Press release

24th January 2017

Crest Nicholson Holdings plc
Annual Results Announcement
for the year ended 31st October 2016

Strong growth in a robust market

Crest Nicholson Holdings plc (Crest Nicholson) today announces its final results for the year ended 31st October 2016.

Highlights

- Sales target of £1bn reached
- Statutory revenues of £997.0m plus £3.3m through joint ventures (2015: £804.8m and £2.4m) – up 24%
- Volumes up 5% at 2,870 homes (2015: 2,725)
- Pre-tax profit up 27% to £195.0m (2015: £154.0m)
- Operating profit margin up to 20.4% (2015: 20.3%)
- Return on capital employed improving to 31.3% (2015: 26.8%)
- Net cash at year-end of £77m (2015: Net debt of £30.6m and gearing of 4.9%)
- Gross development value of land pipelines up 2% to £10,646m (2015: £10,466m)
- Forward sales at mid-January of £533.5m (2015: £511.8m), 4% ahead of prior year with 37% of this year's forecast secured (2015: 37%)
- Total dividend of 27.6p up 40% and covered 2.25x by earnings (2015: 19.7p and 2.5x cover); re-iterating commitment to 2.0x dividend cover by 2017
- On target to deliver £1.4bn sales and 4,000 homes by 2019

Commenting on today's statement, Stephen Stone, Chief Executive said: "This has been a landmark year for the business. In spite of a temporary impact on sales around the time of the vote to leave the European Union, we have achieved sales of £1billion including through joint ventures, in line with our stated target. We remain committed to, and on track to deliver, our targets of 4,000 homes and £1.4billion of sales by 2019.

The housing market continues to show robust characteristics, underpinned by strong demand for new homes, a benign land market and government policies to improve access to housing. Against this backdrop, we are increasing the number of homes built, opening new sites and ensuring that the pipeline of land that fuels our business is progressing steadily through planning. As such, Crest Nicholson is confident in its ability to continue growing its business, delivering great homes for customers and strong returns for shareholders."

	2016	2015	Change	
	£m	**£m**	**£m**	**%**
Units	**2,870**	**2,725**	145	**+5%**
Revenue	**997.0**	**804.8**	192.2	**+24%**
Cost of sales	**(731.2)**	**(583.5)**	(147.7)	
Gross profit	**265.8**	**221.3**	44.5	**+20%**
Administrative expenses	**(62.0)**	**(58.0)**	(4.0)	
Operating Profit	**203.8**	**163.3**	40.5	**+25%**
Operating profit %	***20.4%***	***20.3%***	*10bps*	
Profit before tax	**195.0**	**154.0**	41.0	**+27%**
Profit after tax	**156.8**	**124.1**	32.7	**+26%**
Earnings per share (pence)				
- Basic	**62.0p**	**49.3p**	12.7p	**+26%**
- Diluted	**60.9p**	**48.4p**	12.5p	**+26%**
Net cash/(debt)	**£77.0m**	**£(30.6)m**		
Net debt ratio	**n/a**	**4.9%**		

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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, Chief Operating Officer.

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

"Our focus remains on quality delivery, which means putting our customers first, striving for the highest levels of customer care and providing the right homes in the right place at the right time."

Customers at the heart of our business

I am delighted to report another successful year for the Group. Our excellent financial results underline the resilience of our business model, the strength of our business strategy, and the passion and commitment of our people and our management team. Their dedication to building high quality, well-designed homes and regaining our 5-star customer satisfaction rating is an important driver for our business growth and we remain wholeheartedly committed to improving our performance each and every year.

In 2016 we delivered 2,870 new homes, an increase of 5.3%, keeping us firmly on track to achieve our target of 4,000 homes by 2019. Our youngest division, Chiltern, is contributing towards this growth by successfully driving sales in the northern home counties and West Midlands. Similarly, our London division is bringing forward new land opportunities on the outskirts of London, allowing us to offer first-time buyers more affordable homes with good transport connections to the capital.

I am pleased to see that our Garden Village developments are steadily evolving into real communities with a genuine heart and soul. These places reinforce our reputation for creating truly outstanding places to live and help demonstrate how we can make a valuable contribution to meeting the housing need in this country.

In 2016 we finally secured approval for the first phase of our Garden Village at Longcross in Surrey. This is one of 14 Garden Villages in the UK to receive formal Government support. This planning consent is the culmination of many years of hard work and it is exciting to see our ambitions for this Garden Village starting to materialise. Longcross has the potential to become a new worldclass mixed use development in the heart of Surrey's prime commuter belt.

PRS continues to offer a growing revenue stream for Crest Nicholson. With the launch of our first suburban PRS scheme at Kilnwood Vale in Faygate this year we now have a strong PRS offering embedded into our business model and underpinned by financial institutions, giving us a leading position in this emerging market.

Innovation enabling sustainable growth

We have an ambitious growth strategy and we are continuing to embrace modern methods of construction and technology as we seek to grow the capacity and efficiency of the business. Over the past year, we have invested heavily in designing a new range of house types that includes off-site manufacture capability and design features that will not only cut down on waste, but offer living spaces flexible enough to suit the evolving lifestyles of our different customers.

On our sites, we are improving the way we capture and manage our build quality and performance data, allowing for better oversight and control. These improvements are driving efficiency in the business and increased consistency in delivery, which will help to sustain high standards of quality and customer satisfaction.

I am proud to say that our Make Waste History campaign has gained external recognition, commending our approach to driving down waste on our sites and increasing our resource efficiency across the business. In the year we have reduced the tonnes of waste per plot by 6% (vs 2015). We have also managed to reduce our carbon emissions from office energy by 7% per person (vs 2015) and water consumption by 34% per person (vs 2015).

I am delighted to report that we have retained our listing in the FTSE4Good Index, scoring particularly high in Climate Change, Labour Standards, and Corporate Governance. We have also demonstrated our consistent high performance in sustainability by coming 2nd in the NextGeneration benchmark – the only industry-wide sustainability benchmark of the 25 largest housebuilders in the UK.

Developing and protecting our people
Our employees are already a highly capable team, but I am particularly proud of the way we have continued to support their professional development and ambitions this year. We have continued to invest heavily in our graduate and apprentice programmes, as well as our Site Management Academy. The Academy is a Chartered Institute of Building (CIOB) and Construction Industry Training Board (CITB) endorsed programme. The Academy has already started to yield a pipeline of new site managers and provide enthusiastic and talented build managers and production directors for the future. I am certain we can motivate young men and women from all backgrounds with the range of career opportunities we have to offer and attract them into the industry by embracing new ideas and technology.

Keeping our people safe is at the core of our operations and safety must remain an absolute priority focus for every employee. It is with regret that I have to report that Crest Nicholson was prosecuted this year for an accident that occurred at one of our sites in 2014, where an individual sustained serious injuries. As principal contractor with responsibility for the site, we were fined £800,000 under the Construction (Design and Management) Regulations 2007. This was a challenging and emotional situation for everyone involved and we deeply regret the incident. This accident, combined with an increase in our Annual Incidence Injury Rate (AIIR) has prompted a renewed scrutiny and focus on all our Health and Safety operations.

Strengthening our position in a changing market
The outlook for the housing market continues to look promising. While the UK's vote to leave the EU in June had a temporary effect on our sales volumes, the impact was relatively short lived, with reservations and consumer confidence stabilising within a few weeks. The long-term implications of the EU vote are still unknown, and we could experience a slower rate of growth in 2017 and 2018, if political or economic factors reduce consumer confidence.

There is also a potential risk to our labour market, as European workers in the UK's construction force have been essential in delivering much needed homes. It is important to the objective of increasing housing output that a supply of European labour is maintained.

Aside from these challenges, the business is still growing in volume and earnings, and retains a strong balance sheet. I am confident we are firmly on track to hit our targets of £1.4bn of sales and building 4,000 homes a year by 2019.

The fundamentals of the market are encouraging and the five-year prospects for the sector remain strong. Unemployment levels remain at an all-time low, interest rates are favourable and there is a plentiful supply of mortgage products for our customers to choose from. This backdrop, combined with stable sales and cost inflation, positions us well for the future. Land continues to be in good supply, but obtaining the necessary planning permissions remains a frustration with local authorities taking a long time to process applications.

I am sure the recent changes in the Government will bring new ideas and influences to bear on our marketplace in the coming months, and we remain committed to working with them at all levels to help shape policy that accelerates housing delivery in the UK.

At Crest Nicholson I believe we have a great management team that is flexible enough to react swiftly to changes in our cyclical marketplace. The Group also has a strong land pipeline, low levels of gearing, and a highly engaged and stable core workforce.

There will be other challenges to face over the next few years, but I am confident we are well placed to meet them and further strengthen our position in the market. I know we have the business strategy, the people and the commitment to deliver the customer service, quality and innovative thinking needed to continue meeting and exceeding our financial, social and environmental targets.

Stephen Stone
Chief Executive

FINANCE DIRECTOR'S REVIEW

Strong growth continuing

Trading performance

The business has delivered a strong trading performance in the year ended 31st October 2016, reaching a key milestone of £1bn of sales, including through joint ventures which is in line with our stated target and represents a landmark achievement for the business.

This result was delivered despite a period in June and July, either side of the referendum on UK membership of the EU, when uncertainties raised during the referendum and following the vote to leave affected consumer confidence and reduced sales volumes.

Sales in the last three months of the year recovered much of the ground lost to this brief period of purchaser uncertainty and it appears that strong levels of employment, low interest rates and good access to high loan-to-value mortgages have continued to encourage purchasers to buy new homes.

The business uses sales including through joint ventures as a core management measure, to reflect the full extent of our business operations and responsibilities. During 2016, the £1bn of sales referenced above comprised £997.0m of statutory revenue and £3.3m of sales through joint ventures, primarily relating to the scheme we are delivering at Peckham, through our joint venture Kitewood (Cossall) Limited.

Revenues of £997.0m were 24% higher than the £804.8m achieved in the prior year, primarily driven by increases in open-market housing revenue. Unit volumes were up 5% at 2,870 (2015: 2,725), with open-market unit completions 7% higher and affordable completions broadly level with 2015.

Average selling prices (ASPs) were up 18% year-on-year, reflecting the higher-priced locations and products we had planned in our sales mix. The business has successfully transitioned to a higher ASP threshold over the past three years and anticipates future revenue growth to be led by increased unit volumes.

Land sale revenues of £34.1m (2015: £35.6m) were in line with the prior year, as the business continues to trade parcels of land on our larger sites. Sales of land are routinely made by the business, to fund infrastructure investment and to increase the speed at which housing is delivered.

