

CREST/GALLIFORD TRY (EPSOM) LLP

Registered in England: number OC326727

Annual Report and Financial Statements

31st October 2016

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CREST/GALLIFORD TRY (EPSOM) LLP MEMBERS' REPORT

The Members have pleasure in submitting their report together with the audited financial statements for the year ended 31st October 2016.

Principal Activities and Business Review

The principal activity of Crest/Galliford Try (Epsom) LLP (the 'LLP' or the 'partnership') is the development of land in Epsom. The development was completed during the current financial year and all remaining units sold. The Members will review the future of the partnership on conclusion of the warranty period which ends in April 2018. During the year the amounts owed to the Members were waived.

All activities are conducted within the UK.

Key performance indicators

Key financial statistics are given below:

	2016 £000	2015 £000
Revenue	552	4,596
Gross profit	26	145

Results and Financial Position

The partnership had revenue in the year of £552,000 (2015: £4,596,000) and profit for the financial year was £15,094,000 (2015: £nil), which represents an exceptional write back to the profit and loss account of Member balances. The partnership had net assets at 31st October 2016 of £nil (2015: net deficit of £15,094,000).

Risk management

The main risk to the LLP is due to product failure within the warranty period. Subcontract retentions are retained for works done for a fixed period which mitigates cost exposure. The Members do not forecast any material costs to arise from this risk.

Members

The Members during the year and up to the date of signing the financial statements were as follows:

Crest Nicholson (Epsom) Limited ('Crest')

Linden Limited ('Linden')

Policy with regard to subscription of Capital, drawings and repayment of Capital

No Member is entitled to receive interest on the amount of capital contributions to the LLP.

No Member shall be obliged to contribute any further loan/capital contributions unless the other Member has made further loan/capital contributions in the same amounts and on the same terms. Where Members have made equal contributions to the LLP, no part of any monies advanced by the Members shall (unless otherwise agreed in writing by the Members) be repaid to the Member unless an equivalent amount is repaid to the other Member unless otherwise set out in the Business Plan.

No profits shall be distributed to a Member by the LLP while the LLP remains liable for any costs relating to that Member's proportion of the Development; payments remain outstanding from that Member under the provisions of the Business Plan; and any sums due to the LLP under the Partnership Agreement and/or the Loan Letters from that Member remain outstanding.

Net profits of the LLP which have been allocated to one Member and which are available for distribution to the Member may be drawn by that Member on 10 Business days' notice to the other Member.

No Member shall be entitled to withdraw funds in excess of the share of profits applicable to its Share for any accounting period. In the event that any such excess withdrawal is made, that Member shall repay the excess drawings to the LLP immediately together with interest on the excess at the Default Interest Rate.

Detailed arrangements for repayment of capital exist to cover resignation by a Member, where this results in the appointment of a replacement member, or in the winding up of the LLP.

CREST/GALLIFORD TRY (EPSOM) LLP
MEMBERS' REPORT (continued)

Statement of Members' Responsibilities

The Members are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the Members to prepare financial statements for each financial year in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law as applied to limited liability partnerships the Members 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Members and signed on their behalf.



P Bergin (as director of Crest Nicholson (Epsom) Ltd)
 Designated Member

Crest House
 Pyrcroft Road
 Chertsey
 Surrey KT16 9GN

25 July 2017

CREST/GALLIFORD TRY (EPSOM) LLP**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREST/GALLIFORD TRY (EPSOM) LLP**Report on the financial statements**Our opinion**

In our opinion, Crest/Galliford Try (Epsom) LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31st October 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31st October 2016;
- the Income Statement for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Members Interest for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 as applicable to limited liability partnerships 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit**Our responsibilities and those of the Members**

As explained more fully in the Statement of Members' Responsibilities set out on page 2, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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.

