COUNTRYSIDE PROPERTIES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2011

REGISTERED NUMBER 05555391

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CHAIRMAN'S STATEMENT

At Countryside Properties we are very proud of our reputation which has been garnered over the past 50 years Whilst the design of the building and communities we construct has continued to evolve, our core values have remained constant We seek to generate attractive returns for all our stakeholders by creating outstanding, sustainable and sought after places for people to live and work

Reflecting this heritage earlier this year the 'Alan Cherry Award for Planning' was established This aims to give recognition to the significant contribution that leading figures in the public sector make to the quality of place making in their communities

In 2010 our newly configured Board reviewed and updated the Group's strategy This seeks to exploit the Group's many strengths now focussed into two clear lines of business New Homes and Communities and Regeneration By implementing this strategy, over a four year period we expect to more than double our housing output and in the process further strengthen the financial health of the business

It is pleasing to report that in our first full year of implementation we have increased the number of houses and apartments we have constructed by over 15% We have also commenced an improvement in our financial performance with operating profits achieved in 2011 of £19 9m versus £8 2m in the prior year This result was ahead of our expectations

Despite a weak economic environment and difficult mortgage conditions, the housing markets in which the Group operates have remained fairly stable The shortage of quality housing compounded by a growing population has underpinned price levels and sales volumes

However given the Nation's inadequate housing stock and historically low levels of housing output the Government is right to promote improvement in the effectiveness of the planning system

Countryside Properties seeks to operate to high standards of governance The Board of Copthorn Holdings Limited, which is composed of Executive and Non-Executive Directors meets regularly and following an annual programme sets direction, opines on key decisions and monitors performance The sub committees of Audit and Remuneration are populated by our Non-Executive Directors with Executive Directors present by invitation

The banking community currently commands little positive media coverage I would like to interrupt that trend by recognising the support and commitment we have received from all our financial investors to increase the utilisation of funds in alignment with the Company's growth plans

We take a responsible approach to the way we conduct business Consultation with local communities regarding proposed new developments is second nature We also put considerable emphasis on our Health and Safety and Environmental conduct We also strive to meet or exceed our customer expectations although we do not always get this right

Finally, I would like to thank our employees for their efforts Recent years have been difficult for the Housebuilding Industry Despite this our people continue to take pride in their work and are proceeding with enthusiasm I share their excitement

A. C. Carr-Locke

Andrew Carr-Locke
Executive Chairman
1 December 2011

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2011

The Directors have pleasure in presenting their Report, together with the audited consolidated financial statements for the year ended 30 September 2011

OPERATING REVIEW

Activities of the Group

Countryside Properties PLC is a housebuilding business focussed on the development of new homes and communities and estate regeneration In support of these activities the Group is also engaged in strategic land, commercial property development and design and build contracting for housing associations and other registered social landlords

A number of its projects are of 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 account as well as through joint ventures

The principal areas of the Group's operations are in London, the South East, East and North West of England

Trading Results

Group turnover for the financial year, including share of joint ventures was £267 5m (2010 £228 1m) Earnings before interest and taxation (EBIT) were £19 9m (2010 £8 2m) and the profit before tax was £3 5m (2010 £10 1m loss)

Shareholders' funds at 30 September 2011 were £105 5m (2010 £92 0m) Working capital facilities are provided to the Group by its ultimate parent company, Copthorn Holdings Limited

The Group's joint ventures are typically funded through equity and shareholder loans as well as project-specific non-recourse or limited-recourse debt The Group's share of this off-balance sheet debt at the financial year-end was £18 8m (2010 £26 5m)

Business Environment

The housing markets in which the Group operates have remained relatively stable during the financial year Whilst buyers' confidence has held up relatively well during the year, a continuing shortage of mortgage finance has restricted the number of homebuyers able to proceed with purchases, particularly first time buyers For the trade-up market there remains a shortage of the type of product being sought by purchasers and this is the case particularly in London and the South East Activity in the Group's Northern Division has generally remained slow throughout the financial year

The Group started its financial year experiencing steady interest from trade-up buyers but diminishing demand from first time buyers as the Government's KickStart shared equity initiative was used up Good levels of interest were being received from first time buyers, particularly in the South, but many were unable to meet the deposit criteria of mortgage lenders The Government's FirstBuy equity share initiative has stimulated activity in the first time buyer marketplace once again The Government's recently announced new build mortgage indemnity proposal is a further positive initiative to be launched in 2012 to help buyers gain access to up to 95% loan to value mortgages

The trade-up housing markets in the South East have remained relatively constant during the period with interest rising and waning much on the back of consumer confidence in general Sales rates and net prices have been achieved much in line with internal budgets Modest price increases on some sites were achieved during the Spring and Autumn buying seasons on the back of improved consumer confidence and very limited supply

Steady market conditions and a highly restrictive planning environment have led to a chronic shortage of development land in the areas of greatest demand although in secondary locations values remain low The Group has again taken advantage of this interest during the year, completing the sale of a number of planned land disposals

The commercial property market has remained difficult during the year with limited institutional interest due to a lack of demand from occupiers for most forms of property

Business Environment (cont'd)
Affordable housing agencies have not been immune from the impact of the financial crisis The Government has substantially altered the way in which affordable and social housing is to be financed with significantly less reliance on grants Whilst there remains a chronic shortage of affordable homes, the scarcity of funding from both private and Government sources is beginning to have an impact on opportunities within the design and build contracting sector The shortage of work has ensured continuing healthy competition between sub-contractors and materials suppliers seeking to enhance their own order books In the medium term however it is clear that the regeneration of the Country's worn out affordable housing estates continues to have strong political support at all levels The Government's recently launched set of initiatives in its 'Laying the Foundations A housing strategy of England' is further evidence of this

Construction costs generally held steady during the year although signs of increased competition down the Group's supply chain are beginning to emerge as the availability of work generally falls on the back of Government spending cuts and reduced business confidence

Strategy
The Group's principle objective is to deliver growth in shareholder value, year on year, through responsible development It believes that creating sustainable communities adds real value and opens up new business opportunities The Group is committed to implementing the principles of sustainable development throughout its business With sustainability now being a core principle of the planning system, the Group believes that good corporate citizenship benefits all its stakeholders and further enhances new business prospects

The Group recognises that high quality design is critically important to the lasting success of its developments Through a design-led approach to development it creates visually stimulating, innovative homes in urban environments Where appropriate, more traditional designs and local building materials are used in rural areas and established communities The Group's expertise means that it can create and deliver imaginative solutions for every development opportunity This approach means that the Group is well positioned to contend with the challenges of the Coalition Government's introduction of 'localism' in Town Planning

Land
The quality and size of the Group's land resources has for many years been the key to the Group's success and this is expected to continue as the housing markets recover to their longer term trends Much of the land in the Group's control is located in London, the South East and East of England

The Group's strategy is to bring forward these sites either for development by the Group or for onward sale to other developers In addition, the Group continues to seek and gain control of further quality land where it has potential to use its expertise in adding value The Group generally seeks to secure sites in the best locations through options and conditional contracts which can then be acquired on attractive terms once planning permission has been obtained

Homes for Sale
The Group's strategy is to develop as much of its land resources as it can whilst working responsibly within its financial resources, optimising return on capital employed and shareholder value and maintaining a balanced risk portfolio Its intention is to ensure that the vast majority of the Group's developments are low to mid-rise making use of its wide range of tried and tested design and construction techniques This will ensure more predictable cost outturns and improved customer satisfaction as well as best managing the Group's capital exposure