Commercial revenues in the year were primarily in London, with the most significant being the delivery of retail and office space at Brandon House in Borough. Overall, revenues of £33.5m are ahead of the £20.5m achieved in the prior year and will continue to represent a small element of overall operations.

Sales price inflation through the year has been positive in aggregate, with most locations achieving elements of pricing growth. Central London schemes have been softer, as a number of factors, including changes in stamp duty, have brought some downward pressure on sales in high-value areas.

Build cost inflation has followed a similar pattern, moderating in the latter part of the year as reduced summer sales cast some doubts over the pipeline of future production. However, as the market recovers and we also start to see the impact of exchange rate movements on imported materials, an element of cost inflation is expected. As previously noted, 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 26.7% (2015: 27.5%), with the slight reduction primarily due to a lower contribution from higher margin fair-valued projects. In addition, the gains from net inflation and the benefits of increased acquisition margins were offset in part by reduced margins on sales in Central London.

Operating profits of £203.8m (2015: £163.3m) were 25% higher than the prior year. Operating margins, at 20.4% (2015: 20.3%), reflect the reduction in administrative expenses as a percentage of revenue, as the growing business and higher ASP continues to drive greater overhead efficiency.

Finance expense and taxation
Net financing expense of £8.1m (2015: £9.5m) is £1.4m lower, primarily due to the benefit of interest credits arising from shared equity loan redemptions and re-assessing the likely redemption values of these loans, which are redeeming at values ahead of our previous estimates.

Income tax expense in the year of £38.2m (2015: £29.9m) represented an effective tax rate of 19.6% (2015: 19.4%).

Earnings per share
Basic earnings per share have risen 26% to 62.0 pence from 49.3 pence in 2015. Full details are shown in Note 8 to the financial statements.

Dividend
The Board proposes to pay a final dividend of 18.5 pence per share for the financial year ended 31st October 2016, which, subject to shareholder approval, will be paid on 7th April 2017 to shareholders on the register at close of business on 17th March 2017.

If approved, the total dividend paid in respect of 2016 earnings of 62.0 pence per share would be 27.6 pence, an increase of 40% over the 19.7 pence paid in respect of 2015 and representing dividend cover of 2.25 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 2016 of £719.2m (2015: £630.7m), an increase of 14% over the prior year.

Inventories have increased modestly by 3%, up from £904.5m at 31st October 2015 to £935.8m at 31st October 2016. Land inventory continues to represent approximately two-thirds of the inventory balance.

Stocks of completed units have risen against the very low levels reported last year and amounted to £92.4m (2015: £40.7m). In addition to a small number of sites where sales have been below target, the business also has a number of apartment developments in production, where block build completions typically result in a small amount of unreserved product being completed ahead of reservation. About one quarter of the stock of completed units was represented by show homes.

Net cash flows from operations amounted to an inflow of £153.8m (2015: £23.5m inflow), reflecting strong working capital management and a short pause on land buying in the summer, given the uncertain trading environment at the time. As a consequence, the return on capital employed (ROCE) achieved by the business in the year increased to 31.3% (2015: 26.8%).

Furthermore, this temporary reduction in land purchases meant that at 31st October 2016, the Group had net cash of £77.0m (2015: £30.6m net debt) and was ungeared compared to a net debt/equity ratio at 31st October 2015 of 4.9%.

Land pipeline

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

	2016		2015	
	Units	**GDV – £m**	**Units**	**GDV – £m**
Short-term housing	15,901	5,300	16,064	5,106
Short-term commercial	-	232	-	249
Total short term	**15,901**	**5,532**	**16,064**	**5,355**
Strategic land	17,026	5,114	17,712	5,111
Total land pipeline	**32,927**	**10,646**	**33,776**	**10,466**

The short-term housing pipeline now represents 5.5 years of supply, down from 5.9 years at 31st October 2015. The business remains focused on ensuring that there is an appropriate level of width in the land pipeline as well as length, and through a combination of site acquisitions and conversions from the strategic land pipeline secured 3,084 new plots, replacing the 2,870 plots that legally completed in the year.

Overall unit numbers in the short-term land pipeline have reduced, as sales of some land parcels are made from the longer, strategically sourced sites, without reducing the number of locations from which the business is operating.

The average selling price of all units within the short-term portfolio, including affordable units and units being sold for private rental, increased slightly over the year to £333,000, 5% higher than the £318,000 at 31st October 2015. Strategic land continues to be an important source of supply, and during the year seven sites have been converted from the strategic land pipeline into the short-term land pipeline, with new opportunities identified to replenish our strategic holdings.

Patrick Bergin
Group Finance Director

About Crest Nicholson

Crest Nicholson is firmly established as a leading developer with a passion for not only building homes, but also for creating vibrant sustainable communities. With a southern-based bias, the FTSE250 Group has a track record spanning more than 50 years and a broad portfolio of developments which range in size and scale, from contemporary, large scale mixed-use developments to smaller, more traditional housing schemes. As a pioneer of its own Garden Village principles, the Company advocates a holistic approach to development embracing social, environmental and economic factors to create homes for all segments of the community. These developments are founded on good design, high-quality green spaces, and the greater involvement of local people in both vision and long term management.

In line with its commitment to help meet housing demand, apprentices make up c.10% of Crest Nicholson's entire workforce, and the Group supports the development of jobs and skills at every level.

The Group was named 'Sustainable House builder of the Year' at the Housebuilder Awards 2016; is listed in the FTSE4Good index and is a consistent top performer in the Next Generation sustainability benchmark.

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CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31st October 2016

	Note	2016 £m	2015 £m
Revenue		**997.0**	**804.8**
Cost of sales		**(731.2)**	**(583.5)**
Gross profit		**265.8**	**221.3**
Administrative expenses		**(62.0)**	**(58.0)**
Operating profit	**3**	**203.8**	**163.3**
Finance income	**5**	**5.8**	**5.0**
Finance expense	**5**	**(13.9)**	**(14.5)**
Net finance expense		**(8.1)**	**(9.5)**
Share of post-tax results of joint ventures using the equity method	**11**	**(0.7)**	**0.2**
Profit before tax		**195.0**	**154.0**
Income tax expense	**6**	**(38.2)**	**(29.9)**
Profit for the year attributable to equity shareholders		**156.8**	**124.1**
Earnings per ordinary share			
Basic	**8**	**62.0p**	**49.3p**
Diluted	**8**	**60.9p**	**48.4p**

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st October 2016

	Note	2016 £m	2015 £m
Profit for the year attributable to equity shareholders		**156.8**	**124.1**
Other comprehensive (expense)/income:			
Items that will never be recycled to the consolidated income statement:			
Actuarial (losses)/gains of defined benefit schemes	**21**	**(17.6)**	**8.5**
Change in deferred tax on actuarial losses/(gains) of defined benefit schemes	**13**	**1.7**	**(3.3)**
Other comprehensive (expense)/income for the year net of income tax		**(15.9)**	**5.2**
Total comprehensive income attributable to equity shareholders		**140.9**	**129.3**

The notes on pages 13 to 44 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31st October 2016

	Note	Share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
Balance at 1st November 2014		12.6	71.6	452.3	536.5
Profit for the year attributable to equity shareholders		-	-	124.1	124.1
Actuarial gains of defined benefit schemes		-	-	8.5	8.5
Change in deferred tax on actuarial gains of defined benefit schemes		-	-	(3.3)	(3.3)
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	13	-	-	1.6	1.6
Dividends paid	7	-	-	(41.7)	(41.7)
Balance at 31st October 2015		12.6	71.6	546.5	630.7
Profit for the year attributable to equity shareholders		-	-	156.8	156.8
Actuarial losses of defined benefit schemes		-	-	(17.6)	(17.6)
Change in deferred tax on actuarial losses of defined benefit schemes		-	-	1.7	1.7
Total comprehensive income for the year		-	-	140.9	140.9
Transactions with shareholders:					
Equity-settled share-based payments	21	-	-	4.4	4.4
Deferred tax on equity-settled share-based payments	13	-	-	(1.6)	(1.6)
Share capital issued	19	0.1	1.4	(0.1)	1.4
Dividends paid	7	-	-	(56.6)	(56.6)
Balance at 31st October 2016		12.7	73.0	633.5	719.2

The notes on pages 13 to 44 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st October 2016

		2016	**2015**
ASSETS	**Note**	**£m**	**£m**
Non-current assets			
Intangible assets	**9**	**29.0**	**29.0**
Property, plant and equipment	**10**	**3.2**	**2.6**
Investments	**11**	**0.7**	**0.5**
Other financial assets	**12**	**16.3**	**23.0**
Deferred tax assets	**13**	**15.2**	**20.9**
Trade and other receivables	**15**	**54.3**	**34.3**
		118.7	**110.3**
Current assets			
Inventories	**14**	**935.8**	**904.5**
Other financial assets	**12**	**2.2**	**1.2**
Trade and other receivables	**15**	**74.4**	**49.0**
Cash and cash equivalents	**24**	**282.3**	**187.4**
		1,294.7	**1,142.1**
Total assets		**1,413.4**	**1,252.4**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	**16**	**(203.4)**	**(210.6)**
Trade and other payables	**17**	**(111.3)**	**(105.6)**
Retirement benefit obligations	**21**	**(16.7)**	**(7.5)**
Provisions	**18**	**(3.6)**	**(4.1)**
		(335.0)	**(327.8)**
Current liabilities			
Interest-bearing loans and borrowings	**16**	**(1.9)**	**(7.4)**
Trade and other payables	**17**	**(337.6)**	**(279.7)**
Current income tax liabilities		**(18.9)**	**(5.7)**
Provisions	**18**	**(0.8)**	**(1.1)**
		(359.2)	**(293.9)**
Total liabilities		**(694.2)**	**(621.7)**
Net assets		**719.2**	**630.7**
EQUITY			
Share capital	**19**	**12.7**	**12.6**
Share premium account	**19**	**73.0**	**71.6**
Retained earnings		**633.5**	**546.5**
Total equity		**719.2**	**630.7**

The notes on pages 13 to 44 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st October 2016

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Profit for the year attributable to equity shareholders		156.8	124.1
Adjustments for:			
Depreciation	10	1.2	1.2
Net finance expense	5	8.1	9.5
Share-based payment expense	21	4.4	5.0
Share of post-tax loss/(profit) of joint ventures using the equity method	11	0.7	(0.2)
Income tax expense	6	38.2	29.9
Operating profit before changes in working capital and provisions		209.4	169.5
Increase in trade and other receivables		(46.4)	(35.3)
Increase in inventories		(31.3)	(90.4)
Increase in trade and other payables		60.0	4.1
Contribution to retirement benefit obligations		(9.0)	(9.0)
Cash generated from operations		182.7	38.9
Interest paid		(9.3)	(8.9)
Taxation paid		(19.6)	(6.5)
Net cash generated from operating activities		153.8	23.5
Cash flows from investing activities			
Purchases of property, plant and equipment		(1.8)	(1.6)
Decrease in other financial assets		9.2	8.1
Dividends received		0.1	-
Interest received		2.2	1.1
Net cash inflow from investing activities		9.7	7.6
Cash flows from financing activities			
Repayment of bank and other borrowings		(13.4)	(13.8)
Proceeds from new loans		-	71.0
Debt arrangement and facility fees		-	(1.2)
Dividends paid	7	(56.6)	(41.7)
Net proceeds from the issue of shares		1.4	-
Net cash (outflow)/inflow from financing activities		(68.6)	14.3
Net increase in cash and cash equivalents		94.9	45.4
Cash and cash equivalents at the beginning of the year		187.4	142.0
Cash and cash equivalents at end of the year	24	282.3	187.4

The notes on pages 13 to 44 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
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 International Financial Reporting Standards ('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 parent company financial statements are presented on pages 45 to 48.

