Press release

Crest NICHOLSON

24th January 2018

Crest Nicholson Holdings plc
Annual Results Announcement
for the year ended 31st October 2017

Continued growth and strong returns

Crest Nicholson Holdings plc (Crest Nicholson) today announces its final results for the year ended 31st October 2017.

Highlights

- Sales, including those from joint ventures, of £1,065.6m (2016: £1,000.3m) – up 7%
- Statutory revenue of £1,043.2m (2016: £997.0m) up 5%
- Volumes up 2% at 2,935 homes (2016: 2,870)
- Pre-tax profit up 6% to £207.0m (2016: £195.0m)
- Operating profit margin of 20.3% (2016: 20.4%)
- Return on capital employed decreased slightly to 29.7% (2016: 31.3%)
- Net cash at year-end of £33.2m (2016: £77.0m)
- Gross development value of land pipelines up 10.2% to £11,736m (2016: £10,646m)
- Forward sales at mid-January of £575.7m (2016: £533.5m), 8% ahead of prior year
- Outlets increased 9% to 51 (2016: 47)
- Total dividend of 33.0p up 20% and covered 2x by earnings (2016: 27.6p and 2.25x cover)
- Targeting to deliver £1.4bn sales by 2019

Commenting on today's statement, Stephen Stone, Chief Executive said: "We have had another year of growth, with increases in sales and the number of new homes built.

Our new business divisions are continuing to grow, driving increases in sales outlets and underpinning our ambitious sales target of £1.4bn in 2019.

The new build housing market continues to be robust, sustained by strong demand for new homes, a benign land market and government policies to improve access to housing. Against this backdrop, Crest Nicholson is confident in its ability to continue delivering great homes for customers and strong returns for shareholders."

	2017	2016	Change	
	£m	**£m**	**£m**	**%**
Units	**2,935**	**2,870**	65	**+2%**
Revenue	**1,043.2**	**997.0**	46.2	**+5%**
Cost of sales	**(768.3)**	**(731.2)**	(37.1)	
Gross profit	**274.9**	**265.8**	9.1	**+3%**
Administrative expenses	**(63.3)**	**(62.0)**	(1.3)	
Operating Profit	**211.6**	**203.8**	7.8	**+4%**
Operating profit %	***20.3%***	***20.4%***	*(10)bps*	
Profit before tax	**207.0**	**195.0**	12.0	**+6%**
Profit after tax	**168.6**	**156.8**	11.8	**+8%**
Earnings per share (pence)				
-Basic	**66.1p**	**62.0p**	4.1p	**+7%**
-Diluted	**65.1p**	**60.9p**	4.2p	**+7%**
Net cash	**£33.2m**	**£77.0m**		

For further information, please contact:

Crest Nicholson Holdings plc +44 (0) 1932 580555

Stephen Stone
Patrick Bergin
Robert Allen

Finsbury +44 (0) 20 7251 3801
Faeth Birch
Philip Walters

There will be a presentation to analysts today at 9.00am at ETC venues, Bishopsgate Court, 4-12 Norton Folgate, London E1 6DQ hosted by Stephen Stone, Chief Executive, Patrick Bergin, Chief Operating Officer and Robert Allen, Group Finance Director.

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

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

CHIEF EXECUTIVE'S REVIEW

"We recognise that doing things more efficiently, managing our business risks better and building resilience are what ensure we have a business that is building lasting value."

Continued growth and business expansion

We have had another good year, with solid financial results. We have also continued to strengthen the business and our ability to deliver future growth by opening a new division in the Midlands, increasing our outlets and building momentum in forward sales.

We delivered 2,935 new homes in 2017, an increase of 2.3%. We have achieved an average selling price of £388,000 and the business is clearly positioned as a quality developer in the market. We remain focused on the steady growth of our business as we progress towards our 2019 target of £1.4bn sales.

To do this we are investing in the skills and training of our people and management team to complement the passion and commitment they already bring to Crest Nicholson. We are also building on the fantastic work of our Chiltern division over the last two years, and I am delighted to see that many of our people responsible for that success are now contributing to taking the business forward in our newly formed Midlands division.

In our London division, we have continued to bring forward new land opportunities in more affordable outer zones, as we reduce our exposure to Central London where our sales slowed as we balanced revenue and margins in 2017. At the same time, Help to Buy continues to be an important driver for new house sales, and we welcome the Government's commitment to keep this scheme in place to support our customers.

Building thriving communities and meeting our customers' needs are always our key priorities; they are also critical to achieving our ambitious growth strategy. We are focused on designing homes that provide an exceptional quality of life for customers, and on using production techniques that reduce build time and delays. We are also meeting the needs of communities by building vital infrastructure and by developing a future generation of housing that both lowers the impact on the environment and meets national calls for increased housing delivery.

We continually strive to improve our quality and customer service across the business. We have invested significant time and resources in improving our management processes in this area, which has resulted in improved performance in key metrics, including our overall customer satisfaction score, which has increased by 2% in the year to 88%.

Meeting our challenges

The acute housing shortage is a major concern for the Government and one around which there is a reasonable cross-party consensus. This includes the need to address the provision of social and affordable housing. For us to play our part in fulfilling these needs and meeting our own growth targets, we require disciplined land purchasing that is linked to both availability and cost.

We were concerned about the effects of the decision to leave the EU in 2016 and consequently made some strategic decisions that pushed back some land purchases last year. However, in 2017, we acquired around 3,000 units of strategic land, including important new sites near Colchester and Winchester, adding to our firm footing for the future. We now hold the long and cost-effective land pipeline we need, with further land available through partnerships.

Of course, land is not the only challenge in putting together a successful development. Getting from outline planning consent to building on site can prove a difficult process. The principles behind this are changing, but progress is slow, especially with the decreased resources available to local planning authorities.

A backdrop of ongoing negotiations with the EU and the outcome of the UK General Election in 2017 has resulted in very little movement in key regulatory or policy matters that affect the housing industry. These issues are also linked to another challenge for our industry – the skills shortage in both the trades on site and in technical roles. There needs to be Government action in this area, particularly relating to the challenges of retirement, potentially reduced levels of immigration and the replacement of skills in the workforce. This is compounded by the fact that any changes or initiatives in these areas will take many years to filter through on the ground and in the job market.

We are responding to the skills agenda through our award-winning Site Management Academy, which now offers degree-level qualifications, as well as our Graduate Programme and Apprenticeship Scheme. I am very proud of the progress we are making in this area and I was particularly delighted that we were rated the top company in our industry for graduates to work for in 2017 by The Job Crowd.

Renewed focus on health and safety

We are making our sites and offices even safer places to work, through our greater focus on health and safety. The Health and Safety Sub-Committee of our Executive Management Team has met routinely throughout the year. It is made up of Executive Management Team members and other senior management, and has helped us develop our renewed focus across the Group. As Board representative for health and safety, I have personally overseen how health and safety is being embedded as part of our culture, ensuring our senior managers take responsibility and ownership for improvement.

Working with Government and the NHBC

The terrible tragedy at Grenfell Tower in 2017 will undoubtedly see a period of reviewing fire safety regulations, and Crest Nicholson will always seek to be at the forefront of safe construction, working in close partnership with the National House Building Council (NHBC).

In this and other matters we provide industry thought leadership and we actively engage with Government and industry bodies like the NHBC and Home Builders Federation (HBF), participating in conferences and discussing initiatives that are important to our business and further the policy aims of the Government.

Encouraging signs in a challenging market

The outlook for the UK housing market is strong, despite the challenges of affordability and the impact of stamp duty changes, which may have suppressed the volume of sales at higher values, especially in London.

Political factors have introduced some uncertainty in the short to medium term, but I expect the new-build housing market to remain robust. Strong levels of employment, low interest rates and good mortgage access should all contribute to a sustainable market.

Our analysis of the five-year prospects for the sector is very encouraging. The business continues to grow in volume and earnings as we expand our operations. Land continues to be in good supply, while interest rates seem likely to remain favourable for some time.

I look forward to even greater success in the years ahead, as we strengthen the business further and as Crest Nicholson continues to build lasting value.

Stephen Stone
Chief Executive

FINANCE DIRECTOR'S REVIEW

Continued growth and strong returns

Trading performance

Crest Nicholson has continued to grow overall housing volumes and revenues in 2017, while maintaining a focus on both margins and return on capital as we pursue our disciplined growth strategy.

The business delivered a record £1,065.6m of sales including joint ventures, and it continues to target sales of £1.4bn by 2019.

The business uses sales, including those from joint ventures, as a core management measure, to reflect the full extent of our business operations and responsibilities. During 2017, the £1,065.6m (2016: £1,000.3m) of sales comprised £1,043.2m of statutory revenue and £22.4m (2016: £3.3m) of sales through joint ventures, primarily relating to the scheme successfully completed in Peckham, through our joint venture Kitewood (Cossall) Limited.

Statutory revenue was 5% higher than the £997.0m achieved in the prior year, primarily driven by increases in housing revenue. Unit volumes were up 2% at 2,935 (2016: 2,870), with affordable completions 19% higher and open market completions marginally lower than 2016.

Average selling prices (ASPs) were up 5% year on year at £388,000, in line with our well-established strategy to position the business at around this pricing level.

Contributions to revenue from sales of land and mixed- use commercial property continue to comprise less than 10% of overall operations, together accounting for £72.4m (2016: £67.6m). Land is routinely sold by the business to fund infrastructure investment and increase the speed at which housing can be delivered across the portfolio.

