

Consolidated Income Statement

53 WEEKS ENDED 3 JULY 2022 / 52 WEEKS ENDED 27 JUNE 2021		2022 Pre- Exceptional Item £m	2022 Exceptional Item £m	2022 Total £m	2021 £m
	Note				
Revenue		2,140	-	2,140	1,939
Cost of sales		(1,624)	(164)	(1,788)	(1,525)
Gross profit		516	(164)	352	414
Administrative expenses		(102)	-	(102)	(93)
Operating profit		414	(164)	250	321
Financial income		2	-	2	1
Financial costs		(6)	-	(6)	(8)
Net financing costs		(4)	-	(4)	(7)
Profit before tax		410	(164)	246	314
Income tax expense	2	(82)	33	(49)	(60)
Profit for the year		328	(131)	197	254
Earnings per share - basic	4	96.0p		57.7p	73.7p
- diluted	4	95.8p		57.5p	73.6p

Statement of Comprehensive Income

53 WEEKS ENDED 3 JULY 2022 / 52 WEEKS ENDED 27 JUNE 2021		2022 Pre- Exceptional Item £m	2022 Exceptional Item £m	2022 Total £m	2021 £m
Profit for the year		328	(131)	197	254
Other comprehensive (expense)/income Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations		(1)	-	(1)	16
Deferred tax on remeasurements taken directly to equity		-	-	-	(9)
Other comprehensive (expense)/income for the year net of tax		(1)	-	(1)	7
Total comprehensive income/(expense) for the year		327	(131)	196	261

Balance Sheet

	Note	As At 3 July 2022 £m	As At 27 June 2021 £m
Assets			
Intangible assets		1	-
Property, plant and equipment		20	19
Lease right of use assets		5	6
Investments		-	-
Deferred tax assets		1	1
Retirement benefit surplus		39	40
Trade and other receivables		-	-
Total non-current assets		66	66
Inventories	5	2,740	2,513
Trade and other receivables		76	100
Current corporation tax		7	1
Cash and cash equivalents	8	288	160
Total current assets		3,111	2,774
Total assets		3,177	2,840
Equity			
Retained earnings at 28 June 2021/29 June 2020		1,768	1,522
Profit for the year		197	254
Other comprehensive income for the year		(1)	7
Dividend paid		(100)	(21)
Movement due to equity based share options and owned shares held by EBT		(18)	6
Retained earnings at 3 July 2022/27 June 2021		1,846	1,768
Share capital	9	37	37
Share premium account		59	59
Other reserves		8	8
Total equity		1,950	1,872
Liabilities			
Bank loans	8	-	-
Trade and other payables	6	91	152
Deferred tax liabilities		15	15
Long-term provisions		110	34
Total non-current liabilities		216	201
Trade and other payables	6	914	767
Provisions		97	-
Total current liabilities		1,011	767
Total liabilities		1,227	968
Total equity and liabilities		3,177	2,840

Statement of Changes in Equity

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
Total equity at 29 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)
Net purchase of own shares to satisfy share options		-	-	-	-	-
Other LTIP/DB/SAYE credit		-	-	-	6	6
Total equity at 27 June 2021		37	59	8	1,768	1,872
Profit for the year		-	-	-	197	197
Other comprehensive expense for the year		-	-	-	(1)	(1)
Total comprehensive income relating to the year (net)		-	-	-	196	196
Dividend paid – distributions to owners	3	-	-	-	(100)	(100)
Net purchase of own shares to satisfy share options		-	-	-	(22)	(22)
Other LTIP/DB/SAYE credit		-	-	-	4	4
Total equity at 3 July 2022		37	59	8	1,846	1,950

Statement of Cash Flows

	Note	53 weeks ended 3 July 2022 £m	52 weeks ended 27 June 2021 £m
Cash flows from operating activities			
Profit for the year		197	254
Depreciation and amortisation		5	7
Financial income		(2)	(1)
Financial costs		6	8
Income tax expense		49	60
Adjustment for non-cash items		7	4
Decrease/(increase) in trade and other receivables		24	(62)
(Increase)/decrease in inventories		(227)	72
Increase/(decrease) in trade and other payables		86	(6)
Increase in provisions		173	26
Cash inflow generated from operations		318	362
Interest paid		(2)	(4)
Tax paid		(55)	(54)
Net cash inflow from operating activities		261	304
Cash flows from investing activities			
Acquisition of software, property, plant and equipment		(4)	(2)
Interest received		1	-
Receipts from joint ventures		-	9
Net cash (outflow)/inflow from investing activities		(3)	7
Cash flows from financing activities			
Issue of bank borrowings	7	-	-
Repayment of bank borrowings	7	-	(170)
Payment of lease liabilities		(3)	(3)
Purchase of own shares		(27)	(1)