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 2016 the Group held cash and cash equivalents of £282.3m (2015: £187.4m) and cash resources net of borrowings of £77.0m (2015: £30.6m borrowings net of cash resources). 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 2016. 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 2015 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 that are a business under IFRS 3. 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.

Acquisitions of subsidiaries which do not qualify as a business under IFRS 3 are accounted for as an asset acquisition rather than a business combination. Under such circumstances the fair value of the consideration paid for the subsidiary is allocated to the assets and liabilities purchased based on their relative fair value at the date of purchase. No goodwill is recognised on such transactions.

(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 and apartment 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 profit before tax (‘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. Where uncertain tax liabilites exist, the liability recognised is assessed as the amount that is probable to be payable.

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 defined benefit (‘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 the DB scheme, 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 date.

Inventories
Inventories are stated at the lower of cost and net realisable value ('NRV'). Land includes land under development, undeveloped land and land option payments. Work-in-progress and completed buildings including show homes comprise direct materials, sub-contract work, labour costs, site overheads, associated professional fees and other attributable overheads, but exclude 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 consolidated 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. A provision for impairment of trade receivables is made when there is evidence that the Group will not be able to collect the amounts due. Non-current receivables are discounted to present value when the impact of discounting is deemed to be material.

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 consolidated 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 consolidated income statement.

Cash and cash equivalents
Cash and cash equivalents are cash balances in hand and in the bank.

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 consolidated 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 and other payables are generally not interest bearing and are stated at their nominal amount which is considered to be their fair value. Trade and other payables on deferred terms are initially recorded at their fair value, with the discount to nominal value being charged to the consolidated income statement as interest expense 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 2015, none of which has had a significant effect on the Group's financial statements:

- Amendment to IAS 19 Employee Benefits. Effective for the period beginning on 1st November 2015.
- Annual improvements 2012. Effective for the period beginning on 1st November 2015.

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

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

- IFRS 2 Share-based payments. Effective for the period beginning 1st November 2018.
- 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 and the amendment. Effective for the period beginning 1st November 2018.
- IFRS 16 Leases. Effective for the period beginning 1st November 2019.
- 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 7 Statement of Cash Flows. Effective for the period beginning on 1st November 2017.
- Amendment to IAS 12 Income Taxes. Effective for the period beginning on 1st November 2017.
- Amendment to IAS 16 Property, Plant and Equipment. Effective for the period beginning on 1st November 2016.
- Amendment to IAS 27 Separate Financial Statements. Effective for the period beginning on 1st November 2016.
- 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.

- Annual improvements 2014. Effective for the period beginning on 1st November 2016.
- Annual improvements 2015-2016. Effective for the period beginning on 1st November 2017 and 1st November 2018.

The above standards and the amendments will be adopted in the financial statements in the year they become effective and have not been adopted early.

With the exception of IFRS 16 Leases and IFRS 15 Revenue from Contracts with Customers, their adoption is not expected to have a significant effect on the Group's financial statements.

IFRS 16 requires lessees to recognise a lease liability and asset for virtually all lease assets; certain short-term leases and leases of low-value assets can apply an optional exemption. The Group has not yet completed its assessment of the impact of the standard on the Group's consolidated income statement and statement of financial position. The Group expects that most of the Group's lease commitments will be brought onto the statement of financial position along with an associated asset. This change will affect the timing of recognition of lease costs within the income statement. Cash flows will be unaffected. An assessment of the full effect of IFRS 16 is expected to be completed during the year ending 31st October 2017.

IFRS 15 sets out revenue recognition conditions, and may have an impact on Group revenue recognition and disclosures. Cash flows will be unaffected. The Group has not yet completed its assessment of the impact of the standard. The full effect of IFRS 15 is expected to be completed during the year ending 31st October 2017.

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

	2016	**2015**
	£m	**£m**
Staff costs (Note 4)	**65.3**	**57.3**
Depreciation (Note 10)	**1.2**	**1.2**
Operating lease rentals		
Land and buildings	**3.0**	**3.0**
Other operating lease rentals	**1.4**	**1.2**
Auditors' remuneration	**£000**	**£000**
Audit of these consolidated financial statements	**50**	**43**
Audit of financial statements of subsidiaries pursuant to legislation	**165**	**125**
Non-audit fees		
Review of half year results	**32**	**30**

In addition to the above, PricewaterhouseCoopers LLP provide audit services to the Crest Nicholson Group Pension and Life Assurance Scheme. The fees associated with these services £21,845 (2015: £15,775) are met by the assets of the scheme.

4 STAFF NUMBERS AND COSTS

(a) Average monthly number of persons employed by the Group	**2016 Number**	**2015 Number**
Development	**849**	**792**

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

(b) Staff costs (including Directors and key management)	**2016 £m**	**2015 £m**
Wages and salaries	**51.2**	**44.5**
Social security costs	**7.3**	**5.4**
Other pension costs	**2.4**	**2.4**
Share-based payments (Note 21)	**4.4**	**5.0**
	65.3	**57.3**

(c) Key management remuneration	**2016 £m**	**2015 £m**
Salaries and short-term employee benefits	**4.0**	**3.9**
Other pension costs	**0.1**	**0.1**
Share-based payments	**2.2**	**2.2**
	6.3	**6.2**

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.

(d) Directors' remuneration	**2016 £m**	**2015 £m**
Salaries and short-term employee benefits	**1.9**	**1.9**
Other pension costs	**0.1**	**0.1**
Share-based payments	**1.3**	**1.2**
	3.3	**3.2**

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

5 FINANCE INCOME AND EXPENSE

	2016	**2015**
Finance income	**£m**	**£m**
Interest income	**2.3**	**1.1**
Imputed interest on other financial assets (Note 12)	**3.5**	**3.9**
	5.8	**5.0**
Finance expense		
Interest on bank loans	**8.7**	**8.9**
Revolving credit facility issue costs	**0.7**	**0.7**
Imputed interest on deferred land payables	**3.9**	**3.6**
Net interest on defined benefit pension plan obligations (Note 21)	**0.6**	**1.3**
	13.9	**14.5**
Net finance expense	**8.1**	**9.5**

6 INCOME TAX EXPENSE

	2016 £m	2015 £m
Current tax		
UK Corporation tax on profits for the year	31.7	12.2
Adjustments in respect of prior periods	0.8	-
Total current tax	32.5	12.2
Deferred tax		
Origination and reversal of temporary differences in the current year	4.7	17.6
Adjustments in respect of prior periods	1.0	0.1
Total deferred tax (Note 13)	5.7	17.7
Total tax in income statement	38.2	29.9

The effective tax rate for the year is 19.6% (2015: 19.4%) which is lower (2015: lower) than the standard rate of UK corporation tax of 20.0% (2015: 20.42%). The effective tax rate benefits from the effect of enhanced tax deductions in excess of other items which are not deductible for tax purposes, and the Group expects this profile to continue in future years. The differences are explained below:

	2016 £m	2015 £m
Profit before tax	195.0	154.0
Tax on profit at 20.0% (2015: 20.42%)	39.0	31.4
Effects of:		
Expenses not deductible for tax purposes	0.5	0.1
Enhanced tax deductions	(3.3)	(2.4)
Deferred tax change in rate	0.2	0.7
Adjustments in respect of prior periods	1.8	0.1
Total tax in income statement	38.2	29.9

Expenses not deductible for tax purposes include business entertaining and other permanent disallowable expenses. Enhanced tax deductions include items for which, under tax law, a corporation tax deduction is available in excess of the amount shown in the income statement, examples are share schemes, defined benefit pension payments and land remediation enhanced allowances. The increase on prior period is attributable to the timing of share scheme maturities and higher land remediation costs relieved in the current year. The deferred tax change in rate was the impact of the lower corporation tax rates being enacted in the current year on the prior period deferred tax balances. Adjustments in respect of prior periods reflect the difference between the estimated income statement tax charge in the prior year and that of the actual tax outcome.

7 DIVIDENDS

	2016	2015
Dividends recognised as distributions to equity shareholders in the year:	£m	£m
Prior year final dividend per share of 13.3p (2015: 10.2p)	33.5	25.6
Current year interim dividend per share of 9.1p (2015: 6.4p)	23.1	16.1
	56.6	41.7

	2016	2015
Dividends declared as distributions to equity shareholders in the year:	£m	£m
Final dividend for the year ended 31st October 2016 of 18.5p (2015: 13.3p)	46.6	33.5

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 23rd March 2017, 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 year. 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 £m	Weighted average number of Ordinary shares Number	Per share amount Pence
Year ended 31st October 2016			
Basic earnings per share	**156.8**	**252,848,299**	**62.0**
Dilutive effect of share options	**-**	**4,820,986**	
Diluted earnings per share	**156.8**	**257,669,285**	**60.9**
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**

9 INTANGIBLE ASSETS

Goodwill	**2016 £m**	**2015 £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% (2015: 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

	Fixtures and fittings £m	Computer equipment £m	Total £m
Cost			
At 1st November 2014	**1.6**	**7.6**	**9.2**
Additions	**0.1**	**1.5**	**1.6**
Disposals	**(0.2)**	**(0.2)**	**(0.4)**
At 31st October 2015	**1.5**	**8.9**	**10.4**
Additions	**0.7**	**1.1**	**1.8**
Disposals	**-**	**(0.3)**	**(0.3)**
At 31st October 2016	**2.2**	**9.7**	**11.9**
Accumulated depreciation			
At 1st November 2014	**0.7**	**6.3**	**7.0**
Charge for the year	**0.2**	**1.0**	**1.2**
Disposals	**(0.2)**	**(0.2)**	**(0.4)**
At 31st October 2015	**0.7**	**7.1**	**7.8**
Charge for the year	**0.2**	**1.0**	**1.2**
Disposals	**-**	**(0.3)**	**(0.3)**
At 31st October 2016	**0.9**	**7.8**	**8.7**
Net book value			
At 31st October 2016	**1.3**	**1.9**	**3.2**
At 31st October 2015	**0.8**	**1.8**	**2.6**
At 1st November 2014	**0.9**	**1.3**	**2.2**

The Group has contractual commitments for the acquisition of property, plant and equipment of £nil (2015: £nil).

