Press release

Crest Nicholson

28th January 2014

Crest Nicholson Holdings plc
Preliminary Results Announcement
for the year ended 31st October 2013

Strong growth and good returns

Crest Nicholson Holdings plc (Crest Nicholson) today announces its final results for the year ended 31st October 2013.

	2013 Pre-exceptional £m	2013 Exceptional costs £m	2013 Total £m	2012 Total £m	Change (Pre-exceptional) £m	%
Units			**2,172**	1,882		**+15%**
Revenue	**525.7**		**525.7**	408.0	117.7	**+29%**
Cost of sales	**(384.5)**		**(384.5)**	(296.2)	(88.3)	
Gross profit	**141.2**		**141.2**	111.8	29.4	**+26%**
Administrative expenses	**(44.1)**	(5.9)	**(50.0)**	(38.5)	(5.6)	
Operating profit	**97.1**	(5.9)	**91.2**	73.3	23.8	**+32%**
Operating profit %	***18.5%***		***17.3%***	*18.0%*		
Profit before tax	**86.8**	(5.9)	**80.9**	62.1	24.7	**+40%**
Profit after tax	**71.5**	(5.5)	**66.0**	63.9	7.6	**+12%**
Earnings per share (pence)						
- Basic	**29.4p**	(2.3)p	**27.1p**	28.5p	0.9p	**+3%**
- Diluted	**28.9p**	(2.2)p	**26.7p**	28.5p	0.4p	**+1%**

Commenting on today's statement, Stephen Stone, Chief Executive said:

"These are an excellent set of results, which cap an exciting year for Crest Nicholson, in which the business returned to the public markets. Our extensive land bank has enabled us to deliver strong growth in volumes, bringing many more families into home ownership, whilst continuing to drive good returns for our investors. We are pleased to mark our return as a listed company by declaring a final dividend.

Government initiatives to assist purchasers in buying a new home have undoubtedly stimulated activity in the industry and we are playing our part by increasing production where possible. Private home completions were up 35% over the year and we took almost 600 reservations under the 'Help to Buy' scheme. Improving sentiment in the housing market and beyond along with an excellent pipeline of future projects across the southern half of England gives the Board great confidence in the outlook for the business."

Performance highlights – *all figures pre-exceptional*

Sales

- Housing legal completions up 15% at 2,172 (2012:1,882); open-market legal completions up 35% at 1,806 (2012: 1,342)
- Sales per outlet week up 34% at 0.90 (2012: 0.67)
- Forward sales at mid-January of £329.5m (2012: £218.7m), 51% ahead of prior year with 51% of this year's forecast secured (2012: 45%)

Results

- Turnover at £525.7m, up 29%
- Operating profit margins up to 18.5% (2012: 18.0%)
- Profit before tax up 40%
- Strong balance sheet position; net cash at year end of £42.5m (2012: net debt £30.3m)
- Return on average Capital Employed of 24.1% (2012: 20.7%)

Land bank

- 1,895 plots added to the short-term land bank, across 19 sites; Short-term land bank now 7.5 years
- Continued focus on strategic land, with net 1,700 plots added to the Strategic land bank across 10 sites
- Over 3,000 plots allocated for development in local plans

For further information, please contact:

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

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

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

Forward-looking statements

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

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

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

Registered no. 6800600

CHAIRMAN'S STATEMENT

I am delighted to be presenting the Preliminary Results for Crest Nicholson Holdings plc at the end of what has been an excellent year for the business and all its stakeholders.

In 2013, the Group celebrated 50 years of trading, almost 40 of which have been on the public markets. In February of last year, after a period in private ownership, Crest Nicholson was once more admitted to trading on the London Stock Exchange following a successful Initial Public Offering.

RESULTS

Business performance in 2013 has been very strong, with 2,172 homes delivered, a 15% increase on the prior year. The financial performance of the business has been similarly impressive, with strong operating margins delivered from projects across the southern half of the UK. The Board intends to propose a final dividend of 6.5p per share which we expect to use as the base for future dividend payments.

STRATEGY

During 2013 we have delivered on our strategic objectives of increasing volumes, driving return on capital employed and maintaining industry-leading margins. It is central to our business mission to deliver well-designed homes within developments that have been conceived to provide not only a high-quality product for our customers, but which also respect our environment and provide an enduring legacy. As we reflect on 50 years of serving the past and present needs of our customers, the Board has also to reflect on how the business model will need to evolve in the future. In our Annual Report, we propose to set out our thoughts in this regard and will describe a number of steps that we are taking to evaluate our competitive position in the market and to address some of the opportunities and challenges that we believe the future will hold.

In making these assessments, we will consider the environmental, economic and social factors that are shaping our society and how we can drive best value in a sustainable way, working within the limits that these influences may exert on our business. This theme of sustainability is integral to many of our considerations and you will see that we have reflected this in our reporting, no longer presenting a separate sustainability section but rather embedding the themes as appropriate.

An enduring business is invariably built on the efforts of a committed workforce and Crest Nicholson is continuing to focus on developing its people. Our apprenticeship and graduate schemes have been strengthened and extended and we are increasing our investment in training, to retain and develop potential directors of the future. I thank all Crest Nicholson's employees for their dedication and support.

BOARD

As part of the Group's development, I am pleased to report an addition to the Board with the appointment of Jim Pettigrew as a Senior Independent Non-Executive Director and chair of the Nomination and Remuneration committees.

I am grateful to the Board for its support over the past year and am confident that we have a team that will continue to be effective in promoting the success of Crest Nicholson for many years to come.

OUTLOOK

We have made a strong start to the 2014 financial year, following what was an excellent 2013 for Crest Nicholson. Our forward sales for current and future years at mid-January were 51% ahead of the prior year, with 51% of this year's forecast secured (2012: 45%).

Average selling prices will show further increases this year, driven significantly by product mix, although sales price gains are also being achieved and are helping to sustain margins in a competitive build cost environment.

The land market continues to yield opportunities and the long land bank that the business enjoys positions us well to select sites for purchase that meet our hurdle rates.

As consumer sentiment and credit availability have improved, constraints on growth are increasingly determined by the supply chain, the shelf-life of mortgage offers and the planning process. Nonetheless, the trading environment is healthy and we look forward to continuing to deliver in 2014.

William Rucker
Chairman

CHIEF EXECUTIVE'S REVIEW

Crest Nicholson's return to the stock market as a FTSE 250 listed company was a highlight of a very good 2013.

STRONG FINANCIAL PERFORMANCE

The Group is well positioned to take advantage of opportunities presented by strong demand for new housing. Delivering 2,172 units this year (2012: 1,882), Crest Nicholson is one of just nine major house builders.

The Group has performed very well in an improving market. Sales rates across the year have averaged 0.90 sales per outlet week (2012: 0.67), a 34% improvement on the prior year. This improvement was particularly marked in the second half of the year, following the introduction of the government's Help to Buy scheme, and has driven some of the increase in volumes for 2013. The stimulus from government schemes has served to reduce mortgage pricing and increase loan availability, creating the consumer confidence which has then supported the delivery of more new homes to meet pent-up housing demand.

Good reservation rates in the second half of the year have underpinned a strong opening forward sales position for 2014.

Revenues were 29% higher than last year, primarily reflecting the strong housing market. As expected, open-market Average Selling Prices (ASPs) were up 9% at £250k (2012: £230k), reflecting the mix of product being sold as well as increases in sales prices.

Resilient gross margins at 26.9% (2012: 27.4%) and a reducing overhead cost as a percentage of sale have resulted in operating profit margins (pre-exceptional costs) increasing to 18.5% (2012: 18.0%). These results, combined with effective cash management, generated a strong Return on average Capital Employed at 24.1% (2012: 20.7%).

DELIVERING THROUGH PARTNERSHIP

Effective partnering with the public and private sector has been key to increasing our delivery of desirable homes and communities. Over this period, we have continued to respond positively to major changes in the operating environment including the localism agenda, revisions to planning policy and a rapidly evolving market, and have been able to find ways forward with our partners to bring projects to life that had been stalled by the economic downturn.

PARTNER OF CHOICE

Our distinctive approach to master planning and sustainable development has made us a lead partner for the public sector in several major brownfield projects:

Arborfield Garrison – This year we were announced as Development Manager by the Defence Infrastructure Organisation (formerly Defence Estates) for the transformation of the site into a thriving new community. This is one of the most significant residential-led development opportunities in the South East of England. With an estimated Gross Development Value of £600m, the project will deliver 2,000 much-needed homes and supporting infrastructure.

Centenary Quay –In partnership with the HCA and Southampton City Council, Centenary Quay became the first site to secure funding under the Government's Build to Rent scheme to deliver homes for the private rented sector. We are also partnering with University College London on a two-year post-construction and post-occupancy study (supported by the UK Government backed Technology Strategy Board)to understand the efficiency of the district heating system and gather customer feedback on comfort, control and design.

While commercial and mixed use development has not enjoyed the same levels of market activity as housing, Crest Nicholson's credentials and our commercial project management skills equip us to maintain and extend our presence in this segment.

