

Notes to the Company Financial Statements

3.6 Provisions (continued)

Employee Incentive Schemes

The provision consists of the Cash LTIP and employers' NIC on HMRC unapproved equity-settled schemes.

The Cash LTIP provision represents the expected cash payments to participants upon vesting of the awards. It has been calculated using various assumptions regarding liquidity, participants' retention and achievability of the performance conditions and valued with reference to the year end share price. If at any point following initial valuation any of these assumptions are revised, the charge will need to be amended accordingly. In addition to the base cost, since this is a cash benefit, the Company will be liable to pay employer's NIC on the value of the cash award on vesting, which is included in the above employer's NIC provision.

To calculate the employer's NIC provision, the applicable employer's NIC rate is applied to the number of share awards which are expected to vest, valued with reference to the year end share price. The number of share awards expected to vest is dependent on various assumptions which are determined by management; namely participants' retention rate, the expectation of meeting the performance criteria, if any, and the liquidity discount. All assumptions are supported by historical trends and internal financial forecasts, where appropriate.

For the GIP, an external valuation was carried out to determine the fair value of the awards granted (see Note 4.10 (g) to the consolidated financial statements).

If at any point during the life of each share award, any non-market conditions are subject to change, such as the retention rate or the likelihood of the performance condition being met, the number of share awards likely to vest will need to be recalculated which will cause the value of the employer's NIC provision to change accordingly.

Once the share awards under each of the schemes have vested, the provision will be utilised when they are allotted to participants. Vesting will occur between 2016 and 2019.

Section 4 — Capital Structure and Financing Costs

4.1 Share Capital and Premium

Accounting Policies

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share Capital and Premium

Included in the total number of ordinary shares outstanding below are 32,830,613 (2015: 34,770,981) ordinary shares held by the Group's employee benefit trust (see Note 4.10(b) to the Consolidated financial statements). The ordinary shares held by the trustee of the Group's employee benefit trust pursuant to the Joint Share Ownership Scheme are treated as treasury shares in the Group's Consolidated Balance Sheet in accordance with IAS 32 "Financial Instruments: Presentation". These ordinary shares have voting rights but these have been waived by the trustee. The number of allotted, called up and fully paid shares, excluding treasury shares, at the end of each period differs from that used in the basic earnings per share calculation in Note 2.9 to the Consolidated financial statements, as basic earnings per share is calculated using the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

At 27 November 2016, the number of ordinary shares available for issue under the Block Listing Facilities was 13,318,184 (2015: 14,620,308). These ordinary shares will only become allotted when the shares under the Share Incentive Plan have been awarded or the share options under the Group's executive share ownership scheme, non-employee share options and Sharesave schemes have been exercised, and are therefore not included in the total number of ordinary shares outstanding.

The movements in the called up share capital and share premium are set out below:

	Ordinary Shares Number (million)	Ordinary Shares £m	Share Premium £m
At 30 November 2014	620.9	12.5	254.6
Issues of ordinary shares	0.6	—	0.5
Allotted in respect of share option schemes	3.9	0.1	3.9
At 29 November 2015	625.4	12.6	259.0
Issues of ordinary shares	3.4	—	0.6
Allotted in respect of share option schemes	0.4	—	0.5
At 27 November 2016	629.2	12.6	260.1