Commercial Property
The Group retains a risk adverse approach to its commercial property development, concentrating instead on commercial elements of its own mixed-use schemes Capital exposure is tightly controlled within strict guidelines with limited speculative commercial development being undertaken Risk is reduced by a combination of pre-lettings in whole or part, forward sales to end users or institutional purchasers and joint ventures

Design and Build Contracting
As these operations do not impose on the Group's financial resources, being cash positive by nature, it is the Group's intention to increase the profit contribution from this activity over time through a combination of careful project selection and controlled and responsible growth The strength of the Group's order book for this type of work means that emphasis can be placed on securing new work by negotiation

Future Outlook and Prospects
Short Term
Since the Group's financial year end the housing markets in which the Group operate have remained reasonably positive, with increased activity in the trade-up market and the impact of the Government's latest shared equity initiative stimulating the first time buyer market The Government's recent proposals to assist the ability of first time buyers as a result of the introduction of its new build mortgage indemnity scheme are a welcome development

Future Outlook and Prospects (cont'd)

Short Term (cont'd)

Although homebuyer demand is conditioned by economic factors and consumer confidence, the underlying need and demand for new homes, and particularly family houses, remains strong Changes in demographics, increasing population and a restrictive planning system will, we believe, collectively ensure that unsatisfied pent-up demand will underpin the housing markets in which the Group operates for many years to come This is particularly noticeable in London and the South East It remains to be seen as to what impact the Government's 'localism' agenda and recent announcements to stimulate housing output will have to easing the shortages in housing stock

Whilst encouraged by the Group's current trading performance, we remain nervous as to any possible impact the Eurozone crisis and any knock-on effects on the UK financial system As a consequence it is difficult to forecast the direction of house prices in the short term with any accuracy

People do still have to move property for personal reasons, and there is still a strong underlying preference to buy rather than rent Pent up demand is significant and it is only the availability of mortgage finance which is holding back its conversion into home purchase Attractive homes in the right location at the right price will continue to entice buyers

The Group believes that its proven approach to sustainable quality development places it in the best position to ensure its success even during these challenging market conditions

The commercial property sector remains difficult Investment is expected to stay somewhat muted until property lending returns to normal and occupational demand increases In the meantime the Group continues to focus on reducing its limited exposure to the sector and maintains its cautious approach to future speculative development

In light of the collapse in output of both residential and commercial activity across the Country, the Group believes that construction costs are likely to remain competitive in the year ahead

Longer Term

The Directors believe that the Group remains well placed to take advantage of the substantial land holdings which it has under its control

The Group has the skills, abilities, experience, management and financial backing to enable it to emerge from the current testing market environment and to respond successfully to the opportunities which lie ahead It has developed a track record of delivering well-designed sustainable projects which put it in a good position to respond to the agenda for sustainable development

The Directors are confident that the Group is well-positioned to meet the short term challenges ahead and that its longer term prospects are considerable

Health and Safety

The Group conducts its business with due regard for the health, safety and welfare of its employees, contractors, clients, visitors and members of the public The Group promotes a positive culture towards health and safety throughout its operations and observes the requirements of the Health and Safety at Work etc Act, 1974 at all times

The Group operates a comprehensive Health and Safety Management System (fully registered to OHSAS 18001) and is committed to continual improvement through a comprehensive training programme and by actively encouraging feedback from all levels of employment Regular on-site inspections are carried out internally by the Group's qualified staff The day-to-day management of these activities is overseen by the Group's Health and Safety Manager

G S Cherry, the Group's Chief Executive, is the Director responsible for health and safety throughout the Group

Environmental Issues

The Group is acknowledged as an industry leader in its approach to the environment, in the execution of its developments and its working practices Each development is planned not only to optimise financial returns, but also to ensure that it is carried out in an environmentally responsible and sustainable manner It operates an Environmental Management System (fully registered to ISO 14001)

G S Cherry, the Group's Chief Executive, is the Director responsible for environmental management throughout the Group

Principal Risks and Uncertainties
The Group maintains a risk management strategy and systems to ensure the risks to which it is exposed are clearly understood and regularly assessed and that adequate effective controls are in place to mitigate their impact

Whilst overall responsibility sits with the Board, this is overseen in detail by the Risk Management Committee The Audit Committee in turn, ensures that the risk management process is being effectively maintained and operated within the Group

The Board has overall responsibility for the Group's systems of internal control and their effectiveness Its Audit Committee maintains an overview of the effectiveness of the systems of internal control relating to operational, financial and compliance matters, and reports to the Board regularly

The key business risks affecting the Group are as follows

The Housing and Property Markets
The stability and strength of the housing and property markets have a material influence on the Group's performance They are, however, beyond the Group's ultimate control The impact of weak and volatile market conditions can result in reduced trading margins, delayed land sales, adverse cashflow, increased working capital and higher interest costs

The Group plans its capital requirements on cautious assumptions and closely monitors market conditions and forecasts, regularly conducting market research at both local and national levels This is considered in detail at Board meetings and is used when considering the appropriate sales and marketing strategy for each site It is also analysed in depth prior to any new site acquisition This approach ensures that the Group is best placed to capitalise when market conditions are buoyant

Land Supply
The Group's on going ability to acquire sufficient development opportunities in the right locations that meet its exacting criteria is fundamental to its future success Maintaining an adequate supply of land with planning permission is therefore essential

The Group operates in areas where the demand for housing and property is usually significant As a consequence, the land market in such areas can be highly competitive The Group has demonstrated over many years its success in acquiring prime land and development opportunities This, combined with its ability to obtain planning permission, has been and will remain the Group's major strength

Land supply risk, in the short to medium term at least, is partially mitigated by the size of the Group's current land holdings This means that it can better plan its land buying activities by securing options and conditional contracts and adding value using its skills and expertise

Each of the operating divisions has its own fully resourced team experienced in land buying and the planning process and follows a clearly defined acquisition strategy working within set financial parameters The Group's Executive Directors play a major role in identifying and negotiating land buying opportunities Forward land supply is closely monitored across the Group

Key Personnel
The Group's ability to attract and retain good quality, appropriately qualified and experienced staff is important to ensure its objectives are achieved The Group has in place an effective benefits structure, and is appropriately resourced and is committed to developing its human resources to meet its future demands

The Group places considerable value on the involvement of its employees and updates them from time to time on matters affecting them as employees and on the financial and other factors affecting the performance of the Group This is achieved through the Group's intranet, newsletters and circulars, presentations by the Executive Directors and senior divisional management as well as company literature

Key Performance Indicators
The Board reviews performance by reference to a number of Key Performance Indicators

Number of Sales Completions
During the financial year the Group completed the sale of 576 new homes (2010 559) including 258 sales completions (2010 87) made on behalf of its Joint Ventures The average selling price of all new homes sold increased to £190,000 (2010 £149,000) largely due to an increase in the balance of homes sold in the South compared to the North The Group intends to significantly increase its output over the coming years as planning consents are secured and land is brought through its land bank into development

Development Operating Margins
Operating profits from the Group's development activities were £10 4m (2010 £6 7m profit) with operating margins at 8 3% (2010 4 6%) Operating margins improved due to sales mix, modest house price increases and improved efficiencies as well as benefiting from a change in mix of development activities

Design and Build Operating Margins
Operating profit from this activity was £10 8m (2010 £4 0m) During the financial year the Group completed 649 new homes (2010 498) for housing associations and others Operating margins increased to 7 8% (2010 5 5%), as a result of higher volumes and the mix of projects undertaken during the year

