October	100%
The Gloucester Docks Trading Company Limited	1	5	31st October	100%
Timberform Building Systems Limited	1	5	31st October	100%
Toptool Products Limited	1	5	31st October	100%
Yawbrook Limited	1	5	31st October	100%
Building 7 Harbourside Management Company Limited	1	5	31st October	58.33%

Entity name	Registered office	Place of incorporation	Yearend date	Shareholding (direct or indirect)
Buildings 3A, 3B & 4 Harbourside Management Company Limited	1	5	31st December	83.33%
Harbourside Leisure Management Company Limited	1	5	31st December	71.43%
Park West Management Services Limited	1	5	31st October	62.00%

*Castle Bidco Limited is the only direct holding of Crest Nicholson Holdings plc.

Joint venture undertakings

At 31 October 2015 the Group had an interest in the following principal joint venture undertakings which are equity accounted within the consolidated financial statements. The principal activity of all undertakings is that of residential development.

Entity name	Registered office	Place of incorporation	Yearend date	Shareholding (direct or indirect)
Material joint ventures				
Crest Nicholson Bioregional Quintain LLP	1	5	31st October	50%
Kitewood (Cossall) limited	1	5	31st October	50%
Bonner Road LLP	1	5	31st March	50%
Crest/Galliford Try (Epsom) LLP	1	5	31st October	50%
Other joint ventures not material to the Group				
The Century House Property Company Limited	1	5	31st October	50%
Crest Nicholson Bioregional Quintain (Gallions) LLP	1	5	31st October	50%
Brentford Lock Limited	3	5	31st December	50%
Haydon Development Company Limited	4	5	30th April	21.36%
North Swindon Development Company Limited	1	5	31st October	32.64%

Registered office:
1 Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN, UK.
2 Unit 2 & 3 Beech Court, Wokingham Road, Hurst, Reading RG10 0RU, UK.
3 Persimmon House, Fulford, York YO19 4FE.
4 Drakes Meadow, Penny Lane, Swindon, Wiltshire SN3 3LL.

Place of incorporation:
5 Great Britain
6 Jersey

Joint operations

The Group is party to a joint arrangement with Linden Homes Ltd, the purpose of which is to acquire, and develop, a site in Hemel Hempstead, Herfordshire. The two parties are jointly responsible for the control and management of the sites' development, with each party funding 50% of the cost of the land acquisition and development of the site, in return for 50% of the returns. As such this arrangement was designated as a joint operation.

The Group is party to a joint arrangement with CGNU Life Assurance Limited the purpose of which is to acquire, and develop, a site in Chertsey, Surrey. The two parties are jointly responsible for the control and management of the sites' development, with each party funding 50% of the cost of the land acquisition and development of the site, in return for 50% of the returns. As such this arrangement has been designated as a joint operation.

The Group is party to a joint arrangement with Passion Property Group Limited the purpose of which was to develop a site in London. The development was completed in 2014 and there are no material balances in the Group financial statements relating to this joint arrangement as at 31st October 2015. The two parties were jointly responsible for the control and management of the sites' development, with each party having prescribed funding obligations and returns. As such this arrangement has been designated as a joint operation.

In line with the Group's accounting policies, the Group has recognised its share of the jointly controlled assets and liabilities, and income and expenditure, in relation to these joint arrangements on a line-by-line basis in the consolidated statement of financial position and consolidated income statement.

CREST NICHOLSON HOLDINGS PLC
COMPANY STATEMENT OF FINANCIAL POSITION
As at 31st October 2015

	Note	2015 £m	2014 £m
Fixed assets			
Investments	**4**	**-**	-
Current assets			
Debtors	**5**	**393.6**	**416.0**
Net current assets		**393.6**	**416.0**
Total assets less current liabilities		**393.6**	**416.0**
Net assets		**393.6**	**416.0**
Capital and reserves			
Called up share capital	**6**	**12.6**	**12.6**
Share premium account	**7**	**71.6**	**71.6**
Profit and loss account	**7**	**309.4**	**331.8**
Total shareholders' funds	**7**	**393.6**	**416.0**

The notes on pages 44 to 46 form part of these financial statements.

There are no recognised gains and losses for the year other than the profit for the year (2014: nil)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31st October 2015

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, on a going concern basis and in accordance with the Companies Act 2006.

Basis of preparation

The Company financial statements have been prepared under the historical cost accounting rules and in accordance with applicable UK Accounting Standards.

The accounting policies have been applied consistently in dealing with items that are considered material.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The company recorded a profit for the year of £19.3m (2014: £44.1m).