For example, Longcross is a 300 acre site near Chobham sensitively set in an ecologically rich landscape. Acquired in conjunction with Aviva, it is intended to be one of our future backbone sites. If consented, the site will provide 1,500 well designed homes and a new business park, and offers the Group the opportunity to drive significant business value.

Industry-wide, housing starts in England have been on the rise and at the end of the third quarter 2013 had reached 117,120, 15.6% above the same period in 2012.This has resulted in a number of material supply challenges including extended deliveries in blocks and bricks and some cost pressures as the volume of work increases. Material supply challenges should correct as the supply chain gains confidence and gears up production. In addition, we foster a partnership approach and engagement with consultants and suppliers at early project stages, helping us to identify and address supply issues in a mutually beneficial way.

CUSTOMERS AT THE HEART OF OUR BUSINESS

This year, we helped 571 purchasers to acquire their new home with the help of Government-backed incentive schemes.

Our goal is to grow understanding of our customers' evolving needs and ensure that during the home-buying process and beyond, they are fully supported. Having held a five-star rating for three years, we were disappointed to be awarded four stars in the HBF/NHBC Customer Satisfaction Survey.

We took immediate measures to address this at the start of the year, including addressing some weaker areas of production performance in one of our divisions and intensifying our efforts on quality of finish. As a result we have already observed improving performance in customer feedback.

WORKING IN OUR COMMUNITIES

We aim to be a positive presence in the local communities where we operate. This begins with planning and design, where we work to build consensus through genuine, open engagement and consultation. During construction, we aim for very high standards of environmental protection and cleanliness, with minimal disruption to local residents. This is reflected in our Considerate Contractors Scheme (CCS) score of 37/50, recognised by CCS as 'Very Good' and above the industry average.

Wherever we operate we want to add value to communities and develop ongoing relationships. We regularly engage with local schools and groups – welcoming visits to our sites or going into classrooms to share information and safety advice. We also support community projects with fundraising and sponsorship and are proud to have become sponsors of London Irish Rugby Club and we continue to work closely with the Club on the redevelopment of their training ground in Sunbury on Thames.

We remain committed to raising funds for Variety, the Children's Charity, and have raised a total of £460,652 to date including £53,233 in 2013.

To mark our 50th anniversary year, we partnered with international charity Habitat for Humanity, setting ourselves a target to raise sufficient funding to build 50 new homes for people in need throughout the world. We beat the target, raising a total of £124,457– enabling almost 100 new homes to be provided. In celebration of this work the Group sponsored 12 employees from across the business, including three apprentices and two graduates, to travel to Malawi to work on one of the building projects.

DEVELOPING AND SUPPORTING OUR PEOPLE

We are proud of the talent, commitment and energy of our employees, and in turn we ensure transparency, openness and investment in skills, with a commitment to engaging our people in the vision and direction of the Group.

Our apprentice and graduate programmes are very well established, offering routes into the industry for individuals with vocational as well as more academic qualifications. These programmes are important for Crest Nicholson's future as well as helping to replenish skills that the sector has, in part, lost over the past few years. We took on many more young recruits this year; graduates and apprentices now represent almost 11% of our workforce.

We aim to be an employer of choice in order to attract, retain and develop the right people, which is essential to maintaining the high quality delivery of sustainable homes and developments which ultimately contributes to our financial success.

We have always invested in our people, even through difficult times, and the time is right to take this to the next level in order to identify and develop the next generation of leaders from amongst our existing employees.

We are committed to upholding human rights in all our activities. Our business operates wholly within the UK, and sources goods and services within the UK. We openly support the International Labour Organisation Conventions and do so through our human resource practices and policies and via our contractual arrangements, through which we encourage supply chain standards of our subcontractors and suppliers to meet the Conventions.

KEEPING OUR PEOPLE SAFE

Health and safety is of paramount importance to us and as Director with overall responsibility, I can report that we held our Annual Injury Incidence Rate steady, and again outperformed our peer group and the construction sector as a whole in this headline indicator. There were no prosecutions, fines or improvement notices issued in the year. One enforcement action relating to a work at height contravention was speedily resolved using our response procedures.

The Board has further strengthened its proactive approach to risk management by appointing a further specialist to the Group health and safety function and by integrating site environmental risk management into this multi-disciplinary team. We have also reviewed our escalation procedures to ensure appropriate Director-level response and oversight of serious incidents.

EMBEDDING SUSTAINABILITY

Sustainability is core to the Group's strategy and we endeavour to balance the three dimensions – social, environmental and financial – in our decision making process at strategic, operational and project level.

Engaging with local people is integral to this process. We engage genuinely and openly in order to understand local people's priorities and how new development can support these – for example through the provision of community buildings and green infrastructure at our Bolnore Village development in Haywards Heath. Embedding sustainability also means operating within environmental limits, and we have continued to focus efforts on efficient use of resources and reducing our climate-related impacts.

One of the most significant sustainability impacts we can make as a business is through our product. This year we increased the number of homes built to higher levels of the Code for Sustainable Homes with 49% built to Code levels 3 and 4. The number of homes we built to Code level 4 increased from 15% in 2012 to 26%, demonstrating our progression to increasingly higher sustainability standards.

In the Next Generation sustainability benchmark, we were pleased to maintain our consistent top performance, holding2nd position for the 6th consecutive year and increasing our score to 87%.

DRIVING VALUE THROUGH LOW CARBON DESIGN AND INNOVATION

Strong demand for our homes, evident in our excellent sales performance, is a result of high quality master-planning and design, seen in developments such as Oakgrove Village in Milton Keynes where we are delivering a completely new housing led mixed-use development of 1,100 new homes and 5,000m^2 of commercial and community buildings, in partnership with the HCA.

Another landmark this year was seeing homeowners move into our five AIMC4 homes, which we have delivered through our participation in the AIMC4 consortium – a unique research project supported by the UK Government's Technology Strategy Board.

Following the stretching technical and construction achievements to realise Code 4 energy performance through fabric-first solutions, the AIMC4 homes now face the real test of occupier monitoring and feedback over 12 months. The knowledge gained will underpin our ambition to ensure that our customers gain the full benefits of living in sustainable, low carbon homes that support a flexible modern lifestyle.

OPERATING WITHIN ENVIRONMENTAL LIMITS

In 2007 we set a target to reduce our operational carbon footprint (emissions associated with offices, business travel and commuting) by 25% by 2020. Against the 2007 baseline we have achieved a 16% reduction.

This year we have greatly increased the scope and robustness of our data, which for the first time includes all emissions associated with site activity. In summary, our Scope 1 and Scope 2 emissions represent 2.65 tonnes of carbon equivalent per 1,000 square feet of delivery.

Next year we will review our targets and reset the baseline year taking into account the full scope of our activities. Our carbon reduction strategy will continue to focus on energy efficiency, travel and customer and employee engagement.

Resource efficiency remains a key priority. Through the Crest Nicholson Waste Panel which we convened with external experts, suppliers, colleagues, which is independently chaired by the National Industrial Symbiosis Programme (NISP), we have continued to work with our supply chain and are making good progress to reduce packaging and other waste on our sites. We can now more accurately measure site level performance, and have developed incentivised contracts and revised processes to cut waste, deliver cost efficiencies and benefit the environment.

BUILDING A SUSTAINABLE FUTURE

Our business is strongly positioned, with a long land bank and an ability to drive significant volume from a broad range of sales outlets across the south of England. Rates of sale have improved since the end of 2012and we expect the currently strong trading environment to persist throughout 2014.

We will continue to innovate and exploit opportunities to drive shareholder value and increase delivery in line with government policy. This will include significant efforts, already underway in 2013, to secure growth through the private rental sector under the Government's Build to Rent scheme. We are also actively looking at opening up another division within our current areas of operation, to help deliver growth in unit volumes in the medium term.

As the business grows and opens new sales outlets, these will continue to include a proportion of larger 'backbone' sites, providing a long term supply of future, emerging and mature developments where our design, sustainability and master-planning credentials come to the fore and provide a competitive advantage.

Underpinning this, our increased focus on developing the skillbase across the entire workforce will ensure Crest Nicholson continues to nurture the aptitudes required to differentiate itself in the market. Notwithstanding the achievements and progress outlined in this review, as a successful business we cannot afford to stand still. Our experienced management team has spent some time reflecting on the strengths that the business enjoys today and how we may need to adapt to sustain a robust position in the future.

Our success has been built on core principles of design and innovation, customer focus and sustainability. Many aspects of our current competitive positioning will continue to be a source of value for our stakeholders. In addition, our ability to identify and respond to emerging trends and needs lays the groundwork for a sustainable future.

Today, though, we can look back with pride on an extremely good year in the Group's history, with the business very well placed and confident of its direction. Our employees have once again been instrumental in this success and I thank them wholeheartedly for their hard work and professional contribution.

Stephen Stone
Chief Executive

FINANCE DIRECTOR'S REVIEW

TRADING PERFORMANCE

Crest Nicholson's financial performance in 2013 has been very strong, reflecting the improved growth trajectory of the Group.

Overall revenues of £525.7m were 29% ahead of the £408.0m achieved in 2012.

