Company Registration No. 00614864 (England and Wales)

COUNTRYSIDE PROPERTIES (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The Directors present their Strategic Report on Countryside Properties (UK) Limited (the 'Company') for the year ended 30 September 2019. The Company is an indirectly held, wholly owned subsidiary of Countryside Properties PLC. Countryside Properties PLC, its subsidiaries, joint ventures and associate are together defined as the 'Group'.

Business activities
Countryside Properties (UK) Limited is a housebuilding business focused on the development of new homes and communities and estate regeneration through partnerships with landowners and Registered Providers of social housing. A number of its projects are of mixed-use and incorporate commercial property as well as mixed-tenure housing with appropriate supporting community and recreational facilities.

The principal areas of the Company's operations are in London and the South East, the Midlands, the North West of England and Yorkshire.

Trading performance and financial position
Revenue increased by 33.7% to £970.8m (2018: £726.0m) in 2019 as the Company delivered growth across all tenures. Revenue by tenure is disclosed in Note 5 to the financial statements.

Adjusted operating profit increased by 40.2% to £148.8m (2018: £106.1m). Adjusted operating margin increased by 70bps to 15.3% (2018: 14.6%) as a result of the Company's continued focus on operational efficiency. Adjusted measures are reported excluding non-underlying items, which have been charged in relation to impairments of investments and intercompany receivable positions, totalling £102.4m (2018: £9.3m).

Profit before tax fell by 41.5% to £60.6m (2018: £103.5m (restated)). Total shareholders' funds increased to £472.8m (2018: £443.3m (restated)).

Overview of the market
The commitment of both national and local Government to deliver more housing, and in particular to increase the amount of affordable housing in London, is aligned closely to our strategy. We have significantly grown our delivery of affordable and private rental sector ("PRS") housing during the year, as the demand for both continues to exceed supply.

Private for sale housing accounted for only 53.6 % of total revenue in 2019 (2018: 60.6%). The Company continues to target areas of economic growth and resilience, providing a range of house types typically to local owner occupiers. Around half of the private sales are made to first time buyers.

Despite the wider political and economic uncertainty demand for housing of all tenures remains robust. Private for sale housing demand remains strongest for houses under £600,000, supported in part by the Government Help to Buy scheme, which continues to incentivise first-time buyers to choose new build homes over the second-hand market. In addition to Help to Buy, the Government remains a strong supporter of the housebuilding industry through several recently announced initiatives, including the £12bn affordable housing programme to deliver 180,000 homes over eight years, a pilot programme to deliver 1,500 discounted First Homes and a new shared ownership scheme. The Government also released its 'Planning for the Future' white paper in August 2020 which outlines a series of reforms which will ultimately speed up and modernise the planning system.

Prior to the coronavirus pandemic, the combination of higher stamp duty, fewer buy to let investors and the migration of first-time buyers to new build caused a slowdown in the second-hand market which, in turn, made some trade-up transactions harder to complete where purchases were subject to a dependent sale of property. Certain short-term, specific policy changes were implemented in response to the coronavirus pandemic, most notably, the temporary relaxation allowing the first £500,000 of a qualifying property purchase to be exempt from stamp duty land tax. Historically such a change has had the effect of accelerating, rather than increasing, demand for homes therefore the benefit from this change may well unwind over time.

Overview of the market (continued)
The mortgage market remains open with lenders prepared to offer competitive rates. Lenders' valuations ensure that properties are not oversold and that Help to Buy values are in line with comparable sales without Help to Buy. House price inflation has moderated, and in the year to 30 September 2019 we only saw increases at lower price points, with some increased incentives above £600,000.

Looking forward, there is a significant degree of uncertainty as to whether positive sentiment will be maintained in the private housing market. Whilst interest rates remain low, there has been a reduction in mortgage availability in response to the coronavirus pandemic with many of the high loan to value products being withdrawn. Furthermore, as Government support for employees and businesses affected by the coronavirus pandemic tapers off there is likely to be an increase in unemployment levels.

Affordable housing, particularly non-Section 106 driven, has been in strong demand from housing associations with a subsequent increase in average selling prices. PRS housing has also seen an increase in average selling prices with strong demand from the Company's existing partners and institutional investors.

The increase in average selling prices has not translated into stronger gross margins (2019: 22.0%; 2018: 22.4%) due to build cost inflation, from both materials and labour, as well as additional cost from changes to fire safety regulations. The Company has not yet seen any direct impact related to the UK's exit from the European Union. However, the housebuilding industry is exposed to a number of risks with regards to the pricing and availability of materials and labour. Should a deal with the European Union not be agreed by the UK Government then the industry will need to deal with the consequences of WTO tariffs coming into force, potential customs delays, labour restrictions and increased currency fluctuations.

Strategy
We have continued to deliver our strategic objectives of growth, returns and resilience, despite the wider political and economic uncertainty. Our mixed-tenure business model, delivering private for sale, private rented and affordable homes, has allowed us to meet the continued strong demand for housing of all tenure types.

Our balanced business model of Partnerships and Housebuilding divisions has delivered another year of earnings and completion growth, underpinned by a robust operating margin and strong return on capital employed. Our innovative low capital Partnerships business model has continued to deliver sector-leading growth and excellent returns, while our Housebuilding division has delivered a robust performance, with improved returns being delivered from the strategic land bank and continued efficiency.

As we deliver our strong growth in completions, we continue to ensure that we improve our qualitative measures of health and safety, build quality and customer satisfaction. The Group remains ahead of industry benchmarks on all three.

We consider the fire safety of our homes to be an absolute priority and ensure that our developments meet all regulations and evolving best practice regarding materials, design and construction detail. We define the fire strategy in line with regulations prior to development, monitor and record progress throughout construction and have added an independent third-party certification of apartment buildings this year.

We have also ensured that our business is sustainable for the future with industry-leading land banks in both divisions underpinning our future profitability for the medium-term. We manage our financial exposure by ensuring we are not overexposed to owned undeveloped land or land creditors, with the majority of land held on either options in Housebuilding or development agreements in Partnerships. We do not overexpose our business to excessive debt, ensuring that we maintain a cash positive position at each year end.

We employ around 1,800 people and maintain a strong focus on people, recruiting strong talent at all levels, developing them in their roles and ensuring we retain them to continue the expansion of the business.

Both Partnerships and Housebuilding are now reaching scale and operate largely independently of each other, other than the provision of a small number of shared central services.

Strategy (continued)
We now have 13 operating regions, nine in Partnerships covering London and the Home Counties, the Midlands, the North West of England and Yorkshire, while Housebuilding operates from five regions in the Home Counties around London. Both divisions have capacity for further growth as we continue to expand our presence in the Midlands and North following Partnerships acquisition of Westleigh, while in Housebuilding we continue to expand our business in the South and west Home Counties.

Principal risks and uncertainties
The Company's risk management strategy is primarily controlled by the Board of Countryside Properties PLC, the Company's ultimate parent company. Whilst overall responsibility sits with the Board, this is overseen in detail by Countryside Properties PLC's Risk Management Committee (RMC). The Board has overall responsibility for the Company's systems of internal control and their effectiveness and maintains an overview of these systems of internal control relating to operational, financial and compliance matters. Further information is available from the consolidated financial statements of Countryside Properties PLC available from the Group's website - http://investors.countrysideproperties.com.

Risk identification and management is built into every aspect of Countryside's daily operations, ranging from the appraisal of new sites, assessment of the prospects of planning success, building safely and selling effectively to achieve long term success through the property market cycle. Risk management is built into standardised processes for each part of the business at every stage of the housebuilding process. Financial risk is managed centrally through maintenance of a strong balance sheet, forward selling of new homes and the careful allocation of funds to the right projects, at the right time and in the right locations.

The RMC reviews the assessments made in relation to risks, compares them to the Group's appetite for each risk, reviews the current level of preparedness and determines whether further actions or resource are required. In reviewing and agreeing the mitigating actions, the RMC considers the impact of risks individually and in combination, in both the short and longer term.

The main business risks identified are:
(1) Infectious diseases of epidemic or pandemic potential
The spread of an infectious disease on an epidemic or pandemic scale can lead to the imposition of Government controls on the movement of people with the associated cessation of large parts of the economy for a significant period of time. The cessation of business can lead to zero or reduced revenues until business activity can be safely recommenced.

To mitigate this risk, we maintain a strong balance sheet able to withstand a sustained period of complete or partial cessation of business of activity. Further mitigated by maintenance and regular testing of business continuity and disaster recovery plans, supported by investment in information technology to enable robust home-working facilities.

(2) Adverse macroeconomic conditions
A decline in macroeconomic conditions, or conditions in the UK residential property market, can reduce the propensity to buy homes. Higher unemployment, interest rates and inflation can affect consumer confidence and reduce demand for new homes. Constraints on mortgage availability, or higher costs of mortgage funding, may make it more difficult to sell homes.

To mitigate this risk, funds are allocated between the Housebuilding and Partnerships businesses. In Housebuilding, land is purchased based on planning prospects, forecast demand and market resilience. In Partnerships, contracts are phased and, where possible, subject to viability testing. In all cases, forward sales, cash flow and work in progress are carefully monitored to give the Company time to react to changing market conditions.

(3) Adverse changes in Government policy and regulation
Adverse changes to Government policy in areas such as tax, housing, and environmental and building regulations may result in increased costs and/or delays. Failure to comply with laws and regulations could expose the Company to penalties and reputational damage.

