

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

3.3 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Accounting policies

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivatives that are not designated as held for trading or that are not designated as "at fair value through profit and loss". They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Management considers that the Group's investments fall within this category as explained below.

Investments

Available-for-sale investments are held at fair value if this can be reliably measured. If the equity instruments are not quoted in an active market and their fair value cannot be reliably measured, the available-for-sale investment is carried at cost, less accumulated impairment. Unless the valuation falls below its original cost, gains and losses arising from changes in fair value of available-for-sale assets are recognised directly in equity. On disposal the cumulative net gain or loss is transferred to the statement of comprehensive income. Valuations below cost are recognised as impairment losses in the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

| | 30 November 2014 | 1 December 2013 |
|--|-----------------------------|--------------------|
| | £m | £m |
| Unlisted equity investment — cost and net book value | 0.4 | 0.4 |

The unlisted equity investment comprises a 25% interest in Paneltex Limited ("Paneltex"), which has not been treated as an associated undertaking as the Group does not have significant influence over the company. In arriving at this decision, the Board has reviewed the conditions set out in IAS 28 "Investments in Associates" and concluded that despite the size of its holding it is unable to participate in the financial and operating policy decisions of Paneltex due to the position of the majority shareholder as Executive Managing Director. The relationship between the Group and the company is at arm's length.

The shares of Paneltex are not quoted in an active market and their fair value cannot be reliably measured. As such, the investment in Paneltex is measured at cost less accumulated impairment.

The Group does not intend to dispose of this investment in the foreseeable future.

3.4 INVESTMENT IN JOINT VENTURES

Accounting policies

The Group's share of the results of joint ventures is included in the Consolidated income statement and is accounted for using the equity method of accounting as provided under IFRS 11 "Joint Arrangements". Investments in joint ventures are carried in the Consolidated balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in value. On transfer of land and/or work-in-progress to joint ventures, the Group recognises only its share of any profits or losses, namely that proportion sold outside the Group.

If the Group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity.

Investment in joint ventures

The Group has a 50% equity interest valued at £67.8 million (2013: £58.9 million) in MHE JV Co, a joint venture company in which Morrisons and the Company are the sole investors. During the year the Group injected a £6.5 million capital contribution into MHE JV Co to finance the acquisition of CFC2 fixed assets.