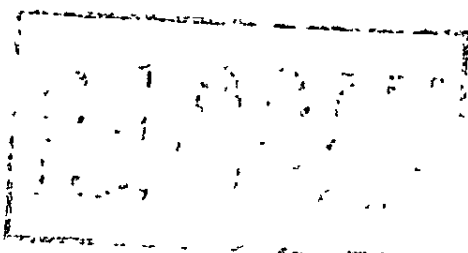


CREST NICHOLSON PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31st October 2014



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CREST NICHOLSON PLC

STRATEGIC REPORT

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the design and delivery of sustainable housing and mixed use communities. The Company's core operations are focused on the southern half of the UK with emphasis on creating high quality, well-designed homes and sustainable communities.

KEY PERFORMANCE INDICATORS

A year of strong financial results with continuing focus on balanced, sustainable value creation through economic, social and environmental performance.

Growth of the business		2014	2013	2012
Units completed	Units	2,530	2,172	1,882
Average open-market selling price	£000	287	250	230
Sales revenue	£m	636.3	525.7	408.0
Operating profit	£m	96.1	61.0	35.1
Gross profit margin	%	22.8	20.4	18.0
Profit after taxation	£m	67.4	35.2	36.3
Short-term land units	Units	17,247	16,388	16,959
Strategic units	Units	16,219	14,325	12,623
Delivering to customers and communities				
Customer service (independent rating)	Stars	5	4	5
People who would recommend Crest to a friend (independent survey)	Out of 10	9/10	9/10	9/10
Skills and leadership				
Number of vacancies filled by internal promotions	Number	67	72	35
Number of apprentices	Number	69	60	45
Number of graduates	Number	17	7	6
Average training hours per employee	Hours	12.5	7.5	8.3
Responsible resource management				
Construction waste diverted from landfill	%	95	95	94
Homes built on brownfield land	%	72	78	82
Sites with ecological enhancement or protection	Number	37	32	n/a

RESULTS AND DIVIDEND

Results for the financial year ended 31st October 2014 are strongly ahead of the prior year, driven by a 16% increase in housing unit completions.

Sales revenues of £636.3m were 21% higher than prior year, driven by increases in housing revenue. After financing costs and taxation, the company recorded a profit for the year of £67.4m (2013: £35.2m). The Directors do not propose a dividend for the year (2013: nil).

SHARE CAPITAL

The Company has 115,294,459 Ordinary shares of 10p each in issue at 31st October 2014 and 2013.

HOUSING

Housing revenues of £603.9m (2013: £491.2m) were 23% up on prior year, whilst unit completions of 2,530 (2013: 2,172) were up 16%. Generally improving economic conditions and improved mortgage access have underpinned a sustained recovery in the housing market, with reservations under the government's Help to Buy scheme continuing to represent an important source of demand.

MIXED USE COMMERCIAL AND LAND SALES

Revenues from land sales and commercial mixed-use continue to comprise a small part of overall operations, together accounting for £32.4m of sales (2013: £34.5m). Commercial activity primarily related to the construction of a superstore for Morrisons on our Centenary Quay regeneration site in Southampton.

MARGINS

Gross margins improved to 22.8% (2013: 20.4%), reflecting the net benefit enjoyed by the business from sales price inflation in excess of cost inflation, and the impact of the rising number of plots that have been sourced through the strategic land bank.

Increase in business scale has driven down administrative expenses as a percentage of sales to 7.7% (2013: 8.8%).

Operating profits of £96.1m (2013: £61.0m) were 58% higher than prior year and operating margins at 15.1% (2013: 11.6%), reflect the improvement in gross margins.

FINANCIAL POSITION

The Company had net assets at 31st October 2014 of £347.6m (2013: £286.2m), an increase of 21.5% over the prior year.

Inventories have increased by 28.9%, up from £698.6m at 31st October 2013 to £900.7m at 31st October 2014. During the year, significant investments on the infrastructure required to open up a number of our strategic sites for production have continued and the first legal completions have been achieved at Kilnwood Vale in West Sussex, Monksmoor Park in Northamptonshire and Stour Meadows in Kent. Tadpole Gate, a strategic site near Swindon being developed along Garden Village principles, has also now opened for sale. Stocks of completed units continue to be at very low levels and amounted to £34.5m (2013: £32.4m).

LAND PIPELINE

The contracted land pipeline is summarised in terms of units and gross development value (GDV) as follows:

	2014		2013	
	Units	GDV £m	Units	GDV £m
Short-term housing	17,247	4,798	16,388	3,886
Short-term commercial	-	221	-	251
Total short-term	17,247	5,019	16,388	4,137
Strategic land	16,219	4,323	14,325	3,535
Total under contract	33,466	9,342	30,713	7,672

The short-term housing pipeline now represents 6.8 years of supply, down from 7.5 years at 31st October 2013. The average selling price (ASP) of units within the short-term portfolio is £278,000, including affordable units supplied pursuant to Section 106 agreements.

Unit numbers have increased by 5%, whilst overall GDV has risen 23%. The increase in GDV reflects both historic sales price appreciation and the mix of additions to the pipeline. Selective additions have been made during the year in strong locations where the prevailing ASP is higher than our current levels.

Strategic land continues to be an important source of supply and during the year, six sites and 1,587 plots have been pulled through from the strategic land pipeline into the short-term pipeline. Notwithstanding these transfers, overall strategic land bank numbers have risen as new sites are contracted.

Our healthy land pipeline enables the Group to maintain its focus on investing in opportunities that deliver attractive financial returns, hurdle rates for new site acquisitions were raised during the year in support of this objective.

RISK MANAGEMENT

The aim of risk management is to identify and document all inherent risks that could affect the achievement of our objectives. Risk management is a regular focus for all parts of the business with the emphasis on continuous improvement. In the regional divisions, each divisional management board undertakes a regular assessment of its exposure to financial, operational and strategic risks and the measures that have been put in place to manage those risks.

Risks are initially reported through the divisional board and subsequently incorporated into the Group risk matrix. Each risk is classified and prioritised for further attention using the approved risk acceptance thresholds and categories.