Principal risks and uncertainties (continued)
To mitigate this risk, the potential impact of changes in Government policy and new laws and regulations are monitored and communicated throughout the business. Detailed policies and procedures are in place to address the prevailing regulations.

(4) Constraints on construction resources
Costs may increase beyond budget due to the reduced availability of skilled labour or shortages of sub-contractors or building materials at competitive prices to support the Company's growth ambitions. The Company's strategic geographic expansion may be at risk if new supply chains cannot be established.

To mitigate the risk, the Company optimises the use of standard house types and design to maximise buying power. The Company also uses strategic suppliers to leverage volume price reductions and minimise unforeseen disruption. The Company enforces robust contract terms to control costs.

(5) Programme delay (including rising project complexity)
Failure to secure timely planning permission on economically viable terms or poor project forecasting, unforeseen operational delays due to technical issues, disputes with third party contractors or suppliers, bad weather or changes in purchaser requirements may cause delay or potentially termination of project.

To mitigate this risk, the budgeted programme for each site is approved by the Divisional Board before acquisition. Sites are managed as a portfolio to control overall Company delivery risk and weekly monitoring is completed at divisional level.

(6) Inability to source and develop suitable land
Competition or poor planning may result in a failure to procure land in the right location, at the right price and at the right time.

To mitigate this risk, a robust land appraisal process ensures each project is financially viable and consistent with the Company's strategy.

(7) Inability to attract and retain talented employees
Inability to attract and retain highly-skilled, competent people at all levels could adversely affect the Company's results, prospects and financial condition.

To mitigate the risk, remuneration packages are regularly benchmarked against industry standards to ensure competitiveness. Succession plans are in place for all key roles within the Company and exit interviews are used to identify any areas for improvement.

(8) Inadequate health, safety and environmental procedures
A deterioration in the Group's Health, Safety & Environmental standards, including additional measures put in place to comply with Public Health England guidance on social distancing, could put the Company's employees, contractors or the general public at risk of injury or death and could lead to litigation or penalties or damage the Group's reputation.

To mitigate the risk, procedures, training and reporting are all carefully monitored to ensure that high standards are maintained. Additional social distancing measures will be put in place in all workplaces to comply with Public Health England social distancing guidelines. An environmental risk assessment is carried out prior to any land acquisition. Appropriate insurance is in place to cover the risks associated with housebuilding.

Withdrawal from the EU
Having left the EU on 31 January 2020, the UK and EU have commenced a 'transition period' during which the UK and EU will attempt to agree suitable trading arrangements. The UK Government has said the transition period will cease at the end of 2020. The Company's principal risks and uncertainties take into account the potential for the UK and EU to not reach agreement on future trading arrangements. This may lead to a period of reduced consumer confidence and potentially exacerbate many of the principal risks, but particularly risks 2, 3, 4 and 7.

Financial risk management
The key financial risks affecting the Company are as follows:

Liquidity risk
The Company finances its operations through a mixture of equity (Company share capital, reserves and retained earnings) and debt (intra-group loans). The Company manages its liquidity risk by monitoring its funding headroom against requirements based on short term and long term cash flow forecasts.

Credit risk
The Company's exposure to credit risk is limited for house building activities by the fact that the Company typically receives cash at the point of legal completion for its private sales. The Company's remaining credit risk predominantly arises from receivables under construction contracts and bank deposits of cash and cash equivalents. For further detail, refer to Note 25.

Key Performance Indicators (KPIs)
The Directors consider the Company's KPIs are revenue, adjusted operating margin, adjusted operating profit, profit before tax and shareholder funds, which are disclosed in this Strategic Report.

Prior year restatement

During the year, it was identified that cash receipts from joint venture companies within the Group had been incorrectly presented as dividend income in prior years as opposed to amounts due to Group undertakings. This has been corrected in the current year resulting in a £23.4m restatement to reserves and receivables as at 1 October 2017, and a £3.8m restatement to dividend income and creditors for the year ended 30 September 2018. The restatement had no impact on cash and cash equivalents.

Future outlook and prospects
Our mixed-tenure model is expected to deliver strong growth and resilient returns over the medium-term.

By order of the board

G N W

G N Whitaker
Secretary
30 September 2020

COUNTRYSIDE PROPERTIES (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The Directors present their report and the audited Financial Statements of the Company for the year ended 30 September 2019.

Dividends
The Directors do not recommend the payment of a dividend on the ordinary shares (2018: £Nil).

During the year £20.6m (2018 (restated): £13.1m) of dividend income was received from subsidiary companies and joint ventures.

Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

I C Sutcliffe	(Resigned 31 December 2019)
G S Cherry	(Resigned 30 September 2019)
R Worthington	(Resigned 17 April 2019)
P V Lyons	
I R Kelley	
M I Scott	(Appointed 1 October 2018)
I D McPherson	(Appointed 19 November 2018)
M Woolliscroft	(Appointed 1 January 2020)

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year in accordance with the Companies Act 2006 which remain in force at the date of approval of the financial statements.

Going concern
Since the impact of the COVID-19 pandemic became clear in March 2020, the directors of the Company's ultimate parent company, Countryside Properties PLC, have taken a number of steps to protect the business and manage liquidity in an uncertain environment. These steps included securing eligibility for the Bank of England Covid Corporate Financing Facility, renegotiating the financial covenants contained within the Group's Revolving Credit Facility and undertaking an equity placing of £250m in July 2020.

As at the date of these financial statements, the Directors have assessed the Group's cash flows, including the impact of plausible but severe downside scenarios, and have concluded that there is a reasonable expectation that the Company has adequate resources to meet its liabilities falling due for a period no less than 12 months from the date of signing the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Financial risk management
The Directors' opinion on Financial Risk Management has been included in the Strategic Report.

Employees

Equal opportunities

The Company is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of gender, race, nationality, colour, disability, marital status, sexual orientation, age or religion. All decisions relating to employment practices are objective, free from bias and based upon work criteria and individual merit. The Company's policy is to offer appropriate training and career development to disabled persons that are, as far as possible, identical to other employees and in line with best practice. In the event of a member of staff becoming disabled, the Company makes every effort to continue employment, arrange appropriate retraining and offer opportunities for promotion. For more information on our diversity statistics, please refer to page 39 of Countryside Properties PLC's 2019 Annual Report.

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining the Company's customer-focused approach. For more information on how the Company engages its employees, please refer to page 39 of Countryside Properties PLC's 2019 Annual Report. For more information on how employees can participate in the Company's performance through membership of the Long-term Incentive Plan (LTIP) and Save-as-You-Earn (SAYE) employee share schemes, refer to pages 135 and 136 of Countryside Properties PLC's 2019 Annual Report.

Future developments

The Directors' opinion on the future outlook and prospects of the Company has been included in the Strategic Report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and accordingly shall be deemed to be reappointed as auditor for a further term.

COUNTRYSIDE PROPERTIES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board

G N W

G N Whitaker
Secretary
30 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNTRYSIDE PROPERTIES (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Countryside Properties (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2019; the income statement for the year ended 30 September 2019, the statement of changes in equity for the year ended 30 September 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 September 2020

COUNTRYSIDE PROPERTIES (UK) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £'m	2018 restated £'m
Revenue	5	**970.8**	726.0
Cost of sales		**(757.4)**	(563.5)
Gross profit		**213.4**	162.5
Administrative expenses		**(64.6)**	(56.4)
Administrative expenses: Non-underlying items	6	**(102.4)**	(9.3)
Operating profit	7	**46.4**	96.8
Dividend income from associate and joint ventures	7	**20.6**	13.2
Profit before interest and taxation		**67.0**	110.0
Interest receivable and similar income	10	**1.0**	1.3
Interest payable and similar charges	11	**(7.4)**	(7.6)
Profit before taxation		**60.6**	103.7
Tax on profit on ordinary activities	12	**(30.3)**	(19.0)
Profit for the year		**30.3**	84.7
Other comprehensive expense:			
Financial assets through profit or loss		**-**	(1.0)
Total other comprehensive expense for the year		**-**	(1.0)
Total comprehensive income for the year		**30.3**	83.7

Revenue and operating profits arise from the Company's continuing operations.

Dividend income from associate and joint ventures for the year ended 30 September 2018 has been restated. Refer to Note 4.

COUNTRYSIDE PROPERTIES (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Note	2019 £'m	2018 restated £'m
Fixed assets			
Intangible assets	13	**4.3**	3.0
Property, plant and equipment	14	**7.8**	3.9
Investments in joint ventures and associate	15	**0.4**	0.4
Investments in subsidiaries	15	**74.8**	151.4
Financial assets at fair value through profit or loss	19	**-**	4.1
Trade and other receivables	22	**10.4**	16.8
		97.7	179.6
Current assets			
Inventories	20	**678.1**	556.1
Deferred tax	21	**3.1**	5.7
Trade and other receivables	22	**496.2**	445.8
Financial assets at fair value through profit or loss	19	**5.0**	-
Cash and cash equivalents		**57.6**	18.4
		1,240.0	1,026.0
Creditors: amounts falling due within one year			
Trade and other payables	24	**(732.9)**	(660.0)
Current income tax liabilities		**(20.3)**	(15.0)
		(753.2)	(675.0)
Creditors: amounts falling due after more than one year			
Borrowings	23	**(2.2)**	(2.2)
Trade and other payables	24	**(107.3)**	(79.8)
Provisions for liabilities	25	**(2.2)**	(5.3)
		(111.7)	(87.3)
Net assets		**472.8**	443.3

COUNTRYSIDE PROPERTIES (UK) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2019

		2019	2018 restated
		£'m	£'m
Equity			
Called up share capital	27	**20.3**	20.3
Share premium account		**89.0**	89.0
Other reserves		**363.5**	334.0
Total shareholders' funds		**472.8**	443.3

Retained earnings and trade and other receivables as at 30 September 2018 have been restated. Refer to Note 4.