The new build market remains generally robust with the exception of Central London where softer pricing has been well trailed in the media and our sales were slower than anticipated as we balanced revenue with margins. Sales price inflation through the year has been positive in aggregate, with most locations achieving elements of pricing growth.

Build cost inflation has increased broadly in line with our expectations as we have experienced an element of imported inflation due to the weakness of sterling combined with continued pressure on wage and salary costs driven by the overall shortage of skilled labour serving the industry.

Gross margins for the year were strong at 26.4% (2016: 26.7%). The lower contribution from higher margin fair-valued projects, and reduced margins on sales in Central London, has contributed to the slight reduction in gross margin.

Operating profits of £211.6m (2016: £203.8m) were 3.8% higher than the prior year. Operating margins remained broadly level at 20.3% (2016: 20.4%), with administrative expenses as a percentage of revenues remaining consistent at 6%.

Finance expense and taxation

Net financing expense of £8.3m (2016: £8.1m) is £0.2m higher, primarily due to net interest on defined benefit pension plan obligations being higher than in the prior year. Reductions in interest credits arising from shared equity loan redemptions were offset by a reduction in imputed interest payable on deferred land payables.

Income tax expense in the year of £38.4m (2016: £38.2m) represented an effective tax rate of 18.6% (2016: 19.6%).

Profit before taxation
Profits before taxation for the year of £207.0m (2016: £195.0m) were 6% higher than the prior year as the Group benefited from the additional profits generated from joint ventures in 2017.

Earnings per share
Basic earnings per share have risen 7% to 66.1 pence from 62.0 pence in 2016. Full details are shown in Note 8 to the financial statements.

Dividend
The Board proposes to pay a final dividend of 21.8 pence per share for the financial year ended 31st October 2017, which, subject to shareholder approval, will be paid on 6th April 2018 to shareholders on the register at the close of business on 16th March 2018.

If approved, the total dividend paid for 2017 earnings of 66.1 pence per share would be 33.0 pence, an increase of 19.6% over the 27.6 pence paid for 2016 and representing dividend cover of two times.

Cash flow and financial position
The Group had net assets at 31st October 2017 of £817.8m (2016: £719.2m), an increase of 14% over the prior year.

Inventories have increased by 16%, up from £935.8m at 31st October 2016 to £1,086.5m at 31st October 2017, reflecting the growth trajectory in the business. Land inventory continues to represent approximately two-thirds of the inventory balance.

Stocks of completed units have risen to £136.2m (2016: £92.4m) due to increased ASPs and a growing number of sites combined with the timing of sales. About one quarter of the stock of completed units was represented by show homes.

Net cash flows from operations amounted to an inflow of £23.3m (2016: £153.8m), reflecting our disciplined additional investment for growth in new divisions balanced with an ongoing focus on cash generation to maintain prudent levels of borrowings. As expected, the return on capital employed (ROCE) achieved by the business in the year decreased slightly to 29.7% (2016: 31.3%).

During 2017, the Group amended and extended its bank revolving credit facilities for a further five years to June 2022 in addition to completing a £100.0m private placement of 7 to 12 year Senior loan notes at a weighted average interest rate of 3.5%. The revised financing arrangements provide the flexibility and liquidity needed for growth. At 31st October 2017, the Group had net cash of £33.2m (2016: £77.0m) and was ungeared (2016: ungeared).

Land pipeline
The Group's contracted land pipeline is summarized in terms of units and Gross Development Value (GDV) as set out below:

	2017		**2016**	
	Units	GDV – £m	Units	GDV – £m
Short-term housing	16,260	5,527	15,901	5,300
Short-term commercial	-	249	-	232
Total short term	**16,260**	**5,776**	**15,901**	**5,532**
Strategic land	18,174	5,960	17,026	5,114
Total land pipeline	**34,434**	**11,736**	**32,927**	**10,646**

The short-term housing pipeline represents 5.5 years of supply (2016: 5.5 years) at 31st October 2017. The business remains focused on ensuring that there is an appropriate number and range of sites in the land pipeline with sufficient years of supply. Through a combination of site acquisitions and conversions from the strategic land pipeline the Group secured 3,573 new plots, replacing the 2,935 plots that legally completed in the year.

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 £340,000, 2% higher than the £333,000 at 31st October 2016.

Strategic land continues to be an important source of supply, and during the year four sites have been converted from the strategic land pipeline into the short- term land pipeline, with new opportunities identified to replenish our strategic holdings as the business continues to pursue our disciplined growth strategy towards our target of £1.4bn sales by 2019.

Robert Allen
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's focus on upskilling its workforce has led to its Graduate Training scheme being awarded 'Best Company to work for' by The Job Crowd 2017 and its industry leading Site Management Academy was also named 'Best Training or Recruitment Initiative' at the Housebuilder Awards 2017. The Company is consistently listed in the FTSE4Good index.

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CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31st October 2017

	Note	2017 £m	2016 £m
Revenue		**1,043.2**	**997.0**
Cost of sales		**(768.3)**	**(731.2)**
Gross profit		**274.9**	**265.8**
Administrative expenses		**(63.3)**	**(62.0)**
Operating profit	**3**	**211.6**	**203.8**
Finance income	**5**	**4.3**	**5.8**
Finance expense	**5**	**(12.6)**	**(13.9)**
Net finance expense		**(8.3)**	**(8.1)**
Share of post-tax results of joint ventures using the equity method	**11**	**3.7**	**(0.7)**
Profit before tax		**207.0**	**195.0**
Income tax expense	**6**	**(38.4)**	**(38.2)**
Profit for the year attributable to equity shareholders		**168.6**	**156.8**
Earnings per ordinary share			
Basic	**8**	**66.1p**	**62.0p**
Diluted	**8**	**65.1p**	**60.9p**

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st October 2017

	Note	2017 £m	2016 £m
Profit for the year attributable to equity shareholders		**168.6**	**156.8**
Other comprehensive expense:			
Items that will not be reclassified to the consolidated income statement:			
Actuarial gains/(losses) of defined benefit schemes	**21**	**1.4**	**(17.6)**
Change in deferred tax on actuarial gains/(losses) of defined benefit schemes	**13**	**(1.8)**	**1.7**
Other comprehensive expense for the year net of income tax		**(0.4)**	**(15.9)**
Total comprehensive income attributable to equity shareholders		**168.2**	**140.9**

The notes on pages 12 to 45 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31st October 2017

	Note	Share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
Balance at 1st November 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**
Profit for the year attributable to equity shareholders		-	-	**168.6**	**168.6**
Actuarial gains of defined benefit schemes		-	-	**1.4**	**1.4**
Change in deferred tax on actuarial gains of defined benefit schemes		-	-	**(1.8)**	**(1.8)**
Total comprehensive income for the year		-	-	**168.2**	**168.2**
Transactions with shareholders:					
Equity-settled share-based payments	**21**	-	-	**4.6**	**4.6**
Deferred tax on equity-settled share-based payments	**13**	-	-	**0.5**	**0.5**
Share capital issued	**19**	**0.1**	**1.1**	-	**1.2**
Dividends paid	**7**	-	-	**(75.9)**	**(75.9)**
Balance at 31st October 2017		**12.8**	**74.1**	**730.9**	**817.8**

The notes on pages 12 to 45 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st October 2017

		2017	2016
ASSETS	**Note**	**£m**	**£m**
Non-current assets			
Intangible assets	**9**	**29.0**	**29.0**
Property, plant and equipment	**10**	**4.2**	**3.2**
Investments	**11**	**1.8**	**0.7**
Other financial assets	**12**	**11.4**	**16.3**
Deferred tax assets	**13**	**11.1**	**15.2**
Trade and other receivables	**15**	**52.5**	**54.3**
		110.0	**118.7**
Current assets			
Inventories	**14**	**1,086.5**	**935.8**
Other financial assets	**12**	**3.5**	**2.2**
Trade and other receivables	**15**	**102.7**	**74.4**
Cash and cash equivalents	**24**	**175.2**	**282.3**
		1,367.9	**1,294.7**
Total assets		**1,477.9**	**1,413.4**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	**16**	**(140.1)**	**(203.4)**
Trade and other payables	**17**	**(101.5)**	**(111.3)**
Retirement benefit obligations	**21**	**(7.2)**	**(16.7)**
Provisions	**18**	**(2.1)**	**(3.6)**
		(250.9)	**(335.0)**
Current liabilities			
Interest-bearing loans and borrowings	**16**	**(1.9)**	**(1.9)**
Trade and other payables	**17**	**(387.9)**	**(337.6)**
Current income tax liabilities		**(18.0)**	**(18.9)**
Provisions	**18**	**(1.4)**	**(0.8)**
		(409.2)	**(359.2)**
Total liabilities		**(660.1)**	**(694.2)**
Net assets		**817.8**	**719.2**
EQUITY			
Share capital	**19**	**12.8**	**12.7**
Share premium account	**19**	**74.1**	**73.0**
Retained earnings		**730.9**	**633.5**
Total equity		**817.8**	**719.2**

The notes on pages 12 to 45 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31st October 2017