Our principal risks and the mitigations that are applied to them are as set out below

AREA	RISK	MITIGATION
Exposure to economic impacts arising from a reduction in the Government's stimulus package residual Eurozone issues geo-political events	Higher unemployment or fear of unemployment undermines consumer confidence and reduces propensity to purchase a new home	Maintain review of economic and political environment and consider potential responses to changes in trading conditions
Build cost inflation	Increased build costs, stimulated by rising activity, are disproportionate to changes in sale prices Suppliers seek to 'price in' sales price inflation	Significant work packages subject to comprehensive tender process and review Dialogue with suppliers and subcontractors to highlight benefits of volume, certainty and prompt payment as well as price
Land cost inflation	Increased land costs, stimulated by rising activity, are disproportionate to changes in sale prices Land vendors seek to 'price in' sales price inflation	Long land pipeline reduces pressure to buy sites Apply Group hurdle rates to investment decisions
Rapid and extensive changes to planning system introduce uncertainty delays and potential challenges to viable development	Principles of 'localism' in planning matters encourage challenge and resistance to development Central government responds only when impact on delivery become apparent	Work closely with key regulators and decision makers to establish key principles to be consistently upheld Incorporate planning uncertainties into assessment of land opportunities
Business insufficiently equipped to handle rising regulatory burden and zero carbon timeline	Shortages of key skills impact delivery, supply chain unable to meet regulatory needs Cost of solutions not optimised	Ensure adequate training and skills transfer mechanisms are in place Work with supply chain to foster a greater appreciation of issues and develop cost-effective solutions
Help to Buy incentive scheme removed or scaled back	Removal of Help to Buy could lead to volume reduction of 10-15% Reduced overall mortgage access impacts demand, sales values and rates of sale, and undermines confidence in the market	Alternative incentives available, though less compelling Maintain policymaker awareness of construction sector economic contribution Encourage lender community to focus on credit-worthiness Continue to develop alternative volume options Continue sales training to prepare for a tougher market in due course
Reputational damage arising from a major product failure or significant environmental or Health and Safety issue	Injury to persons, potential loss of life Serious damage to sites and/or environment, with consequential reputational damage and costs	Board leadership and scrutiny of health, safety and environment Assess risks and integrate them into management processes from pre-acquisition stage Dedicated teams in place with comprehensive procedures and controls
Recruitment and retention of staff with requisite skills more difficult in competitive market	Shortages of key staff in critical business areas introduces cost and delay in bringing developments forward	Ensure that the Group is a desirable employer offering competitive packages, career progression and strong training and development processes
Extreme weather events adversely impact developments and delivery	Changes in weather patterns adversely impact deliverability of sites Remedial solutions costly Delivery delay	Consider extreme weather impacts when designing product Enhance landscaping and mitigation measures to address consequences of extreme weather

AREA	RISK	MITIGATION
Supply of materials and/or labour fails to match desired production levels	Supply chain issues constrain output and efficiency in currently strong market Adverse customer experience as build completion forecasting is difficult and subject to variation	Dialogue with major suppliers Advance planning and call-off by Divisions Examine alternative production approaches e.g. timber frame as opposed to blocks Maintain strong apprenticeship programme

THE ROLE OF INTERNAL AUDIT

The business has an internal audit function, its work programme is designed (and flexed) to take account of the key risks identified by the business, as an extension of the general remit of the function to support the achievement of the Company's financial and operational objectives



By Order of the Board

K M Maguire
Secretary

Crest House
Pyncroft Road
Chertsey
Surrey KT16 9GN

5th February 2015

CREST NICHOLSON PLC

REPORT OF THE DIRECTORS

CHANGE IN STRUCTURE OF THE DIRECTORS' REPORT

The Company is required to prepare a Strategic Report for the year ended 31st October 2014. The contents in the following sections which were previously part of the Directors' Report have been transferred to the Strategic Report

- PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
- SHARE CAPITAL
- HOUSING
- MIXED USE COMMERCIAL AND LAND SALES
- MARGINS
- LAND PIPELINE
- RISK MANAGEMENT

DIRECTORS

The Directors during the year were

Mr S Stone

Mr N C Tinker

Mr S P Evans

Mr P J Bergin

Mr R Hoyles

DONATIONS

During the year the group made donations to charities of £20,000 (2013 £3,000)

Employees have continued to support the company's nominated charity, The Variety Club, and raised £93,062 for this cause during the year (2013 £53,200). In the prior year to mark our 50th anniversary year, we joined forces with international charity Habitat for Humanity to raise the funding required to build fifty new homes for people in need throughout the world. We beat the fundraising target, raising £124,457 which allowed almost 100 new homes to be built.

There were no political donations made.

DISCLOSURE OF INFORMATION TO AUDITOR

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



By Order of the Board

K M Maguire
Secretary

Crest House
Pycroft Road
Chertsey
Surrey KT16 9GN

5th February 2015

CREST NICHOLSON PLC

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREST NICHOLSON PLC

We have audited the financial statements of Crest Nicholson plc for the year ended 31 October 2014 set out on pages 8 to 39. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 October 2014 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square,
London
E14 5GL

6 February 2015

Crest Nicholson Plc
Consolidated Income Statement
For year ended 31st October 2014

	Note	2014 £m	2013 £m
Revenue – continuing activities	2	636.3	525.7
Cost of sales		<u>(490.9)</u>	<u>(418.2)</u>
Gross profit		145.4	107.5
Administrative expenses		<u>(49.3)</u>	<u>(46.5)</u>
Operating profit – continuing activities	3	96.1	61.0
Financial income	5	3.9	2.0
Bank finance costs	5	(18.5)	(15.2)
Other financial expenses	5	(4.4)	(4.1)
Net financing expense		<u>(19.0)</u>	<u>(17.3)</u>
Share of post tax loss of joint ventures using the equity method	9	-	-
Profit before tax		77.1	43.7
Income tax expense	6	(9.7)	(8.5)
Profit for the year attributable to equity shareholders		67.4	35.2

Crest Nicholson Plc
Consolidated Statement of Comprehensive Income
For year ended 31st October 2014

	2014 £m	2013 £m
Profit for the year	67.4	35.2
Other comprehensive income/(expense):		
Items that will never be recycled to the Income Statement		
Actuarial (losses)/gains on defined benefit pension schemes	(10.1)	0.7
Deferred tax recognised on actuarial losses/(gains)	0.3	(2.4)
Other comprehensive expense for the year net of income tax	(9.8)	(1.7)
Total comprehensive income attributable to equity shareholders	57.6	33.5

The notes on pages 12 to 34 form part of these financial statements

Crest Nicholson Plc
Consolidated Statement of Changes in Equity
For year ended 31st October 2014