11 INVESTMENTS

Interests in joint ventures

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

Entity	2016 £m	2015 £m
Kitewood (Cossall) Limited	**0.6**	**0.3**
Bonner Road LLP	**-**	**-**
Crest A2D (Walton Court) LLP	**-**	**-**
Other non-material joint ventures	**0.1**	**0.2**
	0.7	**0.5**

- Kitewood (Cossall) Limited: 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 building works are underway for 123 apartments which are currently forecast to be completed in 2017. The Group performs the role of project manager, for which it receives a project management fee from the company. In addition the Group provides funding to the company to facilitate construction, the balance of which is expected to be repaid to the Group following completion of the construction works in 2017.
- Bonner Road LLP: in August 2015 the Group entered into a partnership agreement with Your LifeSpace Limited to procure and develop a site in London. Pending a successful residential planning application, the LLP is forecast to start construction in 2017. The LLP will be equally funded by both parties, who will receive interest on loaned sums. The Group will receive a project management fee.
- Crest A2D (Walton Court) LLP: in January 2016 the Group entered into a partnership agreement with A2 Dominion Limited to procure and develop a site in Surrey. The LLP will submit a residential planning application in early 2017, with construction forecast to start once planning is achieved. The development will be equally funded by both parties by way of interest-free loans. The Group will receive a project management fee.

Summarised financial information for joint ventures

The tables below provide 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.

	Kitewood (Cossall) Limited		**Bonner Road LLP**		**Crest A2D (Walton Court) LLP**		**Other non-material joint ventures**		**Total**	
	2016 £m	**2015 £m**	**2016 £m**	**2015 £m**	**2016 £m**	**2015 £m**	**2016 £m**	**2015 £m**	**2016 £m**	**2015 £m**
Summarised statement of financial position										
Current assets										
Cash and cash equivalents	-	-	0.3	-	-	-	-	0.3	0.3	0.3
Other current assets	20.1	12.3	53.4	52.0	24.5	-	0.1	0.7	98.1	65.0
Non-current assets	-	-	-	-	-	-	0.1	0.1	0.1	0.1
Current liabilities										
Financial liabilities	-	-	-	-	-	-	-	(13.7)	-	(13.7)
Other current liabilities	(3.5)	(0.6)	-	(0.2)	(0.1)	-	(0.1)	(2.2)	(3.7)	(3.0)
Non-current liabilities										
Financial liabilities	(15.4)	(11.1)	(55.9)	(52.0)	(24.4)	-	-	-	(95.7)	(63.1)
Net assets/(liabilities)	1.2	0.6	(2.2)	(0.2)	-	-	0.1	(14.8)	(0.9)	(14.4)
Reconciliation to carrying amounts										
Opening net assets/(liabilities) at 1st November 2015	0.6	-	(0.2)	-	-	-	(14.8)	(14.8)	(14.4)	(14.8)
Profit/(loss) for the year	0.6	0.6	(2.0)	(0.2)	-	-	15.1	-	13.7	0.4
Dividends paid	-	-	-	-	-	-	(0.2)	-	(0.2)	-
Closing net assets/(liabilities) at 31st October 2016	1.2	0.6	(2.2)	(0.2)	-	-	0.1	(14.8)	(0.9)	(14.4)
Group's share in closing net assets/(liabilities) at 31st October 2016	0.6	0.3	(1.1)	(0.1)	-	-	0.1	(7.4)	(0.4)	(7.2)
Fully provided in the Group financial statements	-	-	-	-	-	-	-	7.6	-	7.6
Recognised against receivable from joint venture	-	-	1.1	0.1	-	-	-	-	1.1	0.1
Group's share in joint venture	0.6	0.3	-	-	-	-	0.1	0.2	0.7	0.5
Amount due to Crest Nicholson group (Note 15)	15.4	8.0	27.0	25.9	12.4	-	-	-	54.8	33.9

	Kitewood (Cossall) Limited		**Bonner Road LLP**		**Crest A2D (Walton Court) LLP**		**Other non-material joint ventures**		**Total**	
Summarised income statement	**2016 £m**	**2015 £m**	**2016 £m**	**2015 £m**	**2016 £m**	**2015 £m**	**2016 £m**	**2015 £m**	**2016 £m**	**2015 £m**
Revenue	**6.1**	**3.2**	**-**	**-**	**-**	**-**	**0.6**	**4.6**	**6.7**	**7.8**
Expenditure	**(4.7)**	**(2.1)**	**-**	**-**	**-**	**-**	**(0.6)**	**(4.6)**	**(5.3)**	**(6.7)**
Operating profit before financing costs	**1.4**	**1.1**	**-**	**-**	**-**	**-**	**-**	**-**	**1.4**	**1.1**
Member balances written off	**-**	**-**	**-**	**-**	**-**	**-**	**15.1**	**-**	**15.1**	**-**
Interest expense	**(0.6)**	**(0.3)**	**(2.0)**	**(0.2)**	**-**	**-**	**-**	**-**	**(2.6)**	**(0.5)**
Income tax expense	**(0.2)**	**(0.2)**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**
Profit/(loss) for the year	**0.6**	**0.6**	**(2.0)**	**(0.2)**	**-**	**-**	**15.1**	**-**	**13.7**	**0.4**
Group's share in joint venture profit/(loss) for the year	**0.3**	**0.3**	**(1.0)**	**(0.1)**	**-**	**-**	**7.6**	**-**	**6.9**	**0.2**
Provided in group accounts in prior years	**-**	**-**	**-**	**-**	**-**	**-**	**(7.6)**	**-**	**(7.6)**	**-**
Group's share in joint venture after group provision	**0.3**	**0.3**	**(1.0)**	**(0.1)**	**-**	**-**	**-**	**-**	**(0.7)**	**0.2**
Commitments and contingent liabilities in respect of joint ventures										
Commitments - joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Commitment to provide funding	**5.7**	**5.4**	**1.9**	**4.0**	**-**	**-**	**-**	**-**	**7.6**	**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 including subsidiaries and joint ventures is set out in Note 26.

12 OTHER FINANCIAL ASSETS

	2016 £m	2015 £m
At beginning of the year	**24.2**	**28.4**
Disposals	**(9.2)**	**(8.1)**
Imputed interest	**3.5**	**3.9**
At end of the year	**18.5**	**24.2**
Of which:		
Non-current assets	**16.3**	**23.0**
Current assets	**2.2**	**1.2**
	18.5	**24.2**

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.

	2016	2015
Assumptions		
Discount rate, incorporating default rate	**10.5%**	**10.5%**
House price inflation for the next three years	**3.0%**	**3.0%**
Timing of receipt	**8 to 15 years**	**10 to 15 years**

	2016 Increase assumptions by 1 % / year £m	2016 Decrease assumptions by 1 % / year £m
Sensitivity – effect on value of other financial assets (less)/more		
Discount rate, incorporating default rate	**(0.5)**	**0.6**
House price inflation for the next three years	**0.3**	**(0.3)**
Timing of receipt	**(0.9)**	**0.8**

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 2016 was £3.5m (2015: £3.9m).

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 DEFERRED TAX ASSETS

	Inventories fair value £m	Share-based payments £m	Pension deficit £m	Tax Losses £m	Other temporary differences £m	Total £m
At 1st November 2014	**19.9**	**1.2**	**4.7**	**13.9**	**0.6**	**40.3**
Income statement movements	**(5.6)**	**0.5**	**-**	**(12.8)**	**0.2**	**(17.7)**
Equity movements	**-**	**1.6**	**(3.3)**	**-**	**-**	**(1.7)**
At 31st October 2015	**14.3**	**3.3**	**1.4**	**1.1**	**0.8**	**20.9**
Income statement movements	**(4.2)**	**(0.4)**	**-**	**(1.1)**	**-**	**(5.7)**
Equity movements	**-**	**(1.6)**	**1.7**	**-**	**-**	**0.1**
Subsidiary acquired in the year	**-**	**-**	**-**	**-**	**(0.1)**	**(0.1)**
At 31st October 2016	**10.1**	**1.3**	**3.1**	**-**	**0.7**	**15.2**

At the statement of financial position date the substantively enacted future corporation tax rates were 19% for FY17 to FY19 and 17% 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 2017: 19.42%, 31st October 2018: 19%, 31st October 2019: 19%, 31st October 2020: 17.84% and 31st October 2021 and subsequent: 17%).

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 as it is considered probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are therefore recognised as deferred tax assets in the above amounts.

During the year the Group acquired a subsidiary containing a deferred tax liability. The deferred tax liability has been recognised as it is considered probable that the liability will unwind in the near future. Note 26 contains details of subsidiaries acquired in the financial year.

14 INVENTORIES

	2016 £m	2015 £m
Land and work-in-progress	**843.4**	**863.8**
Completed buildings including show homes	**92.4**	**40.7**
	935.8	**904.5**

Included within inventories is a fair value provision of £47.6m (2015: £66.9m) 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. The amount of fair value provision unwound in cost of sales in the year was £19.3m (2015: £23.8m). Inventories of £368.4m (2015: £390.0m) is estimated to be recovered in more than 12 months. Inventories of £717.7m (2015: £565.4m) were recognised as an expense in the year.