Housing revenues of £491.2m (2012: £372.2m) were 32% up on prior year, whilst unit completions of 2,172 (2012: 1,882) were up by 15%. Higher average selling prices contributed significantly to revenue growth, reflective of the change in product and location mix, including the first unit contributions from our new London-centric division.

Revenues from Commercial and Land Sales combined amounted to £34.5m (2012: £35.9m), continuing to provide a useful contribution to overall business performance. Within the Commercial sphere, a new food store was delivered on our Oakgrove site and let to Waitrose, providing a valuable amenity for the emerging community.

Gross margins held fairly steady at 26.9% (2012: 27.4%), assisted by robust pricing in our core areas of operation, whilst the increase in business scale drove a reduction in administrative expenses as a percentage of sales, from 9.5% in 2012 to 8.4% in 2013, before exceptional costs.

Exceptional costs of £5.9m in connection with the IPO of the Group in February 2013 have been charged to administrative expenses, reflecting legal, accounting and advisory costs of the IPO of £3.5m, and a share-based payment charge of £2.4m which crystallised upon listing.

The combination of gross margin resilience and the reduction in overhead cost as a proportion of turnover as the business grows resulted in a strong improvement in pre-exceptional operating margin for 2013, to 18.5% (2012: 18.0%).

FINANCE EXPENSE AND TAXATION

Net financing expense is slightly higher at £10.3m in the year (2012: £9.4m), with changes in the imputed interest on other financial assets and on deferred land payable the principal drivers. The cost of servicing bank loans and overdrafts reduced from £10.4m in 2012, to £8.3m in 2013, reflecting the debt re-financing that was entered into in December 2012 and the additional equity raised by the Group as part of the IPO.

Income tax expense in the year of £15.3m (2012: £1.8m income) primarily reflected deferred tax arising from the reversal of temporary differences in the year, with additional changes in deferred tax due to reductions in the rate of Corporation Tax. The effective tax rate for the year was lower than the standard rate of UK Corporation Tax, primarily due to the recognition of previously unrecognised temporary differences.

In 2012 the Group had a net tax credit, arising from the recognition of deferred tax assets in respect of previously unrecognised temporary differences.

EARNINGS PER SHARE

The change in taxation, from a net credit in 2012 to an expense in 2013, means that a 40% increase in pre-exceptional profit before tax translates to a more modest increase in Earnings per Share (EPS). Basic EPS on a pre-exceptional basis of 29.4p is 3.2% higher than the 28.5p comparative for 2012. Full details are shown in Note 9 to the financial statements.

DIVIDEND

The Board proposes to pay a final dividend of 6.5p per share for the financial year ended 31st October 2013, which subject to shareholder approval, will be paid on 9th April to shareholders on the register at the close of business on 14th March.

CASH FLOW AND FINANCIAL POSITION

The Group had Net Assets at 31st October 2013 of £470.3m, (2012: £347.1m), an increase of £123.2m.

The increase comprised £66.0m of retained earnings, £3.3m net movement in equity plus the benefit of the £53.9m of equity raised at IPO.

Strong cash generation from housing completions has enabled the Group to continue to invest in growing our operational footprint, in line with our business strategy.

The investment that the business has made in land and work-in-progress is reflected in a £108.3m rise in inventories. Infrastructure expenditure has increased, as a number of recently converted strategic sites are brought into production, whereas stocks of completed units have reduced, being £32.4m at 31st October 2013 (2012: £41.0m), reflective of faster sales rates in the second half of this year.

The Group continues to focus on Return on average Capital Employed (ROCE) as a key business metric and our strong operating profit performance combined with ongoing capital efficiency have generated an increase in ROCE from 20.7% in 2012 to 24.1% in 2013.

FINANCING

During the year, the Group successfully re-financed certain of its loan obligations and raised additional equity capital through its IPO in February. Term loans of £152.0m with a maturity date of September 2015 were repaid in full. These loans were partially replaced with a borrowings facility of £100m, raised under a Revolving Credit Facility with an expiry date of December 2016.

As part of the February IPO, additional equity capital of £53.9m (net of issue costs) was raised, further strengthening the equity base of the business.

At 31st October 2013, the Group had net cash of £42.5m (2012: net debt of £30.3m).

The ungeared (net cash) position at 31st October 2013 compares with a net debt/equity ratio of 8.7% at 31st October 2012.

LAND BANK

The Group's contracted land bank is summarised in terms of units and gross development value (GDV) as follows:

	2013		2012	
	Units	**GDV £m**	**Units**	**GDV £m**
Short term housing	16,388	3,886	16,959	3,646
Short term commercial	-	251	-	235
Total short term	**16,388**	**4,137**	**16,959**	**3,881**
Strategic land	14,325	3,535	12,623	2,918
Total under contract	**30,713**	**7,672**	**29,582**	**6,799**

Plots in the short term land bank have declined marginally, as the Group has continued to adopt a policy of broadly replacing the units that are sold in the year. At 31st October 2013, the short term land bank of 16,388 plots represents 7.5 years of supply (2012: 9.0 years).

The GDV of the short term land bank has increased by 6.6%, with higher ASPs in the portfolio offsetting the decrease in unit numbers. These ASPs (including both open-market and affordable units) were £237k at 31st October 2013, up 10% on £215k at the end of October 2012.

The strategic land bank has been bolstered by three significant additions in the year, at Chippenham, Warwick and Arborfield, near Reading, as well as a number of smaller sites under option.

Planning consents were achieved during the year on two smaller sites, furthering a now established record of pull-through from strategic land bank into the short-term portfolio.

ASPs in the strategic land bank have risen to £247k, a 7% increase on the £231k reported for October 2012.

Patrick Bergin
Finance Director

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED INCOME STATEMENT
For year ended 31st October 2013

	Note	2013 Pre-exceptional costs £m	2013 Exceptional costs £m	2013 Post-exceptional costs £m	2012 £m
Revenue	2	525.7	-	525.7	408.0
Cost of sales		(384.5)	-	(384.5)	(296.2)
Gross profit		141.2	-	141.2	111.8
Administrative expenses	3	(44.1)	(5.9)	(50.0)	(38.7)
Other operating income		-	-	-	0.2
Operating profit	4	97.1	(5.9)	91.2	73.3
Finance income	6	7.0	-	7.0	9.2
Finance expense	6	(17.3)	-	(17.3)	(18.6)
Net financing expense		(10.3)	-	(10.3)	(9.4)
Share of post tax results of joint ventures using the equity method	12	-	-	-	(1.8)
Profit before tax		86.8	(5.9)	80.9	62.1
Income tax (expense) / income	7	(15.3)	0.4	(14.9)	1.8
Profit for the year attributable to equity shareholders		71.5	(5.5)	66.0	63.9
Earnings per ordinary share					
Basic	9			27.1p	28.5p
Diluted	9			26.7p	28.5p

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For year ended 31st October 2013

	2013 £m	2012 £m
Profit after tax for the year	66.0	63.9
Other comprehensive income/(expense):		
Items that will never be recycled to the Income Statement:		
Actuarial gain/(loss) on defined benefit pension schemes	0.7	(1.7)
Change in deferred tax on actuarial gain / loss	(2.4)	(1.8)
Items that may be recycled to the Income Statement:		
Change in fair value of other financial assets	-	(0.3)
Other comprehensive expense for the year net of income tax	(1.7)	(3.8)
Total comprehensive income attributable to equity shareholders	64.3	60.1

The notes on pages 18 to 43 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For year ended 31st October 2013

	Share capital	Share premium	Retained earnings	Total
	£m	£m	£m	£m
Balance at 31st October 2011	10.0	240.3	36.7	287.0
Profit for the year	-	-	63.9	63.9
Actuarial loss on pension scheme	-	-	(1.7)	(1.7)
Deferred tax on actuarial loss	-	-	(1.8)	(1.8)
Change in fair value of available for sale financial assets	-	-	(0.3)	(0.3)
Balance at 31st October 2012	**10.0**	**240.3**	**96.8**	**347.1**
Profit for the year	-	-	66.0	66.0
Actuarial gain on pension scheme	-	-	0.7	0.7
Deferred tax on actuarial gain	-	-	(2.4)	(2.4)
Transactions with shareholders:				
Shares issued	1.3	54.7	-	56.0
IPO fees written off against share premium	-	(2.1)	-	(2.1)
Reorganisation in the year	1.3	(1.3)	-	-
Share premium converted in the year	-	(220.0)	220.0	-
Equity settled share based payments	-	-	4.5	4.5
Deferred tax on equity settled share based payments	-	-	0.5	0.5
Balance at 31st October 2013	**12.6**	**71.6**	**386.1**	**470.3**

The notes on pages 18 to 43 form part of these financial statements.