	Share capital	Share premium	Capital redemption reserve	Capital contribution reserve	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
Balance at 31st October 2012	11.5	65.3	38.0	15.0	117.9	247.7
Profit for the year	-	-	-	-	35.2	35.2
Actuarial gain on pension scheme	-	-	-	-	0.7	0.7
Deferred tax on actuarial gain	-	-	-	-	(2.4)	(2.4)
Transactions with shareholders:						
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	11.5	65.3	38.0	15.0	156.4	286.2
Profit for the year	-	-	-	-	67.4	67.4
Actuarial loss on pension scheme	-	-	-	-	(10.1)	(10.1)
Deferred tax on actuarial loss	-	-	-	-	0.3	0.3
Transactions with shareholders						
Equity settled share based payments	-	-	-	-	4.0	4.0
Deferred tax on equity settled share based payments	-	-	-	-	(0.2)	(0.2)
Balance at 31st October 2014	11.5	65.3	38.0	15.0	217.8	347.6

The notes on pages 12 to 34 form part of these financial statements

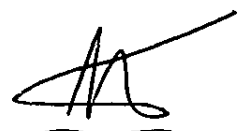

Crest Nicholson Plc
Consolidated Statement of Financial Position
As at 31st October 2014

ASSETS	Note	2014 £m	2013 £m
Non-current assets			
Property, plant and equipment	8	2.2	1.9
Investments in joint ventures	9	0.2	1.9
Other financial assets	10	28.4	31.9
Deferred tax assets	15	15.4	25.0
Trade and other receivables	12	-	4.2
		<u>46.2</u>	<u>64.9</u>
Current assets			
Inventories	11	900.7	698.6
Trade and other receivables	12	46.9	44.0
Cash and cash equivalents		10.8	12.2
		<u>958.4</u>	<u>754.8</u>
Total assets		<u>1,004.6</u>	<u>819.7</u>
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	13	(14.1)	(17.3)
Trade and other payables	14	(55.4)	(47.9)
Retirement benefit obligations	19	(23.7)	(21.5)
Provisions	16	(4.0)	(4.1)
		<u>(97.2)</u>	<u>(90.8)</u>
Current liabilities			
Interest bearing loans and borrowings	13	(14.6)	(22.3)
Trade and other payables	14	(542.4)	(417.8)
Provisions	16	(2.8)	(2.6)
		<u>(559.8)</u>	<u>(442.7)</u>
Total liabilities		<u>(657.0)</u>	<u>(533.5)</u>
Net assets		<u>347.6</u>	<u>286.2</u>
SHAREHOLDERS' EQUITY			
Share capital	17	11.5	11.5
Share premium account		65.3	65.3
Capital redemption reserve		38.0	38.0
Capital contribution reserve		15.0	15.0
Retained earnings		217.8	156.4
		<u>347.6</u>	<u>286.2</u>

The notes on pages 12 to 34 form part of these financial statements

These financial statements were approved by the board of Directors on 5th February 2015 and were signed on its behalf by

S Stone

P J Bergin

Directors

Crest Nicholson Plc
Consolidated Cash Flow Statement
For year ended 31st October 2014

	2014 £m	2013 £m
Cash flows from operating activities		
Profit for the year	67.4	35.2
Adjustments for		
Depreciation charge	0.9	1.3
Net finance charges	19.0	17.3
Share-based payment expense	4.0	5.0
Taxation	9.7	8.5
Operating profit before changes in working capital and provisions	101.0	67.3
Decrease/(increase) in trade and other receivables	1.3	(6.7)
Increase in inventories	(202.1)	(80.6)
Increase in trade and other payables	121.6	33.2
Increase in other financial assets	(0.2)	(2.8)
Cash generated from operations	21.6	10.4
Interest paid	(18.5)	(15.3)
Net cash inflow/(outflow) from operating activities	3.1	(4.9)
Cash flows from investing activities		
Purchases of property, plant and equipment	(1.2)	(1.0)
Decrease in available for sale financial assets	7.0	3.6
Interest received	0.6	0.6
Net cash inflow from investing activities	6.4	3.2
Cash flows from financing activities		
Repayment of other borrowings	(20.3)	(12.8)
Proceeds from new loans	9.4	24.0
Net cash (outflow)/inflow from financing activities	(10.9)	11.2
Net (decrease)/increase in cash and cash equivalents	(1.4)	9.5
Cash and cash equivalents at the beginning of the year	12.2	2.7
Cash and cash equivalents at end of the year	10.8	12.2

The notes on pages 12 to 34 form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of preparation

Crest Nicholson 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 35 to 39.

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.

Crest Nicholson Plc and its subsidiaries are part of the group headed by Crest Nicholson Holdings plc (the Crest Nicholson Group). The Company and certain of its subsidiaries are cross-guarantors to the debt facilities of the Crest Nicholson Group. Accordingly, the Directors have considered that Group's position for the purposes of assessing the use of the going concern basis.

The Directors are satisfied that the Crest Nicholson Group has sufficient resources to continue in operation for the foreseeable future. The Directors reviewed detailed financial forecasts, and covenant compliance covering the period to October 2014, and summary financial forecasts for the following two years, and the ultimate parent undertaking intends to provide such funds and financial support to enable the company for twelve months from the date the board approved these financial statements to trade and meet its liabilities as they fall due. For these reasons, the Directors consider it appropriate to prepare the financial statements of the Company and 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, 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 2013 that were material to the Group.

Consolidation

(a) Subsidiaries

The consolidated financial statements include the accounts of Crest Nicholson 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.

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 since October 2001 and to future service accrual since April 2010) and also makes payments into a defined contribution scheme for employees.

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

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.

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 judgments 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.

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 effective for the first time

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1st November 2013:

IFRS 13 Fair Value Measurement The standard defines fair value and provides a single IFRS framework for measuring fair value. The adoption of this standard has not had a material effect on the Group's profit for the year or equity.

IAS 19 (Revised 2011) Employee Benefits The adoption by the Company of IAS 19 Employee Benefits has resulted in the interest cost and expected return on assets being replaced by a net interest charge/credit on the net defined benefit pension liability/surplus. The comparative period and full year ended 31 October 2013 have been restated for this, see note 5. Net assets are unchanged by this revision.