CREST/GALLIFORD TRY (EPSOM) LLP**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREST/GALLIFORD TRY (EPSOM) LLP
(continued)**

What an audit of financial statements involves

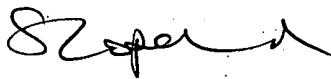
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25th July 2017

CREST/GALLIFORD TRY (EPSOM) LLP
INCOME STATEMENT
For the year ended 31st October 2016

		2016 Pre- exceptional item £000	2016 Exceptional item (note 2) £000	2016 Post- exceptional item £000	2015 £000
	Note				
Revenue		552	-	552	4,596
Cost of sales		(526)	-	(526)	(4,451)
Gross profit		26	-	26	145
Administrative (expenses)/income		(26)	15,094	15,068	(24)
Operating profit		-	15,094	15,094	121
Finance expense		-	-	-	(121)
Profit for the year before Members' remuneration and profit share	2	-	15,094	15,094	-
Members' remuneration charged as an expense	3	-	-	-	-
Profit for the year available for discretionary division among members		-	15,094	15,094	-

The result for the financial year arose solely from continuing activities.


There was no other comprehensive income in the year ended 31st October 2016 (2015: £nil).

The notes on pages 7 to 10 form part of these financial statements.

CREST/GALLIFORD TRY (EPSOM) LLP
STATEMENT OF FINANCIAL POSITION
As at 31st October 2016

	Note	2016 £000	2015 £000
Current assets			
Inventories	4	-	478
Trade and other receivables	5	182	178
Cash at bank and in hand		20	10
		<u>202</u>	<u>666</u>
Current liabilities			
Trade and other payables	6	(202)	(15,760)
Net current assets/(liabilities)		<u>-</u>	<u>(15,094)</u>
Total assets less current liabilities		<u>-</u>	<u>(15,094)</u>
NET ASSETS/(LIABILITIES) ATTRIBUTABLE TO MEMBERS		<u>-</u>	<u>(15,094)</u>
REPRESENTED BY:			
Loans and other debts due to Members within one year			
Loans and other debts due to Members		-	(15,094)
TOTAL MEMBERS' INTEREST/(DEFICIT)		<u>-</u>	<u>(15,094)</u>

The financial statements on pages 5 to 10 were approved by the Members on 25 July 2017 and signed on its behalf by:


P Bergin (as director of Crest Nicholson (Epsom) Ltd)
Designated Member

CREST/GALLIFORD TRY (EPSOM) LLP
STATEMENT OF CASH FLOWS
For the year ended 31st October 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the year	15,094	-
Adjustments for:		
Net finance expense	-	121
Member balances waived	(15,094)	
Operating result/profit before changes in working capital and provisions	-	121
(Increase)/decrease in trade and other receivables	(4)	1,508
Decrease in inventories	478	502
Decrease in trade and other payables	(464)	(2,269)
Cash generated from/(used by) operations	10	(138)
Net cash inflow/(outflow) from operating activities	10	(138)
Net change in cash and cash equivalents	10	(138)
Cash and cash equivalents at the beginning of the year	10	148
Cash and cash equivalents at end of the year	20	10

CREST/GALLIFORD TRY (EPSOM) LLP
STATEMENT OF CHANGES IN MEMBERS INTEREST
For the year ended 31st October 2016

	Members capital and other amounts classified as debt £000	Total Members' interest £000
Members' interests at 1 st November 2014	(15,094)	(15,094)
Result for the financial year available for discretionary division among Members	-	-
Members' interests at 31 st October 2015	(15,094)	(15,094)
Profit for the financial year available for discretionary division among Members	15,094	15,094
Members' interests at 31 st October 2016	-	-

CREST/GALLIFORD TRY (EPSOM) LLP

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

Crest/Galliford Try (Epsom) LLP is a partnership incorporated in the UK. The address of the registered office is Crest House, Pyrcroft Road, Chertsey, Surrey KT16 9GN. The financial statements have been prepared and approved by the Members in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") as adopted by the European Union (together "EU IFRS"), and with those parts of the Companies Act 2006 applicable to partnerships reporting under EU IFRS, and have been prepared on the historical cost basis as well as in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (LLP SORP). The partnership has adopted IFRSs in the year, with the effective transition date being 1st November 2014. The adoption of IFRSs had no impact on the financial statements and no restatement was required.