The notes on pages 16 - 53 form part of these financial statements.

The financial statements on pages 12 to 53 were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:

M I Scott
Director

Company Registration No. 00614864

COUNTRYSIDE PROPERTIES (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital £'m	Share premium account £'m	Retained earnings £'m	Total Shareholder's Funds £'m
Balance at 1 October 2017	20.3	89.0	275.4	384.7
Effect of prior period error	-	-	(23.4)	(23.4)
Balance at 1 October 2017 (restated)	20.3	89.0	252.0	361.3
Profit for the financial year (restated)	-	-	84.7	84.7
Other comprehensive expense	-	-	(1.0)	(1.0)
Total comprehensive income for the year (restated)	-	-	83.7	83.7
Deferred tax recognised in equity	-	-	0.6	0.6
Other transactions	-	-	(2.3)	(2.3)
Balance at 30 September 2018 (restated)	20.3	89.0	334.0	443.3
Profit for the financial year	-	-	30.3	30.3
Total comprehensive income for the year	-	-	30.3	30.3
Deferred tax recognised in equity	-	-	(0.8)	(0.8)
Balance at 30 September 2019	20.3	89.0	363.5	472.8

Retained earnings as at 30 September 2017 and the profit for the year to 30 September 2018 have been restated. Refer to Note 4.

1 Accounting policies

General information
Countryside Properties (UK) Limited (the 'Company') is a housebuilding business focused on the development of new homes and communities and estate regeneration through partnerships with landowners and registered providers. A number of its projects are mixed-use and incorporate commercial property as well as mixed-tenure housing and appropriate supporting community and recreational facilities. Its development activities are carried out both on its own as well as through joint ventures.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Countryside House, The Drive, Brentwood, Essex, CM13 3AT.

Summary of significant accounting policies
The principal accounting policies have been applied consistently in the years presented, with the exception of new accounting standards adopted in the year (Note 2), and are outlined below.

1.1 Basis of preparation

The Financial Statements of Countryside Properties (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council and those parts of the Companies Act 2006 applicable to companies reporting under FRS 101.

The preparation of Financial Statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

The Company is an indirect wholly-owned subsidiary of Countryside Properties PLC. It is included in the consolidated Financial Statements of Countryside Properties PLC which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework.

The Company has taken advantage of the following disclosure exemptions under FRS 101:
- IFRS 7, 'Financial Instruments Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(d), (statement of cash flows)
- 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
- IAS 7, 'Statement of cash flows';
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

1 Accounting policies **(Continued)**

1.2 Going concern

Since the impact of the COVID-19 pandemic became clear in March 2020, the directors of the Company's ultimate parent company, Countryside Properties PLC, have taken a number of steps to protect the business and manage liquidity in an uncertain environment. These steps included securing eligibility for the Bank of England Covid Corporate Financing Facility, renegotiating the financial covenants contained within the Group's Revolving Credit Facility and undertaking an equity placing of £250m in July 2020.

As at the date of these financial statements, the Directors have assessed the Group's cash flows, including the impact of plausible but severe downside scenarios, and have concluded that there is a reasonable expectation that the Company has adequate resources to meet its liabilities falling due for a period no less than 12 months from the date of signing the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Revenue

Revenue comprises the fair value of the consideration received or receivable, net of applicable Value-Added Tax, Stamp Duty Land Tax, rebates and discounts.

The Company operates a range of legal and contractual structures which are tailored to the land structure and parties to the contract. Recognition of revenue reflects the underlying nature of these contracts, as described below in more detail by category. We generically refer to our arrangements with housing associations and local authorities as "partnerships", but this should not be taken to mean that all of these arrangements are accounted for as joint arrangements or take the legal form of partnerships.

Private housing

Revenue is recognised in the Income Statement at a point in time on legal completion as this is when the customer obtains control of the property. Revenue is recognised at the fair value of the consideration received.

Cash is received by the Company on legal completion and there is no variable or financing component to the consideration received.

Part exchange

In certain instances, property may be accepted in part consideration for a sale of a Countryside property. The fair value of the part exchange property is established by independent surveyors and reduced for cost to sell. The sale of the Countryside property is recorded in line with the accounting policy for private housing described above, with the fair value of the part exchange property replacing cash receipts.

The sale of the part exchange property is treated as a separate transaction with revenue recognised in line with the treatment of private housing described above. The proceeds are presented in other revenue in Note 5.

Cash incentives

Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Affordable housing and private rental sector contracts

Contract revenue for affordable housing and private rental sector contracts is recognised over time based on surveyor-certified valuations of work performed at the balance sheet date. As the build progresses, customer-controlled assets are created, with the design tailored to the specification of the customer. The Company has an enforceable right to be paid for the work completed to date and invoices are issued and paid over the life of the development.

1 Accounting policies **(Continued)**

Variations in contract work, claims and incentive payments are included to the extent that it is highly probable that there will not be a significant reversal when the value of such payments are finalised.

Where progress towards the satisfaction of performance obligations cannot be reasonably determined, revenue is recognised over time as the work is performed to the extent that costs have been incurred and are expected to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the income statement within cost of sales.

Land sales

Revenue is recognised in the income statement at a point in time on unconditional exchange of contracts as this is the point at which the Company is considered to have satisfied its performance obligations. Revenue is measured as the fair value of consideration received or receivable.

Where there are residual obligations in the land sale contract that are not satisfied at the balance sheet date, an element of the transaction price is deferred into future periods. If the stand-alone selling price of the residual obligations is not directly observable, the transaction price is derived by calculating a value for the land element of the contract and deducting this from the total transaction price. The remainder is allocated to the residual obligations. Revenue is recognised on the residual obligations at a point in time when the performance obligations have been satisfied.

Cash is either received on completion or on deferred settlement terms. Where land is sold on deferred settlement terms the revenue and associated receivable are discounted to their fair value. The discount to fair value is amortised over the period to the settlement date and credited to 'interest receivable and similar income' using the effective interest rate method. Changes in estimates of the final amount due are recognised in revenue in the income statement.

Commercial sales

Revenue is typically recognised in the income statement at a point in time on unconditional exchange of contracts as this is the point at which the Company is considered to have satisfied its performance obligations. Cash is received on legal completion and in most cases there is no variable or financing component to the consideration received.

In some cases, where longer-term performance obligations are present, for example design and build contracts, revenue is recognised over time as described above in "Affordable housing and PRS contracts". Revenue is measured as the fair value of consideration received or receivable.

Project management services

Revenue earned for the provision of project management services, typically to joint ventures of the Group, are recognised on an accruals basis in line with the underlying contract.

1.4 Cost of Sales

The Company determines the value of inventories charged to cost of sales based on the total forecast margin of developing a site or a phase of a site. Once the total expected margin of the site or phase of a site is established it is allocated based on revenue to calculate a build cost per plot. These costs are recognised within cost of sales when the related revenue is recognised in accordance with the Company's revenue recognition policy.

To the extent that additional costs or savings are identified and the expected margin changes as the site progresses, the change is recognised over the remaining plots.

Cost of sales for land and commercial property which form part of a larger site are recognised based on forecast site margin as described above. Where land and commercial property relates to the entirety of a site, cost of sales represents the carrying value of the related inventory in the Company's statement of financial position and is recognised within cost of sales when revenue is recognised in accordance with the Company's revenue recognition policy.

1 Accounting policies **(Continued)**

1.5 Dividend income

Dividend income from investments is recognised when the Company's right to receive payment has been established.

1.6 Finance income and expense

Finance income is recognised using the effective interest rate method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Finance costs associated with the time value of money on discounted receivables and payables is recognised within finance costs and the discount unwinds over the life of the relevant item.

1.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any applicable impairment losses.

Depreciation is charged at rates to write off the cost of the asset (to its residual value) on a straight-line basis over the estimated useful life of the asset. The applicable annual rates are:

Fixtures and fittings	10%
Plant and equipment	20% to 25%

The Company does not own any land or buildings considered to be non-trade related.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

1.8 Intangible assets

Computer software that generates an economic benefit of greater than one year is recognised as an intangible asset and carried at cost less accumulated amortisation. Computer software costs that are recognised as assets are amortised on a straight line basis over their economic useful life of four years. These are reviewed for impairment at such time as there is a change in circumstances by which the carrying value may no longer be recoverable. Amortisation is recognised within administrative expenses.

1.9 Investments

Investments in subsidiaries, joint ventures and associates are recorded at cost in the statement of financial position. They are tested for impairment when there is objective evidence of impairment and any impairment losses are recognised in the period in which they occur.

1 Accounting policies **(Continued)**

1.10 Inventories

Inventories are held at the lower of cost and net realisable value. Costs comprise direct materials, applicable direct labour and those overheads incurred to bring the inventories to their present location and condition. Net realisable value represents estimated selling price less all estimated costs to sell, including sales and marketing costs.

Land options purchased are initially stated at cost. Option costs are written off over the remaining life of the option and are also subject to impairment review. Impairment reviews are performed when circumstances arise which indicate an impairment is likely, such as a refusal of planning permission. Any impairments are recognised immediately in the Income Statement. Upon exercise, the unamortised balance of an option is included within the value of inventory.