	Note	2017 £m	2016 £m
Cash flows from operating activities			
Profit for the year attributable to equity shareholders		**168.6**	**156.8**
Adjustments for:			
Depreciation	**10**	**1.5**	**1.2**
Net finance expense	**5**	**8.3**	**8.1**
Share-based payment expense	**21**	**4.6**	**4.4**
Share of post-tax (profit)/loss of joint ventures using the equity method	**11**	**(3.7)**	**0.7**
Income tax expense	**6**	**38.4**	**38.2**
Operating profit before changes in working capital and provisions		**217.7**	**209.4**
Increase in trade and other receivables		**(26.8)**	**(46.4)**
Increase in inventories		**(150.7)**	**(31.3)**
Increase in trade and other payables		**36.4**	**60.0**
Contribution to retirement benefit obligations		**(9.0)**	**(9.0)**
Cash generated from operations		**67.6**	**182.7**
Interest paid		**(7.8)**	**(9.3)**
Taxation paid		**(36.5)**	**(19.6)**
Net cash generated from operating activities		**23.3**	**153.8**
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2.5)**	**(1.8)**
Decrease in other financial assets		**5.1**	**9.2**
Dividends received		**5.0**	**0.1**
Interest received		**0.7**	**2.2**
Net cash inflow from investing activities		**8.3**	**9.7**
Cash flows from financing activities			
Repayment of bank and other borrowings		**(161.8)**	**(13.4)**
Proceeds from new loans		**100.0**	**-**
Debt arrangement and facility fees		**(2.2)**	**-**
Dividends paid	**7**	**(75.9)**	**(56.6)**
Net proceeds from the issue of shares		**1.2**	**1.4**
Net cash outflow from financing activities		**(138.7)**	**(68.6)**
Net (decrease)/increase in cash and cash equivalents		**(107.1)**	**94.9**
Cash and cash equivalents at the beginning of the year		**282.3**	**187.4**
Cash and cash equivalents at end of the year	**24**	**175.2**	**282.3**

The notes on pages 12 to 45 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 public limited 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 46 to 49.

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.

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 Group's activities are financed by a combination of ordinary shares, bank borrowings, Senior loan notes and cash in hand. During the year the Group completed a £100m private placement of 7 to 12 year Senior loan notes. At 31st October 2017 the Group held cash and cash equivalents of £175.2m (2016: £282.3m) and cash resources net of borrowings of £33.2m (2016: £77.0m). The Group has operated within its banking covenants throughout the year, has bank facilities of £250.0m expiring in June 2022 (2016: facilities £240.0m, expiring March 2020), with £210.0m remaining available for drawdown under such facilities at 31st October 2017. 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.

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 2016 that had a material impact on the Group.

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

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 consolidated income statement or consolidated 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 that 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. Revenue does not include the disposal value of properties taken in part exchange against a new property. Surpluses or deficits on the disposal of part exchange properties are recognised 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 housebuilding 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.

Income and deferred tax
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 consolidated 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 consolidated 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 comprises direct materials, sub-contract work, labour costs, site overheads, associated professional fees and other attributable overheads, but excludes interest costs.

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

Land inventories and the associated land payables are recognised in the consolidated 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.

Part exchange properties are held at the lower of cost and net realisable value, which includes an assessment of costs of management and resale.

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 consolidated 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.

Critical accounting estimates and judgements
The preparation of the consolidated financial statements under IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and related disclosures.

In applying the Group's accounting policies, the Directors have made no individual judgements that have a significant impact on the financial statements, apart from those involving estimates which is described below.

Estimates and associated assumptions affecting the financial statements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. 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 sources of estimation uncertainty that has a risk of causing a material adjustment to the carrying value of assets and liabilities are as described below.

Carrying value of inventories
Inventories of land, work-in-progress and completed units are stated in the consolidated statement of financial position at the lower of cost and NRV. On a monthly basis management update estimates of future revenue and expenditure for each development. Future revenue and expenditure may differ from the estimate which could lead to an impairment of inventory. Where forecast revenues are lower than forecast expenditure an inventory provision is made. This provision may be reversed in subsequent periods if there is evidence of improved revenue or reduced expenditure forecast on a development. The sensitivity of changes in sales prices to the NRV provision required was reviewed. Reasonably foreseeable changes in prices would not have a significant impact on the NRV provision.

Estimation of development profitability
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. 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 of estimates is made of the costs to complete developments.

Other accounting estimates and judgements

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

Other financial assets
Other financial assets comprise shared equity receivables. The estimation of 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.

Pension liabilities
In determining the valuation of the pension scheme assets and liabilities, the Group utilises the services of an actuary. The actuary uses key assumptions being inflation rate, life expectancy, discount rate and pension growth rates, which are dependent on factors outside the control of the Group. To the extent that such assumptions differ to that expected, the pension liability would change. See note 21 for additional details.

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 2016, none of which has had a significant effect on the Group's financial statements:

- IFRS 14 Regulatory deferral accounts. Effective for the period beginning 1st November 2016.
- 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 1st November 2016.
- Amendment to IAS 16 Property, Plant and Equipment. Effective for the period beginning 1st November 2016.
- Amendment to IAS 27 Separate Financial Statements. Effective for the period beginning 1st November 2016.
- Amendment to IAS 28 Investments in Associates and Joint Ventures. Effective for the period beginning 1st November 2016.
- Amendment to IAS 38 Intangible Assets. Effective for the period beginning 1st November 2016.
- Annual Improvements 2014. Effective for the period beginning 1st November 2016.

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 9 Financial Instruments and the amendment on general hedge accounting. Effective for the period beginning 1st November 2018.
- 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 IAS 7 Statement of Cash Flows. Effective for the period beginning 1st November 2017.
- Amendment to IAS 12 Income Taxes. Effective for the period beginning 1st November 2017.
- Amendment to IAS 40 Investment Property. Effective for the period beginning 1st November 2018.
- Amendment to IFRS 2 Share-based payments. Effective for the period beginning 1st November 2018.
- Amendment to IFRS 4 Insurance Contracts regarding the implementation of IFRS 9 Financial Instruments. Effective for the period beginning 1st November 2018.
- Annual Improvements 2015. Effective for the period beginning 1st November 2017.
- Annual Improvements 2016. Effective for the period beginning 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 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases', their adoption is not expected to have a significant effect on the Group's financial statements.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The assessment of the full effect of IFRS 9 will be completed during the year ending 31st October 2018.

IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations. The new standard is effective for the Group for the 2019 financial year commencing on 1st November 2018. The Group is currently assessing whether IFRS 15 will have a material impact on the Group's results. We are working with advisors and others in the industry to determine the appropriate treatment for the recognition of revenue with customers such as commercial investors under PRS and Registered Providers of social housing where there can be separate land sale and construction contracts. This matter was considered by the International Financial Reporting Interpretations Committee at their meeting on 22nd November 2017. The assessment of the full effect of IFRS 15 will be completed during the year ending 31st October 2018.

IFRS 16 replaces IAS 17 'Leases', and related interpretations, and requires lessees to recognise a lease liability and asset for virtually all right of use lease assets; certain short-term leases and leases of low-value assets can apply an optional exemption. The new standard is effective for the Group for the 2020 financial year commencing on 1st November 2019. The Group has not yet completed its assessment of the impact of the standard on the Group's consolidated income statement and consolidated statement of financial position. The Group expects that most of the Group's lease commitments will be brought onto the consolidated statement of financial position along with an associated asset. This change will affect the timing of recognition of lease costs within the consolidated income statement. An assessment of the full effect of IFRS 16 is expected to be completed during the year ending 31st October 2018.

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:

	2017	2016
	£m	£m
Staff costs (Note 4)	**67.2**	65.3
Depreciation (Note 10)	**1.5**	1.2
Operating lease rentals		
Land and buildings	**2.4**	3.0
Other operating lease rentals	**1.6**	1.4
Auditors' remuneration	**£000**	£000
Audit of these consolidated financial statements	**52**	50
Audit of financial statements of subsidiaries pursuant to legislation	**164**	165
Audit related assurance services	**43**	32

Fees payable to the Group's auditors for audit related assurance services included £34,000 (2016: £32,000) in respect of an independent review of the half-year results and £8,500 (2016: £nil) for professional fees relating to £100m senior loan notes that were issued during the year.

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 £18,940 (2016: £21,845) are met by the assets of the scheme. Additionally, PricewaterhouseCoopers LLP provide audit services to joint venture undertakings of the Group. The fees associated with these services £16,500 (2016: £16,000) are met by the joint venture undertakings.