15 TRADE AND OTHER RECEIVABLES

	2016 £m	2015 £m
Non-current		
Trade receivables	**14.9**	**0.4**
Due from joint ventures	**39.4**	**33.9**
	54.3	**34.3**
Current		
Trade receivables	**29.2**	**25.2**
Recoverable on contracts	**21.0**	**13.6**
Due from joint ventures	**15.4**	**-**
Other receivables	**4.8**	**7.9**
Prepayments and accrued income	**4.0**	**2.3**
	74.4	**49.0**

Current trade receivables of £8.0m have been collected since year end (2015: £11.2m). The remaining balance is due according to contractual terms. Receivables are stated after provision for doubtful debts of £nil (2015: £nil). Amounts due from joint ventures are net of joint venture losses of £1.1m (2015: £0.1m).

16 INTEREST-BEARING LOANS AND BORROWINGS

	2016 £m	2015 £m
Non-current		
Revolving credit facility	**200.0**	**206.0**
Revolving credit facility issue costs	**(2.2)**	**(2.9)**
Other loans	**5.6**	**7.5**
	203.4	**210.6**
Current		
Other loans	**1.9**	**7.4**

There were undrawn amounts of £40.0m (2015: £34.0m) under the revolving credit facility at the statement of financial position date. See Note 20 for additional disclosures.

17 TRADE AND OTHER PAYABLES

	2016 £m	2015 £m
Non-current		
Land payables on contractual terms	**98.7**	**96.0**
Other payables	**7.2**	**8.0**
Accruals	**5.4**	**1.6**
	111.3	**105.6**
Current		
Land payables on contractual terms	**86.3**	**64.4**
Other trade payables	**37.8**	**33.3**
Payments on account	**26.3**	**18.2**
Taxes and social security costs	**2.3**	**2.3**
Other payables	**12.6**	**11.1**
Accruals	**172.3**	**150.4**
	337.6	**279.7**

18 PROVISIONS

Rental and other obligations in respect of commercial properties	2016 £m	2015 £m
Non-current		
At beginning of the year	**4.1**	**4.0**
Utilised in the year	**(0.5)**	**0.1**
At end of the year	**3.6**	**4.1**
Current		
At beginning of the year	**1.1**	**2.8**
Credited to the income statement	**-**	**(1.6)**
Utilised in the year	**(0.3)**	**(0.1)**
At end of the year	**0.8**	**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 years the Group anticipates the leases being onerous. The Group has head leases expiring up to September 2020.

19 SHARE CAPITAL

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
Ordinary shares as at 1st November 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**
New share capital	**2,702,373**	**5**	**135,119**	**1,349,439**
Ordinary shares as at 31st October 2016	**254,363,573**	**5**	**12,718,179**	**73,010,342**

Ordinary shares are issued and fully paid.

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	**1,966,142**	**-**	**98,307**	**-**
2014 LTIP	**43,176**	**-**	**2,159**	**-**
2015 LTIP	**17,197**	**-**	**860**	**-**
2013 SAYE	**554,982**	**247**	**27,749**	**1,343,057**
2014 SAYE	**2,355**	**276**	**118**	**6,382**
2014 Deferred bonus plan	**117,448**	**-**	**5,872**	**-**
2015 Deferred bonus plan	**1,073**	**-**	**54**	**-**
	2,702,373		**135,119**	**1,349,439**

During the previous 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**

For details of outstanding share options at 31st October 2016 see Note 21.

20 FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, bank loans, 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 £282.3m (2015: £187.4m) which are held by the 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 the treasury function on a regular basis.

Other financial assets, as described in Note 12, of £18.5m (2015: £24.2m) 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 therefor credit risk is considered low.

The carrying value of trade and other receivables is mainly amounts due from housing association sales, land sales and commercial sales and equates to the Group's exposure to credit risk which is set out in Note 15. Amounts due from joint ventures of £54.8m (2015: £33.9m) is funding provided on three (2015: 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 £14.3m (2015: £6.2m) 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 year, 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 (2015: 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 2016:

2016	**Carrying value £m**	**Contractual cash flows £m**	**Within 1 year £m**	**1-2 years £m**	**2-3 years £m**	**More than 3 years £m**
Revolving credit facility	**200.0**	**201.4**	**1.4**	**-**	**-**	**200.0**
LIFF loans	**7.5**	**8.0**	**2.1**	**2.0**	**2.0**	**1.9**
Other financial liabilities carrying interest	**75.5**	**78.0**	**24.0**	**44.5**	**9.5**	**-**
Financial liabilities carrying no interest	**344.8**	**352.8**	**289.3**	**33.7**	**9.8**	**20.0**
At 31st October 2016	**627.8**	**640.2**	**316.8**	**80.2**	**21.3**	**221.9**

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.

2015	**Carrying value £m**	**Contractual cash flows £m**	**Within 1 year £m**	**1-2 years £m**	**2-3 years £m**	**More than 3 years £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**

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 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 2016 it is estimated that an increase of 1% in interest rates applying for the full year would decrease the Group's PBT by £2.0m (2015: £1.8m).

At 31st October 2016, the interest rate profile of the financial liabilities of the Group was:

	2016	2015
	£m	£m
Sterling bank borrowings, loan notes and long-term creditors		
Floating rate financial liabilities	**207.5**	**220.9**
Financial liabilities carrying interest	**75.5**	**73.6**
Financial liabilities carrying no interest	**344.8**	**291.2**
	627.8	**585.7**

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 45 months (2015: 60 months).

	2016	2015
	£m	£m
The maturity of the financial liabilities is:		
Repayable within one year	**310.9**	**266.6**
Repayable between one and two years	**77.3**	**53.2**
Repayable between two and five years	**232.5**	**48.9**
Repayable after five years	**7.1**	**217.0**
	627.8	**585.7**

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 2016 cash equivalents consisted of sterling cash deposits of £282.3m (2015: £187.4m), with solicitors and on current account, £18.5m (2015: £24.2m) of other financial assets, £69.9m (2015: £47.1m) of trade, other receivables and amounts recoverable on contracts, and £54.8m (2015: £33.9m) 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:

2016	**Nominal interest rate**	**Face value £m**	**Carrying value £m**	**Fair value £m**	**Maturity**
Revolving credit facility	3 mth LIBOR + 2.15%	**200.0**	**200.0**	**200.0**	**2020**
LIFF loans	EU reference rate + 2.2%	**5.6**	**5.6**	**5.6**	**2019**
Total non-current interest-bearing loans		**205.6**	**205.6**	**205.6**	
LIFF loans	EU reference rate + 2.2%	**1.9**	**1.9**	**1.9**	**2017**
Total current interest-bearing loans		**1.9**	**1.9**	**1.9**	

2015	Nominal interest rate	Face value £m	Carrying value £m	Fair value £m	Maturity
Revolving credit facility	3 mth LIBOR + 2.5%	**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**	

Financial assets and liabilities by category

Financial assets	**2016 £m**	**2015 £m**
Sterling cash deposits	**282.3**	**187.4**
Trade receivables	**44.1**	**25.6**
Amounts due from joint ventures	**54.8**	**33.9**
Recoverable on contracts	**21.0**	**13.6**
Other receivables	**4.8**	**7.9**
Total loans and receivables	**407.0**	**268.4**
Other financial assets	**18.5**	**24.2**
Total financial assets	**425.5**	**292.6**

Financial liabilities	**2016 £m**	**2015 £m**
Revolving credit facility	**200.0**	**206.0**
Other loans	**7.5**	**14.9**
Land payments on contractual terms	**185.0**	**160.4**
Other trade payables	**37.8**	**33.3**
Other payables	**19.8**	**19.1**
Accruals	**177.7**	**152.0**
Financial liabilities at amortised cost	**627.8**	**585.7**

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 £2.0m (2015: £1.9m). At the statement of financial position date there were no outstanding or prepaid contributions (2015: £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 30th 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 2016 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 2016, the allocation of the scheme's invested assets was 75% in return seeking investments, 5% in corporate bonds, 19% in index linked gilts and 1% 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.

	2016	2015	2014
	£m	£m	£m
The amounts recognised in the statement of financial position are as follows:			
Present value of scheme liabilities	(200.9)	(165.3)	(173.4)
Fair value of scheme assets	184.2	157.8	149.7
Net amount recognised at year end	(16.7)	(7.5)	(23.7)

A deferred tax asset of £3.1m (2015: £1.4m) 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.

	2016	2015
	£m	£m
Administration expenses	0.5	0.5
Net interest expense	0.1	0.8
Charge recognised in the consolidated income statement	0.6	1.3
Remeasurements of the net liability		
Return on scheme assets	(18.0)	1.6
Loss arising from changes in financial assumptions	37.0	1.2
Loss/(gain) arising from changes in demographic assumptions	1.0	(7.1)
Experience gain	(2.4)	(4.2)
Charge/(credit) recorded in the consolidated statement of comprehensive income	17.6	(8.5)
Total defined benefit scheme cost/(credit)	18.2	(7.2)

The principal actuarial assumptions used were:	2016	2015
	%	%
Liability discount rate	2.8	3.9
Inflation assumption - RPI	3.5	3.2
Inflation assumption - CPI	2.7	2.4
Rate of increase in salaries	-	-
Revaluation of deferred pensions	2.7	2.4
Increases for pensions in payment		
benefits accrued in respect of GMP	3.0	3.0
benefits accrued in excess of GMP pre-1997	3.0	3.0
benefits accrued post-1997	3.3	3.1

	2016	2015
	%	%
Proportion of employees opting for early retirement	-	-
Proportion of employees commuting pension for cash	100.0	100.0

	2016	2015
Mortality assumption - pre-retirement	AC00	AC00
Mortality assumption - male post-retirement	SAPS S2 PMA CMI_2014 ltr 1.5%	SAPS S2 PMA CMI_2014 ltr 1.5%
Mortality assumption - female post-retirement	SAPS S2 PFA CMI_2014 ltr 1.5%	SAPS S2 PFA CMI_2014 ltr 1.5%

	2016	2015
	Years	Years
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year end	22.7	22.6
Female age 65 at year end	24.8	24.7
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year end	24.9	24.7
Female age 45 at year end	27.1	27.0

Changes in the present value of assets over the year

	2016	2015
	£m	£m
Fair value of assets at beginning of the year	157.8	149.7
Interest income	6.2	6.0
Return on assets (excluding amount included in net interest expense)	18.0	(1.6)
Contributions from the employer	9.0	9.0
Benefits paid	(6.3)	(4.8)
Administration expenses	(0.5)	(0.5)
Fair value of assets at end of the year	184.2	157.8