Land inventory is recognised when the substantial risks and rewards of ownership transfer to the Company after unconditional exchange of contracts. Where land is purchased with deferred payment terms, a corresponding liability is recognised within trade and other payables.

Pre-contract expenditure is capitalised where it is probable that a contract will be signed or otherwise is recognised as an expense within costs of sales in the income statement.

Provisions for inventories are made, where appropriate, to reduce the value of inventories and work in progress to their net realisable value.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of three months or less. Bank overdrafts are presented in current liabilities.

1.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

1.13 Financial assets

The Company classifies its financial assets in the following categories:

- financial assets at amortised cost; and
- financial assets at fair value through profit or loss.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company is no longer considered to have control over the assets.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's financial assets at amortised cost comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment.

The Company applies the simplified approach under IFRS 9 to measure expected credit losses ('ECL') associated with trade and other receivables. The carrying value of the receivable is reduced at each reporting date for any increase in the lifetime ECL, with an impairment loss recognised in the statement of comprehensive income.

If collection is expected in one year or less, receivables are classified as current assets. If not, they are classified as fixed assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of three months or less. Bank overdrafts are presented in current liabilities.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are non-derivative assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Changes in the fair value of financial assets at fair value through profit or loss are recorded in the income statement.

1 Accounting policies **(Continued)**

1.14 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of each contractual agreement.

Trade payables

Trade payables on normal terms are not interest bearing and are stated initially at their fair value and subsequently at amortised cost.

Where land is purchased on deferred payment terms, the land and associated liability are discounted to their fair value. The discount to fair value is amortised over the period of the credit term and charged to finance costs using the effective interest rate method. Changes in estimates of the final payment due are capitalised into inventories and, in due course, to cost of sales in the income statement.

Trade payables also includes overage payable where the Company is committed to make contractual payments to land vendors related to the performance of the development in the future. Overage payable is estimated based on expected future cash flows in relation to relevant developments and, where payment will take place in more than one year, is discounted.

Deposits received from customers relating to sales of new properties are classified within current trade payables.

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

1.15 Taxation

Income tax comprises current and deferred tax.

Current taxation

The current tax payable is based on taxable profit for the year which differs from accounting profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and those items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred taxation
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax rates used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the substantively enacted tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the Income Statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the Company intends to settle the balances on a net basis.

1.16 Provisions
Provisions are recognised when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is discounted at the pre-tax discount rate that reflects the risks specific to the liability. Provisions for onerous leases are recognised when the foreseeable net cash outflows on a lease exceed the benefits derived from the lease which has more than one year before expiring or option to exercise a break.

1.17 Share-based payments
Countryside Properties PLC (the ultimate parent) operates share based schemes under which the Company receives services from employees as consideration for equity instruments (options) of the parent. This fair value of the employee services received by the Company is charged to the income statement over the vesting period of the share-based payment scheme.

The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or options granted, at the grant date, excluding the impact of any non-market vesting conditions. All share options are valued using an option- pricing model (Black-Scholes or Monte Carlo).

Further details in respect of the underlying Group schemes can be found in the Group consolidated financial statements.

1.18 Leases
Where a significant portion of the risks and rewards of ownership are retained by the lessor, leases are classified as operating leases.

Rentals payable and incentives receivable under operating leases are recognised on a straight line basis over the term of the relevant lease.

1 Accounting policies **(Continued)**

1.19 Adjusted measures

Certain items which do not relate to the Company's underlying performance are presented separately in the income statement as non-underlying items where, in the judgement of the Directors, they need to be disclosed separately by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Company's underlying business performance. As these non-underlying items can vary significantly from year to year they create volatility in reported earnings.

As such, the Directors believe that the "adjusted operating profit" measure presented provides a clear and consistent presentation of the underlying performance of the Company's ongoing business for shareholders. Adjusted operating profit is not defined by IFRS and therefore may not be directly comparable with the "adjusted" or "underlying" profit measures of other companies.

2 Adoption of new and revised standards and changes in accounting policies

New and amended standards adopted by the Company
During the financial year ended 30 September 2019, the Company adopted the following standards and amendments:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- Amendment to IFRS 2 "Share-based Payment" regarding the classification and measurement of share-based payment transactions; and
- Annual Improvements to IFRSs 2014-2016 Cycle

Information on the initial application of IFRS 9 and IFRS 15, including the impact on the financial position and performance of the Company, has been disclosed in Note 32. The adoption of the other amendments in the year did not have any impact on the financial statements.

Standards which are in issue but are not yet effective
At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 16 'Leases' has been issued, and is effective for the Company for the financial year ending 30 September 2020. IFRS 16 addresses the definition, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. The standard replaces IAS 17 'Leases' and related interpretations.

IFRS 16 requires lessees to recognise right of use assets and lease liabilities on the statement of financial position for all leases, except short-term and low value asset leases. At commencement of the lease, the lease liability equals the present value of future lease payments, and the right of use asset equals the lease liability, adjusted for payments already made, lease incentives, initial direct costs and any provision for dilapidation costs.

For operating leases entered into prior to the adoption of IFRS 16, the rental charge is replaced by depreciation of the right of use asset and interest on the lease liability. IFRS 16 therefore results in an increase to operating profit, which is reported prior to interest being deducted. Depreciation is charged on a straight-line basis; however, as interest is charged on outstanding lease liabilities it reduces over the life of the lease. As a result, the impact on profit before tax is highly dependent on lease maturity.

The Company will adopt the modified retrospective approach to transition, applying the practical expedients available under this approach. The Company will recognise right of use assets of £28.6m and lease liabilities of £30.0m, and derecognise other working capital balances of £1.4m. This will result in no impact on net assets on transition to IFRS 16.

There is a negligible impact on operating profit for the financial year ending 30 September 2020.

The following amendments to standards interpretations have also been issued, but are not yet effective and have not been early adopted for the financial year ended 30 September 2019:

- Annual Improvements to IFRSs 2015-2017 Cycle;
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Change in Accounting Estimate and Errors" regarding the definition of material; and
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" regarding long-term interests in associates and joint ventures.

The adoption of these amendments is not expected to have a material impact on the Company.

3 Critical accounting estimates and judgements

The preparation of the Company's financial statements under Financial Reporting Standard 101 ("FRS 101") requires the Directors to make estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, expenses and related disclosures.

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

Key sources of estimation uncertainty

Estimates and underlying assumptions affecting the financial statements are based on historical experience and other relevant factors and are reviewed on an ongoing basis. This approach forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are recognised in the year in which the estimate is revised.

The key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities are described below.

Estimation of site profitability value of inventory

In order to determine the profit or loss that the Company recognises on its developments and construction contracts in a specific period, the Company allocates the total cost of each development or construction contract between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation due to the long-term nature of the Company's activities and because actual costs are subject to market fluctuations. Company management has established internal controls to review and ensure the appropriateness of estimates made on an individual development or contract basis. No individual development or contract is sufficiently large that a plausible change in estimates would result in a material change to the Company's results. However, a change in estimated margins on several sites (due, for example, to changes in estimates of cost inflation or a material reduction in house prices in the private market) could materially alter future profitability. As an illustration, a change in margins of 5% across all sites in 2019 would have reduced gross profits and net assets by an estimated £49m.

4 Prior period restatement

During the year, it was identified that cash receipts from joint venture companies within the Group had been incorrectly presented as dividend income in prior years as opposed to amounts due from Group undertakings.

This has been corrected in the current year resulting in a £23.4m restatement to reserves and receivables as at 1 October 2017, and a £3.8m restatement to dividend income and receivables for the year ended 30 September 2018. The restatement had no impact on cash and cash equivalents.

The line items impacted are presented below:

	Original	**Change**	**Restated**
	£'m	**£'m**	**£'m**
Retaining Earnings as at 1 Oct 2017	(275.40)	23.40	(252.00)
Profit for the year to 30 Sept 2018	(88.50)	3.80	(84.70)
Retained Earnings as at 30 Sept 2018	(361.20)	27.20	(334.00)
Amounts due from Group undertakings as at 30 Sept 2018	318.10	(27.20)	290.90

5 Revenue

An analysis of the Company's revenue by category:

	2019 £'m	2018 £'m
Partnerships		
Private	309.0	266.1
Affordable	167.3	73.5
PRS	161.3	94.5
Other	23.5	35.6
Housebuilding		
Private	211.4	174.1
Affordable	49.5	50.3
PRS	7.0	-
Other	41.8	31.9
	970.8	726.0

All of the Company's revenues are derived in the United Kingdom and from its housebuilding and related development activities.

6 Administrative expenses: non-underlying items

Certain items which do not relate to the Company's underlying performance are presented separately in the income statement as non-underlying items where, in the judgement of the Directors, they need to be disclosed separately by virtue of their size, nature or incidence in order to obtain a clear and consistent presentation of the Company's underlying business performance.

	2019 £'m	2018 £'m
Costs relating to the Westleigh acquisition	1.8	(9.3)
Impairment of investment in subsidiary	(76.6)	-
ECL provision against amounts owed by Group undertakings	(27.6)	-
	(102.4)	(9.3)

Costs relating to the Westleigh acquisition

Deferred consideration

As part of the agreement to purchase Westleigh, deferred consideration is payable to management who remained with Countryside post-acquisition. These costs are being accrued over the period to March 2020 with changes to the estimated amount payable recognised in the income statement. A credit of £2.2m was recorded in the year.