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its consolidated financial statements, which include the Company, are publicly available.

The principal accounting policies adopted are set out below.

Adoption of Financial Reporting Standard (FRS) 101 ‘Reduced disclosure framework’

Following the publication of FRS100 Application of Financial Reporting Requirements by the Financial Reporting Council, the Company is required to change its accounting framework for its parent Company financial statements, which is currently UK GAAP, for its financial year commencing 1st November 2015. The Company intends to adopt Financial Reporting Standard 101 ‘Reduced disclosure framework’ for its parent Company financial statements unless it receives objections in writing from shareholders holding in aggregate 5% or more of the total allotted shares in the Company before the Company’s AGM on 17th March 2016.

Investments

Investments in Group undertakings are included in the statement of financial position at cost less any provision for impairment.

Taxation

The charge for taxation is based on the result 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the statement of financial position date, except as otherwise required by FRS 19.

Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the shareholders or paid, whichever is earliest.

Audit fee

Auditors’ remuneration for audit of these financial statements of £9,500 (2014: £9,500) was met by Crest Nicholson plc. No disclosure of other non-audit services has been made as this is included within Note 3 of the consolidated financial statements.

2 STAFF NUMBERS AND COSTS

The Company has no employees during either year. Details of Directors’ emoluments, which were paid by another Group company are set out in the remuneration report.

3 DIVIDENDS

Details of the dividends recognised as distributions to equity shareholders in the year and those proposed after the statement of financial position date are as shown in Note 7 of the consolidated financial statements.

4 INVESTMENTS

Fixed asset investments relates to the investment in Castle Bidco Limited of £1. The subsidiary undertakings are shown in Note 26 of the consolidated financial statements.

5 DEBTORS

	2015	2014
Amounts falling due within one year:	£m	£m
Amounts due from Group undertakings	**393.6**	**416.0**

Amounts due from Group undertakings are unsecured, repayable on demand and carry an interest rate of 5.0% (2014: 12.0%).

6 CALLED UP SHARE CAPITAL

	Shares issued Number	Nominal value Pence	Called up share capital £	Share premium account £
Ordinary shares as at 31st October 2013	**251,427,287**	**5**	**12,571,364**	**71,635,216**
New share capital	**4,026**	**5**	**201**	**9,743**
Ordinary shares as at 31st October 2014	**251,431,313**	**5**	**12,571,565**	**71,644,959**
New share capital	**229,887**	**5**	**11,495**	**15,944**
Ordinary shares as at 31st October 2015	**251,661,200**	**5**	**12,583,060**	**71,660,903**

During the year the Company issued the following new ordinary shares of 5 pence each to satisfy share options under the Company's share incentive schemes.

	Shares issued Number	Exercise price pence	Called up share capital £	Share premium account £
2013 LTIP	**47,360**	**-**	**2,368**	**-**
2014 LTIP	**8,419**	**-**	**421**	**-**
2013 SAYE	**6,373**	**247**	**319**	**15,423**
2014 SAYE	**199**	**267**	**10**	**521**
2013 Deferred bonus plan	**160,624**	**-**	**8,031**	**-**
2014 Deferred bonus plan	**6,912**	**-**	**346**	**-**
	229,887		**11,495**	**15,944**

During the previous year the Company issued 4,026 new ordinary shares of 5 pence each to satisfy share options under the SAYE, scheme which became exercisable at a price of 247 pence per share.

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Share premium account	Profit and loss account	Total shareholders funds
	£m	£m	£m	£m
At 31st October 2013	**12.6**	**71.6**	**314.3**	**398.5**
Dividends paid	**-**	**-**	**(26.6)**	**(26.6)**
Profit for the year	**-**	**-**	**44.1**	**44.1**
At 31st October 2014	**12.6**	**71.6**	**331.8**	**416.0**
Dividends paid	**-**	**-**	**(41.7)**	**(41.7)**
Profit for the year	**-**	**-**	**19.3**	**19.3**
At 31st October 2015	**12.6**	**71.6**	**309.4**	**393.6**

8 CONTINGENT LIABILITIES

There are performance bonds and other arrangements, including those in respect of joint venture partners, undertaken in the ordinary course of business from which it is anticipated that no material liabilities will arise.

In addition, the Company is required from time to time to act as surety for the performance by subsidiary undertakings of contracts entered into in the normal course of their business.

9 RELATED PARTIES

The Company is exempt from disclosing transactions with wholly owned subsidiaries in the Group. Other related-party transactions are included within those given in Note 25 of the Group financial statements.