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st October 2013

ASSETS	Note	2013	2012
		£m	£m
Non-current assets			
Intangible assets	10	29.0	29.0
Property, plant and equipment	11	1.9	2.2
Investments	12	1.9	2.9
Other financial assets	13	31.9	31.1
Deferred tax assets	18	58.1	74.9
Trade and other receivables	15	4.2	-
		127.0	140.1
Current assets			
Inventories	14	577.7	469.4
Trade and other receivables	15	44.0	41.5
Cash and cash equivalents		124.5	150.1
		746.2	661.0
Total assets		873.2	801.1
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	16	(59.8)	(176.1)
Trade and other payables	17	(75.5)	(34.8)
Retirement benefit obligations	22	(21.5)	(29.9)
Provisions	19	(4.1)	(7.1)
		(160.9)	(247.9)
Current liabilities			
Interest bearing loans and borrowings	16	(22.2)	(4.3)
Trade and other payables	17	(215.1)	(194.9)
Provisions	19	(4.7)	(6.9)
		(242.0)	(206.1)
Total liabilities		(402.9)	(454.0)
Net assets		470.3	347.1
SHAREHOLDERS' EQUITY			
Share capital	20	12.6	10.0
Share premium account	20	71.6	240.3
Retained earnings		386.1	96.8
		470.3	347.1

The notes on pages 18 to 43 form part of these financial statements.

Registered no. 6800600

CREST NICHOLSON HOLDINGS PLC
CONSOLIDATED CASH FLOW STATEMENT
For year ended 31st October 2013

	2013	2012
	£m	**£m**
Cash flows from operating activities		
Profit for the year	**66.0**	**63.9**
Adjustments for:		
Depreciation charge	**1.3**	**1.2**
Net finance charges	**10.3**	**9.4**
Share-based payment expense	**4.5**	**-**
Share of loss of joint ventures	**-**	**1.8**
Taxation	**14.9**	**(1.8)**
Share issue costs expensed in the year	**3.5**	**-**
Operating profit before changes in working capital and provisions	**100.5**	**74.5**
(Increase)/decrease in trade and other receivables	**(6.7)**	**5.2**
Increase in inventories	**(108.3)**	**(75.2)**
Increase in trade and other payables	**44.8**	**24.3**
Increase in other financial assets	**(2.8)**	**-**
Cash generated from operations	**27.5**	**28.8**
Interest paid	**(8.0)**	**(11.8)**
Tax received	**-**	**0.6**
Net cash inflow from operating activities	**19.5**	**17.6**
Cash flows from investing activities		
Purchases of property, plant and equipment	**(1.0)**	**(0.5)**
Decrease/(increase) in other financial assets	**3.6**	**(4.6)**
Interest received	**0.6**	**-**
Net cash inflow/(outflow) from investing activities	**3.2**	**(5.1)**
Cash flows from financing activities		
Net proceeds from the issue of share capital	**53.9**	**-**
Share capital issue costs	**(3.5)**	**-**
Repayment of other borrowings	**(164.8)**	**(0.6)**
Proceeds from new loans	**68.9**	**16.3**
Debt arrangement and facility fees	**(2.8)**	**-**
Net cash (outflow)/inflow from financing activities	**(48.3)**	**15.7**
Net (decrease)/increase in cash and cash equivalents	**(25.6)**	**28.2**
Cash and cash equivalents at the beginning of the year	**150.1**	**121.9**
Cash and cash equivalents at end of the year	**124.5**	**150.1**

The notes on pages 18 to 43 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Preliminary announcement

The financial information contained in this preliminary announcement which was approved by the Board of Directors does not constitute the Company's statutory accounts for the years ended 31st October 2013 or 2012. Statutory accounts for 2012 have been delivered to the Registrar of Companies, and those for 2013 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under 498(2) or (3) Companies Act 2006.

Basis of preparation

Crest Nicholson Holdings plc (the “Company”) is a Company incorporated in the UK. 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 Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (“EU IFRSs”) and have been prepared on the historical cost basis except for other financial assets, which are stated at their fair value. The Company has elected to prepare its parent Company financial statements in accordance with UK GAAP; these are presented on pages 44 to 47.

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

The Group’s activities are financed by a combination of ordinary shares, bank borrowings and cash in hand. At 31st October 2013 the Group held cash and cash equivalents of £124.5m (2012: £150.1m) and cash resources net of borrowings of £42.5m (2012: cash deficit net of borrowings of £30.3m). The Group has operated within its banking covenants throughout the year, has bank facilities of £100m expiring in December 2016, with £55m remaining available for drawdown under such facilities at 31st October 2013. The Directors consider that the Group is well placed to manage business and financial risks in the current economic environment and has sufficient resources to continue in operation for the foreseeable future. For these reasons, the Directors consider it appropriate to prepare the financial statements of the Group on a going concern basis.

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

There were no new standards, amendments or interpretations that were adopted by the Group and effective for the first time for the financial year beginning 1st November 2012 that were material to the Group.

Consolidation

(a) Subsidiaries

The consolidated financial statements include the accounts of Crest Nicholson Holdings plc and entities controlled by the Company (its subsidiaries) at the reporting date. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The profits and losses of subsidiaries acquired or sold during the year are included as from or up to their effective date of acquisition or disposal.

On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities and the resulting gains and losses that arise after the Group has gained control of the subsidiary are charged to the post acquisition income statement or statement of comprehensive income.

(b) Joint ventures
A joint venture is an undertaking in which the Group has a participating interest and which is jointly controlled under a contractual arrangement.

Where the joint venture involves the establishment of a separate legal entity, the Group's share of results of the joint venture after tax is included in a single line in the consolidated income statement and its share of net assets is shown in the consolidated statement of financial position as an investment.

Where the joint venture does not involve the establishment of a legal entity, the Group recognises its share of the jointly controlled assets and liabilities and income and expenditure on a line by line basis in the statement of financial position and 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. Goodwill allocated to the strategic land holdings is recognised as an asset, being the intrinsic value within these holdings in the acquired entities, which is realised upon satisfactory planning permission being obtained and sale of the land. Goodwill is assessed for impairment at each reporting date. Any impairment loss is recognised immediately in the income statement.

Revenue and profit recognition
Revenue comprises the fair value of the consideration received or receivable, net of value-added tax, rebates and discounts but excludes the sale of properties taken in part exchange.

Revenue is recognised on house sales at legal completion. For affordable housing 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 the conditions for the recognition of revenue are met but the Group still has significant acts to perform under the terms of the contract, revenue is recognised as the acts are performed.

Profit is recognised on a plot-by-plot basis, by reference to the margin forecast across the related development site. Provision is made for any losses foreseen in completing a site as soon as they become apparent.

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

Operating leases
Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

Taxation
Income tax comprises current tax and deferred tax. Income tax is recognised in the 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 period and any adjustment to tax payable in respect of previous periods. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided 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 liabilities are recognised for all taxable temporary differences, except those exempted by the relevant accounting standard and 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.

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 pension scheme (closed to new employees and to future service accrual since May 2010) and also makes payments into a defined contribution scheme for employees.

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

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

(b) Share-based payments

In accordance with IFRS 2 'Share-based payments', the fair value of equity-settled, share based compensation plans is recognised as an employee expense with a corresponding increase in equity. The fair value is measured as at the date the options are granted and the charge amended if vesting does not take place due to non-market conditions not being met. The fair value is spread over the period during which the employees become unconditionally entitled to the shares and is adjusted to reflect the actual number of options that vest. At the statement of financial position date, if it is expected that non-market conditions will not be satisfied, the cumulative expense recognised in relation to the relevant options is reversed. The proceeds received are credited to share capital (nominal value) and share premium when the options are exercised.

Exceptional items

Exceptional items are those significant items that are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost.

Plant and equipment are depreciated on cost less residual value on a straight line basis at rates varying between 10% and 33% determined by the expected life of the assets.

Freehold land is not depreciated.

Inventories
Inventories are stated at the lower of cost and net realisable value. Land includes land under development, undeveloped land and land option payments. Work in progress comprises direct materials, labour costs, site overheads, associated professional fees and other attributable overheads.

Land options purchased are initially stated at cost. Option costs are written off over the remaining life of the option and also subject to impairment reviews. Impairment reviews are performed on a regular basis and provisions made where considered necessary.

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

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

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

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

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

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

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

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

Carrying value of land and work in progress and profit recognition

Inventories of land, work in progress and completed units are stated in the statement of financial position at the lower of cost and net realisable value. Due to the nature of development activity and in particular, the length of the development cycle, the Group has to allocate site-wide development costs such as infrastructure between units being built and/or completed in the current year and those for future years. It also has to make estimates of the cost to complete such developments. These estimates are reflected in the margin recognised on developments in relation to sales recognised in the current and future years and the carrying value of the land and work in progress.

There is a degree of inherent uncertainty in making such estimates. The Group has established internal controls that are designed to ensure an effective assessment is made of inventory carrying values and the costs to complete developments.