Acquisition and integration costs

During the prior year, the Company incurred costs relating to the acquisition of Westleigh and subsequent integration costs. During the year ended 30 September 2019, further integration costs of £0.4m have been incurred, including those of property moves and employee severances.

Impairment of investment in subsidiary

Following the acquisition of the Westleigh group by the Company, the Directors took the strategic decision to operate new sites, and existing Westleigh sites not yet in development, directly through the Company as opposed to Countryside Properties (WPL) Limited. As a result, the future cash flows of the Westleigh group can no longer support the investment value, which has been impaired during the year.

Expected Credit Loss (ECL) provision against amounts owed by Group undertakings

As a result of the acquisition of the Westleigh group by the Company, significant receivable balances were recognised by the Company from entities within the Westleigh group. As limited trade continues to operate through WPL, the companies in the Westleigh group cannot generate sufficient funds to settle all amounts owed to the Company. As a result, an expected credit loss (ECL) provision has been recorded in the year.

7 Operating profit

	2019 £'m	2018 £'m
Operating profit for the financial year is stated after charging:		
Depreciation of property, plant and equipment	1.3	0.9
Amortisation of intangible assets	1.6	0.9
Cost of inventories recognised as an expense	743.9	552.8
Staff costs	124.9	102.3
Non-underlying items	102.4	9.3
Amounts payable under operating leases	7.1	6.0

8 Auditors' remuneration

During the year, the Company incurred costs relating to services provided by the auditors of the ultimate parent company and its subsidiaries.

Audit and tax compliance fees for the financial year were £0.2m (2018: £0.2m).

9 Employees

The average monthly number of employees was:

	2019 Number	2018 Number
Housebuilding and development activities	1,635.0	1,130.0
Head Office	150.0	134.0
	1,785.0	1,264.0

Employment costs	2019 £'m	2018 £'m
Wages and salaries (including Executive Directors)	97.3	79.5
Social security costs	13.0	9.6
Other pension costs	8.0	6.4
Performance related incentives	6.6	6.8
	124.9	102.3

The Company recognised £6.6m (2018: £6.8m) of employee costs related to share-based payment transactions made during the financial year for, save as you earn (SAYE), long term incentive (LTIP) and deferred bonus plans. Of these, £Nil (2018: £Nil) were cash settled. At 30 September 2019, options had been granted over 13.2m shares in the Company's ultimate parent undertaking Countryside Properties PLC.

10 Interest receivable and similar income

	2019 £'m	2018 £'m
Bank deposits	0.6	0.1
Unwinding of discount	0.4	1.2
	1.0	1.3

11 Interest payable and similar charges

	2019 £'m	2018 £'m
Other interest payable	-	0.1
Unwinding of discount	7.4	7.5
	7.4	7.6

12 Tax on profit

	2019 £'m	2018 £'m
Corporation tax		
Current year	28.1	21.7
Adjustments in respect of prior periods	0.4	(0.4)
	28.5	21.3
Deferred tax		
Origination and reversal of temporary differences	1.8	(2.3)
	1.8	(2.3)
Total tax charge	30.3	19.0

(Continued)

12 Tax on profit

Tax assessed for the year is higher (2018: lower) than the standard rate of corporation tax in the United Kingdom at 19.0% (2018: 19.0%).

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. If the proposal had been substantively enacted by the balance sheet date, this would have reduced the tax expense for the year by £0.3m and increased the deferred tax asset by £0.3m.

	2019 £'m	2018 £'m
Profit before taxation (restated)	60.6	103.7
Profit before taxation multiplied by standard rate of UK corporation tax of 19.0% (2018: 19.0%)	11.5	19.7
Taxation impact of factors affecting tax charge:		
Expenses not deductible	21.7	1.7
Adjustments in respect of prior periods	0.3	(0.5)
Other short term timing differences	(1.0)	(1.8)
Joint venture tax	2.5	1.8
Deferred tax (charged)/credited directly to equity	(0.8)	0.6
Joint venture income not subject to tax (restated)	(3.9)	(2.5)
Total adjustments	18.8	(0.7)
Tax charge for the year	30.3	19.0

13 Intangible assets

	Software £'m
Cost	
At 1 October 2018	4.4
Additions	2.9
At 30 September 2019	7.3
Accumulated amortisation	
At 1 October 2018	1.4
Amortisation for the Year	1.6
At 30 September 2019	3.0
Net book value	
At 30 September 2019	4.3
At 30 September 2018	3.0

14 Property, plant and equipment

	Plant and equipment £'m	Fixtures and fittings £'m	Total £'m
Cost			
At 1 October 2018	7.6	6.2	13.8
Additions	1.3	3.9	5.2
Disposals	(0.1)	-	(0.1)
At 30 September 2019	8.8	10.1	18.9
Accumulated depreciation			
At 1 October 2018	5.3	4.6	9.9
Charge for the year	0.8	0.5	1.3
Disposals	(0.1)	-	(0.1)
At 30 September 2019	6.0	5.1	11.1
Net book value			
At 30 September 2019	2.8	5.0	7.8
At 30 September 2018	2.3	1.6	3.9

15 Investments in subsidiaries, joint ventures and associate

	Joint ventures and associate £'m	Subsidiaries £'m	Total £'m
Cost			
At 1 October 2017	3.1	77.8	80.9
Additions	-	76.6	76.6
At 1 October 2018	3.1	154.4	157.5
At 30 September 2019	3.1	154.4	157.5
Impairment			
At 1 October 2017	(2.7)	(3.0)	(5.7)
At 1 October 2018	(2.7)	(3.0)	(5.7)
Charge for the year	-	(76.6)	(76.6)
At 30 September 2019	(2.7)	(79.6)	(82.3)
Net book value			
At 30 September 2019	0.4	74.8	75.2
At 30 September 2018	0.4	151.4	151.8

The Directors believe that the carrying value of the investments is supported by their underlying assets and future cashflows.

An impairment charge of £76.6m was recorded during the year. Refer to Note 5 for further detail.

16 Subsidiary undertakings

Details of the Company's subsidiary undertakings at 30 September 2019, all of which are incorporated and domiciled in the United Kingdom, are as follows:

	Country of incorporation	Voting rights & shares held	Principal Activity
Direct			
Beaulieu Park Limited	UK	100.0%	Dormant
Countryside 26 Limited	UK	100.0%	Development
Countryside 28 Limited	UK	100.0%	Development
Countryside Cambridge One Limited	UK	100.0%	Holding Land
Countryside Cambridge Two Limited	UK	100.0%	Holding Land
Countryside Commercial & Industrial Properties Limited	UK	100.0%	Dormant
Countryside Developments Limited	UK	100.0%	Dormant
Countryside Eight Limited	UK	100.0%	Dormant
Countryside Four Limited	UK	100.0%	Holding Company
Countryside Investments Limited	UK	100.0%	Dormant
Countryside Properties (Commercial) Limited	UK	100.0%	Dormant
Countryside Properties (In Partnership) Limited	UK	100.0%	Dormant
Countryside Properties (Joint Ventures) Limited	UK	100.0%	Holding Company
Countryside Properties (London & Thames Gateway Limited)	UK	100.0%	Dormant
Countryside Properties (Northern) Limited	UK	100.0%	Dormant
Countryside Properties (Salford Quays) Limited	UK	100.0%	Non-trading
Countryside Properties (Southern) Limited	UK	100.0%	Dormant
Countryside Properties (Special Projects) Limited	UK	100.0%	Dormant
Countryside Properties (Springhead) Limited	UK	100.0%	Development
Countryside Properties (Uberior) Limited	UK	100.0%	Development
Countryside Properties (WGL) Limited	UK	100.0%	Holding Company
Countryside Residential Limited	UK	100.0%	Dormant
Countryside Residential (South Thames) Limited	UK	100.0%	Dormant
Countryside Residential (South West) Limited	UK	100.0%	Dormant
Countryside Sigma Limited	UK	74.9%	Development
Countryside Thirteen Limited	UK	100.0%	Development
Countryside Timber Frame Limited	UK	100.0%	Manufacturing
Countryside (UK) Limited	UK	100.0%	Dormant
Dunton Gardens Suburb Limited	UK	100.0%	Land Promotion
Knight Strategic Land Limited	UK	100.0%	Land Promotion
Millgate (UK) Holdings Limited	UK	100.0%	Holding Company
Newhall Land Limited	UK	100.0%	Development
Skyline 120 Management Limited	UK	100.0%	Estate Management
Skyline 120 Nexus Management Limited	UK	100.0%	Estate Management
Springhead Resident Management Company Limited	UK	100.0%	Estate Management

16 Subsidiary undertakings (Continued)

	Country of incorporation	Voting rights & shares held	Principal Activity
South at Didsbury Point Two Management Limited	UK	100.0%	Estate Management
Urban Hive Hackney Management Limited	UK	100.0%	Estate Management
Wychwood Park Golf Club Limited	UK	100.0%	Dormant
Indirect			
Alma Estate (Enfield) Management Company Limited	UK	100.0%	Estate Management
Breedon Place Management Company Limited	UK	100.0%	Estate Management
Countryside Build Limited	UK	100.0%	Dormant
Countryside Properties (WHL) Limited	UK	100.0%	Holding Company
Countryside Properties (WPL) Limited	UK	100.0%	Development
Countryside Seven Limited	UK	100.0%	Dormant
Fresh Wharf Residents Management Company Limited	UK	100.0%	Estate Management
Harold Wood Management Limited	UK	100.0%	Estate Management
Hilborn Management Company Limited	UK	100.0%	Estate Management
Lakenmoor Ltd	UK	100.0%	Dormant
Mandeville Place (Radwinter) Management Limited	UK	100.0%	Estate Management
Millgate Developments Limited	UK	100.0%	Development
Millgate Homes Limited	UK	100.0%	Dormant
Millgate Homes UK Limited	UK	100.0%	Dormant
Mulberry Green Management Company Limited	UK	100.0%	Estate Management
New Avenue (Cockfosters) Management Company Limited	UK	100.0%	Estate Management
Newhall Resident Management Company Limited	UK	100.0%	Estate Management
Parklands Manor Management Company Limited	UK	100.0%	Estate Management
Watersplash Lane Management Company Limited	UK	100.0%	Estate Management
Westframe Limited	UK	100.0%	Dormant
Westleigh Construction Limited	UK	100.0%	Dormant
Westleigh LNT Limited	UK	100.0%	Dormant
Westleigh Homes Limited	UK	100.0%	Dormant
York Road (Maidenhead) Management Limited	UK	100.0%	Estate Management