Forward Sales of New Housing
At 30 September 2011 the value of forward sales of new homes (Group's own plus share of joint ventures) that were either reserved or exchanged was £37 0m (2010 £39 0m) The Group's output for the financial year ending 30 September 2012 is anticipated to be heavily weighted to the second half due to the nature and timing of contributing projects

Order Book - Design and Build Contracting
At the year end, the current order book for the Group's design and build contracting operations totalled £238m of committed contracts (2010 £161m), with a further £644m (2010 £541m) agreed subject to contract

Land Holdings
At 30 September 2011, the Group owned or controlled, through options and conditional contracts, land with the potential for approximately 18,500 (2010 18,300) new homes, including 8,500 (2010 8,000) with planning permission and 10,000 (2010 10,300) subject to planning permission

The Group has a strong position in the land buying market and has clear expertise in bringing sites successfully through the planning system A large number of these sites are for mixed-use development with the potential for commercial, retail, leisure and community uses as well as new housing The Group's land stocks include potential for 5 0 million sq ft of accommodation for commercial and community uses including 3 3 million sq ft held through joint ventures

Dividends
The Directors do not recommend the payment of the dividend on the ordinary shares (2010 £Nil)

Corporate Governance
The Group is committed to achieving and maintaining high standards of corporate governance To assist in this, the ultimate parent company Copthorn Holdings Limited has established central committees, with dedicated responsibilities of which further information can be found in the Directors' Report in the financial statements of Copthorn Holdings Limited

Directors
The Directors of the Company during the year to the date of approving this report were

A C P Carr-Locke
G S Cherry
R S Cherry
W E Colgrave

The Group has made qualifying third party indemnity provisions for the benefit of its Directors, which remain in force at the date of this report

Employment Policy

The Group endeavours to provide employment opportunities on a fair and equitable basis, taking into account the skills and experience required to perform each job It strives to ensure that neither its policies nor practices disadvantage particular groups or individuals The Group is committed to providing equality of opportunity to all employees, regardless of sex, age, race, colour, national or ethnic origin, religious belief, marital status, disability or sexual orientation The Group does not tolerate harassment or discrimination of any kind People with disabilities are given the same consideration as others when applying for jobs The Group is also committed to retaining employees who become disabled by making reasonable adjustments to enable them to continue in their current role or to explore possibilities for retraining or redeployment within the Group

The Group operates a profit-related bonus scheme based on an earnings threshold and with capped maximums All staff are employed by Countryside Properties (UK) Limited Their remuneration is paid by that company and no other group company

The Group places considerable value on the involvement of its employees and has continued its practise of keeping them informed on matters affecting them as employees and on the financial and economic factors affecting the performance of the Group This is achieved through the company intranet, regular newsletters and e-rounds, formal and informal meetings, as well as the availability of company literature

The Group achieved Investor In People recognition in March 2000, reaccreditations in November 2001, July 2004, July 2007 and again in September 2010 for the following three years It continues to support the Investor in People initiative to encourage a climate of professionalism, teamwork and continuous staff development

Charitable and Political Donations

The Group supports a number of local and national charities Donations to charitable organisations for the year were £5,306 (2010 £6,535) The Group does not make donations to political parties, organisations or their representatives

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Group and the Company and of the profit or loss of the Group for that period In preparing these financial statements, the Directors 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business Included where no separate statement on going concern is made by the directors

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors and disclosure of information to auditors
So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware The Directors have taken all the relevant steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

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

By Order of the Board

W E Colgrave
Group Company Secretary

1 December 2011

The Directors Report contains certain forward-looking statements with respect to the financial condition results of operations and business of the Copthorn Holdings Group These forward-looking statements represent the Group's expectations or beliefs concerning future events They involve known and unknown risks and uncertainty which could cause actual results, performance or events to differ materially from those expressed or implied in such statements Forward-looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in light of new information or new events

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COUNTRYSIDE PROPERTIES PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of Countryside Properties Plc for the year ended 30 September 2011 which comprise the consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement, parent company balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
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 and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements
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 Group's and Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 September 2011 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

C. Burns

Christopher Burns (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

1 December 2011

COUNTRYSIDE PROPERTIES PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	**2011** **£000**	2010 £000
Turnover Group and share of joint ventures	2	**267,469**	228,067
Less share of joint ventures' turnover	2	**(45,451)**	(28,986)
Group turnover		**222,018**	199,081
Cost of sales		**(184,782)**	(173,107)
Gross profit		**37,236**	25,974
Administrative expenses	10		
Operating expenses		**(19,015)**	(19,314)
Write-down of advances to joint ventures		**(1,300)**	(2,400)
		(20,315)	(21,714)
Group operating profit	2 & 5	**16,921**	4,260
Share of operating profit of joint ventures and associates	2 & 3	**3,008**	3,982
Total operating profit	2 & 5	**19,929**	8,242
Net interest payable and similar charges	4		
Group		**(15,313)**	(15,816)
Share of joint ventures and associates		**(1,070)**	(2,529)
		(16,383)	(18,345)
Profit/(Loss) on ordinary activities before taxation		**3,546**	(10,103)
Taxation on profit on ordinary activities	7		
Group		**10,946**	406
Share of joint ventures and associates		**(1,054)**	(772)
		9,892	(366)
Profit/(Loss) for the financial year		**13,438**	(10,469)

The Company's results for the financial year and the prior year arise from continuing operations There is no material difference between the result stated above and its historical cost equivalent The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

COUNTRYSIDE PROPERTIES PLC

CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2011

	Notes	2011 £000	2011 £000	2010 £000	2010 £000
Fixed assets					
Tangible assets	9		**1,680**		1,861
Investment in joint ventures					
Goodwill arising on acquisition		**15**		29	
Share of gross assets		**85,592**		98,105	
Share of gross liabilities					
- Borrowings		**(18,751)**		(26,541)	
- Other creditors due within one year		**(8,094)**		(12,994)	
- Other creditors due after more than one year		**(39,490)**		(39,345)	
		19,272		19,254	
Investments in associated undertakings	10	**2,555**		1,624	
Other investments	10	**9,971**		5,558	
			31,798		26,436
			33,478		28,297
Current assets					
Stocks	11	**313,342**		272,603	
Debtors					
- Amounts falling due within one year	12	**242,100**		88,456	
- Amounts due after more than one year	12	**7,954**		14,207	
Cash at bank and in hand		**20,805**		42,932	
		584,201		418,198	
Creditors amounts falling due within one year	13	**(393,440)**		(281,027)	
Net current assets			**190,761**		137,171
Total assets less current liabilities			**224,239**		165,468
Creditors amounts falling due after more than one year	14		**(118,785)**		(73,452)
Net assets			**105,454**		92,016
Capital and reserves					
Called up share capital	15		**19,902**		19,902
Share premium account	16		**213,994**		213,994
Other reserve	16		**(176,738)**		(176,738)
Profit and loss account	16		**48,296**		34,858
Total shareholders' funds	17		**105,454**		92,016

The notes on pages 14 to 28 form part of these financial statements which were approved by the Board on 1 December 2011 and signed on its behalf by