Dividend paid	3	(100)	(21)
Net cash (outflow) from financing activities		(130)	(195)
Increase in net cash and cash equivalents		128	116
Net cash and cash equivalents at the beginning of the year		160	44
Net cash and cash equivalents at the end of the year		288	160

NOTES

1. Basis of preparation

The financial information set out above does not constitute the company's statutory accounts for the period ended 3 July 2022 but is derived from those accounts. Statutory accounts for the year ended 27 June 2021 have been delivered to the registrar of companies, and those for 3 July 2022 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way on emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention and in accordance with UK-adopted international accounting standards (IFRS) and applicable law.

Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

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 has a £350m Revolving Credit Facility (RCF) (2021: £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 (2021: September 2025) and is a committed unsecured facility. As at 13 September 2022, £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 3 July 2022 and 13 September 2022 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 incorporate assumptions about the timing of legal completions of new homes and land purchases, build cost inflation, profitability and working capital requirements. 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
- In addition to the build inflation incorporated within the base case Board approved budgeted costs, an additional 5% build cost inflation increase has been applied to all build costs from Q1 FY23 and further increases of 5% from Q1 FY24 and 2% from Q1 FY25.

These downside assumptions reflect the further potential impact of the war in Ukraine, disruption in the energy and fuel market, increasing inflation, increased economic uncertainty, 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 forecast 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

	2022 Pre- Exceptional Item £m	2022 Exceptional Item £m	2022 Total £m	2021 £m
Current year				
UK Corporation Tax in respect of current year	82	(33)	49	59
Adjustments in respect of prior years	-	-	-	-
Current tax charge/(credit)	82	(33)	49	59
Deferred tax				
Origination and reversal of temporary differences	-	-	-	1
Adjustments in respect of prior years	-	-	-	-
Deferred tax charge	-	-	-	1
Total income tax charge/(credit) in income statement	82	(33)	49	60
Reconciliation of tax charge for the year				
Profit before tax	410	(164)	246	314
Tax calculated at UK Corporation Tax rate at 19.0% (2021: 19.0%)	78	(31)	47	60
Residential Property Developer Tax at 1.0% (2021: N/A)	4	(2)	2	-
Tax charge for the year	82	(33)	49	60

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2022. This will increase the Company's future current tax charge accordingly. In addition, the Government introduced a new Residential Property Developer tax of 4% on profit effective from 1 April 2022. The deferred tax asset at 3 July 2022 has been calculated at 29% based on these rates (2021: 25%) with the exception of the deferred tax liability on employee benefits which has been calculated at 35% (2021: 35%). 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.

Residential Property Developer Tax commenced on 1 April 2022 at a rate of 4.0% per annum, hence 1.0% for the 3 months ended 3 July 2022.

3. Dividends

The following dividends were paid by the Group:

	2022 £m	2021 £m
Prior year final dividend per share of 18.5p (2021: nil);		
Current year interim dividend per share of 10.0p (2021: 6.0p)	100	21
	100	21

The Board is proposing a final dividend of £77m being 22.0p per share (2021: £65m being 18.5p per share) subject to shareholder approval at the Annual General Meeting on 11 November 2022.