Other financial assets

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

Goodwill

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

Pension liabilities

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

Deferred tax

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

Share-based payments

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

Standards and interpretations in issue but not yet effective

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

- Amendment to IAS 19 Employee Benefits. The assumed actuarial return on assets will be restricted to the pension scheme discount rate which will increase the reported net finance costs of the scheme. The impact of the new standard on the reported profit before tax for the year ended 31st October 2013 would be a reduction of £0.4m. Effective for the period beginning on 1st November 2013.
- IFRS 10 Consolidated Financial Statements. The standard provides a single control model for the inclusion of entities in consolidated financial statements. Effective for the period beginning on 1st November 2014.
- IFRS 11 Joint Arrangements. The standard requires the equity method to be used when consolidating jointly controlled entities, and does not permit the use of the proportional method. Effective for the period beginning on 1st November 2014.
- IFRS 12 Disclosure of Interests in Other Entities. The standard requires additional disclosure in relation to subsidiaries, joint arrangements, associates and unconsolidated entities. Effective for the period beginning on 1st November 2014.
- IFRS 13 Fair Value Measurement. The standard defines fair value and provides a single IFRS framework for measuring fair value. Effective for the period beginning on 1st November 2013.

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

2 SEGMENTAL ANALYSIS

No segmental information has been presented as the Directors consider that, as the Group's main operation is that of a house builder and it operates entirely within the UK, there are no separate segments either business or geographic to disclose having taken into account the aggregation criteria provisions of IFRS 8.

3 EXCEPTIONAL ADMINISTRATIVE EXPENSES

Exceptional costs of £5.9m in connection with the IPO in February have been charged as administrative expenses in the year. These costs reflect legal, accounting and advisory costs of the IPO of £3.5m, and a share-based payment charge of £2.4m which crystallised upon listing.

4 OPERATING PROFIT

Operating profit from continuing activities is stated after charging:

	2013	2012
	£m	£m
Staff costs (Note 5)	46.0	35.5
Depreciation	1.3	1.2
Operating lease rentals:		
Hire of plant and machinery	0.2	0.2
Other – including land and buildings	4.0	4.0

Auditors' remuneration:	£000	£000
Audit of these financial statements	41	38
Audit of financial statements of subsidiaries pursuant to legislation	125	116
Review of half year results	21	-
Fees in relation to IPO	893	-
Other services relating to taxation	29	58

Amounts paid to the Company's Auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

5 STAFF NUMBERS AND COSTS

		2013	2012
(a)	**Average number of persons employed by the Group**	Number	Number
	Development	617	556

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

		2013	2012
(b)	**Staff costs (including Directors)**	**£m**	**£m**
	Wages and salaries	**35.6**	**30.3**
	Social security costs	**4.3**	**3.6**
	Pension costs	**1.6**	**1.6**
		41.5	**35.5**
	Share-based payments (Note 22)	**4.5**	**-**
		46.0	**35.5**

(c) Key management remuneration

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

	2013	2012
	£m	**£m**
Salaries and fees	**2.1**	**1.9**
Taxable benefits	**0.1**	**0.1**
Annual bonus - cash	**1.2**	**1.2**
Pension costs	**0.1**	**0.1**
	3.5	**3.3**
Share-based payments	**3.2**	**-**
	6.7	**3.3**

(d) Directors remuneration

Information relating to Directors remuneration, incentive plans, share options and pension entitlement appears in the Directors Remuneration Report. Directors remuneration comprised:

	2013	2012
	£m	**£m**
Salaries and fees	**1.1**	**0.9**
Taxable benefits	**0.1**	**0.1**
Annual bonus - cash	**0.7**	**0.6**
Pension costs	**0.2**	**0.2**
	2.1	**1.8**
Share-based payments	**1.7**	**-**
	3.8	**1.8**

6 FINANCE INCOME AND EXPENSE

	2013	2012
Finance income	**£m**	**£m**
Interest income	**0.6**	**1.4**
Imputed interest on other financial assets	**1.6**	**2.9**
Expected return on defined benefit pension plan assets	**4.8**	**4.9**
	7.0	**9.2**

	2013	2012
Finance expenses	**£m**	**£m**
Interest on bank loans and overdrafts	**8.3**	**10.4**
Imputed interest on deferred land payables	**2.7**	**1.0**
Interest on defined benefit pension plan obligations	**6.3**	**7.2**
	17.3	**18.6**

7 INCOME TAX EXPENSE / (INCOME)

	2013	2012
	£m	**£m**
Current tax credit		
UK Corporation tax on profits for the year	**-**	**-**
Adjustment in respect of prior years	**-**	**(0.3)**
Total current tax	**-**	**(0.3)**
Deferred tax		
Reversal of temporary differences in the current year	**18.9**	**15.5**
Deferred tax change in rate	**4.4**	**6.0**
Deferred tax arising on previously unrecognised temporary differences	**(7.6)**	**(23.0)**
Share-based payments	**(0.8)**	**-**
Total deferred tax (Note 18)	**14.9**	**(1.5)**
Total tax in income statement	**14.9**	**(1.8)**

During the year, the Group's forecast interest payments and receipts profile was reviewed, and previously irrecoverable non-trade deficits were re-assessed as recoverable.

The total tax charge for the year is lower (2012: tax income, lower) than the standard rate of UK corporation tax of 23.42% (2012: 24.83%). The differences are explained below:

	£m	£m
Profit before tax	**80.9**	**62.1**
Tax on profit at 23.42% (2012: 24.83%)	**18.9**	**15.4**
Effects of:		
Expenses not deductible for tax purposes	**2.6**	**1.0**
Enhanced tax deductions	**(3.4)**	**-**
Deductible temporary differences not recognised	**-**	**(1.1)**
Deferred tax change in rate	**4.4**	**6.0**
Unrecognised tax losses	**-**	**0.2**
Deferred tax arising on previously unrecognised temporary differences	**(7.6)**	**(23.0)**
Adjustments to tax charge in respect of prior years	**-**	**(0.3)**
Total tax in income statement	**14.9**	**(1.8)**

8 DIVIDENDS

	2013	2012
	£m	£m
Proposed final dividend for the year ended 31st October 2013 of 6.5 pence per share (2012: nil)	**16.3**	**-**

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 20th March 2014, and in accordance with IAS 10 'Events after the Reporting Period', has not been included as a liability in these financial statements.

9 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 adjusted to assume the conversion of all potentially dilutive ordinary shares. The 2012 weighted average number of shares is the number before the issue of new share capital during the year.

Year ended 31st October 2013

	Pre-exceptional earnings	Post-exceptional earnings	Weighted average number of Ordinary shares	Pre-exceptional earnings per share	Post-exceptional earnings per share
	£m	£m	Number	Pence	Pence
Basic earnings per share	71.5	66.0	243,426,592	29.4	27.1
Dilutive effect of share options	-	-	4,005,851		
Diluted earnings per share	71.5	66.0	247,432,443	28.9	26.7

Year ended 31st October 2012

Basic and diluted earnings per share	63.9	63.9	224,316,968	28.5	28.5

The number of shares for the years ended 31st October 2012 and 2013 above take account of the share reorganisation that happened in February 2013.

10 INTANGIBLE ASSETS

Goodwill	2013	2012
	£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)**
Carrying 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 and is tested annually for impairment. The recoverable amounts are determined by assessing value in use, being the present value of the forecast cash flows from the expected development and sale of properties on the strategic land. The forecast looks at the likelihood and scale of permitted development, forecast build costs and forecast selling prices, using a discount rate of 9.05% (2012: 8.89%), 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.

11 PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	£m	£m
Cost		
At beginning of the year	**9.3**	**8.8**
Additions	**1.0**	**0.5**
Disposals	**(1.9)**	**-**
At end of the year	**8.4**	**9.3**
Accumulated depreciation		
At beginning of the year	**7.1**	**5.9**
Additions	**1.3**	**1.2**
Disposals	**(1.9)**	**-**
At end of the year	**6.5**	**7.1**
Carrying value		
At end of the year	**1.9**	**2.2**

12 INVESTMENTS

Joint ventures	Cost of investment/ loans	Share of post acquisition reserves	Total
	£m	£m	£m
At 31st October 2011	**3.3**	**(1.0)**	**2.3**
Share of loss for the year	**-**	**(1.8)**	**(1.8)**
Net liabilities offset against amounts due from joint ventures	**(1.9)**	**4.3**	**2.4**
At 31st October 2012	**1.4**	**1.5**	**2.9**
Disposal as below	**(1.4)**	**0.4**	**(1.0)**
At 31st October 2013	**-**	**1.9**	**1.9**

The Group’s share of joint ventures net assets, income and expense is made up as follows:

	2013	2012
	£m	£m
Non-current assets	**0.1**	**0.1**
Current assets	**14.4**	**31.0**
Current liabilities	**(15.0)**	**(29.6)**
Non-current liabilities	**-**	**(1.0)**
	(0.5)	**0.5**
Net liabilities offset against amounts due from joint ventures	**2.4**	**2.4**
Net assets	**1.9**	**2.9**
Income	**-**	**-**
Expenditure	**-**	**(1.8)**
Loss	**-**	**(1.8)**

The Group has a 50% interest in Crest/Galliford Try (Epsom) LLP, a Limited Liability Partnership set up to develop three sites in Epsom. The LLP purchased the land and is responsible for developing the infrastructure on the sites. The risks and rewards of development will accrue to the development partners, Crest Nicholson and Galliford Try.
At 31st October 2013, Crest/Galliford Try (Epsom) LLP had negative Capital Employed of £14m (2012: £3m). The share of net liabilities has been recognised against amounts due from joint ventures.