A C P Carr-Locke
Director

W E Colgrave
Director

Company Registration No 05555391

COUNTRYSIDE PROPERTIES PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	2011 £000	2011 £000	2010 £000	2010 £000
Net cash inflow from operating activities	18		**7,024**		46,326
Returns on investments and servicing of finance					
Interest paid		**(17,034)**		**(17,080)**	
Interest received		**739**		**1,264**	
Taxation			**(16,295)**		(15,816)
UK corporation tax received			**331**		998
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(290)**		(226)	
Advances (from)/to joint ventures		**(148)**		2,558	
Advances repaid by associates		**1,710**		-	
Equity share scheme loans advanced		**(4,413)**		(1,300)	
			(3,141)		1,032
Acquisitions and disposals					
Investment in joint ventures' share capital			**(64)**		(301)
Net cash (outflow)/inflow before financing			**(12,145)**		32,239
Financing					
Increase in bank borrowings		**7,151**		6,864	
Intercompany financing		**(17,133)**		(23,352)	
			(9,982)		(16,488)
(Decrease)/Increase in cash	19		**(22,127)**		15,751

COUNTRYSIDE PROPERTIES PLC

PARENT COMPANY BALANCE SHEET
AT 30 SEPTEMBER 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Investments	10	**136,485**	136,485
		136,485	136,485
Current assets			
Stocks	11	-	-
Debtors	12	-	-
Cash at bank and in hand		-	-
		-	-
Creditors amounts falling due within one year	13	-	-
Net current assets		-	-
Total assets less current liabilities		**136,485**	136,485
Creditors amounts falling due after more than one year	14	-	-
Net assets		**136,485**	136,485
Capital and reserves			
Called up share capital	15	**19,902**	19,902
Share premium account	16	**213,994**	213,994
Profit and loss account	8 & 16	**(97,411)**	(97,411)
Total equity shareholders' funds	17	**136,485**	136,485

The notes on pages 14 to 28 form part of these financial statements which were approved by the Board on 1 December 2011 and signed on its behalf by

A C P Carr-Locke
Director

W E Colgrave
Director

Company Registration No 05555391

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements and its subsidiary undertakings where applicable

Basis of preparation
The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards in the United Kingdom, under the historical cost convention rules and in accordance with the Companies Act 2006

Basis of consolidation
The consolidated financial statements include the results of the Company and its subsidiary undertakings which are made up to 30th September 2011 and 30 September 2010 together with the Group's share of the results for the period since acquisition and share of assets and liabilities of joint ventures and associates All intra-group transactions, balances, income and expenses are eliminated on consolidation The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date control passes or up to the date of disposal

As permitted by Section 408 of the Companies Act 2006 and approved by the Directors, the Company has not presented its own profit and loss account

Joint ventures
A joint venture is an undertaking in which the Group has a participating interest which is jointly controlled under a contractual arrangement The Group's share of profits less losses of its joint ventures is included in the consolidated profit and loss account, and the Group's share of their gross assets and gross liabilities is included within fixed asset investments in the consolidated balance sheet The Group's share of profit and loss on transactions with Joint Ventures is deferred then recognised when the Joint Venture sells to an unrelated party Goodwill arising on the acquisition of joint ventures is accounted for in accordance with the stated policy Any unamortised balance of goodwill is included in the carrying value of the investment in joint ventures

The Group makes advances to its joint ventures and the recoverability of these advances is considered with the investment carrying value

Where the accounting policies of joint ventures do not conform in all respects to those of the Group, adjustments are made on consolidation to reflect the accounting policies of the Group

Associates
In the Group financial statements, investments in associates are accounted for using the equity method The Group's share of profits less losses of its associates is included in the consolidated profit and loss account and the Group's share of their net assets is shown in the consolidated balance sheet Goodwill arising on the acquisition of associates is accounted for in accordance with the stated policy Any unamortised balance of goodwill is included in the carrying value of the investment in associates

Where the accounting policies of associates do not conform in all respects to those of the Group, adjustments are made on consolidation to reflect the accounting policies of the Group

Turnover
Turnover comprises sales of properties where building has been completed and the property has been legally transferred to the purchaser Sales of second-hand properties acquired solely to assist the sale of new properties under the Group's part-exchange scheme are not included in turnover

In the case of long-term building contracts, turnover includes amounts invoiced during the year for work certified as completed under the contract

Disposals of land and partially developed land and related fee income are also included in turnover as are fees receivable for sales and marketing and project management work Turnover on land is taken when all material aspects of the contract have been completed

Profit
Profit or losses are taken on legal completion of each property sale or land disposal, assuming all material aspects of the contract have been completed, except in the case of long-term building contracts where attributable profit is taken having regard to the proportion of the contract completed at the balance sheet date Profit is taken at the anticipated margin for each development

1. **Accounting Policies** (continued)

Interest payable and similar charges
Interest payable and similar charges and interest receivable and similar income are charged/credited to the profit and loss account on an accruals basis

Fixed asset investments
Investments are stated individually at the lower of cost and their recoverable amount, which is determined as the higher of net realisable value and value in use A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying value of the Investment may not be recoverable Such impairment reviews are performed in accordance with FRS 11'Impairment of fixed assets and goodwill'

Stocks
Stocks are stated at the lower of cost and estimated net realisable value Stocks comprises land acquisition, construction and other development expenditure (including second-hand properties acquired under the Group's part-exchange scheme), and an appropriate proportion of overheads relating to construction Pre-contract expenditure over three months old incurred on a site where no legal contract exists to acquire that site is written off to the profit and loss account For developments in progress, estimated net realisable value is calculated based on projected future sale proceeds less costs to complete each project For completed houses, net realisable value is based on expected sales prices in the open market

Long-term contract work-in-progress is stated at cost less foreseeable losses less progress payments receivable

The Directors regularly review all stocks and where, in their opinion, the estimated net realisable value of any individual site is less than cost, then provision is made to reduce the carrying value of stock to estimated net realisable value Where estimated net realisable value exceeds cost, no account is taken of the increase until it is realised

Tangible fixed assets and depreciation
Tangible fixed assets are stated at historical purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its intended use Depreciation of tangible fixed assets is charged on a straight line basis at rates calculated to write off their cost over their estimated useful lives The applicable annual rates are

Plant and Machinery	– 20% to 25%
Fixtures and Fittings	– 10%

Leases
Rentals payable under operating leases are charged to the profit and loss account on an accruals basis over the lease term Provisions are recognised where the Group has an obligation to settle operating leases where they are deemed to be onerous

Deferred taxation
Deferred taxation is recognised in respect of material timing differences that have originated but not reversed at the balance sheet date where the transactions or events resulting in an obligation to pay more, or a right to pay less tax in the future have occurred Deferred tax is measured at the tax rate expected to apply when the timing differences reverse, based on tax rates enacted, or substantially enacted at the balance sheet date

A deferred tax asset is only recognised when it is more likely than not that it will be recoverable in the future Deferred tax assets and liabilities are not discounted

1 **Accounting Policies** (continued)

Pensions
Pension costs of the Group's defined contribution schemes are charged to the profit and loss account on an accruals basis

Financial instruments
The Group's policy in respect of derivative instruments is to consider their use to manage the Group's exposure to floating interest rates Where instruments are entered into as hedges they are designed as such on inception and accounted for as an adjustment to the underlying interest expense on an accruals basis over the life of the instrument It is not the Group's policy to trade in derivatives and the Group has not adopted FRS 26 'Financial instruments recognition and measurement'

Bank loans
Bank loans are stated at the amount of the consideration received after deducting directly attributable and incremental costs associated with raising the finance These finance costs are amortised over the term of the facility

Related party transactions
The Company has taken advantage of the exemption provided under FRS 8 'Related party disclosures' not to disclose transactions with other group subsidiaries which are all wholly owned by Copthorn Holdings Limited