Changes in the present value of liabilities over the year

	2016	2015
	£m	£m
Liabilities at beginning of the year	165.3	173.4
Interest cost	6.3	6.8
Remeasurement losses/(gains)		
Actuarial losses arising from changes in financial assumptions	37.0	1.2
Actuarial losses/(gains) arising from changes in demographic assumptions	1.0	(7.1)
Experience gains	(2.4)	(4.2)
Benefits paid	(6.3)	(4.8)
Liabilities at end of the year	200.9	165.3

	2016	2015
The split of the scheme's liabilities by category of membership is as follows:	£m	£m
Pensions in payment	79.9	71.2
Deferred pensioners	121.0	94.1
	200.9	165.3

	2016 Years	2015 Years
Average duration of the scheme's liabilities at the end of the year	**18.0**	**17.0**
This can be subdivided as follows:		
Deferred pensioners	**23.0**	**21.0**
Pensions in payment	**12.0**	**12.0**

The major categories of scheme assets are as follows:

	2016 £m	2015 £m
Return seeking		
UK Equities	**15.4**	**13.7**
Overseas Equities	**31.6**	**23.7**
Other (hedge funds, multistrategy and absolute return funds)	**81.4**	**76.2**
	128.4	**113.6**
Debt instruments		
Corporates	**9.3**	**6.7**
Index linked	**35.2**	**26.4**
	44.5	**33.1**
Other		
Cash	**2.5**	**2.6**
Insured annuities	**8.8**	**8.5**
	11.3	**11.1**
Total market value of assets	**184.2**	**157.8**

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. The Group expects to contribute £9.0m (2015: £9.0m) to scheme funding in the year ending 31st October 2017.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.25% higher/(lower), the scheme’s liabilities would decrease by £8.7m (increase by £9.4m) if all the other assumptions remained unchanged.

If the inflation assumption was 0.25% higher/(lower), the scheme’s liabilities would increase by £4.6m (decrease by £5.0m) if all the other assumptions remained unchanged.

If life expectancies were to increase by 1 year, the scheme’s liabilities would increase by £8.2m 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 for the current and previous year (where applicable) is based on the historical share price movements of Crest Nicholson Holdings plc since the Company 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.

Date of grant	**8th Mar 2013**	**14th Feb 2014**	**27th Feb 2015**	**26th Feb 2016**	**10th Mar 2016**
Options granted	**2,226,041**	**1,246,861**	**1,270,176**	**1,075,943**	**50,336**
Fair value at measurement date	**£2.62**	**£3.49**	**£4.02**	**£5.07**	**£5.03**
Share price on date of grant	**£2.80**	**£3.81**	**£4.45**	**£5.62**	**£5.03**
Exercise price	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**
Vesting period	**3 years**	**3 years**	**3 years**	**3 years**	**N/A**
Expected dividend yield	**2.50%**	**2.50%**	**3.20%**	**3.50%**	**N/A**
Expected volatility	**33.00%**	**28.90%**	**30.00%**	**30.00%**	**N/A**
Risk free interest rate	**0.40%**	**0.40%**	**0.86%**	**0.43%**	**N/A**
Valuation model	**Binomial**	**Binomial**	**Binomial**	**Binomial**	**N/A**
Contractual life from	**8th Mar 2013**	**14th Feb 2014**	**27th Feb 2015**	**26th Feb 2016**	**10th Mar 2016**
Contractual life to	**7th Mar 2023**	**13th Feb 2024**	**26th Feb 2025**	**25th Feb 2026**	**7th Mar 2023**

	Number of options	**Number of options**	**Number of options**	**Number of options**	**Number of options**	**Total number of options**
Movements in the year						
Outstanding at 1st November 2014	**2,026,405**	**1,200,020**	**-**	**-**	**-**	**3,226,425**
Granted during the year	**-**	**-**	**1,270,176**	**-**	**-**	**1,270,176**
Exercised during the year	**(47,360)**	**(8,419)**	**-**	**-**	**-**	**(55,779)**
Lapsed during the year	**(50,334)**	**(89,487)**	**(49,341)**	**-**	**-**	**(189,162)**
Outstanding at 31st October 2015	**1,928,711**	**1,102,114**	**1,220,835**	**-**	**-**	**4,251,660**
Granted during the year	**-**	**-**	**-**	**1,075,943**	**50,336**	**1,126,279**
Exercised during the year	**(1,915,806)**	**(43,176)**	**(17,197)**	**-**	**(50,336)**	**(2,026,515)**
Lapsed during the year	**(12,905)**	**(100,849)**	**(173,500)**	**(81,654)**	**-**	**(368,908)**
Outstanding at 31st October 2016	**-**	**958,089**	**1,030,138**	**994,289**	**-**	**2,982,516**
Exercisable at 31st October 2016	**-**	**-**	**-**	**-**	**-**	**-**
Exercisable at 31st October 2015	**-**	**-**	**-**	**-**	**-**	**-**

	£m	**£m**	**£m**	**£m**	**£m**	**Total £m**
Charge to income for the current year	**0.5**	**1.1**	**1.3**	**0.2**	**0.3**	**3.4**
Charge to income for the prior year	**1.7**	**1.2**	**0.7**	**-**	**-**	**3.6**

The weighted average exercise price of LTIP options was £nil (2015: £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.

Date of grant	**6th Mar 2013**	**17th Aug 2015**
Options granted	**615,000**	**1,500**
Fair value at measurement date	**£0.00**	**£0.00**
Share price on date of grant	**£2.69**	**£5.68**
Exercise price	**£0.00**	**£0.00**
Vesting period	**3 years**	**2 years**
Expected dividend yield	**N/A**	**N/A**
Expected volatility	**N/A**	**N/A**
Risk free interest rate	**N/A**	**N/A**
Valuation model	**N/A**	**N/A**
Contractual life from	**6th Mar 2013**	**17th Aug 2015**
Contractual life to	**5th Mar 2023**	**16th Aug 2025**

Movements in the year	**Number of options**	**Number of options**	**Total number of options**
Outstanding at 1st November 2014	**539,000**	**-**	**539,000**
Granted during the year	**-**	**1,500**	**1,500**
Exercised during the year	**(539,000)**	**-**	**(539,000)**
Outstanding at 31st October 2015	**-**	**1,500**	**1,500**
Outstanding at 31st October 2016	**-**	**1,500**	**1,500**
Exercisable at 31st October 2016	**-**	**-**	**-**
Exercisable at 31st October 2015	**-**	**-**	**-**

	£m	**£m**	**Total £m**
Charge to income for the current year	**-**	**-**	**-**
Charge to income for the prior year	**0.3**	**-**	**0.3**

The weighted average exercise price of employee share options was £nil (2015: £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.

Date of grant	**22nd May 2013**	**15th Jul 2014**	**16th Jul 2015**	**1st Aug 2016**
Options granted	**805,805**	**569,998**	**257,264**	**1,208,742**
Fair value at measurement date	**£0.82**	**£0.70**	**£1.03**	**£1.11**
Share price on date of grant	**£3.09**	**£3.44**	**£5.63**	**£3.56**
Exercise price	**£2.47**	**£2.76**	**£4.51**	**£2.86**
Vesting period	**3 years**	**3 years**	**3 years**	**3 years**
Expected dividend yield	**2.50%**	**2.50%**	**3.00%**	**4.80%**
Expected volatility	**32.00%**	**28.90%**	**29.00%**	**45.00%**
Risk free interest rate	**0.55%**	**1.61%**	**1.16%**	**0.19%**
Valuation model	**Binomial**	**Binomial**	**Binomial**	**Binomial**
Contractual life from	**1st Aug 2013**	**1st Aug 2014**	**1st Aug 2015**	**1st Sep 2016**
Contractual life to	**1st Feb 2017**	**1st Feb 2018**	**1st Feb 2019**	**1st Mar 2020**

Movements in the year	**Number of options**	**Number of options**	**Number of options**	**Number of options**	**Total number of options**	**Weighted average exercise Price**
Outstanding at 1st November 2014	**695,720**	**559,697**	**-**	**-**	**1,255,417**	**£2.60**
Granted during the year	**-**	**-**	**257,264**	**-**	**257,264**	**£4.51**
Exercised during the year	**(6,373)**	**(199)**	**-**	**-**	**(6,572)**	**£2.48**
Lapsed during the year	**(72,233)**	**(91,804)**	**(9,974)**	**-**	**(174,011)**	**£2.74**
Outstanding at 31st October 2015	**617,114**	**467,694**	**247,290**	**-**	**1,332,098**	**£2.95**
Granted during the year	**-**	**-**	**-**	**1,208,742**	**1,208,742**	**£2.86**
Exercised during the year	**(554,982)**	**(2,355)**	**-**	**-**	**(557,337)**	**£2.47**
Lapsed during the year	**(25,195)**	**(44,264)**	**(142,812)**	**(14,472)**	**(226,743)**	**£3.84**
Outstanding at 31st October 2016	**36,937**	**421,075**	**104,478**	**1,194,270**	**1,756,760**	**£2.93**
Exercisable at 31st October 2016	**36,937**	**-**	**-**	**-**	**36,937**	
Exercisable at 31st October 2015	**-**	**-**	**-**	**-**	**-**	

	£m	**£m**	**£m**	**£m**	**Total £m**
Charge to income for the current year	**0.1**	**0.1**	**-**	**0.1**	**0.3**
Charge to income for the prior year	**0.2**	**0.1**	**-**	**-**	**0.3**

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.

Date of grant	**14th Feb 2014**	**27th Feb 2015**	**26th Feb 2016**	**10th Mar 2016**
Options granted	**155,752**	**257,219**	**140,185**	**3,861**
Fair value at measurement date	**£3.81**	**£4.45**	**£5.62**	**£5.03**
Share price on date of grant	**£3.81**	**£4.45**	**£5.62**	**£5.03**
Exercise price	**£0.00**	**£0.00**	**£0.00**	**£0.00**
Vesting period	**3 years**	**1 / 3 years**	**1 / 3 years**	**1 year**
Expected dividend yield and 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**	**26th Feb 2016**	**10th Mar 2016**
Contractual life to	**13th Feb 2024**	**26th Feb 2025**	**25th Feb 2026**	**26th Feb 2025**

Movements in the year	**Number of options**	**Number of options**	**Number of options**	**Number of options**	**Total number of options**
Outstanding at 1st November 2014	**155,752**	**-**	**-**	**-**	**155,752**
Granted during the year	**4,872**	**257,219**	**-**	**-**	**262,091**
Exercised during the year	**(160,624)**	**(6,912)**	**-**	**-**	**(167,536)**
Lapsed during the year	**-**	**(5,959)**	**-**	**-**	**(5,959)**
Outstanding at 31st October 2015	**-**	**244,348**	**-**	**-**	**244,348**
Granted during the year	**-**	**-**	**140,185**	**3,861**	**144,046**
Exercised during the year	**-**	**(113,587)**	**(1,073)**	**(3,861)**	**(118,521)**
Lapsed during the year	**-**	**(10,242)**	**(11,440)**	**-**	**(21,682)**
Outstanding at 31st October 2016	**-**	**120,519**	**127,672**	**-**	**248,191**
Exercisable at 31st October 2016	**-**	**-**	**-**	**-**	**-**
Exercisable at 31st October 2015	**-**	**-**	**-**	**-**	**-**
	£m	**£m**	**£m**	**£m**	**Total £m**
Charge to income for the current year	**-**	**0.2**	**0.5**	**-**	**0.7**
Charge to income for the prior year	**0.1**	**0.7**	**-**	**-**	**0.8**

The weighted average exercise price of deferred bonus plan share options was £nil (2015: £nil).