4 STAFF NUMBERS AND COSTS

(a) Average monthly number of persons employed by the Group	2017 Number	2016 Number
Development	**905**	**849**

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)	2017 £m	2016 £m
Wages and salaries	**52.9**	**51.2**
Social security costs	**7.4**	**7.3**
Other pension costs	**2.3**	**2.4**
Share-based payments (Note 21)	**4.6**	**4.4**
	67.2	**65.3**

(c) Key management remuneration	2017 £m	2016 £m
Salaries and short-term employee benefits	**4.2**	**4.0**
Other pension costs	**0.1**	**0.1**
Share-based payments	**2.0**	**2.2**
	6.3	**6.3**

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	2017 £m	2016 £m
Salaries and short-term employee benefits	**3.1**	**1.9**
Other pension costs	**0.1**	**0.1**
Share-based payments	**1.6**	**1.3**
	4.8	**3.3**

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

5 FINANCE INCOME AND EXPENSE

	2017	2016
Finance income	**£m**	**£m**
Interest income	**2.2**	**2.3**
Imputed interest on amounts due from associates	**0.6**	**-**
Imputed interest on other financial assets (Note 12)	**1.5**	**3.5**
	4.3	**5.8**
Finance expense		
Interest on bank loans	**8.4**	**8.7**
Debt issue costs	**0.7**	**0.7**
Imputed interest on deferred land payables	**2.6**	**3.9**
Net interest on defined benefit pension plan obligations (Note 21)	**0.9**	**0.6**
	12.6	**13.9**
Net finance expense	**8.3**	**8.1**

6 INCOME TAX EXPENSE

	2017	2016
	£m	£m
Current tax		
UK Corporation tax on profits for the year	35.1	31.7
Adjustments in respect of prior periods	0.5	0.8
Total current tax	35.6	32.5
Deferred tax		
Origination and reversal of temporary differences in the current year	2.8	4.7
Adjustments in respect of prior periods	-	1.0
Total deferred tax (Note 13)	2.8	5.7
Total tax in income statement	38.4	38.2

The effective tax rate for the year is 18.6% (2016: 19.6%) which is lower (2016: lower) than the standard rate of UK corporation tax of 19.42% (2016: 20.0%). 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:

	2017	2016
	£m	£m
Profit before tax	207.0	195.0
Tax on profit at 19.42% (2016: 20.00%)	40.2	39.0
Effects of:		
Expenses not deductible for tax purposes	0.1	0.5
Enhanced tax deductions	(2.4)	(3.3)
Deferred tax change in rate	-	0.2
Adjustments in respect of prior periods	0.5	1.8
Total tax in income statement	38.4	38.2

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 consolidated income statement. Examples are share schemes, defined benefit pension payments and land remediation enhanced allowances. Adjustments in respect of prior periods reflect the difference between the estimated consolidated income statement tax charge in the prior year and that of the actual tax outcome.

7 DIVIDENDS

	2017	2016
Dividends recognised as distributions to equity shareholders in the year:	£m	£m
Prior year final dividend per share of 18.5p (2016: 13.3p)	47.2	33.5
Current year interim dividend per share of 11.2p (2016: 9.1p)	28.7	23.1
	75.9	56.6

	2017	2016
Dividends declared as distributions to equity shareholders in the year:	£m	£m
Final dividend for the year ended 31st October 2017 of 21.8p (2016: 18.5p)	55.6	47.2

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 22nd March 2018, and in accordance with IAS 10 ‘Events after the Reporting Period’, has not been included as a liability in these financial statements, and there are no income tax consequences.

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 2017			
Basic earnings per share	**168.6**	**254,966,699**	**66.1**
Dilutive effect of share options	**-**	**4,104,811**	
Diluted earnings per share	**168.6**	**259,071,510**	**65.1**
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**

9 INTANGIBLE ASSETS

Goodwill	**2017**	**2016**
	£m	**£m**
Cost at beginning and end of the year	**47.7**	**47.7**
Impairment at beginning and end of the year	**(18.7)**	**(18.7)**
At beginning and end of the year	**29.0**	**29.0**

Goodwill arose on the acquisition of Castle Bidco Limited on 24th March 2009. Goodwill is allocated to acquired strategic land holdings (cash-generating units) within the Group. The recoverable amount is equal to the higher of value in use and fair value less costs of disposal. The Directors have therefore assessed value in use, being the present value of the forecast cash flows from the expected development and sale of properties on the strategic land. The forecast looks at the likelihood and scale of permitted development, forecast build costs and forecast selling prices, using a pre-tax discount rate of 9.05% (2016: 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 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**
Additions	**0.6**	**1.9**	**2.5**
Disposals	**(0.7)**	**(4.5)**	**(5.2)**
At 31st October 2017	**2.1**	**7.1**	**9.2**
Accumulated depreciation			
At 1st November 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**
Charge for the year	**0.2**	**1.3**	**1.5**
Disposals	**(0.7)**	**(4.5)**	**(5.2)**
At 31st October 2017	**0.4**	**4.6**	**5.0**
Net book value			
At 31st October 2017	**1.7**	**2.5**	**4.2**
At 31st October 2016	**1.3**	**1.9**	**3.2**
At 1st November 2015	**0.8**	**1.8**	**2.6**

The Group has contractual commitments for the acquisition of property, plant and equipment of £nil (2016: £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	2017 £m	2016 £m
Kitewood (Cossall) Limited	**1.0**	**0.6**
Bonner Road LLP	**-**	**-**
Crest A2D (Walton Court) LLP	**0.7**	**-**
Other non-material joint ventures	**0.1**	**0.1**
	1.8	**0.7**

- 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. Construction of 123 apartments was completed on the site in 2017. The Group performs the role of project manager, for which it receives a project management fee from the company. The Group provided funding to the company to facilitate construction, which was repaid in the year following completion of the construction works.
- 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 2018. The LLP will be equally funded by both parties, who will receive interest on loaned sums. The Group performs the role of project manager, for which it will receive a project management fee upon a successful residential planning permission and throughout the life of the project.
- 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 submitted a residential planning application in March 2017, with construction forecast to start early 2018, subject to planning being achieved. The development will be equally funded by both parties by way of interest-free loans. The Group performs the role of project manager, for which it receives 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	
	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m
Summarised statement of financial position										
Current assets										
Cash and cash equivalents	**6.2**	-	**1.0**	0.3	**0.1**	-	**0.1**	-	**7.4**	0.3
Other current assets	**1.0**	20.1	**55.4**	53.4	**22.5**	24.5	**0.3**	0.1	**79.2**	98.1
Non-current assets	**-**	-	**-**	-	**-**	-	**0.1**	0.1	**0.1**	0.1
Current liabilities										
Financial liabilities	**-**	-	**-**	-	**(2.5)**	-	**-**	-	**(2.5)**	-
Other current liabilities	**(3.9)**	(3.5)	**-**	-	**(0.1)**	(0.1)	**(0.4)**	(0.1)	**(4.4)**	(3.7)
Non-current liabilities										
Financial liabilities	**-**	(15.4)	**(60.6)**	(55.9)	**(18.6)**	(24.4)	**-**	-	**(79.2)**	(95.7)
Other non-current liabilities	**(1.3)**	-	**-**	-	**-**	-	**-**	-	**(1.3)**	-
Net assets/(liabilities)	**2.0**	1.2	**(4.2)**	(2.2)	**1.4**	-	**0.1**	0.1	**(0.7)**	(0.9)
Reconciliation to carrying amounts										
Opening net assets/(liabilities) at 1st November 2016	**1.2**	0.6	**(2.2)**	(0.2)	**-**	-	**0.1**	(14.8)	**(0.9)**	(14.4)
Profit/(loss) for the year	**10.7**	0.6	**(2.0)**	(2.0)	**(1.2)**	-	**-**	15.1	**7.5**	13.7
Dividends paid	**(9.9)**	-	**-**	-	**-**	-	**-**	(0.2)	**(9.9)**	(0.2)
Capital contribution reserve	**-**	-	**-**	-	**2.6**	-	**-**	-	**2.6**	-
Closing net assets/(liabilities) at 31st October 2017	**2.0**	1.2	**(4.2)**	(2.2)	**1.4**	-	**0.1**	0.1	**(0.7)**	(0.9)
Group's share in closing net assets/(liabilities) at 31st October 2017	**1.0**	0.6	**(2.1)**	(1.1)	**0.7**	-	**0.1**	0.1	**(0.3)**	(0.4)
Recognised against receivable from joint venture	**-**	-	**2.1**	1.1	**-**	-	**-**	-	**2.1**	1.1
Group's share in joint venture	**1.0**	0.6	**-**	-	**0.7**	-	**0.1**	0.1	**1.8**	0.7
Amount due to Crest Nicholson Group (Note 15)	**-**	15.4	**28.6**	27.0	**10.6**	12.4	**-**	-	**39.2**	54.8

	Kitewood (Cossall) Limited		Bonner Road LLP		Crest A2D (Walton Court) LLP		Other non-material joint ventures		Total	
Summarised income statement	**2017 £m**	**2016 £m**	**2017 £m**	**2016 £m**	**2017 £m**	**2016 £m**	**2017 £m**	**2016 £m**	**2017 £m**	**2016 £m**
Revenue	**44.8**	**6.1**	**-**	**-**	**-**	**-**	**-**	**0.6**	**44.8**	**6.7**
Expenditure	**(31.0)**	**(4.7)**	**(0.1)**	**-**	**-**	**-**	**-**	**(0.6)**	**(31.1)**	**(5.3)**
Operating profit/(loss) before financing costs	**13.8**	**1.4**	**(0.1)**	**-**	**-**	**-**	**-**	**-**	**13.7**	**1.4**
Member balances written off	-	-	-	-	-	-	-	**15.1**	-	**15.1**
Interest expense	**(0.5)**	**(0.6)**	**(1.9)**	**(2.0)**	**(1.2)**	**-**	**-**	**-**	**(3.6)**	**(2.6)**
Income tax expense	**(2.6)**	**(0.2)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.6)**	**(0.2)**
Profit/(loss) for the year	**10.7**	**0.6**	**(2.0)**	**(2.0)**	**(1.2)**	**-**	**-**	**15.1**	**7.5**	**13.7**
Group's share in joint venture profit/(loss) for the year	**5.3**	**0.3**	**(1.0)**	**(1.0)**	**(0.6)**	**-**	**-**	**7.6**	**3.7**	**6.9**
Provided in financial statements in prior years	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7.6)**	**-**	**(7.6)**
Group's share in joint venture after Group provision	**5.3**	**0.3**	**(1.0)**	**(1.0)**	**(0.6)**	**-**	**-**	**-**	**3.7**	**(0.7)**

Commitments and contingent liabilities in respect of joint ventures

Commitments - joint ventures	-	-	-	-	-	-	-	-	-	-
Commitment to provide funding	**-**	**5.7**	**-**	**1.9**	**-**	**-**	**-**	**-**	**-**	**7.6**
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 plc	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

	2017	2016
	£m	£m
At beginning of the year	18.5	24.2
Disposals	(5.1)	(9.2)
Imputed interest	1.5	3.5
At end of the year	14.9	18.5
Of which:		
Non-current assets	11.4	16.3
Current assets	3.5	2.2
	14.9	18.5

Other financial assets are carried at fair value and 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.