Registered Address

All subsidiaries are fully consolidated, after eliminating intergroup transactions. The address of the registered office of all the subsidiaries is Countryside House, The Drive, Brentwood, Essex CM13 3AT, except for the following:

The registered office address of Millgate Developments Limited, Breedon Place Management Company Limited, Hilborn Management Company Limited, Parklands Manor Management Company Limited and Watersplash Lane Management Company Limited is Millgate House, Ruscombe Lane, Twyford, Berkshire RG10 9JT.

17 Joint ventures

Details of the Company's joint ventures at 30 September 2019 are as follows:

	Country of incorporation	Voting rights & shares held	Principal Activity
Direct			
Acton Gardens LLP	UK	50.0%	Development
Brenthall Park Limited	UK	50.0%	Non-trading
C.C.B. (Stevenage) Limited	UK	50.0%	Non-trading
Countryside Properties (Accordia) Limited	UK	50.0%	Non-trading
Countryside Properties (Booth Street 2) Limited	UK	50.0%	Non-trading
Countryside Properties (Merton Abbey Mills) Limited	UK	50.0%	Non-trading
Countryside Maritime Limited	UK	50.0%	Development
Greenwich Millennium Village Limited	UK	50.0%	Development
Silversword Properties Limited	UK	50.0%	Commercial
Indirect			
Brenthall Park (Commercial) Limited	UK	50.0%	Non-trading
Brenthall Park (Infrastructure) Limited	UK	50.0%	Dormant
Brenthall Park (Three) Limited	UK	50.0%	Dormant
Cambridge Medipark Limited	UK	50.0%	Commercial
CBC Estate Management Limited	UK	50.0%	Estate Management
Countryside 27 Limited	UK	50.0%	Commercial
Countryside L&Q (Oaks Village) LLP	UK	50.0%	Development
Countryside Annington (Colchester) Limited	UK	50.0%	Development
Countryside Annington (Mill Hill) Limited	UK	50.0%	Development
Countryside Clarion (Eastern Quarry) LLP	UK	50.0%	Development
Countryside Clarion (North Leigh) LLP	UK	50.0%	Dormant
Countryside Neptune LLP	UK	50.0%	Development
Countryside Zest (Beaulieu Park) LLP	UK	50.0%	Development
iCO Didsbury Limited	UK	50.0%	Commercial
Kingsmere Estate Management Limited	UK	50.0%	Estate Management
Mann Island Estate Limited	UK	50.0%	Estate Management
Marrco 25 Limited	UK	50.0%	Non-trading
Oaklands Hamlet Resident Management Limited	UK	50.0%	Estate Management
Peartree Village Management Limited	UK	50.0%	Dormant
Westleigh Cherry Bank LLP	UK	50.0%	Non-trading
Woolwich Countryside Limited	UK	50.0%	Non-trading

Countryside Annington (Colchester) Limited and Woolwich Countryside Limited are in liquidation.

18 Associate

The Company's wholly-owned subsidiary undertaking, Countryside Properties (Joint Ventures) Limited, holds a 28.50% share with pro-rata voting rights in Countryside Properties (Bicester) Limited whose principal activity is the development and sale of land and is incorporated and domiciled in the United Kingdom. This shares the same registered address as Countryside Properties (Joint Ventures) Limited.

19 Financial assets at fair value through profit or loss

	2019 £'m Overage Receivable	2018 £'m Overage Receivable	2018 £'m Shared Equity Loans
At 1 October	4.1	-	6.5
Addition	-	4.1	-
Fair value gain	0.9	-	0.1
Unwind of discount	-	-	0.1
Disposal	-	-	(5.8)
Redemptions	-	-	(0.9)
At 30 September	5.0	4.1	-

Overage receivable
Financial assets through profit or loss at 30 September 2019 relate solely to a deferred land overage receivable. These reflect sums which the Company is virtually certain to receive, resulting from agreements where land has been sold to a third party and in which the Company is entitled to a share of surplus profits once development is completed on the land sold. The carrying value of the receivable will be adjusted to fair value at each reporting date. At the balance sheet date the timing of the receipt was uncertain but receipt was expected in the next 12 months. The cash was subsequently received in April 2020.

The overage receivable is held at fair value being the Directors' best estimate of the value that could be achieved in a presumed sale of these assets to a third party, after taking into account judgements of the variability of the expected final cash value, the time value of money and the degree of completion of the developments. Given that the inputs are estimated and not observed in a market, the fair value is classified as Level 3 in the fair value hierarchy.

Shared equity loans
During the prior year, the Group disposed of all of its shared equity loans that were previously classified as available for sale financial assets. IAS 39 continues to apply to these assets as they were derecognised prior to the date of initial application of IFRS 9.

20 Inventories

	2019 £'m	2018 £'m
Completed properties unlet, unsold or awaiting sale completion	47.6	35.0
Development land and work in progress	630.5	521.1
	678.1	556.1

An impairment charge of £nil (2018: £8.4m) was recognised against inventories during the year.

During the year, impairment of inventories of £0.6m (2018: £0.1m), has been reversed, due to improved market conditions.

21 Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior reporting periods.

	Share based payments £'m	Short term temporary differences £'m	Total £'m
Deferred tax asset at 1 October 2017	2.0	0.8	2.8
Deferred tax movements in prior year			
Credit to statement of comprehensive income	1.0	1.3	2.3
Credit direct to equity	0.6	-	0.6
Deferred tax asset at 30 September 2018	3.6	2.1	5.7
Deferred tax movements in current year			
Charge to statement of comprehensive income	(0.5)	(1.3)	(1.8)
Charge direct to equity	(0.8)	-	(0.8)
Deferred tax asset at 30 September 2019	2.3	0.8	3.1

22 Trade and other receivables

	2019 £'m	2018 restated £'m
Amounts falling due within one year:		
Trade and other receivables	49.9	29.6
Amounts recoverable on construction contracts	66.1	42.8
Other taxation and social security	14.4	7.6
Amounts due from Group undertakings	330.3	290.9
Amounts due from joint ventures	12.5	70.5
Prepayments and accrued income	23.0	4.4
	496.2	445.8
Amounts falling due in more than one year:		
Amounts recoverable on construction contracts	10.4	5.8
Trade receivables	-	11.0
	10.4	16.8

The Company applies the simplified approach under IFRS 9 to measure expected credit losses (ECL) associated with trade and other receivables. The carrying value of the receivable is reduced at each reporting date for any increase in the lifetime ECL, with an impairment loss recognised in the income statement.

The Directors are of the opinion that there are no significant concentrations of credit risk. The fair value of the financial assets included in trade and other receivables is not considered to be materially different from their carrying value. The fair values are based on discounted cash flows and are within Level 3 of the fair value hierarchy.

Trade and other receivables includes £20.4m (2018: £2.6m) of contract assets relating to uninvoiced amounts where revenue has been recognised in the income statement. Substantially all of the uninvoiced amounts as at 1 October 2018 were subsequently invoiced and the cash received during the year.

A provision of £8.0m (2018: £8.0m) has been retained against amounts due from Countryside Neptune LLP, a joint venture, to reflect the Directors' view of the recoverability of this advance.

The other classes within trade and other receivables do not contain impaired assets.

Amounts due from Group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

The comparative figures have been restated, further information can be seen in Note 1.3.

23 Borrowings

	2019 £'m	2018 £'m
Unsecured borrowings at amortised cost		
Bank loans	2.2	2.2

Analysis of borrowings

During the prior year, the Beam Park development (a joint arrangement with L&Q New Homes) received an interest free loan of £5m for the purpose of remediation works. The loan is repayable on the 22 November 2022. The carrying value of the loan is equal to the fair value, and was recognised initially at fair value and subsequently carried at amortised cost.

Borrowings are classified in line with the settlement dates that the amounts are expected to be settled, these are disclosed as follows:

	2019 £'m	2018 £'m
Non-current liabilities	2.2	2.2

24 Creditors: amounts falling due within one year

	2019 £'m	2018 £'m
Amounts falling due within one year:		
Trade payables	112.3	138.3
Amounts due to Group undertakings	441.1	339.2
Amounts due to joint ventures	0.4	60.4
Accruals and deferred income	148.4	116.4
Other taxation and social security	3.4	2.5
Other payables	27.3	3.2
	732.9	660.0
Amounts falling due after more than one year:		
Trade payables	107.3	59.6
Other payables	-	20.2
	107.3	79.8

24 Creditors: amounts falling due within one year **(Continued)**

Trade and other payables principally comprise amounts outstanding for trade purchases and land acquired on deferred terms.