2 **Analysis by activity**

		Turnover 2011 £000	Turnover 2010 £000	**Operating Profit 2011 £000**	Operating Profit 2010 £000
Development	- Group	**82,396**	123,135	**7,448**	2,865
	- Share of joint ventures and associates	**42,161**	22,455	**2,945**	3,786
		124,557	145,590	**10,393**	6,651
Design & Build contracting	- Group	**139,622**	75,946	**10,773**	3,795
	- Share of joint ventures and associates	**3,290**	6,531	**63**	196
		142,912	82,477	**10,836**	3,991
Total (including share of joint ventures before impairment)		**267,469**	228,067	**21,229**	10,642
Write down of advances to joint ventures		**-**	-	**(1,300)**	(2,400)
Total (including share of joint ventures)		**267,469**	228,067	**19,929**	8,242

Development turnover includes £37 3m (2010 £59 3m) in respect of land sales

Design and Build contracting work is mainly carried out by Regeneration South, a division of Countryside Properties (UK) Limited, which is the Group's specialist design and build contracting operation The Group's regional operations which are mainly involved in development activities also carry out a limited amount of design and build contracting work

The Group accounts for interest centrally and considers that any segmental apportionment of interest would not be meaningful

The net assets of Design and Build contracting are immaterial compared to the Group's net assets and as such have not been separately disclosed

All the Group's turnover arises in the United Kingdom

3 Share of operating profit of joint ventures and associates

The involvement in joint ventures (see note 10) generates considerable financial and other benefits for the Group In addition to the share of operating profit of joint ventures reported in the Profit and Loss Account, the Group carried out project management, sales and marketing and building contracting work for joint ventures to the value of £15 5m (2010 £7 4m) This generated a gross profit to the Group of £4 2m (2010 £1 6m)

At 30 September 2011 £6 3m (2010 £6 1m) was outstanding from joint ventures in respect of the above transactions

The Group also provided advances to joint ventures as detailed in note 10

4 Interest payable and similar charges / interest receivable and similar income

	2011	2010
	£000	£000
Interest payable on loans from parent undertaking	**14,560**	15,983
Interest payable on loans and overdrafts	**1,954**	1,900
Other loans	**519**	-
Share of joint ventures' interest	**1,070**	2,529
	18,103	20,412
Bank interest receivable	**(739)**	(1,264)
Unwinding of trade debtors discount	**(981)**	(803)
Net interest payable	**16,383**	18,345

Interest paid on loans from parent undertaking is charged at a rate based on LIBOR

5 Group operating profit

	2011	2010
	£000	£000
Operating profit is arrived at after charging		
Depreciation	**465**	594
Provisions		
- Other investments – equity share scheme loans	**574**	317
- Joint venture advances	**1,300**	2,400
Audit Services		
- Statutory audit of Group	**145**	152
Tax Services		
- Compliance services for Group	**47**	43
- Advisory services	**58**	20
Amounts payable under operating leases		
- Plant and machinery	**2,486**	1,643
- Other	**2,599**	2,944

6. Directors and staff

Staff costs for the Group during the year (including Directors)	2011 £000	2010 £000
Wages and salaries	**17,773**	16,916
Performance related incentives	**2,934**	2,364
	20,707	19,280
Social security costs	**2,587**	2,159
Pension costs (note 21)	**1,945**	1,669
	25,239	23,108

Directors' aggregate emoluments are £2,016,000 (2010 £1,742,000) including pension contributions of £243,000 (2010 £186,000) Four (2010 Four) Directors receive pension contributions from the Group of which three (2010 three) paid into a defined contribution scheme referred to in note 21 The emoluments of the highest Director were £523,000 (2010 £470,000) which includes pension contributions by the Group of £67,000 (2010 £58,000)

The Countryside Properties Deferred Incentive Scheme ("Deferred Scheme") was approved in 2005 to provide cash awards to certain employees (including Directors) and was in addition to the Group's profit-related bonus scheme It was modified in September 2009 and March 2010 such that the participants agreed to the vesting of their outstanding awards in four equal instalments, the final instalment date being 20 December 2012 or one final payment on 31 December 2011 During the year £1,191,000 (2010 £808,000) was paid under the scheme to participants No awards have been made under the Deferred Scheme since 2006

The Copthorn Holdings Shadow Equity Scheme ("Equity Scheme") was approved on 24 April 2007 and replaced the Deferred Scheme The aim of the Equity Scheme is to reward key employees and Directors for their contribution to the profitability of the Copthorn Holdings Limited Group The Board of Copthorn Holdings Limited may at any time grant an award to an employee in accordance with the rules of the Equity Scheme The awards take the form of phantom share options and are generally granted for a period of 10 years

Valuation of an award made under the Equity Scheme is based on the increase in the Group's net asset value between 30 September 2006 and the date the award is realised or, in the case of an IPO or exit of the shareholders, on the increase in value of the Countryside Properties PLC Group from February 2005 to the date of exit or IPO Awards granted may be realised in three instalments from the fifth to the tenth anniversaries of the award date Settlement is made in cash

The estimated value of the Equity Scheme has been determined with reference to expected employee behaviour and estimated increase in net asset value over the life of the Equity Scheme As at 30 September 2011, the estimated value of awards was £Nil (2010 £Nil)

	2011 Number	2010 Number
Average number of employees by activity (including Directors)		
Development	**317**	324
Design and Build Contracting	**86**	66
Head Office	**26**	25
	429	415

The Company had no employees during the year (2010 Nil) All staff are employed by Countryside Properties (UK) Limited, a subsidiary of the Company

In addition, a considerable number of persons are employed by sub-contractors engaged on the Group's projects

7 Taxation

	2011 £000	2010 £000
The taxation credit/(charge) comprises		
UK corporation tax 27% (2010 28%)		
Current year	**(289)**	(940)
Joint ventures' taxation	**1,054**	772
Total current taxation	**765**	(168)
Deferred taxation (note 12)	**(10,657)**	534
	(9,892)	366

Factors affecting tax charge for the year

	2011 £000	2010 £000
Group's profit/(loss) on ordinary activities before taxation	**3,546**	(10,103)
Tax thereon at 27% (2010 28%)	**958**	(2,829)
Effect of		
Expenses not deductible for tax purposes	**270**	328
Accelerated capital allowances	**(130)**	(150)
Transfer pricing adjustment	**(472)**	1,225
Carried forward tax losses	**259**	2,271
Consortia relief credit	**(405)**	(1,013)
Adjustments relating to prior years	**285**	-
	765	(168)

Factors that may affect future tax charges

	2011 £000	2010 £000
Timing differences		
Interest receivable taxed in year of receipt, not credited to profit and loss account	**729**	729
Capital allowances in excess of depreciation	**(504)**	(374)
	225	355

The deferred tax asset recognised in the financial year is in respect of losses brought forward

In addition to the changes in rates of Corporation tax disclosed a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement A resolution passed by Parliament on 29 March 2011 reduced the main rate of Corporation tax by 26% from 1 April 2011 and legislation to reduce the main rate of Corporation tax from 26% to 25% from 1 April 2012 was substantively enacted on 5 July 2011 A further reduction of 1% to the main rate is proposed by 1 April 2014 None of these expected rate reductions had been substantively enacted to the balance sheet date and, therefore, are not included in this financial statement

8 Losses on ordinary activities after taxation of the parent company

No profit or loss on ordinary activities after taxation in the parent company arose for 2011 (2010 £Nil)