The Group has a 50% interest in Crest Nicholson Bioregional Quintain LLP, a Limited Liability Partnership set up to develop a site in Brighton. The site was substantially completed during accounting year ended 31st October 2010; at 31stOctober 2013, Crest Nicholson Bioregional Quintain LLP had Capital Employed of £3.7m (2012: £3.7m). At 31st October 2013, £1.4m was due from Crest Nicholson Operations Limited to Crest Nicholson Bioregional Quintain LLP, pending declaration of a distribution.

The Group owns 500 ordinary shares of £1 each representing 50% of the issued share capital of Brentford Lock Limited, a Company registered in England, which was set up to redevelop a site in West London. The site was completed and all units sold in 2006. At 31st October 2013, £3.3m was due from Crest Nicholson Operations Limited to Brentford Lock Limited, pending declaration of a final dividend (2012: £3.3m).

During the year the Group disposed of its 50% interest in the share capital of Greenwich Peninsula N0206 Limited, a Company set up to redevelop a site in Greenwich, London.

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. A full list of subsidiaries is provided with the Company’s annual return.

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

13 OTHER FINANCIAL ASSETS

	2013	2012
	£m	£m
At beginning of the year	**31.1**	**26.8**
Additions	**2.8**	**3.7**
Disposals	**(3.6)**	**(2.0)**
Imputed interest	**1.6**	**2.9**
Change in fair value	**-**	**(0.3)**
At end of the year	**31.9**	**31.1**

Other financial assets carried at fair value are categorised as level 3 (inputs not based on observable market data) within the hierarchical classification of IFRS 7 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, future house price movements, the expected timing of receipts and the likelihood that a purchaser defaults on a repayment. These assumptions are given below and are reviewed at each period end.

	2013	2012
Assumptions		
Discount rate, incorporating default rate	**10.5%**	**9.4%**
House price inflation for the next three years	**3.0%**	**2.0%**
Timing of receipt	**10 to 13 years**	**10 to 13 years**

Sensitivity – affect on value of other financial assets (less)/more	**2013**	**2013**
	Increase assumptions by 1 % / 1 year	**Decrease assumptions by 1 % / 1 year**
	£m	**£m**
Discount rate, incorporating default rate	**(1.4)**	**1.5**
House price inflation for the next three years	**0.7**	**(0.7)**
Timing of receipt	**(1.3)**	**1.3**

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 2013 was £1.6m (2012: £2.9m).

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

14 INVENTORIES

	2013	2012
	£m	£m
Work in progress: land, building and development	**545.3**	**428.4**
Completed buildings including show houses	**32.4**	**41.0**
	577.7	**469.4**

Included within inventories is £208.4m (2012: £233.5m) expected to be recovered in more than 12 months. Inventories of £367.4m (2012: £281.8m) were expensed in the year.

15 TRADE AND OTHER RECEIVABLES

	2013	2012
	£m	£m
Non-current		
Trade receivables	**4.2**	**-**
Current		
Trade receivables	**11.7**	**3.7**
Recoverable on contracts	**15.1**	**8.3**
Due from joint ventures	**2.1**	**16.9**
Other receivables	**13.4**	**11.5**
Prepayments and accrued income	**1.7**	**1.1**
	44.0	**41.5**

Current trade receivables of £4.7m have been collected since year end. The balance is due according to contractual terms.

16 INTEREST BEARING LOANS AND BORROWINGS

	2013	2012
	£m	**£m**
Non-current		
Term loans	**-**	**152.0**
Revolving credit facility	**45.0**	**-**
Revolving credit facility issue costs	**(2.5)**	**-**
Other loans	**17.3**	**24.1**
	59.8	**176.1**
Current		
Other loans	**22.2**	**4.3**

17 TRADE AND OTHER PAYABLES

	2013	2012
	£m	**£m**
Non-current		
Land payables on contractual terms	**74.6**	**33.7**
Accruals	**0.9**	**1.1**
	75.5	**34.8**
Current		
Land payables on contractual terms	**45.8**	**56.6**
Other trade payables	**27.7**	**22.2**
Payments on account	**13.4**	**0.5**
Due to joint ventures	**1.4**	**1.4**
Taxes and social security costs	**1.4**	**1.2**
Other payables	**44.7**	**27.4**
Accruals	**80.7**	**85.6**
	215.1	**194.9**

18 DEFERRED TAX ASSETS

	2013 £m	2012 £m
At beginning of the year	**74.9**	**75.2**
Profit and loss movement		
Reversal of temporary differences in the current year	**(18.9)**	**(15.5)**
Deferred tax change in rate	**(4.4)**	**(6.0)**
Deferred tax arising on previously unrecognised temporary differences	**7.6**	**23.0**
Share based payments	**0.8**	**-**
	(14.9)	**1.5**
Equity movements		
Amount charged to other comprehensive income	**(2.4)**	**(1.8)**
Share based payments	**0.5**	**-**
	(1.9)	**(1.8)**
At end of the year	**58.1**	**74.9**

	2013 Recognised £m	2013 Not recognised £m	2012 Recognised £m	2012 Not recognised £m
The deferred tax asset comprises:				
Tax losses	**23.7**	**3.4**	**26.5**	**12.7**
Accelerated pension payments	**0.4**	**-**	**0.9**	**-**
Inventories fair value	**27.5**	**-**	**39.5**	**-**
Share based payments	**1.3**	**-**	**-**	**-**
Other temporary differences	**0.7**	**-**	**1.1**	**-**
Pension deficit	**4.5**	**-**	**6.9**	**-**
Deferred tax asset	**58.1**	**3.4**	**74.9**	**12.7**

At the time of finalisation of these financial statements, the substantively enacted future corporation tax rates were 21% (FY 2014) and 20% (FY 2015). 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 2014: 21.83%, 31st October 2015: 20.42%, 31st October 2016 and subsequent: 20.0%).

Tax losses of £23.7m, split into, trading losses of £18.0m and non-trading losses of £5.7m, and inventories fair value are expected to be recoverable in full and are therefore fully recognised as deferred tax assets in the above amounts. The unrecognised deferred tax asset, in respect of non-trading losses is £3.4m (2012: £12.7m). The utilisation of these losses is beyond the Group three year forecasting period.

Inventories fair value represents temporary differences on the carrying value of inventory fair valued on the acquisition of Castle Bidco Ltd in 2009.

19 PROVISIONS

	Rental and other obligations in respect of commercial properties	Other	Total
	£m	£m	£m
Non-current			
At 31st October 2011	**5.1**	**6.0**	**11.1**
Credited to the income statement	**(0.2)**	**(3.8)**	**(4.0)**
At 31st October 2012	**4.9**	**2.2**	**7.1**
Credited to the income statement	**(0.8)**	**(2.2)**	**(3.0)**
At 31st October 2013	**4.1**	**-**	**4.1**
Current			
At 31st October 2011	**1.0**	**5.7**	**6.7**
(Credited)/charged to the income statement	**(0.3)**	**0.5**	**0.2**
At 31st October 2012	**0.7**	**6.2**	**6.9**
Charged/(credited) to the income statement	**1.8**	**(4.0)**	**(2.2)**
At 31st October 2013	**2.5**	**2.2**	**4.7**

The rental and other obligations in respect of commercial properties provision covers the shortfall on commercial head leases, rates and related service charges for the period the Group anticipates liability. The Group has head leases expiring up to September 2020. Other provisions relate to the unwind of investment fair value on joint ventures that arose on the acquisition of Castle Bidco Ltd in 2009. It is anticipated that the provision will be unwound by 31st October 2015.

20 SHARE CAPITAL

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
A shares	**65,000**	**0.01**	**7**	**-**
Deferred shares	**18,000**	**0.5**	**90**	**-**
B shares	**5,750**	**0.01**	**-**	**-**
C shares	**6,957**	**100**	**6,957**	**243,043**
D shares	**28,125**	**0.01**	**1**	**29,999**
Ordinary shares	**10,000,000**	**100**	**10,000,000**	**240,000,000**
As at 31st October 2012	**10,123,832**		**10,007,055**	**240,273,042**
Reorganisation in the year	**215,848,910**		**1,291,582**	**(1,291,669)**
New share capital	**25,454,545**	**5**	**1,272,727**	**52,653,843**
Share premium reduction in the year	**-**		**-**	**(220,000,000)**
Ordinary shares as at 31st October 2013	**251,427,287**	**5**	**12,571,364**	**71,635,216**

During the year the company reorganised its share capital in preparation for its admission to trading on the London Stock Exchange. All existing classes of shares (A, B, C, D, Deferred and Ordinary) were reorganised to make them 5 pence Ordinary shares. Crest Nicholson Holdings plc Ordinary share capital of 251,427,287 shares was admitted to the premium listing segment of the Official List of the UK Listing Authority on 18th February 2013.

The company issued 25,454,545 new 5 pence Ordinary shares during the year which resulted in a credit to equity of £53.9m net of issue costs.

For details of outstanding share options at 31st October 2013 see Note 22.

21 FINANCIAL RISK MANAGEMENT

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

Capital management

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

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.