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

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

- IFRS 9 Financial instruments and the amendment on general hedge accounting Effective for the period beginning 1st November 2018
- IFRS 10 Consolidated Financial Statements Effective for the period beginning on 1st November 2014
- IFRS 11 Joint Arrangements Effective for the period beginning on 1st November 2014
- IFRS 12 Disclosure of Interests in Other Entities Effective for the period beginning on 1st November 2014
- IFRS 14 Regulatory deferral accounts Effective for the period beginning 1st November 2016
- IFRS 15 Revenue from Contracts with Customers Effective for the period beginning 1st November 2017
- IAS 27 (Revised 2011) Separate Financial Statements Effective for the period beginning on 1st November 2014
- IAS 28 (Revised 2011) Associates and Joint Ventures Effective for the period beginning on 1st November 2014
- Amendments to IFRS 10, 11 and 12 on transition guidance Effective for the period beginning on 1st November 2014
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities Effective for the period beginning on 1st November 2014
- Amendment to IAS 32 on Financial instruments assets and liability offsetting Effective for the period beginning on 1st November 2014
- Amendment to IAS 16 Property, Plant and Equipment Effective for the period beginning on 1st November 2016
- Amendment to IAS 38 Intangible Assets Effective for the period beginning on 1st November 2016
- Amendment to IAS 36 Impairment of Assets Effective for the period beginning on 1st November 2014
- Amendment to IAS 39 Financial Instruments Recognition and Measurement Effective for the period beginning on 1st November 2014

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 housebuilder 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 OPERATING PROFIT

Operating profit from continuing activities is stated after charging the items set out below

	2014	2013
	£m	£m
Staff costs (Note 4)	51.1	46.0
Depreciation	0.9	1.3
Operating lease rentals		
Hire of plant and machinery	0.2	0.2
Other – including land and buildings	4.0	4.0
Auditor's remuneration	£000	£000
Audit of these financial statements	41	41
Audit of financial statements of subsidiaries pursuant to legislation	128	125
Review of half year results of Crest Nicholson Holdings plc	21	21
Other services relating to taxation	27	29

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

4 STAFF NUMBERS AND COSTS

(a) Average number of persons employed by the Group

	2014	2013
	Number	Number
Development	711	617

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

(b) Staff costs (including Directors)

	£m	£m
Wages and salaries	40.0	35.6
Social security costs	5.2	4.3
Pension costs	1.9	1.6
Share-based payments	4.0	4.5
	<u>51.1</u>	<u>46.0</u>

(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

	2014	2013
	£m	£m
Salaries and fees	2.2	2.1
Taxable benefits	0.1	0.1
Annual bonus - cash	1.4	1.2
Pension costs	0.1	0.1
Share-based payments	1.7	0.3
	<u>5.5</u>	<u>3.8</u>

(d) Directors' remuneration

Directors' remuneration comprised

	2014	2013
	£m	£m
Salaries and fees	1.2	1.1
Taxable benefits	0.1	0.1
Annual bonus - cash	0.7	0.7
Pension costs	0.1	0.2
Share-based payments	1.0	1.7
	<u>3.1</u>	<u>3.8</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £1.1m (2013 £1.0m). He is a member of a defined benefit scheme, under which his accrued pension at the yearend was £128,612 (2013 £125,231).

	Number of directors	
	2014	2013
Retirement benefits are accruing to the following number of Directors under		
Defined contribution schemes	3	3
Defined benefit schemes	-	-
The number of directors who exercised share options was	4	1
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	5	5

5 FINANCE INCOME AND COSTS	2014	2013	2013
		Restated *	Previously reported
Finance income	£m	£m	£m
Interest income	0.6	0.4	0.4
Imputed interest on available for sale financial assets	3.3	1.6	1.6
Expected return on defined benefit pension plan assets	-	-	4.8
	<u>3.9</u>	<u>2.0</u>	<u>6.8</u>
Finance costs			
Interest payable to Group undertakings	17.0	13.5	13.5
Other interest payable	<u>1.5</u>	<u>1.7</u>	<u>1.7</u>
	<u>18.5</u>	<u>15.2</u>	<u>15.2</u>
Imputed interest on deferred land creditors	3.3	2.7	2.7
Interest on defined benefit pension plan obligations	-	-	6.2
Net interest on defined benefit pension plan obligations	<u>1.1</u>	<u>1.4</u>	<u>-</u>
	<u>4.4</u>	<u>4.1</u>	<u>8.9</u>
	<u>22.9</u>	<u>19.3</u>	<u>24.1</u>

* Prior year restated to reflect the application of IAS 19R – Employee Benefits. Under IAS 19 the expected return on defined pension plan assets would have been £6.1m and interest on defined benefit pension plan obligations would have been £6.9m. Net interest under IAS 19 would have been £0.8m compared to £1.1m under IAS 19R.

6 INCOME TAX

	2014	2013
	£m	£m
Current tax		
UK Corporation tax on profits for the year	-	-
Total current tax	-	-
Deferred tax credit		
Reversal of temporary differences in the current year	10.9	10.0
Deferred tax change in rate	-	1.2
Deferred tax arising on previously unrecognised temporary differences	-	(1.9)
Share-based payments	(1.2)	(0.8)
Total deferred tax charge/(credit) (note 15)	9.7	8.5
Total tax in income statement	9.7	8.5

The total tax charge for the year is lower (2013: tax charge: lower) than the standard rate of UK corporation tax of 21.83% (2013: 23.42%). The differences are explained below:

	£m	£m
Profit before tax	77.1	43.7
Tax on profit at 21.83% (2013: 23.42%)	16.8	10.2
Effects of:		
Expenses not deductible for tax purposes	0.3	1.2
Enhanced tax deductions	(4.4)	(2.0)
Income not taxable	(3.0)	(0.2)
Deferred tax change in rate	-	1.2
Deferred tax on previously unrecognised temporary differences	-	(1.9)
Total tax in income statement	9.7	8.5

7 DIVIDENDS

There were no distributions to equity shareholders in the year (2013: nil). No dividend has been proposed by the Directors after the balance sheet date.

8 PROPERTY, PLANT AND EQUIPMENT

	Plant, Vehicles & Equipment
Cost	£m
At 31 st October 2012	9.3
Additions	1.0
Disposals	(1.9)
At 31 st October 2013	8.4
Additions	1.2
Disposals	(0.4)
At 31 st October 2014	9.2
Accumulated depreciation	
At 31 st October 2012	7.1
Charged in the year	1.3
Disposals	(1.9)
At 31 st October 2013	6.5
Charged in the year	0.9
Disposals	(0.4)
At 31 st October 2014	7.0
Carrying value	
At 31 st October 2013	1.9
At 31 st October 2014	2.2

9 INVESTMENTS IN JOINT VENTURES

	Cost of Investment/ Loans £m	Share of Post Acquisition Reserves £m	Total £m
At 31 st October 2012	1.4	1.5	2.9
Disposal in the year	(1.4)	0.4	(1.0)
At 31 st October 2013	-	1.9	1.9
Distribution	-	(1.7)	(1.7)
At 31 st October 2014	-	0.2	0.2

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

	2014 £m	2013 £m
Non-current assets	0.1	0.1
Current assets	7.1	14.4
Current liabilities	(14.6)	(15.0)
	(7.4)	(0.5)
Net liabilities offset against amounts due from joint ventures	7.6	2.4
	0.2	1.9
Income	0.4	-
Expenditure	(0.4)	-
Loss	-	-

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 2014, Crest/Galliford Try (Epsom) LLP had negative Capital Employed of £14m (2013: £14m). 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 31st October 2014, Crest Nicholson Bioregional Quintain LLP had Capital Employed of £0.3m (2013: £3.7m). During 2014 a distribution of £3.4m was made by the LLP. At 31st October 2014, £nil (2013: £1.4m) was due from Crest Nicholson Operations Limited to Crest Nicholson Bioregional Quintain LLP.