Trade and other payables include £12.1m (2018: £14.4m) of contract liabilities, where the value of payments made by customers exceeds the revenue recognised in the income statement. Substantially all of the contract liabilities at 1 October 2018 have been recognised as revenue during the year.

The Directors consider that the carrying amount of trade payables approximates to their fair value. The carrying amount of deferred land payments and overage payable represents the discounted payment obligations. At 30 September 2019, the liabilities had been discounted by £8.3m (2018: £9.9m), reflecting the time value of money.

Land acquired on deferred payment terms is discounted using an interest rate of 3.4% for transactions entered into from 1 April 2017 and 6.0% for transactions prior to this date. Discount rates are regularly reviewed to ensure that the most appropriate rate is applied at the inception of new developments.

Amounts due to Group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

25 Provisions for liabilities

Analysis of provisions

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £'m	2018 £'m
Current liabilities	1.8	5.3
Non-current liabilities	0.4	-
	2.2	5.3

	2019 £'m	2018 £'m
At 1 October	5.3	2.6
Charged in the year	0.3	1.2
Reversal of provision	(2.6)	-
Utilisation of provision	(0.8)	(0.3)
Reclassification from accruals	-	1.8
At 30 September	2.2	5.3

Provisions held relate to dilapidation and onerous lease costs. Provisions are discounted, where appropriate.

26 Financial risk management

The main financial risks associated with the Company have been identified as liquidity risk and interest rate risk. The Directors are responsible for managing these risks and the policies adopted are set out below.

Liquidity risk
The Company finances its operations through intra-group loans from its ultimate parent company, Countryside Properties PLC. The Company is financed by a mixture of equity (Company share capital, reserves and retained earnings) and debt (bank loan facilities and shareholder loans). The Company manages its liquidity risk by monitoring its funding headroom against forecast requirements based on short term and long term cash flow forecasts.

Maturity analysis
The following table sets out the contractual maturities including estimated cash flows of the financial assets and liabilities of the Company at 30 September 2019:

	Less than 1 year £'m	1 to 2 years £'m	2 to 5 years £'m	Over 5 years £'m	Total £'m
At 30 September 2019					
Assets					
Cash and cash equivalents	57.6	-	-	-	57.6
Financial assets through profit or loss	5.0	-	-	-	5.0
Advances to joint ventures	12.5	-	-	-	12.5
Trade and other receivables	116.1	6.1	4.3	-	126.5
Amounts owed by Group undertakings	329.4	-	-	-	329.4
	520.6	6.1	4.3	-	531.0
Liabilities					
Trade and other payables	135.9	79.4	26.0	1.9	243.2
Amounts due to Group undertakings	441.1	-	-	-	441.1
Amounts due to joint ventures	0.4	-	-	-	0.4
Other loans	-	-	2.5	-	2.5
	577.4	79.4	28.5	1.9	687.2

26 Financial risk management (Continued)

	Less than 1 year restated	1 to 2 years	2 to 5 years	Over 5 years	Total
	£'m	£'m	£'m	£'m	£'m
At 30 September 2018					
Assets					
Cash and cash equivalents	18.4	-	-	-	18.4
Financial assets through profit or loss	4.1	-	-	-	4.1
Advances to joint ventures	70.5	-	-	-	70.5
Trade and other receivables	76.8	7.5	-	-	84.3
Amounts owed by Group undertakings (restated)	290.9	-	-	-	290.9
	460.7	7.5	-	-	468.2
Liabilities					
Trade and other payables	263.9	46.9	30.5	6.0	347.3
Amounts due to Group undertakings	339.2	-	-	-	339.2
Amounts due to joint ventures	60.4	-	-	-	60.4
Other loans	-	-	2.5	-	2.5
	663.5	46.9	33.0	6.0	749.4

26 Financial risk management **(Continued)**

Interest rate risk
Interest rate risk reflects the Company's exposure to fluctuations in interest rates in the market. The Company is funded by its ultimate parent company which draws loans under its loan facilities with interest rates based upon UK LIBOR. Intra group loans are designated as non interest bearing and therefore the Company has limited exposure to interest rate risk.

The Company has no exposure to foreign currency risk.

Housing market risk
The Company is affected by price fluctuations in the UK housing market. These are in turn affected by the wider economic conditions such as mortgage availability and associated interest rates, employment and consumer confidence. Whilst these risks are beyond the Company's ultimate control, risk is spread across business activities undertaken by the Company and the geographic regions in which it operates.

Credit risk
The Company's exposure to credit risk is limited solely to the United Kingdom for housebuilding activities and by the fact that the Company receives cash at the point of legal completion of its private sales.

The Company's remaining credit risk predominantly arises from trade receivables and cash and cash equivalents.

Trade receivables on deferred terms arise from land sales. The amount deferred is secured by a charge over the land until such time payment is received.

Trade and other receivables comprise mainly the amounts receivable from the Homes England (in relation to the Help-to-Buy scheme), housing associations, joint ventures and the associate. The Directors consider the credit rating of the various debtors is good in respect of the amounts outstanding and therefore credit risk is considered to be low.

Cash and cash equivalents are held with UK clearing banks which are either A or A- rated.

Interest rate risk
The following table sets out the interest rate risk associated with the Company's financial liabilities:

	Non-interest bearing £'m
At 30 September 2019	
Liabilities	
Trade and other payables	395.3
Amounts due to Group undertakings	441.1
Amounts due to joint ventures	0.4
Other loans	2.2
	839.0

26 Financial risk management (Continued)

	Non-interest bearing £'m
At 30 September 2018	
Liabilities	
Trade and other payables	337.7
Amounts due to Group undertakings	339.2
Amounts due to joint ventures	60.4
Other loans	2.2
	739.5

Fair value estimation
The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

There were no transfer between categories during the current and prior year. Balances which are held at fair value are discussed further in Note 18.

27 Called up share capital

	2019 £'m	2018 £'m
Allotted, issued and fully paid		
81,351,980 (2018: 81,351,980) Ordinary shares of 25p each	20.3	20.3

28 Contingent liabilities

On 4 June 2014 the Company entered into a Security Agreement with Lloyds Bank plc, the terms of which entitle the Bank to take security over the assets of the Company. The security takes the form of a fixed charge over the property assets held by the Company and also a floating charge over all the other assets, both present and future.

The Company's ultimate parent undertaking refinanced its debt facilities on 12 May 2016. Following this refinancing, the Group's bankers hold a floating charge over all the Group's assets.

The Company has entered into counter indemnities to bankers, insurance companies, statutory undertakings and the National House Building Council in the normal course of business.

During the financial year, the Competition & Markets Authority (CMA) commenced a sector wide inquiry into the sale of leasehold properties. On 4 September 2020 the CMA announced it had opened a case against Countryside and three other housing developers in relation to possible breaches of consumer protection law in the residential leasehold sector. We are committed to resolving this issue to the satisfaction of our customers and will continue to co-operate fully with the CMA's ongoing investigation. Due to the stage of the matter and the uncertainties regarding outcomes no provision has been recognised.

During the financial year, an amendment to Building Regulations banned the use of combustible materials on the external cladding of tall buildings. The Directors commissioned an independent third-party review of historical developments which is still on-going. In addition, in response to the Ministry of Housing, Communities & Local Government's (MHCLG) report "Advice for Building Owners of Multi-storey, Multi-occupied Residential Buildings", since January 2020 a formal fire safety assessment must be conducted by a suitably qualified and competent professional (typically a Fire Engineer) for all buildings above 18 meters. We have engaged an independent third-party to complete these assessments and the process is on-going. No provision has been made for fire-safety related works as at the balance sheet date. This will be reviewed when the third-party reviews have been concluded.

29 Related party transactions

In 2014, properties were sold at market value by the Group to a company of which Graham Cherry is a Director and shareholder. The Company leased back these properties incurring rental expenses of £21,000 in the prior financial year. The Company no longer leases these properties and therefore payments during the year ended 30 September 2019 were £Nil.

During both financial years, a close family member of Ian Sutcliffe and a close family member of Graham Cherry were employed by the Company. During the year ended 30 September 2019, two close family members of Phillip Lyons were also employed by the Company.

All of these individuals were recruited through the normal interview process and are employed at salaries commensurate with their experience and roles. The combined annual salary and benefits of these individuals is less than £190,000 (2018: less than £110,000).

29 Related party transactions (Continued)

Other transactions with related parties

During the year the Company earnt fees from transactions with related parties:

	2019 £'m	2018 £'m
Associate	2.4	1.7
Joint ventures	10.6	13.1
	13.0	14.8

	Net advanced/(repaid) during the year		Balances outstanding at the year end	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Joint ventures	2.0	2.2	12.1	10.1

Sales of services to related parties were made on normal commercial terms. No purchases were made by the Company from its joint ventures or associate. The amounts outstanding bear no interest and will be settled in cash on demand.

30 *Capital commitments*

The Company was not committed to the purchase of any property, plant and equipment or software intangible assets at 30 September 2019 (2018: £Nil).

31 Operating leases commitments

The Company has various leases under non-cancellable operating lease agreements. The lease terms are between one and 20 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Company also leases various vehicles, under cancellable lease agreements. The Company is required to give a six-month notice for termination of these agreements. The lease expenditure charged to the income statement during the year is disclosed in note 7.