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

The financial statements are presented in pounds sterling and amounts stated are denominated in thousands (£000). The accounting policies have been applied consistently in dealing with items which are considered material. Assets and liabilities are stated at amortised cost, which equals their fair value.

The financial statements have been prepared on the going concern basis, which assumes that the LLP will continue in operational existence and be able to meet its liabilities as they fall due. In the prior year the financial statements were prepared on the going concern basis notwithstanding the partnership having net liabilities at 31st October 2015 of £15,094,000, on the basis of Member support.

The principal accounting policies adopted are set out below.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable, net of value-added tax, rebates and discounts but excludes the sale of properties taken in part exchange. Surpluses or deficits on the disposal of part exchange properties are recorded directly within gross profit.

Revenue is recognised on house sales at legal completion. For affordable housing sales and other sales in bulk, revenue is recognised upon practical completion and when substantially all risks and rewards of ownership are transferred to the buyer.

Revenue is recognised on land sales and commercial property sales from the point of unconditional exchange of contracts. Where unconditional exchange of contracts has occurred but the partnership still has significant obligations to perform under the terms of the contract, such as infrastructure works, revenue is recognised when the obligations are performed.

Profit is recognised on a plot-by-plot basis, by reference to the margin forecast across the related development site. Due to the development cycle often exceeding one financial year, plot margins are forecast, taking into account the allocation of site-wide development costs such as infrastructure, and estimates required for the cost to complete such developments.

Provision is made for any losses foreseen in completing a site as soon as they become apparent.

All turnover originates from the UK.

Inventories

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

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

CREST/GALLIFORD TRY (EPSOM) LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)

Trade and other receivables

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

Trade and other payables

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

Accounting estimates and judgements

The preparation of the financial statements requires Members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Management considers the key estimates and judgments made in the financial statements to be related to the carrying value of land and work-in-progress and profit recognition. Inventories of land, work-in-progress and completed units are stated in the statement of financial position at the lower of cost and net realisable value. Due to the nature of development activity and, in particular, the length of the development cycle, the partnership has to allocate site-wide development costs such as infrastructure between units being built and/or completed in the current year and those for future years. It also has to make estimates of the cost to complete such developments. These estimates are reflected in the margin recognised on developments in relation to sales recognised in the current and future years and the carrying value of the land and work-in-progress. There is a degree of inherent uncertainty in making such estimates. The partnership has established internal controls that are designed to ensure an effective assessment is made of inventory carrying values and the costs to complete developments.

Members' Capital

The capital requirements of the partnership are determined from time to time by the partnership. No interest is paid on capital. On leaving the partnership a Member's capital is repaid, subject to a valuation formula agreed between the Members.

Members' remuneration and drawings

Remuneration is paid to certain Members under a contract for services or other contractual arrangements. Such remuneration together with related employment costs is included as an expense in the profit and loss account under the heading members' remuneration charged as an expense. Members receive monthly drawings on account of their share of profits earned. Profits may be allocated at any time, but at the latest immediately after the financial statement have been approved by the members.

Taxation

Taxation on all partnership profits is solely the liability of individual Members. Consequently neither taxation nor related deferred taxation arising in Crest/Galliford Try (Epsom) LLP are accounted for in these financial statements. Amounts retained for tax are treated in the same way as other profits of the partnership and so are included in 'Members' interests' or in 'Loans and other debts due to members' depending on whether or not division of profits has occurred.

Exceptional item

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the partnership. They are items that are material either because of their size or their nature, or that are nonrecurring are considered as exceptional items and are presented within the line items to which they best relate.

Standards and interpretations effective for the first time

The partnership has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1st November 2015, none of which has had a significant effect on the partnership's financial statements:

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

CREST/GALLIFORD TRY (EPSOM) LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