	2017	2016
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	8 to 15 years

	2017 Increase assumptions by 1 % / year £m	2017 Decrease assumptions by 1 % / year £m
Sensitivity – effect on value of other financial assets (less)/more		
Discount rate, incorporating default rate	(0.3)	0.4
House price inflation for the next three years	0.3	(0.3)
Timing of receipt	(0.7)	0.5

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 2017 was £1.5m (2016: £3.5m).

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 consolidated 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 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**
Income statement movements	**(2.7)**	**0.1**	**-**	**-**	**(0.2)**	**(2.8)**
Equity movements	**-**	**0.5**	**(1.8)**	**-**	**-**	**(1.3)**
At 31st October 2017	**7.4**	**1.9**	**1.3**	**-**	**0.5**	**11.1**

Deferred tax expected to be recovered or settled in less than 12 months is £4.4m (2016: £4.6m), and in more than 12 months is £6.7m (2016: £10.6m).

At the consolidated statement of financial position date the substantively enacted future corporation tax rates were 19% for FY18 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 2018: 19%, 31st October 2019: 19%, 31st October 2020: 17.83% and 31st October 2021 and subsequent: 17%). The Group has no material unrecognised deferred tax assets.

Inventories fair value represents temporary differences on the carrying value of inventory fair valued on the acquisition of Castle Bidco plc 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. They are therefore recognised as deferred tax assets in the above amounts.

14 INVENTORIES

	2017 £m	2016 £m
Land and work in progress	**950.3**	**843.4**
Completed buildings including show homes	**136.2**	**92.4**
	1,086.5	**935.8**

Included within inventories is a fair value provision of £35.3m (2016: £47.6m) which arose on the acquisition of Castle Bidco plc 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 £12.3m (2016: £19.3m). Inventories of £470.1m (2016: £368.4m) are estimated to be recovered in more than 12 months. Inventories of £768.8m (2016: £717.7m) were recognised as cost of sales in the year.

15 TRADE AND OTHER RECEIVABLES

	2017 £m	2016 £m
Non-current		
Trade receivables	**14.5**	**14.9**
Due from joint ventures	**38.0**	**39.4**
	52.5	**54.3**
Current		
Trade receivables	**64.0**	**29.2**
Recoverable on contracts	**20.4**	**21.0**
Due from joint ventures	**1.2**	**15.4**
Other receivables	**13.2**	**4.8**
Prepayments and accrued income	**3.9**	**4.0**
	102.7	**74.4**

Current trade receivables of £13.4m have been collected since year end (2016: £8.0m). The remaining balance is due according to contractual terms. Receivables are stated after provision for doubtful debts of £nil (2016: £nil). Amounts due from joint ventures are net of joint venture losses of £2.1m (2016: £1.1m). At the consolidated statement of financial position date the difference between the fair value of non-current amounts due from joint ventures and nominal value is £0.7m (2016: £nil).

The Group considers the credit quality of financial assets that are neither past due nor impaired as good. Trade and other receivables mainly comprise contractual amounts due from housing associations and land sales to other quoted housebuilders. Amounts due from joint ventures comprise funding provided on two (2016: three) joint venture developments which are being project managed by the Group and are subject to contractual arrangements.

The maturity of non-current receivables is as follows:

	2017 £m	2016 £m
Due between one and two years	**20.9**	**12.5**
Due between two and five years	**31.4**	**41.6**
Due after five years	**0.2**	**0.2**
	52.5	**54.3**

16 INTEREST-BEARING LOANS AND BORROWINGS

	2017 £m	2016 £m
Non-current		
Revolving credit facility	**40.0**	**200.0**
Senior loan notes	**100.0**	**-**
Revolving credit and Senior loan notes issue costs	**(3.7)**	**(2.2)**
Other loans	**3.8**	**5.6**
	140.1	**203.4**
Current		
Other loans	**1.9**	**1.9**

There were undrawn amounts of £210.0m (2016: £40.0m) under the revolving credit facility at the consolidated statement of financial position date. During the year the Group completed a £100m private placement of 7 to12 year Senior loan notes at a weighted average fixed interest rate of 3.53%. Interest is paid biannually in arrears. See Note 20 for additional disclosures.

17 TRADE AND OTHER PAYABLES

	2017 £m	2016 £m
Non-current		
Land payables on contractual terms	**86.7**	**98.7**
Other payables	**6.4**	**7.2**
Accruals	**8.4**	**5.4**
	101.5	**111.3**
Current		
Land payables on contractual terms	**128.9**	**86.3**
Other trade payables	**42.5**	**37.8**
Payments on account	**16.5**	**26.3**
Taxes and social security costs	**2.3**	**2.3**
Other payables	**12.7**	**12.6**
Accruals	**185.0**	**172.3**
	387.9	**337.6**

18 PROVISIONS

Rental and other obligations in respect of commercial properties	2017 £m	2016 £m
At beginning of the year	**4.4**	**5.2**
Utilised in the year	**(0.9)**	**(0.8)**
At end of the year	**3.5**	**4.4**
Of which:		
Non-current	**2.1**	**3.6**
Current	**1.4**	**0.8**
	3.5	**4.4**

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 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**
New share capital	**1,396,064**	**5**	**69,802**	**1,119,136**
Ordinary shares as at 31st October 2017	**255,759,637**	**5**	**12,787,981**	**74,129,478**

Ordinary shares are issued and fully paid. Authorised ordinary shares of 5 pence each are 339,187,373 (2016: 335,549,777).

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 £
2014 LTIP	**933,342**	**-**	**46,667**	**-**
2013 SAYE	**34,751**	**247**	**1,737**	**84,097**
2014 SAYE	**377,761**	**276**	**18,888**	**1,023,732**
2015 SAYE	**531**	**451**	**26**	**2,368**
2016 SAYE	**3,181**	**286**	**159**	**8,939**
2016 Deferred bonus plan	**46,498**	**-**	**2,325**	**-**
	1,396,064		**69,802**	**1,119,136**

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	**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**

For details of outstanding share options at 31st October 2017 see Note 21.

20 FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, bank loans, senior loan notes, 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. During the year the Group completed a £100m private placement of 7 to 12 year Senior loan notes at a weighted average fixed interest rate of 3.53%. Interest is paid biannually in arrears.

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 Group's 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 and senior loan notes 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 £175.2m (2016: £282.3m) 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 £14.9m (2016: £18.5m) 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. Therefore 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 £39.2m (2016: £54.8m) is funding provided on two (2016: three) 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 £10.5m (2016: £14.3m) which is within agreed terms.

The Group considers the credit quality of financial assets that are neither past due nor impaired as good, as described in Note 15.

In managing risk the Group assesses the credit risk of its counterparties 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 consolidated statement of financial position date (2016: 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 cash flows 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 2017:

2017	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	40.0	40.1	0.1	-	-	40.0
Senior loan notes	100.0	133.7	3.5	3.5	3.5	123.2
LIFF loans	5.7	6.1	2.1	2.0	2.0	-
Other financial liabilities carrying interest	72.5	74.0	44.9	9.8	19.3	-
Financial liabilities carrying no interest	398.1	405.7	328.4	28.5	33.4	15.4
At 31st October 2017	616.3	659.6	379.0	43.8	58.2	178.6

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.

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

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. The Group has partially mitigated this risk in the year by placing £100m of Senior loan notes which are at fixed interest rates. For the year ended 31st October 2017 it is estimated that an increase of 1% in interest rates applying for the full year would decrease the Group's PBT by £1.7m (2016: £2.0m).

At 31st October 2017, the interest rate profile of the financial liabilities of the Group was:

	2017	2016
	£m	£m
Sterling bank borrowings, loan notes and long-term creditors		
Floating rate financial liabilities	**45.7**	**207.5**
Financial liabilities carrying interest	**172.5**	**75.5**
Financial liabilities carrying no interest	**398.1**	**344.8**
	616.3	**627.8**

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 40 months (2016: 45 months).

	2017	2016
	£m	£m
The maturity of the financial liabilities is:		
Repayable within one year	**371.0**	**310.9**
Repayable between one and two years	**38.1**	**77.3**
Repayable between two and five years	**103.7**	**232.5**
Repayable after five years	**103.5**	**7.1**
	616.3	**627.8**

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 2017 cash equivalents consisted of sterling cash deposits of £175.2m (2016: £282.3m), with solicitors and on current account, £14.9m (2016: £18.5m) of other financial assets, £112.1m (2016: £69.9m) of trade, other receivables and amounts recoverable on contracts, and £39.2m (2016: £54.8m) of amounts due from joint ventures.

Financial liabilities
The Group's financial liabilities comprise loan notes, other loans, trade payables, payments on account, loans from joint ventures and accruals. The carrying amount of the revolving credit facility, loan notes, 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 consolidated statement of financial position date.