At 30 September the future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	Land and Buildings		Other	
	2019	2018	2019	2018
	£'m	£'m	£'m	£'m
Within one year	2.2	2.9	2.2	1.7
Between two and five years	8.6	7.0	2.3	1.2
In over five years	8.6	10.4	-	-
	19.4	20.3	4.5	2.9

32 Events after the reporting date

Modular Panel Factory

Following the period, the Company signed an agreement to lease a second modular panel factory in Bardon, Leicestershire. The factory is under construction and the 20-year lease will commence when the factory is ready to occupy. This is expected to occur during the first half of FY21.

Countryside Ground Rent Assistance Scheme

Following the Group's earlier commitment to the Government's Leasehold Pledge, in April 2020 the Group established the Countryside Ground Rent Assistance Scheme (the 'Scheme'). The Scheme is expected to operate for a period of at least two years. It will be offered on a voluntary basis and will apply to such leases where the ground rent payable was not for the ultimate benefit of either a Local Authority or a Registered Provider of social housing.

We will seek agreement from all freehold owners to vary the leaseholds of Countryside customers who still own homes with a leasehold ground rent that doubles more frequently than every 20 years. Working with our joint venture partners where required, Countryside aims to achieve agreement from the freehold owners to vary the leasehold ground rent to increase every 15 years in line with RPI.

The Scheme is in the early stages of its development and the associated cost of the Scheme is provisionally estimated to be up to £10m. An appropriate provision for these costs will be made in the financial year ending 30 September 2020.

32 Events after the reporting date **(Continued)**

Coronavirus, COVID-19

The Group announced on 25 March 2020 that all construction sites, factories and sales offices were to temporarily close in response to Covid-19. A number of measures were taken to preserve liquidity, including the renegotiation of land purchases and development agreements and a general reduction in spend across the Group. During this period, all land payments which had not been deferred and payments to suppliers and sub-contractors which fell due were paid as planned. In addition, some revenue from construction contracts for Affordable and PRS homes was received, along with deferred receipts for historical land sales.

On 28 April 2020, Countryside Properties Plc's eligibility to access the Bank of England COVID Corporate Financing Facility ("CCFF") was confirmed, and a £300m commercial paper facility to access the CCFF should it be required. A relaxation of the Group's banking covenants until September 2022 was also agreed to ensure the Group is able remain compliant in any plausible but severe downside scenario. This is relevant to the Company as it is reliant on Countryside Properties Plc for funding

On 7 May 2020, the Group announced a phased return to construction activity which commenced from 11 May 2020 and this allowed the Group to begin generating cash flows from construction activity and the sale of private homes.

Although the COVID-19 pandemic has caused significant disruption to the business, the Company's mixed-tenure model has proved its resilience with continued strong demand for all tenures. The level of uncertainty which COVID-19 poses to the business is significant. The Group has no knowledge of the long-term effect of the virus on the economy, house prices or our consumers and there is also no reliable way of forecasting when the pandemic will be controlled. The experience to to-date following lockdown suggests that house prices and sales rates can be maintained however the effect of the furlough scheme coming to an end and the reversal of temporary stamp duty waivers creates uncertainty in our forecasting.

No adjustments have been recorded in these financial statements as a result of COVID-19 as it is a non-adjusting post balance sheet event.

Countryside Properties PLC Share Placing

On 22 July 2020, Countryside Properties Plc completed a non-pre-emptive placing of ordinary shares, raising gross proceeds of £250.0m. As a result of this funding and recent trading performance, the Group does not expect to utilise the Covid Corporate Financing Facility ("CCFF") that it has available.

33 Ultimate parent undertaking

The Company's immediate parent company in the United Kingdom is Countryside Properties (Holdings) Limited.

The ultimate parent company of the Company in the United Kingdom at 30 September 2019 was Countryside Properties PLC.

The smallest and largest group into which the Company is consolidated is Countryside Properties PLC. Financial statements for the companies which comprise the Countryside Properties PLC Group are available from the Company Secretary, Countryside House, The Drive, Great Warley, Brentwood, Essex, United Kingdom, CM13 3AT.

34 Adoption of new and revised accounting standards

During the financial year ended 30 September 2019, the Group has adopted the following accounting standards issued by the International Accounting Standards Board ("IASB"):

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"

The impact of the adoption of these new standards on the Group's financial statements is explained below.

IFRS 9 "Financial Instruments"

Classification and measurement of financial assets
IFRS 9 replaces the guidance in IAS 39 "Financial Instruments: Recognition and Measurement" and addresses the classification, measurement, impairment and recognition of financial assets and financial liabilities.

Financial assets previously classified as loans and receivables under IAS 39 have been classified and measured at amortised cost under IFRS 9.

Financial assets previously classified as available for sale have been classified and measured at fair value through profit or loss under IFRS 9. Prior to the implementation of IFRS 9, changes to the fair value of available-for-sale financial assets were recorded within reserves, to the extent available. On transition to IFRS 9, fair value gains and losses are recorded directly in the consolidated statement of comprehensive income.

At the date of initial application of IFRS 9, available-for-sale financial assets related solely to a deferred land overage receivable (Note 18). There had been no changes to fair value recorded on the overage receivable from the date of initial recognition to the date of transition to IFRS 9. As a result, no adjustments were required on transition to IFRS 9.

During the prior financial year, the Group disposed of all of its shared equity loans that were previously classified as available-for-sale financial assets. IAS 39 continues to apply to these assets as they were derecognised prior to the date of initial application of IFRS 9.

Impairment of financial assets
IFRS 9 also requires the Group to recognise expected credit losses (ECL) and to update the amount of ECL recognised at each reporting date to reflect changes in the credit risk of financial assets.

The Group applies the simplified approach under IFRS 9. This involves measuring the lifetime ECL for trade and other receivables at all times. Given the nature of the receivables and lack of significant exposure to ECL, no adjustments were required on transition to IFRS 9.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaces IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

34 Adoption of new and revised accounting standards **(Continued)**

An assessment of the Group's principal revenue streams against the requirements of IFRS 15 is set out below:

- Private housing
  - Revenue is recognised at a point in time on legal completion as this is when the customer obtains control of a property. Cash is received on completion and there is no variable or financing component to the consideration received.
  - Under IAS 18 revenue was recognised when the risks and rewards were transferred to the customer, which was deemed to be on legal completion.
  - There is therefore no impact on the timing of revenue recognition on transition to IFRS 15.

- Sale of part exchange properties
  - Revenue is recognised at a point in time on legal completion as this is when the customer obtains control of a property. Cash is received on completion and there is no variable or financing component to the consideration received.
  - Under IAS 18, the profit/(loss) on the sale of part exchanged properties was included within cost of sales, linked to the sale of new build properties.
  - Under IFRS 15, this is treated as a separate transaction and the proceeds are presented within private revenue.

- Affordable housing and private rental sector contracts
  - Revenue is recognised over time based on surveyor-certified valuations of work performed at the balance sheet date. As the build progresses, customer-controlled assets are created with no alternative use to the Group as the design is built to the specification of the customer. The Group has an enforceable right to be paid for the work completed to date and invoices are issued and paid over the life of the development. Un-invoiced amounts are presented as contract assets.
  - These contracts were previously recognised in accordance with IAS 11 with revenue and costs recognised by reference to stage of completion of the contract activity.
  - There is therefore no impact of the timing of revenue recognition on transition to IFRS 15.

- Land sales
  - Revenue is recognised at a point in time on unconditional exchange as this is the point at which the Group is considered to have satisfied its performance obligations. Where there are residual obligations that are not satisfied at the balance sheet date an element of the transaction price is deferred into future periods. Revenue is recognised on the residual obligations at a point in time when the performance obligations have been satisfied. Cash is either received on completion or on deferred payment terms. It is often the case that high value land sales contain a financing component with deferred payment terms agreed for the benefit of the customer.
  - Under IAS 18 revenue was recognised when the risks and rewards were transferred to the customer, which was deemed to be on unconditional exchange.
  - Under IFRS 15, the land sale will continue to be recognised on unconditional exchange. If there are residual obligations in the land sale contract that are not satisfied at the balance sheet date, an element of the transaction price is deferred into future periods.

- Commercial sales
  - Revenue is typically recognised at a point in time on unconditional exchange as this is the point at which the Group is considered to have satisfied its performance obligations. Cash is received on completion and in most cases there is no variable or financing component to the consideration received. In some cases, however, revenue is recognised over time as described below in "Affordable housing and private rental sector contracts".
  - Under IAS 18 revenue was recognised when the risks and rewards were transferred to the customer. For commercial sales recognised at a point in time, this was deemed to be on unconditional exchange.
  - There is therefore no impact on the timing of revenue recognition on transition to IFRS 15.

34 Adoption of new and revised accounting standards **(Continued)**

In summary, the only impacts of IFRS 15 on the Group are as follows:

- proceeds from the sale of part exchanged properties are now presented as revenue as opposed to an offset to cost of sales; and
- where there are residual obligations in land sale contracts that are not satisfied at the balance sheet date, an element of the transaction price is deferred into future periods.

During the year ended 30 September 2019, £9.1m of revenue has been recognised on the sale of part exchanged properties, or £10.3m on an adjusted basis. Income from the sale of part exchange properties recognised within cost of sales for the year ended 30 September 2018 was £9.9m, or £11.8m on an adjusted basis.

During the year ended 30 September 2019, £0.6m of profit has been deferred relating to residual obligations in land sale contracts that have not been satisfied at the balance sheet date. This is expected to be realised during the year ending 30 September 2020.

The impact of IFRS 15 on the Group is therefore not material. IFRS 15 has been adopted using the modified retrospective approach with no restatement of comparative financial information.