Total Share Incentive Schemes	**2016**	**2015**
Movements in the year	**Number of options**	**Number of options**
Outstanding at beginning of the year	**5,829,606**	**5,176,594**
Granted during the year	**2,479,067**	**1,791,031**
Exercised during the year	**(2,702,373)**	**(768,887)**
Lapsed during the year	**(617,333)**	**(369,132)**
Outstanding at end of the year	**4,988,967**	**5,829,606**
Exercisable at end of the year	**36,937**	**-**
	£m	**£m**
Charge to income for the year	**4.4**	**5.0**

The weighted average share price at the date of exercise of share options exercised during the year was £5.01 (2015: £4.08). The options outstanding had a range of exercise prices of £nil to £4.51 (2015: £nil to £4.51) and a weighted average remaining contractual life of 6.3 years (2015: 5.7 years)

22 CONTINGENT LIABILITIES AND COMMITMENTS

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.

In the ordinary course of business the Group enters into certain land purchase contracts with vendors on a conditional exchange basis. The conditions must be satisfied for the Group to recognise the land asset and corresponding liability within the statement of financial position. No contingent liability in respect of conditional land acquisitions has been recognised.

The Group provides for all known material legal actions, where having taken appropriate legal advice as to the likelihood of success of the actions, it is considered probable that an outflow of economic resource will be required, and the amount can be reliably measured. No contingent liability in respect of such claims has been recognised.

23 OPERATING LEASES

Outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	2016	2015
	£m	£m
Land and buildings		
Within one year	**2.4**	**2.5**
Less: minimum sub-lease income	**(0.5)**	**(0.7)**
Between two and five years	**7.4**	**8.1**
Less: minimum sub-lease income	**(0.9)**	**(1.1)**
After five years	**2.4**	**2.8**
	10.8	**11.6**
Other		
Within one year	**1.5**	**1.4**
Between two and five years	**2.5**	**1.9**
	4.0	**3.3**

24 MOVEMENT IN NET CASH/(DEBT)

	2016	Movement	2015
	£m	£m	£m
Cash and cash equivalents	**282.3**	**94.9**	**187.4**
Bank loans	**(205.3)**	**12.7**	**(218.0)**
Net cash/(debt)	**77.0**	**107.6**	**(30.6)**

25 RELATED PARTY TRANSACTIONS

Transactions between fellow subsidiaries, which are related parties, are eliminated on consolidation, as well as transactions between the Company and its subsidiaries during the current and prior year.

Transactions between the Group and key management personnel mainly comprise remuneration which is given in Note 4. Detailed disclosure for Board members is given within the Directors' remuneration report. During the year the Group sold a house on normal commercial terms to a member of the Executive Management Team for £672,500.

The Company's Directors and 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 Director or Non-Executive Director has an association. Where this occurs, it is on normal commercial terms and without the direct involvement of the Director or Non-Executive Director. Pam Alexander, Independent Non-Executive Director, is a Non-Executive Director of the Academy of Urbanism. The Group paid subscription and other fees during the year to the Academy of Urbanism of £200 (2015: £17,000). 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 £100,000 (2015: £90,000). On the 5th October 2016 Stephen Stone became a Non-Executive Director of the NHBC. During the year the Group paid fees of £2.6m to the NHBC, mainly relating to warranty insurance costs on new homes built.

The Group had the following transactions with its joint ventures: (i) the Group provided book-keeping services to a joint venture which was recharged at cost of £24,000 (2015: £24,000), (ii) the Group received £1.6m (2015: £0.4m) interest on joint venture funding, (iii) the Group received £0.2m (2015: £0.1m) in project management fees, and, (iv) the amount of outstanding loans due to the Group from joint ventures was £54.8m (2015: £33.9m).

26 GROUP UNDERTAKINGS

In accordance with s409 Companies Act 2006, the following is a list of all the Group's undertakings at 31st October 2016.

Subsidiary undertakings

During the year the Group acquired a 100% interest in the ordinary share capital of Crest Nicholson (Highlands Farm) Limited, Crest Nicholson (Henley-on-Thames) Limited and Crest Nicholson (Stotfold) Limited. Two of the companies (the other being a holding company) contained a land asset which the Group aims to develop in due course. The Group has treated the acquisitions as an asset acquisition rather than a business combination under IFRS 3, on the basis that the acquired entities do not constitute an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return on their own.

At 31st October 2016 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	Active / Dormant	Year end date	Shareholding (direct or indirect)
Bartley Wood Management Services No.2 Limited	1	5	7	31st March	100%
Bath Riverside Estate Management Company Limited	2	5	8	31st October	100%
Bath Riverside Liberty Management Company Limited	2	5	8	31st October	100%
Block F1 Whitelands Park Limited	1	5	8	31st October	100%
Block F2 Whitelands Park Limited	1	5	8	31st October	100%
Block F3 Whitelands Park Limited	1	5	8	31st October	100%
Block L1-L3 Whitelands Park Limited	1	5	8	31st October	100%
Brenville Limited	1	5	8	31st October	100%
Bristol Parkway North Limited	1	5	8	31st October	100%
C N Nominees Limited	1	5	8	31st October	100%
Camberley (Commercial) Limited	1	6	8	31st October	100%
Camberley Res No.1 Limited	1	5	8	31st October	100%
Camberley Res No.2 Limited	1	5	8	31st October	100%
Camberley Res No.3 Limited	1	5	8	31st October	100%
Camberley Res No.4 Limited	1	5	8	31st October	100%
Camberley Res No.5 Limited	1	5	8	31st October	100%

Entity name	Registered office	Place of incorporation	Active / Dormant	Year end date	Shareholding (direct or indirect)
Cardiff Freeport Limited	1	5	8	31st October	100%
Castle Bidco Limited*	1	5	7	31st October	100%
Clevedon Developments Limited	1	5	8	31st October	100%
Clevedon Investment Limited	1	5	7	31st October	100%
CN Properties Limited	1	5	8	31st October	100%
Crest (Claybury) Limited	1	5	8	31st October	100%
Crest (Napsbury) Limited	1	5	8	31st October	100%
Crest Construction Limited	1	5	8	31st October	100%
Crest Construction Management Limited	1	5	8	31st October	100%
Crest Developments Limited	1	5	8	31st October	100%
Crest Estates Limited	1	5	8	31st October	100%
Crest Homes (Chiltern) Limited	1	5	8	31st October	100%
Crest Homes (Eastern) Limited	1	5	8	31st October	100%
Crest Homes (Midlands) Limited	1	5	8	31st October	100%
Crest Homes (Nominees) Limited	1	5	7	31st October	100%
Crest Homes (Northern) Limited	1	5	8	31st October	100%
Crest Homes (South East) Limited	1	5	8	31st October	100%
Crest Homes (South West) Limited	1	5	8	31st October	100%
Crest Homes (South) Limited	1	5	8	31st October	100%
Crest Homes (Wessex) Limited	1	5	8	31st October	100%
Crest Homes (Westerham) Limited	1	5	8	31st October	100%
Crest Homes Limited	1	5	8	31st October	100%
Crest Homes Management Limited	1	5	8	31st October	100%
Crest Manhattan Limited	1	5	8	31st October	100%
Crest Nicholson (Bath Western) Limited	1	5	8	31st October	100%
Crest Nicholson (Bath) Holdings Limited	1	5	8	31st October	100%
Crest Nicholson (Chiltern) Limited	1	5	8	31st October	100%
Crest Nicholson (Eastern) Limited	1	5	8	31st October	100%
Crest Nicholson (Epsom) Limited	1	5	8	31st October	100%
Crest Nicholson (Henley-on-Thames) Limited	1	5	7	31st October	100%
Crest Nicholson (Highlands Farm) Limited	1	5	8	31st October	100%
Crest Nicholson (Londinium) Limited	1	5	8	31st October	100%
Crest Nicholson (London) Limited	1	5	8	31st October	100%
Crest Nicholson (Midlands) Limited	1	5	8	31st October	100%
Crest Nicholson (Rainsford Road) Limited	1	5	8	31st October	100%
Crest Nicholson (South East) Limited	1	5	8	31st October	100%
Crest Nicholson (South West) Limited	1	5	8	31st October	100%
Crest Nicholson (South) Limited	1	5	8	31st October	100%
Crest Nicholson (Stotfold) Limited	1	5	7	31st October	100%
Crest Nicholson (Wainscott)	1	5	8	31st October	100%
Crest Nicholson (Wessex) Limited	1	5	8	31st October	100%
Crest Nicholson Developments (Chertsey) Limited	1	5	7	31st October	100%
Crest Nicholson Greenwich Limited	1	5	8	31st October	100%
Crest Nicholson Operations Limited	1	5	7	31st October	100%
Crest Nicholson Overseas Limited	1	5	8	31st October	100%
Crest Nicholson plc	1	5	7	31st October	100%
Crest Nicholson Projects Limited	1	5	8	31st October	100%
Crest Nicholson Properties Limited	1	5	8	31st October	100%
Crest Nicholson Properties Scarborough No 2 Limited	1	6	8	31st October	100%
Crest Nicholson Quest Trustee Limited	1	5	8	31st October	100%
Crest Nicholson Regeneration Limited	1	5	8	31st October	100%

