

Consolidated Income Statement

52 weeks ended		27 June 2021	28 June 2020
	Note	£m	£m
Revenue		1,939	1,339
Cost of sales		(1,525)	(1,097)
Gross profit		414	242
Administrative expenses		(93)	(94)
Operating profit		321	148
Financial income		1	2
Financial costs		(8)	(10)
Net financing costs		(7)	(8)
Profit before tax		314	140
Income tax expense	2	(60)	(27)
Profit for the year		254	113
Earnings per share - basic	4	73.7p	32.9p
- diluted	4	73.6p	32.8p

Statement of Comprehensive Income

52 weeks ended		27 June 2021	28 June 2020
		£m	£m
Profit for the year		254	113
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		16	1
Deferred tax on actuarial gains taken directly to equity		(9)	-
Other comprehensive income for the year net of tax		7	1
Total comprehensive income for the year		261	114

Balance Sheet

		As at	
		27 June	28 June
	Note	2021	2020
		£m	£m
Assets			
Intangible assets		-	2
Property, plant and equipment		19	19
Lease right of use assets		6	7
Investments		-	9
Deferred tax assets		1	1
Retirement benefit surplus		40	22
Trade and other receivables		-	-
Total non-current assets		66	60
Inventories	5	2,513	2,585
Trade and other receivables		100	38
Current corporation tax		1	7
Cash and cash equivalents	8	160	44
Total current assets		2,774	2,674
Total assets		2,840	2,734
Equity			
Retained earnings at 29 June 2020/1 July 2019		1,522	1,481
Profit for the year		254	113
Other comprehensive income for the year		7	1
Dividend Paid		(21)	(72)
Movement in LTIP/SAYE		6	(1)
Retained earnings at 27 June 2021/28 June 2020		1,768	1,522
Share capital	9	37	37
Share premium account		59	59
Other reserves		8	8
Total equity		1,872	1,626
Liabilities			
Bank loans	8	-	170
Trade and other payables	6	152	120
Deferred tax liabilities		15	5
Long-term provisions		34	8
Total non-current liabilities		201	303
Trade and other payables	6	767	805
Total current liabilities		767	805
Total liabilities		968	1,108
Total equity and liabilities		2,840	2,734

Statement of Changes in Equity

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
Total equity at 1 July 2019		37	59	8	1,481	1,585
Profit for the year		-	-	-	113	113
Other comprehensive income for the year		-	-	-	1	1
Total comprehensive income relating to the year (net)		-	-	-	114	114
Dividend paid – distributions to owners	3	-	-	-	(72)	(72)
Movement in LTIP/SAYE		-	-	-	(1)	(1)
Total equity at 28 June 2020		37	59	8	1,522	1,626
Profit for the year		-	-	-	254	254
Other comprehensive income for the year		-	-	-	7	7
Total comprehensive income relating to the year (net)		-	-	-	261	261
Dividend paid – distributions to owners	3	-	-	-	(21)	(21)
Movement in LTIP/SAYE		-	-	-	6	6
Total equity at 27 June 2021		37	59	8	1,768	1,872

Statement of Cash Flows

52 weeks ended		27 June 2021	28 June 2020
	Note	£m	£m
Cash flows from operating activities			
Profit for the year		254	113
Depreciation and amortisation		7	7
Financial income		(1)	(2)
Financial costs		8	10
Income tax expense		60	27
Adjustment for non-cash items		4	1
(Increase)/decrease in trade and other receivables		(62)	20
Decrease/(increase) in inventories		72	(181)
Decrease in trade and other payables		(6)	(75)
Increase in provisions		26	-
Cash inflow/(outflow) generated from operations		362	(80)
Interest paid		(4)	(5)
Tax paid		(54)	(64)
Net cash inflow/(outflow) from operating activities		304	(149)
Cash flows from investing activities			
Acquisition of software, property, plant and equipment		(2)	(7)
Interest received		-	-
Receipts from/(payments to) joint ventures		9	(3)
Net cash inflow/(outflow) from investing activities		7	(10)
Cash flows from financing activities			
Issue of bank borrowings	7	-	170
Repayment of bank borrowings	7	(170)	(80)
Payment of lease liabilities		(3)	(3)
Purchase of own shares		(1)	(16)
Dividend paid	3	(21)	(72)
Net cash (outflow) from financing activities		(195)	(1)

Increase/(decrease) in net cash and cash equivalents	116	(160)
Net cash and cash equivalents at the beginning of the year	44	204
Net cash and cash equivalents at the end of the year	8	44

NOTES

1. Basis of preparation

The above results and the accompanying notes do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The Auditors have reported on the Group's statutory accounts for the 52 weeks ended 27 June 2021 under s495 of the Companies Act 2006, which do not contain a statement under s498 (2) or s498 (3) of the Companies Act 2006 and are unqualified. The statutory accounts for the 52 weeks ended 28 June 2020 have been delivered to the Registrar of Companies and the statutory accounts for the 52 weeks ended 27 June 2021 will be filed with the Registrar in due course.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and also in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Going concern

The financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the reasons outlined below.