9. Tangible fixed assets

	Plant & Machinery £000	Fixtures & Fittings £000	Total £000
The movements during the year for the Group were			
Cost			
At 1 October 2010	9,505	5,503	15,008
Additions	228	62	290
Disposals	(4,810)	(17)	(4,827)
At 30 September 2011	**4,923**	**5,548**	**10,471**
Accumulated depreciation			
At 1 October 2010	7,833	5,314	13,147
Charge for the year	392	73	465
Disposals	(4,805)	(16)	(4,821)
At 30th September 2011	**3,420**	**5,371**	**8,791**
Net book amount			
At 30 September 2011	**1,503**	**177**	**1,680**
At 30 September 2010	1,672	189	1,861

10 Fixed asset investments

	Group 2011 £000	Group 2010 £000	**Company 2011 £000**	Company 2010 £000
Investments in joint ventures	**19,272**	19,254	-	-
Investment in subsidiary undertakings	-	-	136,485	136,485
Investment in associated undertakings	**2,555**	1,624	-	-
Other investments – equity share scheme loans	**9,971**	5,558	-	-
	31,798	26,436	136,485	136,485

Joint ventures

The principal investments in joint ventures, all of which are incorporated in the United Kingdom, comprise

Greenwich Millennium Village Limited

The Group has a 50% shareholding in the ordinary share capital of Greenwich Millennium Village Limited and has trade debtors due of £Nil (2010 £0 2m) The remaining shares are held by Taylor Wimpey Developments Limited Greenwich Millennium Village Limited is undertaking the redevelopment of land at Greenwich Peninsula which will eventually comprise some 2,900 mixed-tenure homes, commercial and retail areas, community facilities and a network of sustainable modes of transport At 30 September 2011 the company was financed entirely by retained reserves and share capital

Countryside Maritime Limited

The Group has a 50% shareholding in the ordinary share capital of Countryside Maritime Limited and has advanced a shareholder loan of £1 3m (2010 £2 3m) and has trade debtors due of £4 8m (2010 £3 0m) The remaining shares are held by the Homes and Communities Agency Countryside Maritime Limited is undertaking the redevelopment of St Mary's Island, Chatham Maritime, which will eventually comprise some 1,900 mixed-tenure homes and community facilities At 30 September 2011 the Company was financed by shareholder loans and share capital

Silversword Properties Limited

The Group has a 50% shareholding in the ordinary share capital of Silversword Properties Limited The remaining shares are held by Liberty Property Limited Partnership Silversword Properties Limited is undertaking the redevelopment of the commercial element of Didsbury Point, the former Withington Hospital, Manchester, which will eventually comprise a healthcare related office building, a private hospital and care home facilities At 30 September 2011 the company was financed entirely by share capital (2010 financed by KBC Bank NV £5 5m development loan and share capital)

10 Fixed asset investments (continued)

Cambridge Medipark Limited
The Group has a 50% shareholding in the ordinary share capital of Cambridge Medipark Limited and has received a loan from the Company of £2 0m (2010 £2 0m) The remaining shares are held by Liberty Property Limited Partnership Cambridge Medipark Limited is undertaking the development of land at Trumpington, Cambridge which will comprise some 2 3m sq ft of commercial space predominantly for use as Research and Development facilities by the Bio-Medscience community At 30 September 2011 the company was financed entirely by retained reserves and share capital

Countryside Annington (Colchester) Limited
The Group has a 50% shareholding in the ordinary share capital of Countryside Annington (Colchester) Limited and has advanced an interest-bearing shareholder loan of £0 8m (2010 £1 7m) The remaining shares are held by Annington Developments Limited Countryside Annington (Colchester) Limited is undertaking the redevelopment of land known as Fortuna Park at Lordswood Road, Colchester which will eventually comprise some 256 mixed-tenure homes At 30 September 2011 the company was financed entirely by retained reserves and shareholder loans

Countryside Annington (Mill Hill) Limited
The Group has a 50% shareholding in the ordinary share capital of Countryside Annington (Mill Hill) Limited and has advanced an interest-bearing shareholder loan of £6 9m (2010 £8 0m) and has trade debtors due of £Nil (2010 £0 2m) The remaining shares are held by Annington Developments Limited Countryside Annington (Mill Hill) Limited is undertaking the redevelopment of land known as Ridgemont, Mill Hill which, subject to obtaining planning consent will eventually comprise some 395 mixed-tenure homes At 30 September 2011 the company was financed entirely by share capital and shareholder loans (2010 financed by The Royal Bank of Scotland Plc £6 3m development loan, share capital and shareholder loans)

Countryside Land Securities (Springhead) Limited
The Group has a 50% shareholding in the ordinary share capital of Countryside Land Securities (Springhead) Limited and has advanced an interest-bearing shareholder loan of £6 6m (2010 £6 3m) and has trade debtors due of £Nil (2010 £0 1m) The remaining shares are held by Land Securities Development Limited Countryside Land Securities (Springhead) Limited is undertaking the redevelopment of land known as Springhead Park, Ebbsfleet which will eventually comprise 562 private and 187 mixed-tenure homes At 30 September 2011 the company was financed entirely by share capital and shareholder loans

Countryside Neptune LLP
The Group has a 50% membership interest in Countryside Neptune LLP and has advanced a non interest-bearing members' loan of £4 3m (2010 £5 6m) and has trade debtors due of £1 4m (2010 £1 4m) The remaining interest is held by Promenade Estates Limited and R C Douglas in equal proportions Countryside Neptune LLP is undertaking the redevelopment of land known as Mann Island, Liverpool which will eventually comprise 376 luxury apartments, 139,583 sq ft of commercial office space, 50,119 sq ft leisure and retail space and the provision of an integrated public open realm and external landscaping At 30 September 2011 the partnership was financed by a development loan from the Lloyds Banking Group repayable by December 2013 amounting to £37 5m (2010 £41 3m) and members' loans

Countryside Zest (Beaulieu Park) LLP
The Group has a 50% membership interest in Countryside Zest (Beaulieu Park) LLP and has advanced a non interest bearing members' loan of £5 9m (2010 £4 6m) and has trade debtors due of £Nil (2010 £1 3m) The remaining interest is held by Zest Homes Limited, a wholly-owned subsidiary of London and Quadrant Industrial Provident Society Countryside Zest (Beaulieu Park) LLP, subject to obtaining planning consent, will undertake the strategic development and sale of land at Beaulieu Park, Chelmsford, Essex At 30 September 2011 the partnership was financed entirely by members' loans

Acton Gardens LLP
The Group has a 50% membership interest in Acton Gardens LLP and has advanced a non-interest bearing loan of £1 5m (2010 £Nil) and has trade debtors due of £Nil (2010 £Nil) The remaining interest is held by Zest Homes Limited, a wholly-owned subsidiary of London and Quadrant Industrial Society Acton Gardens LLP is undertaking the regeneration and development of land known as Acton Gardens in Ealing, West London which will eventually comprise up to 1,257 private homes, 1,405 mixed-tenure homes, integrated leisure and retail space, the provision of community facilities and public open space At 30 September 2011 the partnership was financed entirely by members' loans

At 30 September 2011 the aggregate third party bank facilities of joint ventures amounted to £43 5m (2010 £64 2m) and the aggregate bank borrowings were £37 5m (2010 £53 1m) All joint venture bank borrowings are arranged on terms which are non-recourse to the Group