4. Earnings per ordinary share

The basic earnings per share calculation for the 53 weeks ended 3 July 2022 is based on the weighted average number of shares in issue during the period of 342m (2021: 344m) excluding those held in trust under the Redrow Long Term Incentive Plan (11m shares (2021: 8m 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 53 weeks ended 3 July 2022

	Earnings £m	No. of shares millions	Per share pence
UNDERLYING – PRE-EXCEPTIONAL ITEM			
Basic earnings per share	328	342	96.0
Effect of share options and SAYE	-	1	(0.2)
Diluted earnings per share	328	343	95.8

	Earnings £m	No. of shares millions	Per share pence
STATUTORY			
Basic earnings per share	197	342	57.7
Effect of share options and SAYE	-	1	(0.2)
Diluted earnings per share	197	343	57.5

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	254	345	73.6

5. Inventories

	2022 £m	2021 £m
Land for development	1,710	1,526
Work in progress	962	910
Stock of showhomes	68	77
	2,740	2,513

Inventories of £1,715m were expensed in the year (2021: £1,465m). Land for development includes £111m of strategic land owned without a residential planning consent net of net realisable value provision of £14m (2021: £11m and £6m).

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

	2022 £m	2021 £m
Due within one year	289	144
Due in more than one year	87	150
	376	294

7. Borrowings and loans

	2022	2021
	£m	£m
Opening net book amount	-	170
Issue of bank borrowings	-	-
Repayment of bank borrowings	-	(170)
Closing net book amount	-	-

At the year end the Group had £350m (2021: £350m) of undrawn committed bank facilities available.

8. Analysis of net cash

	2022	2021
	£m	£m
Cash and cash equivalents	288	160
Bank loans	-	-
	288	160

9. Share capital

	2022	2021
	£m	£m
Issued and fully paid	37	37

Number of ordinary shares

As at 27 June 2021 and 3 July 2022 (ordinary shares of 10.5p each)

352,190,420

10. Alternative Performance Measures

Redrow uses a variety of Alternative Performance Measures (APMs) which are not defined or specified by IFRSs but which the Directors believe are pertinent to reviewing and understanding the broader performance of the Group, in conjunction with IFRS defined measures.

Cash conversion percentage

	2022	2021
Cash inflow generated from operations per statement of cash flows	£318m	£362m
divided by		
Operating profit per consolidated income statement	£250m	£321m
Amortisation and depreciation	£5m	£7m
	£255m	£328m
Cash conversion percentage	125%	110%

Full year dividend per share

Interim and final dividend per share declared in respect of the financial year.

Homes revenue from ongoing business

	2022 £m	2021 £m
Revenue per consolidated income statement	2,140	1,939
Revenue from the sale of land	(21)	(37)
Revenue from the sale of new housing	2,119	1,902
Revenue from London Build Out sites	(52)	(181)
Homes revenue from ongoing business	2,067	1,721

Hurdle rates

Gross margin and internal rate of return minimum rates required for land purchase appraisals.

Land holding years

No. of plots in owned land holdings at balance sheet date divided by no. of legal completions in financial year.

	2022	2021
Owned land holdings at 3 July 2022/27 June 2021	29,600	29,460
Legal completions	5,715	5,620
Land holding years	5.2	5.2

Legal completions

The number of homes legally completed in the financial year.

Net asset value per ordinary share

Total net assets at balance sheet date divided by the number of ordinary shares in issue at balance sheet date.

Number of trainees

No. of trainees at year end as a percentage of employees at year end.

Order book

The value of reserved and exchanged sales which had not legally completed at the year end.

Private reservation rate

No. of private reservations per week in financial year divided by average no. of sales outlets.

Underlying return on capital employed (Underlying ROCE)

Operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed.

Underlying return on equity (Underlying ROE)

Profit before tax before exceptional items adjusted for joint ventures as a percentage of opening and closing net assets.

	2022 £m	2021 £m
Net assets at 3 July 2022/27 June 2021	1,950	1,872
Net assets at 27 June 2021/30 June 2020	1,872	1,626

Average net assets	1,911	1,749
Profit before taxation – pre-exceptional	410	314
Return on equity %	21.5%	18.0%

Revenue value of private reservations secured in the year

The fair value receivable in the future of private house sales reserved by customers during the year, net of cancellations.

Sales outlets

Average no. of sales outlets open in the year.

Underlying profit before tax

Profit before tax pre-exceptional item

Underlying earnings per share

As statutory earnings per share but based on pre-exceptional profit for the year per the consolidated income statement.

Underlying gross profit

Gross profit per the consolidated income statement pre-exceptional item.

Underlying operating profit

Operating profit per the consolidated income statement pre-exceptional item.

11. 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

12. Annual General Meeting

The Annual General Meeting of Redrow plc will be held on 11 November 2022 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.