In the preceding 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 which 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 which 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
Crest Nicholson Operations Limited	Residential and commercial property development

10 OTHER FINANCIAL ASSETS

	2014	2013
	£m	£m
At beginning of the year	31.9	31.1
Additions	0.2	2.8
Disposals	(7.0)	(3.6)
Imputed interest	3.3	1.6
At end of the year	28.4	31.9

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.

	2014	2013
Assumptions		
Discount rate, incorporating default rate	10.5%	10.5%
House price inflation for the next three years	3.0%	3.0%
Timing of receipt	10 to 13 years	10 to 13 years

Sensitivity – affect on value of other financial assets (less)/more	2014	2014
	Increase assumptions by 1 % / 1 year	Decrease assumptions by 1 % / 1 year
	£m	£m
Discount rate, incorporating default rate	(1.1)	1.2
House price inflation for the next three years	0.8	(0.8)
Timing of receipt	(1.3)	1.2

The difference between the anticipated future receipt and the initial fair value is charged over the estimated deferred term to financing with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. The imputed interest credited to financing for the year ended 31 October 2014 was £3.3m (2013: £1.6m).

At initial recognition, the fair value 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 value of the asset is re-measured at the present value of the revised future cash flows using this revised discount rate. The difference between this value and the carrying values of the asset is recorded against the carrying value of the assets and recognised directly in the statement of comprehensive income.

11 INVENTORIES	2014	2013
	£m	£m
Work-in-progress land, building and development	866.2	666.2
Completed buildings including show houses	34.5	32.4
	<u>900.7</u>	<u>698.6</u>

Included within inventories is £384.0 (2013: £208.4m) expected to be recovered in more than 12 months. Inventories to the value of £471.3 (2013: £401.1m) were recognised as expenses in the year.

12 TRADE AND OTHER RECEIVABLES	2014	2013
	£m	£m
Non-current		
Trade receivables	-	4.2
	<u>-</u>	<u>4.2</u>
Current		
Trade receivables	24.0	11.7
Recoverable on contracts	12.5	15.1
Due from joint ventures	-	2.1
Other receivables	8.6	13.4
Prepayments and accrued income	1.8	1.7
	<u>46.9</u>	<u>44.0</u>

Current trade receivables of £5.7m have been collected since year end (2013: £4.7m). The remaining balance is due according to contractual terms.

13 INTEREST BEARING LOANS AND BORROWINGS

2014	2013
£m	£m

Non-current

Bank overdraft and loans

14.1	17.3
<u>14.1</u>	<u>17.3</u>

Current

Bank overdraft and loans

14.6	22.3
<u>14.6</u>	<u>22.3</u>

14 TRADE AND OTHER PAYABLES

2014	2013
£m	£m

Non-current

Land payables on contractual terms

54.9	47.1
------	------

Accruals

0.5	0.8
<u>0.5</u>	<u>0.8</u>

Current

Land payables on contractual terms

104.4	45.8
-------	------

Other trade payables

30.0	27.7
------	------

Payments on account

17.5	13.4
------	------

Amounts due to Group undertakings

287.5	212.3
-------	-------

Due to joint ventures

3.8	1.3
-----	-----

Taxes and social security costs

1.6	1.4
-----	-----

Other payables

11.4	35.9
------	------

Accruals

86.2	80.0
<u>86.2</u>	<u>80.0</u>

<u>542.4</u>	<u>417.8</u>
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15 DEFERRED TAX ASSETS

	2014	2013
	£m	£m
The deferred tax assets comprises		
At beginning of year	25.0	35.4
<u>Profit and loss movement</u>		
Reversal of temporary differences in the current year	(10.9)	(10.0)
Deferred tax change in rate	-	(1.2)
Deferred tax arising on previously unrecognised temporary differences	-	1.9
Share-based payments	1.2	0.8
	<u>(9.7)</u>	<u>(8.5)</u>
<u>Equity movements</u>		
Amount charged to other comprehensive income	0.3	(2.4)
Share-based payments	(0.2)	0.5
	<u>0.1</u>	<u>(1.9)</u>
At end of the year	<u>15.4</u>	<u>25.0</u>

	2014	2013
	£000	£000
The deferred tax asset comprises		
Tax losses	8.8	18.0
Accelerated pension payments	-	0.5
Share based payments	1.2	1.3
Capital allowances	0.6	0.7
	<u>10.6</u>	<u>20.5</u>
Deferred tax on pension deficit shown in other comprehensive income	4.8	4.5
Deferred tax asset	<u>15.4</u>	<u>25.0</u>

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 31 October 2015 20.42%, 31 October 2016 and subsequent 20%).

16 PROVISIONS

	Rental and other obligations in respect of vacant property £m
Non-current	
At 31 st October 2012	4.9
Utilised	(0.8)
At 31 st October 2013	4.1
Utilised	(0.1)
At 31st October 2014	4.0
Current	
At 31 st October 2012	2.2
Extra provision	0.4
At 31 st October 2013	2.6
Extra provision	0.2
At 31st October 2014	2.8

17 SHARE CAPITAL

	2014 £m	2013 £m
Allotted and fully paid		
115,294,459 Ordinary shares of 10p each (2013 115,294,459)	11.5	11.5

18 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 Company 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 2014 is represented by the carrying amount of each financial asset in the balance sheet. 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 cash flows 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 2014.