Surplus cash is placed on deposit with banks with a minimum credit rating, in accordance with Group policy. The security and suitability of these banks is monitored by treasury on a regular basis.

Trade and other receivables are mainly amounts due from housing associations and commercial property sales, which are within credit terms. Management considers that the credit ratings of these various debtors are good and therefore credit risk is considered low.

The maximum exposure to credit risk at 31st October 2013 is represented by the carrying amount of each financial asset in the statement of financial position. The Group has no substantial exposure to any individual third party.

Liquidity risk

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

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

The following are the contractual maturities including estimated cash flows of the financial liabilities of the Group at 31st October 2013:

2013	Carrying value	Contractual cash flows	Within 1 year	1-2 years	2-3 years	More than 3 years
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revolving credit facility	**45.0**	**45.5**	**45.5**	**-**	**-**	**-**
Get Britain Building loans	**36.8**	**38.6**	**20.1**	**13.3**	**5.2**	**-**
Other loans	**2.7**	**2.7**	**2.7**	**-**	**-**	**-**
Financial liabilities carrying interest	**27.6**	**28.9**	**0.7**	**28.2**	**-**	**-**
Financial liabilities carrying no interest	**165.2**	**180.0**	**121.5**	**13.5**	**7.0**	**38.0**
At 31st October 2013	**277.3**	**295.7**	**190.5**	**55.0**	**12.2**	**38.0**

Get Britain Building 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 loans of £2.7m (2012: £12.1m) are from a joint venture partner and repayable at a date based on progress of the development and / or the termination of the joint venture agreement. The timing and amount of future cash flows given in the table above is based on the Directors' best estimate of the likely outcome.

2012	Carrying value	Contractual cash flows	Within 1 year	1-2 years	2-3 years	More than 3 years
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Facility B Term loan	**150.0**	**181.6**	**10.6**	**10.6**	**160.4**	**-**
Facility C Term loan	**2.0**	**2.2**	**0.1**	**0.1**	**2.0**	**-**
Get Britain Building loans	**16.3**	**18.1**	**4.5**	**7.4**	**4.2**	**2.0**
Other loans	**12.1**	**15.7**	**-**	**-**	**-**	**15.7**
Financial liabilities carrying no interest*	**140.4**	**156.4**	**109.4**	**10.4**	**7.2**	**29.4**
At 31st October 2012	**320.8**	**374.0**	**124.6**	**28.5**	**173.8**	**47.1**

***** The comparative amounts for financial liabilities carrying no interest in respect of deferred land payables has been restated in these financial statements to include the related imputed interest charge of £16.0m.

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.

For the year ended 31st October 2013 it is estimated that an increase of 1% in interest rates applying for the full year would decrease the Group's profit before taxation by £1.2m (2012: £1.8m).

At 31st October 2013, the interest rate profile of the financial liabilities of the Group was:

Sterling Bank borrowings, loan notes and long term creditors	2013	2012
	£m	**£m**
Floating rate financial liabilities	**84.5**	**180.4**
Financial liabilities carrying interest	**27.6**	**-**
Financial liabilities carrying no interest	**165.2**	**140.4**
	277.3	**320.8**

For financial liabilities that have no interest payable but for which imputed interest is charged, consisting of land creditors, the weighted average period to maturity is 66 months (2012: 72 months).

The maturity of the financial liabilities is:	2013	2012
	£m	£m
Repayable within one year	185.5	111.1
Repayable between one and two years	50.2	14.5
Repayable between two and five years	22.1	162.2
Repayable after five years	19.5	33.0
	277.3	320.8

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 2013 cash equivalents consisted of sterling cash deposits of £124.5m (2012: £150.1m), with solicitors and on current account, £31.9m (2012: £31.1m) of other financial assets and £48.2m (2012: £42.5m) of trade and other receivables.

Financial liabilities

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

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

2013	Nominal interest rate	Face value 2013 £m	Carrying value 2013 £m	Fair value 2013 £m	Year of maturity
Revolving credit facility	3 mth LIBOR + 4.25%	45.0	45.0	45.0	2016
Get Britain Building loans	EU Reference rate + 2.2% to 4.0%	17.3	17.3	17.3	2015
Total non-current interest bearing loans		62.3	62.3	62.3	
Get Britain Building loans	EU Reference rate + 2.2% to 4.0%	19.5	19.5	19.5	2014
Other loans	6.75%	2.7	2.7	2.7	2016
Total current interest bearing loans		22.2	22.2	22.2	

2012	Nominal interest rate	Face value 2012 £m	Carrying value 2012 £m	Fair value 2012 £m	Year of maturity
Facility B Term loan	3 mth LIBOR + 6.5%	150.0	150.0	150.0	2015
Facility C Term loan	3 mth LIBOR + 3.5%	2.0	2.0	2.0	2015
Get Britain Building loans	EU Reference rate + 4.0%	12.0	12.0	12.0	2014-2015
Other loans	6.75%	12.1	12.1	12.1	2016
Total non-current interest bearing loans		176.1	176.1	176.1	
Get Britain Building loans	EU Reference rate + 4.0%	4.3	4.3	4.3	2013
Total current interest bearing loans		4.3	4.3	4.3	

22 EMPLOYEE BENEFITS

(a) **Retirement benefit obligations**

Defined contribution scheme

The Group (through Crest Nicholson plc) operates a defined contribution scheme open to all employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The service cost of this scheme for the year was £1.4m (2012: £1.3m). At the statement of financial position date there were no outstanding or prepaid contributions.

Defined benefit scheme

The Group (through Crest Nicholson plc) operates a contributory defined benefit pension scheme which is closed to new entrants and future accrual. The assets of the scheme are held separately from those of the Group, being invested mainly in managed funds.

The most recent funding valuation of the main scheme was carried out as at 31st August 2012 by a professionally qualified actuary using the defined accrued benefit method.

The assets of the defined benefit scheme have been calculated at fair value and the liabilities, at the statement of financial position date under IAS 19 (Revised), using the projected unit method and based on the following financial assumptions:

	2013	**2012**
	%pa	**%pa**
Discount rate	**4.4%**	**4.3%**
Price inflation	**3.3%**	**2.6%**
Pension increases on benefit increasing in line with 5% or RPI if lower	**3.2%**	**2.6%**
Expected return on invested assets	**4.6%**	**4.4%**
Expected return on insurance annuity contracts	**4.6%**	**4.3%**

The expected return on assets reflects the weighted average return on the categories of scheme assets shown below.

Mortality assumptions are as follows:

- Mortality before retirement: SAPS S1 PxAtables with future improvements in line with CMI 2011 and a 1.5% per annum long term reduction in death rates.
- Mortality after retirement: SAPS S1 PxA tables with future improvements in line with CMI 2011 and a 1.5% per annum long term reduction in death rates.

The major categories of scheme assets as a percentage of the total fair value of scheme assets are as follows:

	2013	**2012**
Equities	**58.5%**	**56.4%**
Bonds	**29.9%**	**28.4%**
Property	**1.7%**	**2.0%**
Cash	**3.4%**	**5.0%**
Secured annuities	**6.5%**	**8.2%**
Total	**100.0%**	**100.0%**

The amounts recognised in the year are as follows:

	2013	2012
	£m	**£m**
Interest cost – recognised in finance costs	**6.3**	**7.2**
Expected return on scheme assets – recognised in finance income	**(4.8)**	**(4.9)**
Total	**1.5**	**2.3**
Actuarial (gain)/loss	**(0.7)**	**1.7**
Total defined benefit scheme costs recognised in the year	**0.8**	**4.0**

The cumulative debit to the Statement of Comprehensive Income since the adoption of IAS 19 is £32.3m (2012: £33.0m).

The actual return on scheme assets is:

	2013	2012
	£m	**£m**
Expected return on scheme assets	**4.8**	**4.9**
Actuarial gain/(loss) on scheme assets	**10.8**	**(0.6)**
Actual return on scheme assets	**15.6**	**4.3**

The amounts included in the statement of financial position arising from the Group’s obligation in respect of its defined benefit scheme are as follows:

	2013	2012
	£m	**£m**
Present value of defined benefit obligations	**160.0**	**147.9**
Fair value of scheme assets	**(138.5)**	**(118.0)**
Defined benefit liability recognised in the statement of financial position	**21.5**	**29.9**

A deferred tax asset of £4.5m (2012: £6.9m) has been recognised in the statement of financial position.