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

2017	Nominal interest rate	Face value £m	Carrying value £m	Fair value £m	Maturity
Revolving credit facility	3 mth LIBOR + 2.15%	**40.0**	**40.0**	**40.0**	**2022**
Senior loan notes	3.15% - 3.87%	**100.0**	**100.0**	**100.0**	**2024 -2029**
LIFF loans	EU reference rate + 2.2%	**3.8**	**3.8**	**3.8**	**2020**
Total non-current interest-bearing loans		**143.8**	**143.8**	**143.8**	
LIFF loans	EU reference rate + 2.2%	**1.9**	**1.9**	**1.9**	**2018**
Total current interest-bearing loans		**1.9**	**1.9**	**1.9**	

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	2020
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	

Financial assets and liabilities by category

Financial assets	2017 £m	2016 £m
Sterling cash deposits	175.2	282.3
Trade receivables	78.5	44.1
Amounts due from joint ventures	39.2	54.8
Recoverable on contracts	20.4	21.0
Other receivables	13.2	4.8
Total loans and receivables	326.5	407.0
Other financial assets	14.9	18.5
Total financial assets	341.4	425.5

Financial liabilities	2017 £m	2016 £m
Revolving credit facility	40.0	200.0
Senior loan notes	100.0	-
Other loans	5.7	7.5
Land payments on contractual terms	215.6	185.0
Other trade payables	42.5	37.8
Other payables	19.1	19.8
Accruals	193.4	177.7
Financial liabilities at amortised cost	616.3	627.8

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 £2.1m (2016: £2.0m). At the consolidated statement of financial position date there were no outstanding or prepaid contributions (2016: £nil).

Defined benefit scheme

The Company sponsors the Crest Nicholson Group Pension and Life Assurance Scheme, a funded defined benefit pension 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 once a member has retired. 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 2017 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 2017, the allocation of the Scheme's invested assets was 61% in return seeking investments, 17% in corporate bonds, 21% 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 their policy evolves.

	2017	2016	2015
	£m	£m	£m
The amounts recognised in the consolidated statement of financial position are as follows:			
Present value of scheme liabilities	(202.5)	(200.9)	(165.3)
Fair value of scheme assets	195.3	184.2	157.8
Net amount recognised at year end	(7.2)	(16.7)	(7.5)

A deferred tax asset of £1.3m (2016: £3.1m) 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 are included in the consolidated statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	2017	2016
	£m	£m
Administration expenses	0.6	0.5
Net interest expense	0.3	0.1
Charge recognised in the consolidated income statement	0.9	0.6
Remeasurements of the net liability		
Return on scheme assets	(2.8)	(18.0)
Loss arising from changes in financial assumptions	1.9	37.0
Loss arising from changes in demographic assumptions	-	1.0
Experience gain	(0.5)	(2.4)
(Credit)/charge recorded in the consolidated statement of comprehensive income	(1.4)	17.6
Total defined benefit scheme (credit)/cost	(0.5)	18.2

The principal actuarial assumptions used were:	2017	2016
	%	%
Liability discount rate	2.8	2.8
Inflation assumption - RPI	3.4	3.5
Inflation assumption - CPI	2.6	2.7
Rate of increase in salaries	-	-
Revaluation of deferred pensions	2.6	2.7
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	3.3
Proportion of employees opting for early retirement	-	-

	2017	2016
	%	%
Proportion of employees commuting pension for cash	100.0	100.0

	2017	2016
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%

	2017	2016
	Years	Years
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year end	22.8	22.7
Female aged 65 at year end	24.9	24.8
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year end	25.0	24.9
Female aged 45 at year end	27.2	27.1

Changes in the present value of assets over the year

	2017	2016
	£m	£m
Fair value of assets at beginning of the year	184.2	157.8
Interest income	5.3	6.2
Return on assets (excluding amount included in net interest expense)	2.8	18.0
Contributions from the employer	9.0	9.0
Benefits paid	(5.4)	(6.3)
Administration expenses	(0.6)	(0.5)
Fair value of assets at end of the year	195.3	184.2

Changes in the present value of liabilities over the year

	2017	2016
	£m	£m
Liabilities at beginning of the year	200.9	165.3
Interest cost	5.6	6.3
Remeasurement losses/(gains)		
Actuarial losses arising from changes in financial assumptions	1.9	37.0
Actuarial losses arising from changes in demographic assumptions	-	1.0
Experience gains	(0.5)	(2.4)
Benefits paid	(5.4)	(6.3)
Liabilities at end of the year	202.5	200.9

	2017	2016
The split of the scheme's liabilities by category of membership is as follows:	£m	£m
Deferred pensioners	123.8	121.0
Pensions in payment	78.7	79.9
	202.5	200.9

	2017 Years	2016 Years
Average duration of the scheme's liabilities at the end of the year	**18.0**	**18.0**
This can be subdivided as follows:		
Deferred pensioners	**22.0**	**23.0**
Pensions in payment	**12.0**	**12.0**

The major categories of scheme assets are as follows:

	2017 £m	2016 £m
Return seeking		
UK Equities	**-**	**15.4**
Overseas Equities	**19.4**	**31.6**
Other (hedge funds, multistrategy and absolute return funds)	**94.5**	**81.4**
	113.9	**128.4**
Debt instruments		
Corporates	**31.6**	**9.3**
Index Linked	**39.5**	**35.2**
	71.1	**44.5**
Other		
Cash	**1.9**	**2.5**
Insured annuities	**8.4**	**8.8**
	10.3	**11.3**
Total market value of assets	**195.3**	**184.2**

The Trustees reviewed the investment strategy during the year and the decision was made to reduce the Scheme's exposure to equities in favour of more fixed income and absolute return investments.

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 31st August 2021, subject to scheme funding. The Group expects to contribute £9.0m (2016: £9.0m) to scheme funding in the year ending 31st October 2018.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.25% higher/(lower), the scheme liabilities would decrease by £8.6m (increase by £9.2m) if all the other assumptions remained unchanged.

If the inflation assumption was 0.25% higher/(lower), the scheme liabilities would increase by £4.5m (decrease by £5.0m) if all the other assumptions remained unchanged.

If life expectancies were to increase by one year, the scheme liabilities would increase by £8.5m if all the other assumptions remained unchanged.

(b) Share-based payments

The Group operates an LTIP, an employee share option scheme (ESOS), an 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 3 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**	**28th Feb 2017**
Options granted	**2,226,041**	**1,246,861**	**1,270,176**	**1,075,943**	**50,336**	**1,266,364**
Fair value at measurement date	**£2.62**	**£3.49**	**£4.02**	**£5.07**	**£5.03**	**£4.67**
Share price on date of grant	**£2.80**	**£3.81**	**£4.45**	**£5.62**	**£5.03**	**£5.42**
Exercise price	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**
Vesting period	**3 years**	**3 years**	**3 years**	**3 years**	**N/A**	**3 years**
Expected dividend yield	**2.50%**	**2.50%**	**3.20%**	**3.50%**	**N/A**	**5.09%**
Expected volatility	**33.00%**	**28.90%**	**30.00%**	**30.00%**	**N/A**	**45.00%**
Risk free interest rate	**0.40%**	**0.40%**	**0.86%**	**0.43%**	**N/A**	**0.14%**
Valuation model	**Binomial**	**Binomial**	**Binomial**	**Binomial**	**N/A**	**Binomial**
Contractual life from	**8th Mar 2013**	**14th Feb 2014**	**27th Feb 2015**	**26th Feb 2016**	**10th Mar 2016**	**28th Feb 2017**
Contractual life to	**7th Mar 2023**	**13th Feb 2024**	**26th Feb 2025**	**25th Feb 2026**	**7th Mar 2023**	**27th Feb 2027**

	Number of options	**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 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**
Granted during the year	**-**	**-**	**-**	**-**	**-**	**1,266,364**	**1,266,364**
Exercised during the year	**-**	**(933,342)**	**-**	**-**	**-**	**-**	**(933,342)**
Lapsed during the year	**-**	**(24,747)**	**(65,616)**	**(66,511)**	**-**	**(72,088)**	**(228,962)**
Outstanding at 31st October 2017	**-**	**-**	**964,522**	**927,778**	**-**	**1,194,276**	**3,086,576**
Exercisable at 31st October 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Exercisable at 31st October 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**Total £m**
Charge to income for the current year	**-**	**0.2**	**1.5**	**0.8**	**-**	**0.9**	**3.4**
Charge to income for the prior year	**0.5**	**1.1**	**1.3**	**0.2**	**0.3**	**-**	**3.4**

The weighted average exercise price of LTIP options was £nil (2016: £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 2 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	**17th Aug 2015**
Options granted	**1,500**
Fair value at measurement date	**£0.00**
Share price on date of grant	**£5.68**
Exercise price	**£0.00**
Vesting period	**2 years**
Expected dividend yield	**N/A**
Expected volatility	**N/A**
Risk free interest rate	**N/A**
Valuation model	**N/A**
Contractual life from	**17th Aug 2015**
Contractual life to	**16th Aug 2025**

Movements in the year	**Number of options**
Outstanding at 1st November 2015	**1,500**
Outstanding at 31st October 2016	**1,500**
Exercised during the year	**(1,500)**
Outstanding at 31st October 2017	**-**
Exercisable at 31st October 2017	**-**
Exercisable at 31st October 2016	**-**