2014	Carrying value	Contractual cash flows	Within 1 year	1-2 years	2-3 years	More than 3 years
	£m	£m	£m	£m	£m	£m
Get Britain Building loans	19.3	19.9	14.8	5.1	-	-
LIFF loans	9.4	10.4	0.3	2.1	2.1	5.9
Amounts due to group undertakings	287.5	287.5	287.5	-	-	-
Other financial liabilities carrying no interest	200.7	213.7	149.4	26.2	5.4	32.7
At 31st October 2014	516.9	531.5	452.0	33.4	7.5	38.6

The Directors do not expect the intercompany loan to be called in, based on parent company confirmation. Get Britain Building loans, and LIFF loans are development specific loans from the HCA and are repayable on the earlier of legal completion of related units or long stop dates. Other loans of £2.7m at 31st October 2013 from a joint venture partner were repaid during the year. The timing and amount of future cash flows given in the table above is based on the Directors' best estimate of the likely outcome.

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
Get Britain Building loans	36.9	38.7	20.2	13.3	5.2	-
Other loans	2.7	2.7	2.7	-	-	-
Amounts due to group undertakings	212.3	212.3	212.3	-	-	-
Other financial liabilities carrying no interest	156.5	171.3	112.8	13.5	7.0	38.0
At 31st October 2013	408.4	425.0	348.0	26.8	12.2	38.0

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 2014 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 £2.8m (2013: £2.3m).

At 31st October 2014, the interest rate profile of the financial liabilities of the Group was

2014	Carrying amount			Total
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities carrying no interest	
	£m	£m	£m	£m
Bank borrowings and long term creditors	28.7	-	200.7	229.4
Amounts due to group undertakings	287.5	-	-	287.5
	<u>316.2</u>	<u>-</u>	<u>200.7</u>	<u>516.9</u>

2013	Carrying amount			Total
	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities carrying no interest	
	£m	£m	£m	£m
Bank borrowings and long term creditors	39.6	-	156.5	196.1
Amounts due to group undertakings	212.3	-	-	212.3
	<u>251.9</u>	<u>-</u>	<u>156.5</u>	<u>408.4</u>

The floating rate financial liabilities are subject to interest rates referenced to LIBOR. These rates are for a period of 3 months.

For financial liabilities which have no interest payable but for which imputed interest is charged, consisting of land creditors, the weighted average period to maturity is 71 months (2013: 72 months).

The maturity of the financial liabilities is	2014	2013
	£m	£m
Repayable within one year	447.9	344.1
Repayable between one and two years	30.3	22.6
Repayable between two and five years	22.0	22.1
Repayable after five years	16.7	19.6
	<u>516.9</u>	<u>408.4</u>

Fair values**Financial assets**

The Group's financial assets comprise cash equivalents, available for sale financial assets and trade and other receivables. The carrying amount of financial assets equate to their fair value. At 31st October 2014 cash equivalents consisted of sterling cash deposits of £10.8m (2013: £12.2m), with solicitors and on current account, £28.4m (2013: £31.9m) of available for sale financial assets and £46.9 (2013: £48.2m) of trade and other receivables.

Financial liabilities

The Group's financial liabilities comprise bank overdraft and other loans, trade payables, payments on account, loans from joint ventures and accruals. The carrying amount of the trade payables, payments on account, loans from joint ventures and accruals equate to their fair value. The fair values of the bank overdraft and other loans are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

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

2014	Nominal interest rate	Face value 2014 £m	Carrying value 2014 £m	Fair value 2014 £m	Year of maturity
Get Britain Building loans	EU Reference rate + 2.2% to 4.0%	4.7	4.7	4.7	2016
LIFF loans	EU Reference rate + 2.2%	9.4	9.4	9.4	2019
Total non-current interest bearing loans		14.1	14.1	14.1	
Get Britain Building loans	EU Reference rate + 2.2% to 4.0%	14.6	14.6	14.6	2015
Other loans	6.75%	-	-	-	2016
Amounts due to group undertakings	5.0%	287.5	287.5	287.5	On demand
Total current interest bearing loans		302.1	302.1	302.1	
2013	Nominal interest rate	Face value 2013 £m	Carrying value 2013 £m	Fair value 2013 £m	Year of maturity
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		17.3	17.3	17.3	
Get Britain Building loans	EU Reference rate + 2.2%	19.6	19.6	19.6	2014
Other loans	6.75%	2.7	2.7	2.7	2016
Amounts due to group undertakings	5.0%	212.3	212.3	212.3	On demand
Total current interest bearing loans		234.6	234.6	234.6	

19 EMPLOYEE BENEFITS

(a) Retirement benefit obligations

Defined contribution scheme

The Group operates a defined contribution scheme for new employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The service cost of this scheme for the year was £1.7m (2013: £1.4m). At the balance sheet date there were no outstanding or prepaid contributions (2013: £nil).

Defined benefit scheme

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

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

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

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

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

A formal actuarial valuation was carried out as at 31st August 2012. The results of that valuation have been projected to 31st October 2014 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

The investment strategy in place for the scheme is to invest in a mix of return seeking, index linked and fixed interest investments. At 31st October 2014, the allocation of the scheme's invested assets was 51% in return seeking investments, 22% in corporate bonds and other bond investments, 17% in index linked gilts and 4% in cash. There is also a very small holding in property.

The amounts recognised in the statement of financial position are as follows:	2014	2013	2012
	£m	£m	£m
Present value of scheme liabilities	(173.4)	(160.0)	(147.9)
Fair value of scheme assets	149.7	138.5	118.0
Net amount recognised at year end	(23.7)	(21.5)	(29.9)

A deferred tax asset of £4.8m (2013: £4.5m) has been recognised in the statement of financial position.

The amounts recognised in comprehensive income are:

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

	2014	2013
	£m	£m
Service cost		
Administration expenses	0.3	0.4
Net interest expense	0.8	1.1
Charge recognised in the income statement	1.1	1.5
Remeasurements of the net liability		
Return on scheme assets	(1.1)	(10.8)
Loss arising from changes in financial assumptions	10.8	10.4
Experience loss/(gain)	0.4	(0.3)
Charge/(credit) recorded in other comprehensive income	10.1	(0.7)
Total defined benefit scheme cost	11.2	0.8

The principal actuarial assumptions used were:

	2014	2013
Liability discount rate	3.9%	4.4%
Inflation assumption - RPI	3.2%	3.3%
Inflation assumption - CPI	2.4%	2.5%
Rate of increase in salaries	0.0%	0.0%
Revaluation of deferred pensions	2.4%	2.5%
Increases for pensions in payment		
benefits accrued in respect of GMP	3.0%	3.0%
benefits accrued in excess of GMP Pre 97	3.0%	3.0%
benefits accrued Post 97	3.1%	3.2%
Proportion of employees opting for early retirement	0.0%	0.0%
Proportion of employees commuting pension for cash	100.0%	100.0%
	SAPS S1 PxA	SAPS S1 PxA
	CMI_2011	CMI_2011
	ltr 1.5%	ltr 1.5%
Mortality assumption - pre retirement		
Mortality assumption - male post retirement	SAPS S1 PMA	SAPS S1 PMA
	CMI_2011	CMI_2011
	ltr 1.5%	ltr 1.5%
Mortality assumption - female post retirement	SAPS S1 PFA	SAPS S1 PFA
	CMI_2011	CMI_2011
	ltr 1.5%	ltr 1.5%
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year end	23.2	23.2
Female aged 65 at year end	25.7	25.7
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year end	24.8	24.8
Female aged 45 at year end	27.2	27.2