Movements in the liability recognised on the statement of financial position were as follows:

	2013	2012
	£m	**£m**
At beginning of the year	**29.9**	**34.5**
Total expense (as shown above)	**0.8**	**4.0**
Company contributions paid in the year	**(9.2)**	**(8.6)**
At end of the year	**21.5**	**29.9**

Changes in the present value of the defined benefit obligation were as follows:

	2013	2012
	£m	**£m**
At beginning of the year	**147.9**	**144.2**
Interest cost	**6.3**	**7.2**
Actuarial losses	**10.1**	**1.0**
Benefits and expenses paid	**(4.3)**	**(4.5)**
At end of the year	**160.0**	**147.9**

Changes in the fair value of scheme assets were as follows:

	2013	2012
	£m	£m
At beginning of the year	**118.0**	**109.7**
Expected return on scheme assets	**4.8**	**4.9**
Actuarial gain/(loss) on scheme assets	**10.8**	**(0.6)**
Employer contributions	**9.2**	**8.6**
Benefits and expenses paid	**(4.3)**	**(4.6)**
At end of the year	**138.5**	**118.0**

A history of experience adjustments is as follows:

	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Present value of defined benefit obligation	**160.0**	**147.9**	**144.2**	**131.0**	**136.4**
Fair value of scheme assets	**(138.5)**	**(118.0)**	**(109.7)**	**(94.9)**	**(90.3)**
Deficit in the scheme	**21.5**	**29.9**	**34.5**	**36.1**	**46.1**
Experience adjustments on scheme liabilities	**(10.1)**	**(1.0)**	**(9.9)**	**4.4**	**35.7**
Percentage of scheme liabilities	**6.3%**	**0.7%**	**6.9%**	**3.4%**	**26.2%**
Experience adjustments on scheme assets	**10.8**	**(0.6)**	**(0.2)**	**1.8**	**8.5**
Percentage of scheme assets	**7.8%**	**0.5%**	**0.2%**	**1.9%**	**9.4%**

The expected employer contribution to the defined benefit scheme during 2014 is £9.0m.

(b) Share-based payments

In 2011 a Management Incentive Plan was established for the benefit of key managers, providing equity participation in A, B and D shares and flowering equity. During the year these shares vested.

The Group operates a long-term incentive plan (LTIP), employee share option scheme (ESOS), save as you earn scheme (SAYE) and a deferred bonus plan, all of which are detailed below:

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 are subject to performance criteria and vest over three years. Awards may be satisfied by shares held in the employee benefit trust, the issue of new shares or the acquisition of shares in the market.

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. There are no performance criteria but recipients must remain employed by the Group on the applicable vesting date.

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.

Deferred bonus plan
Under the terms of certain bonus schemes, some parts of bonus payments must be deferred in to shares. The first options under this scheme will be issued in 2014 in respect of 2013 year end.

Details of the LTIP, ESOS and SAYE are as follows:

Date of grant	Options issued	Vesting conditions	Exercise price	Options outstanding	Contractual life
Long-term incentive plan					
8th March 2013	2,226,041	3 years service, average ROCE and PBT over the vesting period dictates vesting entitlement	-	2,140,612	8th March 2013 to 7th March 2023
Employee share option scheme					
11th February 2013	1,070,131	Admission was the condition	-	846,478	11th February 2013 to 10th February 2023
6th March 2013	92,500	1 years service	-	92,500	6th March 2013 to 5th March 2023
6th March 2013	615,000	2 years service	-	597,000	6th March 2013 to 5th March 2023
Save as you earn					
22nd May 2013	805,805	3 year service	£2.47	780,304	1st August 2016 to 1st February 2017

The number of share options is as follows:

	2013 Number of options	2012 Number of options
Outstanding at the beginning of the year	-	-
Granted during the year	**4,809,477**	-
Exercised during the year	**(223,653)**	-
Lapsed during the year	**(128,930)**	-
Outstanding at the end of the year	**4,456,894**	-

Share-based payments expense recognised as staff costs in the income statement:

	2013 £m	2012 £m
LTIP	**1.1**	-
ESOS	**3.0**	-
SAYE	**0.1**	-
Deferred bonus plan	**0.3**	-
	4.5	-

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The inputs into the models for the various grants in the current year were as follows:

Date of grant	Type of instrument	Valuation model	Options Outstanding on 31st October 2013 Number	Share price on date of grant £	Exercise price £	Expected volatility %	Vesting period Years	Expected life Years	Risk free rate %	Expected annual dividend %	Fair value £
11th Feb 2013	ESOS	See below	846,478	2.20	-	-	-	-	-	-	-
6th Mar 2013	ESOS	See below	689,500	2.69	-	-	-	-	-	-	-
8th Mar 2013	LTIP	Binomial	2,140,612	2.80	-	33.00	3.00	3.00	0.40	2.50	2.62
22nd May 2013	SAYE	Binomial	780,304	3.37	2.47	32.00	3.70	3.70	0.55	2.50	0.82

The ESOS represents the balance of shares from the previous management incentive plan which vested at Admission and are valued at the admission price or share price on date of grant.

Expected volatility has been calculated on the historic share price movements of comparable companies, given that Crest Nicholson Holdings plc has only been listed since February 2013.

23 CONTINGENT LIABILITIES

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

24 OPERATING LEASES

At 31st October 2013 total outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	2013	2012
	£m	**£m**
Land and buildings		
Within one year	**3.0**	**3.1**
Less: minimum sub-lease income	**(1.2)**	**(1.1)**
Between two and five years	**7.8**	**9.2**
Less: minimum sub-lease income	**(1.8)**	**(2.5)**
After five years	**4.0**	**5.6**
	11.8	**14.3**
Other		
Within one year	**1.2**	**1.1**
Between two and five years	**1.5**	**1.7**
	2.7	**2.8**

25 RELATED PARTY TRANSACTIONS

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

The Group has historical joint venture arrangements with subsidiaries of Quintain Estates and Developments plc on arm's length terms. William Rucker (Chairman of the Company) is Chairman of Quintain Estates and Developments plc. William Rucker is also the Chief Executive of Lazard & Co., Holdings Limited (Lazard). During the year, Lazard were engaged to provide advisory support whilst the Group undertook the refinancing and IPO of the business. Fees to Lazard of £702,000 and £505,000 were incurred in the year in relation to the refinancing and the IPO respectively.

The Group has entered into the following related party transactions:

(i) Transactions with joint ventures, which are disclosed in Note 12. The Group has provided book-keeping services to certain joint ventures which have been recharged at cost.

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

CREST NICHOLSON HOLDINGS PLC
COMPANY STATEMENT OF FINANCIAL POSITION
As at 31st October 2013

	Note	2013	2012
		£000	£000
Fixed assets			
Investments	4	-	-
Current assets			
Debtors	5	398,472	301,088
Net current assets		398,472	301,088
Total assets less current liabilities		398,472	301,088
Net assets		398,472	301,088
Capital and reserves			
Called up share capital	6	12,571	10,007
Share premium account	7	71,636	240,273
Profit and loss account	7	314,265	50,808
Equity shareholders' funds	7	398,472	301,088

The notes on pages 45 to 47 form part of these financial statements.
There are no recognised gains and losses for the year (2012: nil)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31st October 2013

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

Basis of preparation

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

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

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company recorded a profit for the year of £43,457,000 (2012: £46,657,000).

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

The principal accounting policies adopted are set out below.

Investments

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

Taxation

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

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

Dividends

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

2 STAFF NUMBERS AND COSTS

The Company has no employees.

3 DIVIDENDS

Details of the dividends recognised as distributions to equity shareholders in the period and those proposed after the statement of financial position date are as shown in Note 8 of the consolidated financial statements.

4 FIXED ASSET INVESTMENTS

Fixed asset investments relates to the investment in Castle Bidco Limited of £1. The subsidiary undertakings that are significant to the Group and traded during the period are shown in Note 12 of the consolidated financial statements.

5 DEBTORS

	2013	2012
Amounts falling due within one year:	£000	£000
Amounts due from Group undertakings	398,472	301,088

6 SHARE CAPITAL

	Shares issued Number	Nominal value Pence	Share capital £	Share premium account £
A shares	65,000	0.01	7	-
Deferred shares	18,000	0.5	90	-
B shares	5,750	0.01	-	-
C shares	6,957	100	6,957	243,043
D shares	28,125	0.01	1	29,999
Ordinary shares	10,000,000	100	10,000,000	240,000,000
As at 31st October 2012	10,123,832		10,007,055	240,273,042
Reorganisation in the year	215,848,910		1,291,582	(1,291,669)
New share capital	25,454,545	5	1,272,727	52,653,843
Share premium reduction in the year	-		-	(220,000,000)
Ordinary shares as at 31st October 2013	251,427,287	5	12,571,364	71,635,216

During the year the company reorganised its share capital in preparation for its admission to trading on the London Stock Exchange. All existing classes of shares (A, B, C, D, Deferred and Ordinary) were reorganised to make them 5 pence Ordinary shares. Crest Nicholson Holdings plc Ordinary share capital of 251,427,287 shares was admitted to the premium listing segment of the Official List of the UK Listing Authority on the 18th February 2013.

The company issued 25,454,545 new 5 pence Ordinary shares during the year which resulted in a credit to equity of £53.9m net of issue costs.

7 RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital	Share premium	Profit and loss account	Total
	£000	£000	£000	£000
At 31st October 2012	10,007	240,273	50,808	301,088
Reorganisation in the year	1,286	(1,286)	-	-
New share capital	1,278	54,722	-	56,000
IPO fees written off against share premium	-	(2,073)	-	(2,073)
Share premium reduction in the year	-	(220,000)	220,000	-
Profit for the year	-	-	43,457	43,457
At 31st October 2013	12,571	71,636	314,265	398,472

8 CONTINGENT LIABILITIES

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

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

9 RELATED PARTIES

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

– Ends –