The Group renewed its available banking facilities in March 2021. As a result, the Group has a £350m Revolving Credit Facility (RCF) (2020: £350m) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank PLC, The Royal Bank of Scotland Group Plc, Santander, HSBC and Svenska. This expires in September 2025 (2020: December 2022) and is a committed unsecured facility. No change to the RCF covenants was made as a result of the renewal. As at 14 September 2021, £350m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in September 2025.

In addition, the Group is in a net cash position at 27 June 2021 and 14 September and also has £3m of unsecured, uncommitted facilities.

The Directors have prepared forecasts including cashflow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, taking into account the following severe but plausible downside assumptions:

- A 10% price reduction on all unexchanged private and social legal completions for the going concern assessment period compared to the base case Board approved budgeted prices;
- 15% volume reduction for the going concern assessment period compared to the base case Board approved budgeted volumes; and
- A 4% build cost increase on budgeted costs in Q1 of FY2023.

These downside assumptions reflect the further potential impact of COVID 19 being increased economic uncertainty, further Government lockdown restrictions and legislation and increasing rates of unemployment and the impact on consumer confidence levels.

Allowing for the above downside scenario, the model shows the Group has adequate levels of liquidity from its committed facilities and complies with all its banking covenants throughout the forecast period. The Directors therefore consider that the Group has adequate resources in place for the going concern assessment period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

The principal accounting policies have been applied consistently.

2. Income Tax expense

	2021 £m	2020 £m
Current year		
UK Corporation Tax	<u>59</u>	<u>23</u>
Deferred tax		
Origination and reversal of temporary differences	<u>1</u>	<u>4</u>
Total income tax charge in income statement	<u><u>60</u></u>	<u><u>27</u></u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax asset at 27 June 2021 has been calculated based on these rates (2020: 19%) with the exception of the deferred tax liability on employee benefits which has been calculated at 35% (2020: 19%). This reflects the results of the latest triennial valuation of the defined benefit section of The Redrow Staff Pension Scheme which now suggests the return of the IAS 19 surplus is highly likely to take the form of a lump sum cash refund rather than a reduction in future deficit contributions.

Reconciliation of tax charge for the year

Profit before tax	<u>314</u>	<u>140</u>
Tax calculated at UK Corporation Tax Rate at 19.0% (2020: 19.0%)	<u>60</u>	<u>27</u>
Tax charge for the year	<u><u>60</u></u>	<u><u>27</u></u>

3. Dividends

The following dividends were paid by the Group:

	2021 £m	2020 £m
Prior year final dividend per share of nil (2020: 20.5p);		
current year interim dividend per share of 6.0p(2020: nil)	<u>21</u>	<u>72</u>
	<u><u>21</u></u>	<u><u>72</u></u>

4. Earnings per ordinary share

The basic earnings per share calculation for the 52 weeks ended 27 June 2021 is based on the weighted average number of shares in issue during the period of 344m (2020: 343m) excluding those held in trust under the Redrow Long Term Incentive Plan (8m shares (2020: 9m shares)), which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

For the 52 weeks ended 27 June 2021

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	254	344	73.7
Effect of share options and SAYE	-	1	(0.1)
Diluted earnings per share	<u><u>254</u></u>	<u><u>345</u></u>	<u><u>73.6</u></u>

For the 52 weeks ended 28 June 2020

	Earnings £m	No. of shares Millions	Per share pence
Basic earnings per share	113	343	32.9
Effect of share options and SAYE	-	2	(0.1)
Diluted earnings per share	113	345	32.8

5. Inventories

	2021 £m	2020 £m
Land for development	1,526	1,538
Work in progress	910	972
Stock of showhomes	77	75
	<u>2,513</u>	<u>2,585</u>

Inventories of £1,465m were expensed in the year (2020: £1,027m). Work in progress includes £1m (2020: £1m) in respect of part exchange properties.

6. Land Creditors (included in trade and other payables)

	2021 £m	2020 £m
Due within one year	144	186
Due in more than one year	150	116
	<u>294</u>	<u>302</u>

7. Borrowings and loans

	2021 £m	2020 £m
Opening net book amount	170	80
Issue of bank borrowings	-	170
Repayment of bank borrowings	(170)	(80)
Closing net book amount	<u>-</u>	<u>170</u>

At 27 June 2021 the Group had total unsecured bank borrowing facilities of £353m representing £350m committed facilities and £3m uncommitted facilities.

8. Analysis of net (debt)/cash

	2021 £m	2020 £m
Cash and cash equivalents	160	44
Bank loans	-	(170)
	<u>160</u>	<u>(126)</u>

9. **Share capital**

	2021	2020
	£m	£m
Issued and fully paid	<u>37</u>	<u>37</u>
		Number of ordinary shares
As at 28 June 2020 and 27 June 2021 (ordinary shares of 10.5p each)		352,190,420

10. **Shareholder Enquiries**

The Registrar is Computershare Investor Services PLC.
Shareholder enquiries should be addressed to the Registrar at the following address:

Registrars Department
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

11. **Annual General Meeting**

The Annual General Meeting of Redrow plc will be held on 12 November 2021 and the Notice of Meeting, together with explanatory notes, will be sent to shareholders in due course.

A copy of this statement is available for inspection at the registered office.