	2014 £m	2013 £m
Changes in the present value of assets over the year		
Fair value of assets at beginning of year	138.5	118.0
Interest income	6.1	5.2
Return on assets (excluding amount included in net interest expense)	1.1	10.8
Contributions from the employer	9.0	9.2
Benefits paid	(4.7)	(4.3)
Administration expenses	(0.3)	(0.4)
Fair value of assets at end of the year	<u>149.7</u>	<u>138.5</u>
Actual return on assets over the year	7.3	15.9

Changes in the present value of liabilities over the year.

	2014 £m	2013 £m
Liabilities at beginning of the year	160.0	147.9
Interest cost	6.9	6.3
Remeasurement (gains)/losses		
Actuarial gains and losses arising from changes in financial assumptions	10.8	10.4
Other experience items	0.4	(0.3)
Benefits paid	(4.7)	(4.3)
Liabilities at end of the year	<u>173.4</u>	<u>160.0</u>

The split of the scheme's liabilities by category of membership is as follows:

	2014 £m	2013 £m
Active members	109.6	98.2
Deferred pensioners	<u>63.8</u>	<u>61.8</u>
Pensions in payment	<u>173.4</u>	<u>160.0</u>

	2014 Years	2013 Years
Average duration of the scheme's liabilities at the end of the year	18.0	19.5
This can be subdivided as follows		
Deferred pensioners	21.0	24.0
Pensions in payment	12.0	12.0

The major categories of scheme assets are as follows

	2014	2013
	£m	£m
<u>Return seeking</u>		
UK Equities	15.6	22.5
Overseas Equities	31.1	28.1
Other (Hedge Funds MultiStrategy and Absolute Return Funds)	24.5	30.5
Return seeking subtotal	<u>71.2</u>	<u>81.1</u>
<u>Debt instruments</u>		
Corporates	39.3	21.5
Index Linked	23.3	19.8
Debt instrument subtotal	<u>62.6</u>	<u>41.3</u>
<u>Other</u>		
Property	0.7	2.4
Cash	6.3	4.7
Insured annuities	8.9	9.0
Other subtotal	<u>15.9</u>	<u>16.1</u>
Total market value of assets	<u>149.7</u>	<u>138.5</u>

The Scheme has no investments in the Company or in property occupied by the Company

The Company expects to contribute £9.0m in the year ending 31st October 2015

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

If the discount rate was 0.25% higher (lower), the scheme liabilities would decrease by £7.3m (increase by £7.8m) if all the other assumptions remained unchanged

If the deferred revaluation assumption was 0.25% higher (lower), the scheme liabilities would increase by £2.8m (decrease by £2.7) if all the other assumptions remained unchanged

If the pension increase assumption was 0.25% higher (lower), the scheme liabilities would increase by £2.7m (decrease by £2.6m) if all the other assumptions remained unchanged

If life expectancies were to increase by 1 year, the scheme liabilities would increase by £6.3m if all the other assumptions remained unchanged

(b) Share-based payments

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 or five 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 were issued in this period in respect of 2013 year end.

Details of the share option plans are as follows:

Date of grant	Options issued	Vesting conditions	Exercise price	Options outstanding	Contractual life
Long-term incentive plan					
08/03/2013	2,226,041	3 years' service, average ROCE and PBT over the vesting period dictates vesting entitlement	-	2,026,405	Mar 13 to Mar 23
14/02/2014	1,246,861	3 years' service, average ROCE and PBT over the vesting period dictates vesting entitlement	-	1,200,020	Feb 14 to Feb 24
Employee share option scheme					
06/03/2013	615,000	2 years' service	-	539,000	Mar 13 to Mar 23
SAYE					
22/05/2013	805,805	3 years' service	£2.47	695,720	Aug 13 to Feb 17
15/07/2014	569,998	3 years' service	£2.76	559,697	Aug 14 to Feb 18
Deferred bonus plan					
14/02/2014	155,752	1 year's service	-	155,752	Feb 14 to Feb 24

The number of share options is as follows:

	2014	2013
	Number of options	Number of options
Outstanding at beginning of the year	4,456,894	-
Granted during the year	1,972,611	4,809,477
Exercised during the year	(943,004)	(223,653)
Lapsed during the year	(309,907)	(128,930)
Outstanding at end of the year	<u>5,176,594</u>	<u>4,456,894</u>

Share-based payments expense in the income statement

	2014	2013
	£m	£m
LTIP	2.6	1.1
ESOS	0.7	3.0
SAYE	0.2	0.1
Deferred bonus plan	0.5	0.3
	<u>4.0</u>	<u>4.5</u>

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 31 st October 2014 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 £
8 th Mar 2013	LTIP	Binomial	2,026,405	2.80	-	33.00	3.00	3.00	0.40	2.50	2.62
14 th Feb 2014	LTIP	Binomial	1,200,020	3.78	-	28.90	3.00	3.00	0.40	2.50	3.49
6 th Mar 2013	ESOS	See below	539,000	2.69	-	-	-	-	-	-	-
14 th Feb 2014	Deferred bonus plan	See below	155,752	3.78	-	-	-	-	-	-	-
22 nd May 2013	SAYE	Binomial	695,720	3.37	2.47	32.00	3.00	3.00	0.55	2.50	0.82
15 th Jul 2014	SAYE	Binomial	559,697	3.38	2.76	28.90	3.00	3.00	1.61	2.50	0.70

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.

Under the deferred bonus plan parts of bonus payments must be deferred in to shares, and the share option number is based on the 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.

20 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.