10 Fixed asset investments (continued)

	Group 2011 £000	Group 2011 £000	Group 2010 £000	Group 2010 £000
Movements in joint venture investments and advances during the year were				
Investment				
At 1 October		**19,254**		19,895
Group share of operating profit excluding goodwill for the year	**1,590**		1,573	
Amortisation of goodwill	**(14)**		(8)	
Group share of interest payable	**(920)**		(2,288)	
Attributable taxation	**(702)**		(219)	
Group share of retained loss after taxation		**(46)**		(942)
Increase in investment during the year		**64**		301
At 30 September		**19,272**		19,254
Advances				
At 1 October		**28,863**		31,421
Advances/(Repayments) made during the year		**148**		(2,558)
At 30 September		**29,011**		28,863
Impairment of advances				
At 1 October		**2,400**		-
During the year		**1,300**		2,400
At 30 September		**3,700**		2,400
Net advances at 30 September		**25,311**		26,463
Advances (in debtors – note 12)		**27,311**		28,463
Advances (in creditors – note 13)		**(2,000)**		(2,000)
		25,311		26,463

As at 30 September 2011, the Group's share of joint venture fixed assets was £0 7m (2010 £0 8m), current assets £84 9m (2010 £97 4m), liabilities due within one year £26 8m (2010 £39 5m), liabilities due after more than one year £39 5m (2010 £39 3m)

Accruals and deferred income (note 13) includes £1 0m (2010 £1 4m) in respect of transactions with joint ventures

Net advances to joint ventures of £25 3m (2010 £26 5m) are for the provision of debt finance to certain joint ventures The majority of these advances are non-interest bearing and are typically repayable on demand Their repayment is linked to completion of specific projects and therefore could extend beyond one year In the year the Group recognised a write-down of £1 3m (2010 £2 4m) against advances to Countryside Neptune LLP after reviewing the recoverability of the asset

Investments in associated undertaking
The investment in associated undertakings relates to the Group's investment in Countryside Properties (Bicester) Limited Additional consideration is payable in respect of this investment which is contingent upon the grant of implementable planning permission for development and is equal to 16 5% of the market value for that land at the date of grant

10 Fixed asset investments (continued)

Movements in associated undertakings investments and advances during the year were

	Group 2011 £000	**Group 2011 £000**	Group 2010 £000	Group 2010 £000
Investment				
At 1 October		**1,624**		1
Group share of operating profit	**1,432**		2,417	
Group share of interest payable	**(149)**		(241)	
Attributable taxation	**(352)**		(553)	
Increase in investment during the year		**931**		1,623
At 30 September		**2,555**		1,624
Advances as at 30 September		**3,685**		5,395

Principal subsidiary undertakings
Countryside Properties PLC owns 99% of the issued share capital of Countryside Properties (UK) Limited The remaining 1% is held in trust for the benefit of certain employees by the Trustees to the Countryside Properties Modified Partnership Plan, the liability for which is carried by the Company's immediate parent company, Copthorn Limited

The principal subsidiary undertakings of Countryside Properties (UK) Limited, all of which are wholly-owned are

Countryside Properties (Southern) Limited, Countryside Properties (Northern) Limited, Countryside Properties (London & Thames Gateway) Limited, Countryside Properties (Special Projects) Limited, and Countryside Properties (In Partnership) Limited All of these subsidiaries traded as agents for Countryside Properties (UK) Limited

Other significant wholly-owned subsidiary undertakings include Countryside Properties Land (One) Limited, Countryside Properties Land (Two) Limited, Countryside Four Limited, Countryside Eight Limited, Countryside Thirteen Limited, Countryside 28 Limited, Countryside 26 Limited, Countryside Properties (Uberior) Limited and Countryside Properties (Joint Ventures) Limited, all of which are involved in property development

A full list of subsidiary undertakings at 30 September 2011 will be appended to the Company's next annual return

All the above subsidiary undertakings are incorporated in the United Kingdom

The Group also has an interest in a number of development related management companies Ownership is only temporary and transactions within their companies are immaterial to the Group As a consequence, these companies are not consolidated within these financial statements

Other investments – equity share scheme loans

These comprise amounts which were advanced to homebuyers to assist in their purchase of the Group's properties under the Group's Shared Equity Scheme The loans are repayable, together with a share in any capital appreciation for the property concerned The loans are secured by either a first or second charge over the property and are interest-free or have interest chargeable from the fifth year onwards

	Group 2011 £000	Group 2010 £000	**Company 2010 £000**	Company 2010 £000
Other investment				
At 1 October	**6,852**	5,235	-	-
Advances/(repayments) during the year	**4,987**	1,617	-	-
At 30 September	**11,839**	6,852	-	-
Impairment				
At 1 October	**1,294**	977	-	-
Increase during the year	**574**	317	-	-
At 30 September	**1,868**	1,294	-	-
Net investment at 30 September	**9,971**	5,558	-	-

11 Stocks

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Development land and work in progress	**305,355**	273,645	-	-
Completed properties unlet, unsold or awaiting sale completion	**24,556**	15,527	-	-
Progress payments	**(16,569)**	(16,569)	-	-
	313,342	272,603	-	-

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Stocks may be further analysed				
Land	**255,153**	197,378	-	-
Construction and other costs	**58,189**	75,225	-	-
	313,342	272,603	-	-

Cumulative interest received on progress payments in respect of commercial developments amounting to £2 6m (2010 £2 6m) has been offset against construction and other costs

The Directors are of the opinion that in aggregate the replacement cost of stocks is equal to or in excess of balance sheet carrying value In view of the nature of stocks it is not considered practicable to estimate such replacement cost without incurring undue expense

12 Debtors

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Trade debtors	**44,204**	60,628	-	-
Amounts owed by subsidiary undertakings	**154,334**	-		
Advances to joint ventures (note 10)	**27,311**	28,463	-	-
Advances to associated undertaking	**3,685**	5,395	-	-
Deferred tax	**15,977**	5,319	-	-
Other debtors	**1,581**	1,425	-	-
Prepayments and accrued income	**2,962**	1,433	-	-
	250,054	102,663	-	-

Included within trade debtors is £5 0m (2010 £12 8m) in respect of land sales and £2 9m (2010 £1 4m) in respect of contracting retentions receivable after more than one year Trade debtors also includes amounts due from joint ventures of £6 3m (2010 £6 1m)

Advances to joint ventures are repayable from proceeds of sale of properties being developed and therefore could extend beyond one year

Deferred taxation:

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
The movements during the year were				
At 1 October	**5,319**	5,853	-	-
Transfer to profit and loss account (note 7)	**10,658**	(534)	-	-
At 30 September	**15,977**	5,319	-	-

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
The deferred tax asset represents the following				
Taxation on unrealised share of profit on the sale of land to joint ventures	**399**	385	-	-
Taxation on accruals that reverse in future years	**890**	1,261	-	-
Corporation tax losses	**14,688**	3,673	-	-
At 30 September	**15,977**	5,319	-	-

The unrealised share of profit on sales of land to joint ventures, which is taxed within Countryside Properties (UK) Limited in the year of sale but not recognised in the profit and loss account, will be realised against the anticipated profitable sales by the joint ventures

The corporation tax losses will be relieved against future trading profits

13 Creditors amounts falling due within one year

	Group 2011 £000	Group 2010 £000	**Company 2011 £000**	Company 2010 £000
Bank loans	-	36,545	-	-
Trade creditors	**62,450**	47,461	-	-
Amounts due to parent undertakings	**300,120**	162,919	-	-
Advances from joint ventures (note 10)	**2,000**	2,000	-	-
Corporation tax	**113**	71	-	-
Other taxation and social security	**3,221**	5,465	-	-
Other creditors	**3,934**	7,480	-	-
Accruals and deferred income	**21,602**	19,086	-	-
	393,440	281,027	-	-

Amounts due to parent undertakings are repayable on demand and incur interest based on LIBOR

In December 2010 the working capital facilities amounting to £50 0m available to Countryside Properties (Uberior) Limited a subsidiary company, were extended to December 2013 Prior to December 2010, the facility provided by Lloyds Banking Group comprised