- IFRS 2 Share-based payments. Effective for the period beginning 1st November 2018.
- IFRS 9 Financial instruments and the amendment on general hedge accounting. Effective for the period beginning 1st November 2018.
- IFRS 14 Regulatory deferral accounts. Effective for the period beginning 1st November 2016.
- IFRS 15 Revenue from Contracts with Customers and the amendment. Effective for the period beginning 1st November 2018.
- IFRS 16 Leases. Effective for the period beginning 1st November 2019.
- Amendment to IFRS 10 Consolidated Financial Statements. Effective for the period beginning 1st November 2016.
- Amendment to IFRS 11 Joint Arrangements. Effective for the period beginning 1st November 2016.
- Amendment to IAS 1 Presentation of Financial Statements. Effective for the period beginning on 1st November 2016.
- Amendment to IAS 7 Statement of Cash Flows. Effective for the period beginning on 1st November 2017.
- Amendment to IAS 12 Income Taxes. Effective for the period beginning on 1st November 2017.
- Amendment to IAS 16 Property, Plant and Equipment. Effective for the period beginning on 1st November 2016.
- Amendment to IAS 27 Separate Financial Statements. Effective for the period beginning on 1st November 2016.
- Amendment to IAS 28 Investments in Associates and Joint Ventures. Effective for the period beginning on 1st November 2016.
- Amendment to IAS 38 Intangible Assets. Effective for the period beginning on 1st November 2016.
- Annual improvements 2014. Effective for the period beginning on 1st November 2016.
- Annual improvements 2015-16. Effective for the period beginning on 1st November 2017 and 1st November 2018.

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

2 Result for the year before Members' remuneration and profit share

Auditors' remuneration of £3,000 (2015: £3,000) was borne by Crest Nicholson plc.

The partnership had no employees during the year (2015: nil).

Exceptional Administrative (expenses)/income:

During the year Member balances of £15,094,000 (2015: £nil) were waived. The balances represent losses that had accumulated over the life of the project, and are irrecoverable by the Members.

3 Members' remuneration

No Members remuneration was paid in the year (2015: nil).

4 Inventories

	2016	2015
	£000	£000
Work in progress	-	478

Inventories to the value of £526,000 (2015: £4,451,000) were recognised as expenses in the year.

5 Trade and other receivables

	2016	2015
	£000	£000
Trade receivables	103	141
Amounts owed by Members	77	-
VAT recoverable	1	24
Other receivables	-	13
	<u>182</u>	<u>178</u>

Amounts owed by associated undertakings are unsecured, repayable on demand and carry no interest.

Trade receivables are stated after provision for doubtful debts of £nil (2015: £nil).

CREST/GALLIFORD TRY (EPSOM) LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Trade and other payables

	2016	2015
	£000	£000
Trade payables	94	609
Amounts owed to Members	-	14,669
Accruals	108	482
	<u>202</u>	<u>15,760</u>

Amounts owed to associated undertakings are unsecured, repayable on demand and carry no interest.

7 Risk management

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

Capital management

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

Financial risk

The main risks associated with the partnership's financial instruments are credit risk, liquidity risk and market risk. The Members are responsible for managing these risks and the policies adopted are as set out below.

Credit risk

Credit risk is the risk of financial loss to the partnership if a customer or other counterparty to a financial instrument fails to meet its contractual obligations.

In managing risk the partnership assesses the credit risk of its counterparties before entering into a transaction. No credit limits were exceeded during the reporting year, and management does not expect any material losses from non-performance of any counterparties, including in respect of receivables not yet due. No financial assets are past due or are considered to be impaired at the statement of financial position date (2015: £nil).

Liquidity risk

Liquidity risk is the risk that the partnership will not be able to meet its financial obligations as they fall due. Cash flow forecasts are produced to monitor the expected cash flow requirements of the partnership against the available facilities. The principal risks within these cash flows relate to the Members providing sufficient funding to the partnership as payables become due.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the partnership's income or the value of its holdings of financial instruments.

8 Related party transactions

£24,000 was charged by Crest Nicholson Operations Limited for the provision of accountancy services. (2015: £24,000).

At 31st October 2016 £58,000 is due from Crest Nicholson Operations Limited (2015: £7,263,000 owed to) and £19,000 is due from Linden Limited (2015: £7,406,000 owed to).

9 Controlling Party and Ultimate Controlling Party

Crest/Galliford Try (Epsom) LLP is jointly controlled by Crest Nicholson (Epsom) Limited and Linden Limited.

No one Member has overall control.