21 OPERATING LEASES

At 31 October 2014 total outstanding commitments for future minimum lease payments under non-cancellable operating leases were:

	2014 £m	2013 £m
Land and buildings		
Within one year	3.0	3.0
Less: minimum sub-lease income	(1.0)	(1.2)
Between two and five years	8.7	7.8
Less: minimum sub-lease income	(0.9)	(1.8)
After five years	2.4	4.0
	<u>12.2</u>	<u>11.8</u>
Other		
Within one year	1.3	1.2
Between two and five years	1.3	1.5
	<u>2.6</u>	<u>2.7</u>

22 RELATED PARTY TRANSACTIONS

The Group has entered into the following related party transactions

Transactions with joint ventures, which are disclosed in Note 9 The Group has provided book-keeping services to certain JVs which have been recharged at cost

23 IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company is Castle Bidco Limited, which is incorporated in Great Britain and registered in England and Wales

The largest higher group of undertakings for which group financial statements are drawn up, and ultimate parent company is that headed by Crest Nicholson Holdings plc, which is incorporated in Great Britain and registered in England and Wales Copies of its Group financial statements can be obtained from the Company's registered office which is shown in the Directors' Report

CREST NICHOLSON PLC
COMPANY STATEMENT OF FINANCIAL POSITION
As at 31st October 2014

	Note	2014	2013
		£m	£m
Fixed assets			
Tangible assets	4	2.2	1.9
Investments	5	20.4	20.4
Deferred tax assets	6	0.9	1.2
		<u>23.5</u>	<u>23.5</u>
Current assets			
Debtors	7	655.2	538.8
Cash at bank and in hand		0.3	0.4
		<u>655.5</u>	<u>539.2</u>
Creditors amounts falling due within one year			
Creditors	8	(456.7)	(348.5)
Net current assets		<u>198.8</u>	<u>190.7</u>
Total assets less current liabilities		<u>222.3</u>	<u>214.2</u>
Creditors: amounts falling due after more than one year			
Interest bearing loans and borrowings	8	(14.0)	(17.3)
Net assets		<u>208.3</u>	<u>196.9</u>
Capital and reserves			
Share capital	9	11.5	11.5
Share premium account	10	65.3	65.3
Capital redemption reserve	10	38.0	38.0
Capital contribution reserve	10	15.0	15.0
Profit and loss account	10	78.5	67.1
Equity shareholders' funds		<u>208.3</u>	<u>196.9</u>

The notes on pages 36 to 39 form part of these financial statements

There are no recognised gains and losses for the year other than the profit for the year (2013 nil)

Approved by the Board of Directors on 5th February 2015 and signed on its behalf by

S Stone

P J Bergin
Directors

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR TO 31 OCTOBER 2014

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which 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 £10.0m (2013: loss £3.0m)

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 or paid, whichever is earlier

2 STAFF NUMBERS AND COSTS

The Company has no employees during either year

3 DIVIDENDS

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

4 TANGIBLE FIXED ASSETS

	Plant, Vehicles & Equipment £m
Cost	
At 1 st November 2013	8.4
Additions	1.2
Disposals	(0.4)
At 31 st October 2014	9.2
Accumulated depreciation	
At 1 st November 2013	6.5
Charged in the year	0.9
Disposals	(0.4)
At 31 st October 2014	7.0
Net book value	
At 31 st October 2013	1.9
At 31 st October 2014	2.2

5 FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings	£m
Cost at beginning and end of the year	30.3
Provisions at beginning and end of the year	(9.9)
Net book value at beginning and end of the year	20.4

The subsidiary undertakings which are significant to the Company and traded during the year are set out below. The Company's interest is in respect of ordinary issued share capital which is wholly owned and all the subsidiary undertakings are incorporated in Great Britain. They are directly owned by the Company. A full list of subsidiaries will be provided with the annual return.

Subsidiary	Nature of business
Crest Nicholson Operations Limited	Residential and commercial property development
Crest Nicholson Residential (London) Limited	Holding company

6	DEFERRED TAX ASSETS	2014	2013
	The deferred tax asset comprises	£m	£m
	At beginning of the year	1 2	1 1
	Movement in the year	(0 2)	(0.4)
	Deferred tax on share based payments	(0.1)	0.5
	At end of the year	<u>0 9</u>	<u>1 2</u>
	The deferred tax asset comprises		
	Delayed capital allowances	0.5	0 7
	Share-based payments	0 4	0 5
		<u>0 9</u>	<u>1 2</u>
7	DEBTORS	2014	2013
	Amounts falling due within one year	£m	£m
	Amounts owed by subsidiary undertakings	654 4	537 5
	Other debtors	0 3	0 7
	Prepayments and accrued income	0.5	0 6
		<u>655 2</u>	<u>538 8</u>
8	CREDITORS	2014	2013
		£m	£m
	Amounts falling due within one year		
	Loans and other borrowings	14 6	19.6
	Amounts due to parent company	233 1	184 6
	Amounts owed to subsidiary undertakings	201.7	138 6
	Taxes and social security costs	1.5	1 3
	Other creditors	1.0	1 1
	Accruals	4.8	3.3
		<u>456.7</u>	<u>348.5</u>
		£m	£m
	Amounts falling due after more than one year		
	Loans and other borrowings	<u>14.0</u>	<u>17 3</u>

9 SHARE CAPITAL

	2014	2013
	£m	£m
Allotted and fully paid		
115 294,459 Ordinary shares of 10p each (2013 115,294,459)	<u>11.5</u>	<u>11.5</u>

10 RESERVES

	Share Premium Account	Capital Contribution Reserve	Capital Redemption Reserve	Profit and Loss Account
	£m	£m	£m	£m
At 31 st October 2012	65.3	15.0	38.0	67.7
Equity settled share-based payments	-	-	-	2.4
Loss for the year	-	-	-	(3.0)
At 31 st October 2013	65.3	15.0	38.0	67.1
Equity settled share-based payments	-	-	-	1.4
Profit for the year	-	-	-	10.0
At 31 st October 2014	<u>65.3</u>	<u>15.0</u>	<u>38.0</u>	<u>78.5</u>

11 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

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

Under the terms of the bank facilities, each company within the Group is a guarantor of the bank facilities of other Group members that have acceded to the senior facilities agreement

12 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 24 of the Group financial statements

13 OPERATING LEASES

	2014	2013
	£m	£m
Operating lease annual commitments		
Land and buildings		
Expiring after five years	<u>0.6</u>	<u>0.6</u>
Other		
Expiring between two and five years	<u>0.2</u>	<u>0.2</u>

14 IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company is Castle Bidco Limited, which is incorporated in Great Britain and registered in England and Wales

The largest higher group of undertakings for which group financial statements are drawn up, and ultimate parent company is that headed by Crest Nicholson Holdings plc, which is incorporated in Great Britain and registered in England and Wales. Copies of its Group financial statements can be obtained from the Company's registered office which is shown in the Directors' Report