- £40 0m revolving credit facility from which interest is payable at 2 1% over LIBOR, and
- £10 0m senior revolving credit facility upon which interest is payable at 4 0% over LIBOR

At 30 September 2011, there were committed undrawn bank facilities available to Countryside Properties (Uberior) Limited only of £6 3m (2010 £13 5m)

14 Creditors. amounts falling due after more than one year

	Group 2011 £000	Group 2010 £000	**Company 2011 £000**	Company 2010 £000
Bank loans	**43,696**	-	-	-
Deferred land purchase consideration payable				
- one to two years	**35,515**	28,767	-	-
- two to five years	**35,528**	31,933	-	-
- after five years	**3,285**	11,185	-	-
Accruals and deferred income	**761**	1,567	-	-
	118,785	73,452	-	-

Loan facility provided to Countryside Properties (Uberior) Limited by Lloyds Banking Group comprise

- £50 0m revolving credit facility upon which interest is payable at 3 5% above LIBOR The borrower can select interest period of one, three or six months or any other agreed period This facility is available until December 2013

15 Called up share capital

	2011 £000	2010 £000
Authorised		
104,000,000 (2010 104,000,000) Ordinary shares at 25p each	**26,000**	26,000
Allotted, issued and fully paid		
79,609,067 (2010 79,609,067) Ordinary shares of 25p each	**19,902**	19,902

16 Reserves

The movements during the financial year were	Other reserves	Share premium account	Profit and loss account
Group			
At 1 October 2010	(176,738)	213,994	34,858
Profit for the financial year	-	-	13,438
At 30 September 2011	(176,738)	213,994	48,296
Company			
At 1 October 2010	-	213,994	(97,411)
Result for financial year	-	-	-
At 30 September 2011	**-**	**213,994**	**(97,411)**

Included within the profit and loss account of the Group are retained losses of £3 5m (2010 £3 5m losses) in respect of profits retained by joint ventures and associated undertakings

Following the application of merger accounting, the brought forward other reserve of £176 7m represents the difference between the value of the share capital and share premium issued by the Company and the corresponding amounts (including capital reserve) within the consolidated balance sheet of the Group on 1 October 2003

On the acquisition of Countryside Properties (Uberior) Limited on 25 September 2009, £2 4m of negative goodwill was realised which has been taken to other reserves, as part of the Copthorn Holding Group restructuring

Countryside Annington (Mill Hill) Limited, a joint venture company, renegotiated its terms of its land contract The result of which produced a gain of £3 4m which has been taken to other reserves

17 Reconciliation of movements in Shareholders' fund

	Group 2011 £000	Group 2010 £000	**Company 2011 £000**	Company 2010 £000
Profit/(Loss) on ordinary activities after taxation	**13,438**	(10,469)	**-**	-
Movement in shareholders' funds	**13,438**	(10,469)	**-**	-
Shareholders' funds at 1 October	**92,016**	102,485	**136,485**	136,485
Shareholders' funds at 30 September	**105,454**	92,016	**136,485**	136,485

18 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £000	2010 £000
Group operating profit	**16,921**	4,260
Depreciation	**465**	594
Write down of advance to joint ventures and associates	**1,300**	2,400
Loss on sale of fixed assets	**5**	19
(Increase)/Decrease in stock	**(40,739)**	66,272
Decrease/(Increase) in debtors	**15,719**	(28,068)
Increase in creditors	**13,353**	849
Net cash inflow from operating activities	**7,024**	46,326

19 Analysis of net debt and reconciliation of net cash flow in movement in net debt

	1 October 2010 £000	Cashflow £000	**30 September 2011 £000**
Cash at bank and in hand	42,932	(22,127)	**20,805**
Bank loans	(36,545)	(7,151)	**(43,696)**
Intercompany financing	(162,919)	17,133	**(145,786)**
	(156,532)	(12,145)	**(168,677)**

20 Related party transactions

Full disclosures of related party transactions are included in the financial statements of Copthorn Holdings Limited, the Company's ultimate holding company

The involvement in joint ventures generates considerable financial and other benefits for the Group Activities carried out for joint ventures during the year comprised design and build contracting £9 5m (2010 £3 7m), project management services £5 3m (2010 £2 5m), and administration services £0 7m (2010 £1 1m) These activities generated a gross profit for the Group of £4 2m (2010 £1 6m) At 30 September 2011, £6 2m (2010 £6 1m) was outstanding from the joint ventures in respect of the above transactions Advances provided to joint ventures are detailed in note 10

During the year Countryside Properties (UK) Limited, completed land transactions with Stonebond Properties Limited, a company jointly owned and controlled by G S Cherry and R S Cherry as follows

- Land was acquired by the Group for a consideration of £1 9m, and
- Land was sold by the Group for a consideration of £0 2m

21 Pensions

Until 31 March 1997, Countryside Properties (UK) Limited operated two contributory retirement and death benefit schemes an Executive Scheme for senior staff including Directors, and a Staff Scheme which was available to all staff who were not members of the Executive Scheme Both were defined contribution schemes, and the assets were held separately from those of Countryside Properties (UK) Limited in trustee administered funds invested with Scottish Equitable plc and the Scottish Life Assurance Company Both the Executive Scheme and the Staff Retirement Benefit Scheme are in the process of being wound up

With effect from 1 April 1997, Group Personal Pension Plans were introduced for both staff and executives These are defined contribution schemes invested with Scottish Equitable plc

Annual contributions to the plans charged to the profit and loss account during the year amounted to £1 9m (2010 £1 7m) of which £0 1m was outstanding at 30 September 2011 (2010 £0 1m)

22 Contingent liabilities

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

In 1992 the Group contracted to develop five office buildings at Chatham, Kent which are now complete Under the terms of the contract, the Group entered into agreements to pay rent of £1 2m per annum for up to 27 years or until such time as each property is let to an approved occupational tenant when the Group's obligation in respect of the rent payment for that property will terminate The Group's obligations are mitigated by the sub-letting of the buildings which generates rental income equivalent to the rent payable

The Group entered into a Debenture with the Bank of Scotland, the terms of which entitle the Bank to take security over the assets of the Group The security takes the form of a fixed charge over the property and fixed assets held by the Group and also a floating charge over the other assets

During the year the Group operated an assured value scheme on the sale of some residential properties The scheme guaranteed the shortfall should the owner of the property sell it during a specified period for less than the original price the owner originally paid Due to an uncertain economic outlook, the Company may have to meet such future shortfalls

23 Operational lease commitments

	Land and buildings 2011 £000	Other 2011 £000	Total 2011 £000	Land and buildings 2010 £000	Other 2010 £000	Total 2010 £000
Future annual commitment under operating leases						
expiring in under one year	-	299	299	-	322	322
expiring in one to five years	177	427	604	177	396	573
expiring in more than five years	1,509	-	1,509	1,509	-	1,509
	1,686	726	2,412	1,686	718	2,404

At 30 September 2011, the Group had annual commitments under non-cancellable operating leases

24. Ultimate parent undertaking

The immediate parent undertaking is Copthorn Limited, a company incorporated in the United Kingdom

The ultimate parent undertaking and controlling party is Copthorn Holdings Limited, a company incorporated in the United Kingdom, which is the parent undertaking of the largest Group to consolidate financial statements Copies of Copthorn Holdings Limited consolidated financial statements and the Company's financial statements can be obtained from Company Secretary at Countryside House, The Drive, Brentwood, Essex, CM13 3AT