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

Entity name	Registered office	Place of incorporation	Active / Dormant	Year end date	Shareholding (direct or indirect)
Crest Nicholson Residential (London) Limited	1	5	8	31st October	100%
Crest Nicholson Residential (Midlands) Limited	1	5	8	31st October	100%
Crest Nicholson Residential (South East) Limited	1	5	8	31st October	100%
Crest Nicholson Residential (South) Limited	1	5	8	31st October	100%
Crest Nicholson Residential Limited	1	5	8	31st October	100%
Crest Nominees Limited	1	5	8	31st October	100%
Crest Partnership Homes Limited	1	5	8	31st October	100%
Crest Strategic Projects Limited	1	5	8	31st October	100%
Dialled Despatches Limited	1	5	8	31st October	100%
Eastern Perspective Management Company Limited	1	5	8	31st October	100%
Grassphalte-Gaze Limited	1	5	8	31st October	100%
Landscape Estates Limited	1	5	8	31st October	100%
Mertonplace Limited	1	5	8	31st October	100%
Nicholson Estates (Century House) Limited	1	5	8	31st October	100%
Nicholson Estates GN Tower No 2 Limited	1	6	8	31st October	100%
Nicholson Homes Limited	1	5	8	31st October	100%
Park Central Management (Central Plaza) Limited	1	5	7	31st October	100%
Ellis Mews (Park Central) Management Limited	1	5	7	31st October	100%
Park Central Management (Zone 11) Limited	1	5	8	31st October	100%
Park Central Management (Zone 12) Limited	1	5	8	31st October	100%
Park Central Management (Zone 1A North) Limited	1	5	8	31st October	100%
Park Central Management (Zone 1A South) Limited	1	5	8	31st October	100%
Park Central Management (Zone 1B) Limited	1	5	8	31st October	100%
Park Central Management (Zone 3/1) Limited	1	5	8	31st October	100%
Park Central Management (Zone 3/2) Limited	1	5	8	31st October	100%
Park Central Management (Zone 3/3) Limited	1	5	8	31st October	100%
Park Central Management (Zone 3/4) Limited	1	5	8	31st October	100%
Park Central Management (Zone 4/41 & 42) Limited	1	5	8	31st October	100%
Park Central Management (Zone 4/43/44) Limited	1	5	8	31st October	100%
Park Central Management (Zone 5/53) Limited	1	5	8	31st October	100%
Park Central Management (Zone 5/54) Limited	1	5	8	31st October	100%
Park Central Management (Zone 5/55) Limited	1	5	8	31st October	100%
Park Central Management (Zone 6/61-64) Limited	1	5	8	31st October	100%
Park Central Management (Zone 7/9) Limited	1	5	8	31st October	100%
Park Central Management (Zone 8) Limited	1	5	7	31st October	100%
Park Central Management (Zone 9/91) Limited	1	5	8	31st January	100%
Riverside Dacorum No 2 Limited	1	6	8	31st October	100%
The Gloucester Docks Trading Company Limited	1	5	8	31st October	100%
Timberform Building Systems Limited	1	5	8	31st October	100%
Toptool Products Limited	1	5	8	31st October	100%
Yawbrook Limited	1	5	8	31st October	100%
Building 7 Harbourside Management Company Limited	1	5	7	31st October	58.33%
Buildings 3A, 3B & 4 Harbourside Management Company Limited	1	5	8	31st December	83.33%
Harbourside Leisure Management Company Limited	1	5	7	31st December	71.43%
Park West Management Services Limited	1	5	7	31st October	62.00%

Joint venture undertakings

At 31st October 2016 the Group had an interest in the following 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	Active / Dormant	Year end date	Shareholding (direct or indirect)
Material joint ventures					
Kitewood (Cossall) Limited	1	5	7	31st October	50%
Bonner Road LLP	1	5	7	31st March	50%
Crest A2D (Walton Court) LLP	1	5	7	31st March	50%
Other joint ventures not material to the Group					
Crest Nicholson Bioregional Quintain LLP	1	5	7	31st October	50%
Crest/Galliford Try (Epsom) LLP	1	5	7	31st October	50%
The Century House Property Company Limited	1	5	8	31st October	50%
Crest Nicholson Bioregional Quintain (Gallions) LLP	1	5	8	31st October	50%
Brentford Lock Limited	3	5	7	31st December	50%
Haydon Development Company Limited	4	5	7	30th April	21.36%
North Swindon Development Company Limited	1	5	7	31st October	32.64%

Registered office	Place of incorporation	Active / Dormant
1 Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN, UK.	5 Great Britain	7 Active
2 Unit 2 & 3 Beech Court, Wokingham Road, Hurst, Reading RG10 0RU, UK.	6 Jersey	8 Dormant
3 Persimmon House, Fulford, York YO19 4FE, UK.		
4 Drakes Meadow, Penny Lane, Swindon, Wiltshire SN3 3LL, UK.		

Joint operations

The Group is party to a joint arrangement with Linden Homes Limited, 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 2016. 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 2016

	Note	2016 £m	2015 £m
ASSETS			
Non-current assets			
Investments	**4**	**-**	**-**
Current assets			
Trade and other receivables	**5**	**356.4**	**393.6**
TOTAL ASSETS		**356.4**	**393.6**
NET ASSETS		**356.4**	**393.6**
SHAREHOLDERS' EQUITY			
Share capital	**6**	**12.7**	**12.6**
Share premium account	**6**	**73.0**	**71.6**
Retained earnings		**270.7**	**309.4**
TOTAL SHAREHOLDERS' EQUITY		**356.4**	**393.6**

The notes on pages 46 to 48 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31st October 2016

	Note	Share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
Balance at 1st November 2014		**12.6**	**71.6**	**331.8**	**416.0**
Profit for the financial year and total comprehensive income		**-**	**-**	**19.3**	**19.3**
Transactions with shareholders					
Dividends paid	**3**	**-**	**-**	**(41.7)**	**(41.7)**
Balance at 31st October 2015		**12.6**	**71.6**	**309.4**	**393.6**
Profit for the financial year and total comprehensive income		**-**	**-**	**18.0**	**18.0**
Transactions with shareholders					
Dividends paid	**3**	**-**	**-**	**(56.6)**	**(56.6)**
Share capital issued		**0.1**	**1.4**	**(0.1)**	**1.4**
Balance at 31st October 2016		**12.7**	**73.0**	**270.7**	**356.4**

CREST NICHOLSON HOLDINGS PLC
NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31st October 2016

1 ACCOUNTING POLICIES

Crest Nicholson Holdings plc (the 'Company') is a company incorporated in the UK. The address of the registered office is Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN. The Company financial statements have been prepared and approved by the Directors in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'), in accordance with the Companies Act 2006, and have been prepared on the historical cost basis. In the previous period the accounts were prepared under the historical cost accounting rules and in accordance with applicable UK accounting standards. The Company has adopted FRS 101 in the year, with the effective transition date being 1st November 2014. The adoption of FRS 101 had no impact on the financial statements and no restatement was required.

The preparation of financial statements in conformity with FRS 101 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 financial statements are presented in pounds sterling and amounts stated are denominated in millions (£m). The accounting policies have been applied consistently in dealing with items which are considered material.

These financial statements present information about the Company as an individual undertaking and not about its group. 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 financial year of £18.0m (2015: £19.3m).

As outlined in FRS 101 paragraph 8(a) the Company is exempt from the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payments'. This exemption has been taken in the preparation of these financial statements.

As outlined in FRS 101 paragraph 8(d-e) the Company is exempt from the requirements of IFRS 7 'Financial Instruments: Disclosures', and from the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement'. These exemptions have been taken in the preparation of these financial statements.

As outlined in FRS 101 paragraph 8(h) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. This exemption has been taken in the preparation of these financial statements.

As outlined in FRS 101 paragraph 8(i) the Company is exempt from the requirement to provide information about the impact of IFRS that have been issued but are not yet effective. This exemption has been taken in the preparation of these financial statements.

Under FRS 101 paragraph 8(j) the Company is exempt from the requirement to disclose related-party transactions with its subsidiary undertakings on the grounds that they are wholly owned subsidiary undertakings of Crest Nicholson Holdings plc. This exemption has been taken in the preparation of these financial statements.

The Company is the holding company of the principal trading entity of the Group headed by Crest Nicholson Holdings plc (the 'Group'). The Group financial statements, which include all the above exemptions can be obtained from Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN. The Company and certain of its subsidiaries are cross-guarantors to the debt facilities of the Group. Accordingly, the Directors have considered the Group's position for the purposes of assessing the use of the going concern basis.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

There were no new standards, amendments or interpretations that were adopted by the Company and effective for the first time for the financial year beginning 1st November 2015 that had a material impact on the Company.

The principal accounting policies adopted are set out below.

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

Taxation
Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is also 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 profit before tax per the 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date. Where uncertain tax liabilites exist, the liability recognised is assessed as the amount that is probable to be payable.

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 statement of financial position date.

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

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.

Audit fee
Auditors' remuneration for audit of these financial statements of £10,500 (2015: £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 DIRECTORS AND EMPLOYEES

The Company had 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 shown in Note 7 of the consolidated financial statements.

4 INVESTMENTS

Investments relate to the investment in Castle Bidco Limited of £1. The subsidiary undertakings are shown in Note 26 of the consolidated financial statements.

5 TRADE AND OTHER RECEIVABLES

	2016	2015
	£m	£m
Amounts due from Group undertakings	356.4	393.6

Amounts due from Group undertakings are unsecured, repayable on demand and carry an interest rate of 5.0% (2015: 5.0%).

6 SHARE CAPITAL

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
Ordinary shares as at 1st November 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**
New share capital	**2,702,373**	**5**	**135,119**	**1,349,439**
Ordinary shares as at 31st October 2016	**254,363,573**	**5**	**12,718,179**	**73,010,342**

Ordinary shares are issued and fully paid.

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	**1,966,142**	**-**	**98,307**	**-**
2014 LTIP	**43,176**	**-**	**2,159**	**-**
2015 LTIP	**17,197**	**-**	**860**	**-**
2013 SAYE	**554,982**	**247**	**27,749**	**1,343,057**
2014 SAYE	**2,355**	**276**	**118**	**6,382**
2014 Deferred bonus plan	**117,448**	**-**	**5,872**	**-**
2015 Deferred bonus plan	**1,073**	**-**	**54**	**-**
	2,702,373		**135,119**	**1,349,439**

During the previous 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**

For details of outstanding share options at 31st October 2016 see Note 21 of the consolidated financial statements.

7 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.

8 GROUP UNDERTAKINGS

A list of all the Group's undertakings at 31st October 2016 is given in Note 26 of the Group financial statements.