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

The weighted average exercise price of employee share options was £nil (2016: £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	3rd Aug 2017
Options granted	805,805	569,998	257,264	1,208,742	453,663
Fair value at measurement date	£0.82	£0.70	£1.03	£1.11	£1.06
Share price on date of grant	£3.09	£3.44	£5.63	£3.56	£5.41
Exercise price	£2.47	£2.76	£4.51	£2.86	£4.20
Vesting period	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	2.50%	2.50%	3.00%	4.80%	5.10%
Expected volatility	32.00%	28.90%	29.00%	45.00%	35.00%
Risk free interest rate	0.55%	1.61%	1.16%	0.19%	0.30%
Valuation model	Binomial	Binomial	Binomial	Binomial	Binomial
Contractual life from	1st Aug 2013	1st Aug 2014	1st Aug 2015	1st Sep 2016	1st Sep 2017
Contractual life to	31st Jan 2017	31st Jan 2018	31st Jan 2019	29th Feb 2020	28th Feb 2021

Movements in the year	Number of options	Number of options	Number of options	Number of options	Number of options	Total number of options	Weighted average exercise price
Outstanding at 1st November 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
Granted during the year	-	-	-	-	453,663	453,663	£4.20
Exercised during the year	(34,751)	(377,761)	(531)	(3,181)	-	(416,224)	£2.74
Lapsed during the year	(2,186)	(15,930)	(21,452)	(146,149)	(5,140)	(190,857)	£3.07
Outstanding at 31st October 2017	-	27,384	82,495	1,044,940	448,523	1,603,342	£3.32
Exercisable at 31st October 2017	-	27,384	-	-	-	27,384	
Exercisable at 31st October 2016	36,937	-	-	-	-	36,937	
	£m	£m	£m	£m	£m	Total £m	
Charge to income for the current year	-	0.1	-	0.4	-	0.5	
Charge to income for the prior year	0.1	0.1	-	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 1 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	27th Feb 2015	26th Feb 2016	10th Mar 2016	8th Feb 2017	28th Feb 2017
Options granted	257,219	140,185	3,861	2,078	133,761
Fair value at measurement date	£4.45	£5.62	£5.03	£4.83	£5.42
Share price on date of grant	£4.45	£5.62	£5.03	£4.83	£5.42
Exercise price	£0.00	£0.00	£0.00	£0.00	£0.00
Vesting period	1 / 3 years	1 / 3 years	1 year	1 year	1 / 3 years
Expected dividend yield and volatility	N/A	N/A	N/A	N/A	N/A
Risk free interest rate	N/A	N/A	N/A	N/A	N/A
Valuation model	N/A	N/A	N/A	N/A	N/A
Contractual life from	27th Feb 2015	26th Feb 2016	10th Mar 2016	8th Feb 2017	28th Feb 2017
Contractual life to	26th Feb 2025	25th Feb 2026	26th Feb 2025	25th Feb 2026	27th Feb 2027

Movements in the year	Number of options	Number of options	Number of options	Number of options	Number of options	Total number of options
Outstanding at 1st November 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
Granted during the year	-	-	-	2,078	133,761	135,839
Exercised during the year	-	(44,420)	-	(2,078)	-	(46,498)
Outstanding at 31st October 2017	120,519	83,252	-	-	133,761	337,532
Exercisable at 31st October 2017	-	-	-	-	-	-
Exercisable at 31st October 2016	-	-	-	-	-	-

	£m	£m	£m	£m	£m	Total £m
Charge to income for the current year	0.1	0.1	-	-	0.5	0.7
Charge to income for the prior year	0.2	0.5	-	-	-	0.7

The weighted average exercise price of deferred bonus plan share options was £nil (2016: £nil).

Total Share Incentive Schemes	2017	2016
Movements in the year	Number of options	Number of options
Outstanding at beginning of the year	4,988,967	5,829,606
Granted during the year	1,855,866	2,479,067
Exercised during the year	(1,396,064)	(2,702,373)
Employee share option shares	(1,500)	-
Lapsed during the year	(419,819)	(617,333)
Outstanding at end of the year	5,027,450	4,988,967
Exercisable at end of the year	27,384	36,937
	£m	£m
Charge to income for the year	4.6	4.4

The weighted average share price at the date of exercise of share options exercised during the year was £5.32 (2016: £5.01).

The options outstanding had a range of exercise prices of £nil to £4.51 (2016: £nil to £4.51) and a weighted average remaining contractual life of 6.4 years (2016: 6.3 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 consolidated 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:

	2017 £m	2016 £m
Land and buildings		
Within one year	2.5	2.4
Less: minimum sub-lease income	(0.4)	(0.5)
Between two and five years	6.4	7.4
Less: minimum sub-lease income	(0.5)	(0.9)
After five years	1.8	2.4
	9.8	10.8
Other		
Within one year	1.7	1.5
Between two and five years	2.1	2.5
	3.8	4.0

24 MOVEMENT IN NET CASH/(DEBT)

	2017 £m	Movement £m	2016 £m
Cash and cash equivalents	175.2	(107.1)	282.3
Bank loans, Senior loan notes and other loans	(142.0)	63.3	(205.3)
Net cash	33.2	(43.8)	77.0

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. In the year a close family member of one of the Board of Directors purchased a property from Kitewood (Cossall) Limited, an entity in which the Group holds a 50% interest, the market value of £452,000 (2016: 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 with 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, was a Non-Executive Director of the Academy of Urbanism in the prior year, to which the Group had paid fees of £200.

Stephen Stone, Chief Executive, is a Non-Executive Director of the HBF and the NHBC. The Group paid subscription and other fees during the year to the HBF of £120,000 (2016: £100,000) and paid fees (mainly relating to warranty insurance costs on new homes built) to the NHBC of £3.1m (2016: £2.6m).

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 £nil (2016: £24,000), (ii) the Group received £1.5m (2016: £1.6m) interest on joint venture funding and the Group had a credit of £0.6m (2016: £nil) interest on the fair value unwind on a joint venture interest free loan, (iii) the Group received £1.0m (2016: £0.2m) in project management fees, and, (iv) the amount of outstanding loans due to the Group from joint ventures was £39.2m (2016: £54.8m).

26 GROUP UNDERTAKINGS

In accordance with section 409 Companies Act 2006, the following is a list of all the Group's undertakings at 31st October 2017.

Subsidiary undertakings

At 31st October 2017 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	8	10	31st March	100%
Bath Riverside Estate Management Company Limited	2	8	11	31st October	100%
Bath Riverside Liberty Management Company Limited	2	8	11	31st October	100%
Block L1-L3 Whitelands Park Limited	1	8	11	31st October	100%
Brenville Limited	1	8	11	31st October	100%
Brightwells Residential 1 Company Limited	1	8	11	31st October	100%
Brightwells Residential 2 Company Limited	1	8	11	31st October	100%
Bristol Parkway North Limited	1	8	11	31st October	100%
C N Nominees Limited	1	8	11	31st October	100%
Camberley (Commercial) Limited	5	9	11	31st October	100%
Camberley Res No.1 Limited	1	8	11	31st October	100%
Camberley Res No.2 Limited	1	8	11	31st October	100%
Camberley Res No.3 Limited	1	8	11	31st October	100%
Camberley Res No.4 Limited	1	8	11	31st October	100%

Entity name	Registered office	Place of incorporation	Active / Dormant	Year end date	Shareholding (direct or indirect)
Camberley Res No.5 Limited	1	8	11	31st October	100%
Cardiff Freeport Limited	1	8	11	31st October	100%
Castle Bidco plc*	1	8	10	31st October	100%
Clevedon Developments Limited	1	8	11	31st October	100%
Clevedon Investment Limited	1	8	10	31st October	100%
CN Properties Limited	1	8	11	31st October	100%
Crest (Claybury) Limited	1	8	11	31st October	100%
Crest (Napsbury) Limited	1	8	11	31st October	100%
Crest Construction Limited	1	8	11	31st October	100%
Crest Construction Management Limited	1	8	11	31st October	100%
Crest Developments Limited	1	8	11	31st October	100%
Crest Estates Limited	1	8	11	31st October	100%
Crest Homes (Chiltern) Limited	1	8	11	31st October	100%
Crest Homes (Eastern) Limited	1	8	11	31st October	100%
Crest Homes (Midlands) Limited	1	8	11	31st October	100%
Crest Homes (Nominees) Limited	1	8	11	31st October	100%
Crest Homes (Northern) Limited	1	8	11	31st October	100%
Crest Homes (South East) Limited	1	8	11	31st October	100%
Crest Homes (South West) Limited	1	8	11	31st October	100%
Crest Homes (South) Limited	1	8	11	31st October	100%
Crest Homes (Wessex) Limited	1	8	11	31st October	100%
Crest Homes (Westerham) Limited	1	8	11	31st October	100%
Crest Homes Limited	1	8	11	31st October	100%
Crest Homes Management Limited	1	8	11	31st October	100%
Crest Manhattan Limited	1	8	11	31st October	100%
Crest Nicholson (Bath Western) Limited	1	8	11	31st October	100%
Crest Nicholson (Bath) Holdings Limited	1	8	11	31st October	100%
Crest Nicholson (Chiltern) Limited	1	8	11	31st October	100%
Crest Nicholson (Eastern) Limited	1	8	11	31st October	100%
Crest Nicholson (Epsom) Limited	1	8	11	31st October	100%
Crest Nicholson (Henley-on-Thames) Limited	1	8	10	31st October	100%
Crest Nicholson (Highlands Farm) Limited	1	8	11	31st October	100%
Crest Nicholson (Londinium) Limited	1	8	11	31st October	100%
Crest Nicholson (London) Limited	1	8	11	31st October	100%
Crest Nicholson (Midlands) Limited	1	8	11	31st October	100%
Crest Nicholson (Rainsford Road) Limited	1	8	11	31st October	100%
Crest Nicholson (South East) Limited	1	8	11	31st October	100%
Crest Nicholson (South West) Limited	1	8	11	31st October	100%
Crest Nicholson (South) Limited	1	8	11	31st October	100%
Crest Nicholson (Stotfold) Limited	1	8	10	31st October	100%
Crest Nicholson (Wainscott)	1	8	11	31st October	100%
Crest Nicholson (Wessex) Limited	1	8	11	31st October	100%
Crest Nicholson Developments (Chertsey) Limited	1	8	10	31st October	100%
Crest Nicholson Greenwich Limited	1	8	11	31st October	100%
Crest Nicholson Operations Limited	1	8	10	31st October	100%
Crest Nicholson Overseas Limited	1	8	11	31st October	100%
Crest Nicholson Pension Trustee Ltd	1	8	11	31st January	100%
Crest Nicholson plc	1	8	10	31st October	100%
Crest Nicholson Projects Limited	1	8	11	31st October	100%
Crest Nicholson Properties Limited	1	8	11	31st October	100%
Crest Nicholson Properties Scarborough No 2 Limited	5	9	11	31st October	100%

*Castle Bidco plc 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 Quest Trustee Limited	1	8	11	31st October	100%
Crest Nicholson Regeneration Limited	1	8	11	31st October	100%
Crest Nicholson Residential (London) Limited	1	8	11	31st October	100%
Crest Nicholson Residential (Midlands) Limited	1	8	11	31st October	100%
Crest Nicholson Residential (South East) Limited	1	8	11	31st October	100%
Crest Nicholson Residential (South) Limited	1	8	11	31st October	100%
Crest Nicholson Residential Limited	1	8	11	31st October	100%
Crest Nominees Limited	1	8	11	31st October	100%
Crest Partnership Homes Limited	1	8	11	31st October	100%
Crest Strategic Projects Limited	1	8	11	31st October	100%
Dialled Despatches Limited	1	8	11	31st October	100%
Eastern Perspective Management Company Limited	1	8	11	31st October	100%
Ellis Mews (Park Central) Management Limited	1	8	10	31st October	100%
Grassphalte-Gaze Limited	1	8	11	31st October	100%
Landscape Estates Limited	1	8	11	31st October	100%
Mertonplace Limited	1	8	11	31st October	100%
Napsbury Park Management Company Limited	1	8	11	31st October	100%
Nicholson Estates (Century House) Limited	1	8	11	31st October	100%
Nicholson Estates GN Tower No 2 Limited	5	9	11	31st October	100%
Nicholson Homes Limited	1	8	11	31st October	100%
Park Central Management (Central Plaza) Limited	1	8	10	31st October	100%
Park Central Management (Zone 11) Limited	1	8	11	31st October	100%
Park Central Management (Zone 12) Limited	1	8	11	31st October	100%
Park Central Management (Zone 1A North) Limited	1	8	11	31st October	100%
Park Central Management (Zone 1A South) Limited	1	8	11	31st October	100%
Park Central Management (Zone 1B) Limited	1	8	11	31st October	100%
Park Central Management (Zone 3/1) Limited	1	8	11	31st October	100%
Park Central Management (Zone 3/2) Limited	1	8	11	31st October	100%
Park Central Management (Zone 3/3) Limited	1	8	11	31st October	100%
Park Central Management (Zone 3/4) Limited	1	8	11	31st October	100%
Park Central Management (Zone 4/41 & 42) Limited	1	8	11	31st October	100%
Park Central Management (Zone 4/43/44) Limited	1	8	11	31st October	100%
Park Central Management (Zone 5/53) Limited	1	8	11	31st October	100%
Park Central Management (Zone 5/54) Limited	1	8	11	31st October	100%
Park Central Management (Zone 5/55) Limited	1	8	11	31st October	100%
Park Central Management (Zone 6/61-64) Limited	1	8	11	31st October	100%
Park Central Management (Zone 7/9) Limited	1	8	11	31st October	100%
Park Central Management (Zone 8) Limited	1	8	11	31st October	100%
Park Central Management (Zone 9/91) Limited	1	8	11	31st January	100%
Riverside Dacorum No 2 Limited	5	9	11	31st October	100%
The Gloucester Docks Trading Company Limited	1	8	11	31st October	100%
Timberform Building Systems Limited	1	8	11	31st October	100%
Toptool Products Limited	1	8	11	31st October	100%
Yawbrook Limited	1	8	11	31st October	100%
Building 7 Harbourside Management Company Limited	1	8	10	31st October	58.33%
Buildings 3A, 3B & 4 Harbourside Management Company Limited	1	8	11	31st December	83.33%
Harbourside Leisure Management Company Limited	1	8	10	31st December	71.43%
Park West Management Services Limited	1	8	10	31st October	62.00%

Joint venture undertakings
At 31st October 2017 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	8	10	31st October	50%
Bonner Road LLP	6	8	10	31st March	50%
Crest A2D (Walton Court) LLP	1	8	10	31st March	50%
Other joint ventures not material to the Group					
Elmsbrook (Crest A2D) LLP	7	8	10	31st July	50%
Crest Nicholson Bioregional Quintain LLP	1	8	10	31st October	50%
Crest/Galliford Try (Epsom) LLP	1	8	10	31st October	50%
The Century House Property Company Limited	1	8	11	31st October	50%
Crest Nicholson Bioregional Quintain (Gallions) LLP	1	8	11	31st October	50%
Brentford Lock Limited	3	8	10	31st December	50%
Haydon Development Company Limited	4	8	10	30th April	21.36%
North Swindon Development Company Limited	4	8	10	31st October	32.64%

Registered office	Place of incorporation	Active / Dormant
1 Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN, UK	8 England	10 Active
2 Units 1, 2 & 3 Beech Court, Wokingham Road, Hurst, Reading RG10 0RU, UK	9 Jersey	11 Dormant
3 Persimmon House, Fulford, York YO19 4FE, UK		
4 6 Drakes Meadow, Penny Lane, Swindon, Wiltshire SN3 3LL, UK		
5 SG Hambros House, 18 Esplanade, St Helier, Jersey JE4 8RT		
6 Level 6, 6 More London Place, Tooley Street, London SE1 2DA		
7 The Point, 37 North Wharf Road, London W2 1BD		

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 site's 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 site's 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 2017. The two parties were jointly responsible for the control and management of the site's 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 2017

	Note	2017 £m	2016 £m
ASSETS			
Non-current assets			
Investments	**4**	**-**	**-**
Current assets			
Trade and other receivables	**5**	**297.5**	**356.4**
TOTAL ASSETS		**297.5**	**356.4**
LIABILITIES			
Current liabilities			
Current income tax liabilities		**(1.1)**	**-**
TOTAL LIABILITIES		**(1.1)**	**-**
NET ASSETS		**296.4**	**356.4**
SHAREHOLDERS' EQUITY			
Share capital	**6**	**12.8**	**12.7**
Share premium account	**6**	**74.1**	**73.0**
Retained earnings		**209.5**	**270.7**
TOTAL SHAREHOLDERS' EQUITY		**296.4**	**356.4**

The notes on pages 47 to 49 form part of these financial statements.
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 £14.7m (2016: £18.0m).

CREST NICHOLSON HOLDINGS PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31st October 2017

	Note	Share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
Balance at 1st November 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**
Profit for the financial year and total comprehensive income		**-**	**-**	**14.7**	**14.7**
Transactions with shareholders					
Dividends paid	**3**	**-**	**-**	**(75.9)**	**(75.9)**
Share capital issued		**0.1**	**1.1**	**-**	**1.2**
Balance at 31st October 2017		**12.8**	**74.1**	**209.5**	**296.4**

CREST NICHOLSON HOLDINGS PLC
NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 31st October 2017

1 ACCOUNTING POLICIES

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 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 as applicable to companies using FRS 101, and have been prepared on the historical cost basis.

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 £14.7m (2016: £18.0m).

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 2016 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 Company's 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 Company's 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. A provision for impairment of trade receivables is made when there is evidence that the Company will not be able to collect the amounts due.

Audit fee
Auditors' remuneration for audit of these financial statements of £10,815 (2016: £10,500) 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 Directors' 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 plc of £1. The subsidiary undertakings are shown in Note 26 of the consolidated financial statements.

5 TRADE AND OTHER RECEIVABLES

	2017	2016
	£m	£m
Amounts due from Group undertakings	**297.5**	**356.4**

Amounts due from Group undertakings are unsecured, repayable on demand and carry an interest rate of 5.0% (2016: 5.0%).

6 SHARE CAPITAL

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
Ordinary shares as at 1st November 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**
New share capital	**1,396,064**	**5**	**69,802**	**1,119,136**
Ordinary shares as at 31st October 2017	**255,759,637**	**5**	**12,787,981**	**74,129,478**

Ordinary shares are issued and fully paid. Authorised ordinary shares of 5 pence each are 339,187,373 (2016: 335,549,777).

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 £
2014 LTIP	**933,342**	**-**	**46,667**	**-**
2013 SAYE	**34,751**	**247**	**1,737**	**84,097**
2014 SAYE	**377,761**	**276**	**18,888**	**1,023,732**
2015 SAYE	**531**	**451**	**26**	**2,368**
2016 SAYE	**3,181**	**286**	**159**	**8,939**
2016 Deferred bonus plan	**46,498**	**-**	**2,325**	**-**
	1,396,064		**69,802**	**1,119,136**

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	**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**

For details of outstanding share options at 31st October 2017 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 2017 is given in Note 26 of the consolidated financial statements.